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CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

This announcement is made by China Chengtong Development Group Limited (“**Company**”) pursuant to Rule 13.51(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The board (“**Board**”) of directors (“**Directors**”) of the Company proposes to make certain amendments (“**Proposed Amendments**”) to the existing articles of association of the Company (“**Articles**”) in order to bring the Articles in line with the current provisions of the Companies Ordinance (Chapter 622, the Laws of Hong Kong) (“**Companies Ordinance**”) and the amendments made to Appendix 3 to the Listing Rules which took effect on 1 January 2022 introducing a common set of core shareholder protection standards which shall apply to all listed issuers in Hong Kong, as well as to modernise and update the Articles. As the Proposed Amendments are rather extensive, the Board proposes to put forward to the shareholders of the Company (“**Shareholders**” and each a “**Shareholder**”) a special resolution to adopt a set of amended and restated articles of association (“**Restated Articles**”) with the Proposed Amendments incorporated in substitution for, and to the exclusion of, the Articles. A summary of the major areas of the Proposed Amendments is set out below:

(a) Abolition of memorandum of association

Under the Companies Ordinance, the requirement for a Hong Kong incorporated company to have a memorandum of association was abolished. The Restated Articles shall become the single constitutional document of the Company. Currently, a Hong Kong incorporated company is also not required to have objects clause to define the scope of its corporate capacity. As such, the objects clause in the memorandum of association of the Company will be eliminated and will not be included in the Restated Articles.

As a result of the abolition of the memorandum of association of the Company, certain consequential amendments are incorporated into the Restated Articles, namely, the inclusion of the mandatory provisions in the Restated Articles to state the Company's name and that members' liability is limited.

(b) No-par regime for share capital

The Companies Ordinance adopted a mandatory system of no-par for all Hong Kong incorporated companies having a share capital, and retired the concept of par value for all shares.

As a result of the adoption of the no-par regime, the Restated Articles have removed references to par or nominal value of the shares of the Company (“Shares”) and modified the provisions concerning the alteration of share capital.

(c) Reference to authorised share capital, share premium, share premium account and capital redemption reserve becoming redundant

Adoption of the no-par regime also leads to the following changes being incorporated into the Restated Articles: (i) removal of references to authorised share capital; (ii) removal of references to share premium and share premium account as Shares are no longer issued at a premium to par value; and (iii) removal of references to capital redemption reserve as Shares no longer have par value and therefore no transfer will be made to a capital redemption reserve when Shares are redeemed or bought back by the Company.

(d) Repeal of power to issue stock and bearer warrants

The Companies Ordinance repealed the powers of a company to issue stock and bearer warrants. Accordingly, the Restated Articles no longer contain such references.

(e) Untraceable shareholders

The Restated Articles include expressed provisions regarding untraceable shareholders.

(f) Notice of general meetings

In line with the Companies Ordinance, the Restated Articles provide that the Company may call any general meeting (other than an annual general meeting) including one called for the passing of a special resolution by giving at least 14 days' notice to Shareholders, while the existing Articles required not less than 21 days' notice for a meeting called for the passing of a special resolution.

(g) Conduct of general meetings at more than one location or by way of hybrid meeting

To provide for the procedures to conduct general meetings of the Company which may be held at one or more locations, or as a hybrid meeting, and the powers of the Board and the chairman of the meeting in relation thereto.

(h) Powers of the Board to postpone or change the arrangements for general meetings in certain circumstances

To allow the Board to postpone or make changes to a general meeting when it in its absolute discretion considers that it is inappropriate, impracticable, unreasonable or undesirable to hold the general meeting on or at the scheduled date or time or place or in the scheduled form, for example, in case of bad weather conditions or other similar events.

(i) Poll

Under the Companies Ordinance, the threshold for demanding a poll was lowered from 10% to 5% of the total voting rights or five (5) members having the right to vote at a general meeting. These changes have been reflected in the Restated Articles.

(j) Super-majority votes of Shareholders required for certain material matters

To provide that not less than seventy-five (75) per cent. of the total voting rights of the Shareholders in a general meeting shall be required to approve variation of class rights, changes to the articles of association and a voluntary winding up of the Company.

(k) Shareholders' right to speak and vote

To provide that all Shareholders shall have the right to speak and vote at a general meeting of the Company, except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.

(l) Material interest of Directors

To add the definition of "close associate" and make corresponding changes to the relevant provisions (including the provision providing that a Director shall not vote on (nor be counted in the quorum in relation to) any Board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates is materially interested).

(m) Corporate communication conducted by electronic means

To provide flexibility to the Directors to signify their agreement to, in place of signing, written resolutions of Directors.

(n) Sending documents relating to proxies in electronic form

To allow documents or information relating to proxies to be sent or supplied in electronic form to the Company in alignment with the Companies Ordinance.

(o) Duties and powers of the Board and other management personnel

To set out certain specific duties and powers of the Board and other management personnel of the Company including the general manager and the company secretary.

(p) More channels for giving notice

To provide for more physical and electronic channels for the giving or issue of any notice or document by or on behalf of the Company.

(q) Obsolete terms no longer used

To replace the obsolete terms with the new terms used in the Companies Ordinance; and the section references to the previous Companies Ordinance (Chapter 32, the Laws of Hong Kong) with the corresponding section references to the Companies Ordinance.

(r) Miscellaneous

To update and tidy up definitions and other references, make other housekeeping amendments, including consequential amendments in line with the above amendments, and to bring the Articles more up-to-date for enhancement of clarity and flexibility and in line with the Listing Rules and the Companies Ordinance.

The adoption of the Restated Articles is subject to approval of the Shareholders by way of a special resolution at the forthcoming annual general meeting of the Company (“**2022 AGM**”) and will become effective upon the approval by the Shareholders at the 2022 AGM.

A circular containing, among other matters, full particulars of the Proposed Amendments, together with a notice of the 2022 AGM will be despatched to the Shareholders in due course.

By Order of the Board
China Chengtong Development Group Limited
Zhang Bin
Chairman

Hong Kong, 31 May 2022

As at the date of this announcement, the executive Directors are Mr. Zhang Bin and Mr. Yang Tianzhou; and the independent non-executive Directors are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.