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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Chengtong Development Group Limited, you should at once hand this circular together with the accompanying form of election to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

**SCRIP DIVIDEND SCHEME**

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## TIMETABLE

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The following is a summary of the events in relation to the Scrip Dividend Scheme :

Latest time for lodging forms of transfer to the Share Registrar for entitlement to the Final Dividend . . . . .	4:30 p.m. on Tuesday, 6 July 2021
Record Date . . . . .	Wednesday, 7 July 2021
Latest time for return of the Election Form ( <i>Note 1</i> ) . . . . .	4:30 p.m. on Friday, 30 July 2021
Despatch of cheques for the Final Dividend payable in cash and the share certificates for the Scrip Shares to the Shareholders . . . . .	Friday, 13 August 2021
Commencement of dealings in the Scrip Shares (subject to the granting of listing of the Scrip Shares by the Stock Exchange) . . . . .	Monday, 16 August 2021

*Notes:*

1. *If a tropical cyclone warning signal number 8 or above, or a “black” rainstorm warning or “extreme conditions caused by super typhoons” as announced by the Government of Hong Kong is in force at any time prior to 4:30 p.m. on 30 July 2021, the latest time for returning the Election Form will be extended. Further information is set out in the paragraph headed “The Election Form” in this circular.*
2. *All time and dates in this circular refer to Hong Kong local time and dates.*

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## DEFINITION

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In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Annual General Meeting”	the annual general meeting of the Company held on Friday, 25 June 2021
“Articles”	the articles of association of the Company, as amended from time to time
“Board”	the board of Directors
“Company”	China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Election Form”	the form of election in relation to the Scrip Dividend Scheme
“Final Dividend”	the final dividend of HK0.9 cent per Share for the year ended 31 December 2020 payable to the Shareholders whose names appeared on the register of members of the Company as at the Record Date
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan

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## DEFINITION

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“Qualifying Shareholders”	the Shareholders whose names appeared on the register of members of the Company on the Record Date, other than Shareholder(s) whose name(s) appeared on the register of members of the Company on the Record Date and whose registered address(es) on that date was/were outside Hong Kong (if any) and excluded by the Directors from the offer of election to receive wholly or partly an allotment and issue of Scrip Shares in lieu of cash payment as may be permitted under the Listing Rules, all applicable laws and regulations and the Articles
“Record Date”	Wednesday, 7 July 2021, being the record date for determining entitlement to the Final Dividend
“Scrip Dividend Scheme”	the declaration of the Final Dividend by way of cash with an option to elect to receive wholly or partly an allotment and issue of Shares credited as fully paid in lieu of cash payment
“Scrip Share(s)”	the new Share(s) to be allotted and issued pursuant to the Scrip Dividend Scheme
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Share Registrar”	the Company’s share registrar and transfer office in Hong Kong, namely Computershare Hong Kong Investor Services Limited
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Zhang Bin (*Chairman*)

Yang Tianzhou (*Managing Director*)

Wang Tianlin

Li Shufang

*Registered address and principal place of  
business in Hong Kong:*

Suite 6406, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

*Independent non-executive Directors:*

Chang Qing

Lee Man Chun, Tony

He Jia

15 July 2021

*To the Shareholders*

Dear Sir and Madam,

### SCRIP DIVIDEND SCHEME

#### INTRODUCTION

By the announcement of the Company dated 26 February 2021, the Company announced, among other matters, the results of the Group for the year ended 31 December 2020 and recommended the payment of the Final Dividend and also recommended the Scrip Dividend Scheme to the Qualifying Shareholders, subject to the approval of the Shareholders at the Annual General Meeting and the grant by the Stock Exchange of the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme.

At the Annual General Meeting, the Final Dividend and the Scrip Dividend Scheme were approved by the Shareholders.

The purpose of this circular is to set out the details in relation to the Scrip Dividend Scheme and the action which should be taken by the Shareholders in relation thereto.

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## LETTER FROM THE BOARD

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### SCRIP DIVIDEND SCHEME

#### Particulars of the Scrip Dividend Scheme

Under the Scrip Dividend Scheme, each Qualifying Shareholder has an option to elect to receive the Final Dividend:

- (a) by way of cash payment; or
- (b) by way of an allotment and issue of the Scrip Shares; or
- (c) by way of a combination of partly in (a) and partly in (b) above.

For the purpose of calculating the number of Scrip Shares to be allotted and issued to a Qualifying Shareholder under the Scrip Dividend Scheme, the market value of the Scrip Share has been determined at HK\$0.1844 per Share, being the average closing price of the Shares on the Stock Exchange for the five consecutive trading days commencing on Monday, 5 July 2021 (“**Average Closing Price**”). Accordingly, a Qualifying Shareholder who elects either (b) or (c) above will receive such number of Scrip Shares as calculated below:

$$\begin{array}{rcl} \text{Number of Scrip} & & \text{Number of Shares held on the} \\ \text{Shares to be received} & = & \text{Record Date for which the Final} \\ \text{(round down to the nearest} & & \text{Dividend is to be satisfied in} \\ \text{whole number)} & & \text{Scrip Shares} \end{array} \times \frac{\text{HK0.9 cent}}{\text{HK\$0.1844}}$$

(Final Dividend per Share)  
(Average Closing Price)

Based on 5,808,734,776 Shares in issue as at the Record Date, if no elections for the Scrip Shares were received, the total cash dividend payable by the Company in respect of the Final Dividend would be approximately HK\$52,278,612.98. If all Qualifying Shareholders elect to receive the Final Dividend in Scrip Shares, the maximum number of Scrip Shares which may fall to be allotted and issued under the Scrip Dividend Scheme will be 283,506,578 Shares, representing approximately 4.88% of the existing issued share capital of the Company and approximately 4.65% of the issued share capital of the Company as enlarged by the allotment and issue of the Scrip Shares.

Qualifying Shareholders who elect to receive Scrip Shares will receive such number of Scrip Shares rounded down to the nearest whole number and no Qualifying Shareholders are entitled to be allotted and issued any fraction of a Scrip Share under the Scrip Dividend Scheme. Fractional entitlements to the Scrip Share will be disregarded and the benefit thereof will accrue to the Company. The Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme will rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Scrip Shares save that they will not be entitled to the Final Dividend. In particular, they will rank in full for all future dividends and distributions which may be declared, made or paid after the date of allotment and issue of the Scrip Shares.

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## LETTER FROM THE BOARD

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Scrip Shares issued to a Qualifying Shareholder pursuant to an election to receive some or all of his/her/its Final Dividend in Scrip Shares may be allocated in odd lots (of fewer than a board lot of 2,000 Shares). No special dealing arrangements will be put in place by the Company to facilitate the trading or disposal of Scrip Shares issued in odd lots. Shareholders should be aware that odd lots usually trade at a discount to the price of board lots.

### **Advantages of the Scrip Dividend Scheme**

In arriving at the decision to recommend to the Shareholders the Scrip Dividend Scheme, the Directors consider that, while the Company should declare the Final Dividend, the retention of cash, which would otherwise have been paid to the Shareholders as cash dividend, within the Group would enhance the continuous growth, maintain the financial stability and reduce the financing costs of the Group. In addition, the Scrip Dividend Scheme will give the Qualifying Shareholders who wish to further invest in the Company the opportunity to increase their equity investment in the Company without incurring brokerage fees, stamp duty and related costs of dealings.

### **The Election Form**

Enclosed with this circular is the Election Form. No action is required if you wish to receive the Final Dividend wholly in cash.

If you wish to elect to receive the Final Dividend either wholly or partly in Scrip Shares, you must complete the Election Form in accordance with the instructions printed thereon and return it to the Share Registrar at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong **no later than 4:30 p.m. on Friday, 30 July 2021**. No acknowledgement of receipt of the Election Form will be issued.

If there is in force a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning or "extreme conditions caused by super typhoons" announced by the Government of Hong Kong, the above deadline for submission of the Election Form will not be valid and will be rescheduled as follows:

- (a) If the warning is in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on 30 July 2021, the deadline for submission of the Election Form will be 5:00 p.m. on the same business day;
- (b) If the warning is in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m. on 30 July 2021, the deadline for submission of the Election Form will be rescheduled to 4:30 p.m. on the next business day on which none of those warnings are in force at any time between 9:00 a.m. and 4:30 p.m.

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## LETTER FROM THE BOARD

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Please note that if you sign the Election Form but do not specify the number of Shares in respect of which you wish to receive the Final Dividend in Scrip Shares or, if you elect for payment of the Final Dividend in Scrip Shares in respect of a greater number of Shares than your registered holding as at the Record Date, then in either case you will be deemed to have exercised your election for Scrip Shares in lieu of cash in respect of all the Shares registered in your name. Shareholders who do not return the duly completed and signed Election Form before the time stated will be deemed to have elected to receive the Final Dividend wholly in cash.

If you are a non-registered Shareholder, i.e. your Shares are held through an intermediary (for example, a bank, a custodian or a securities broker) or registered in the name of your nominee, you will not receive the Election Form. If you wish to receive Scrip Shares instead of cash, in whole or in part, in respect of the Final Dividend, please contact your intermediary or nominee directly.

No elections in respect of the Final Dividend may, after the relevant Election Forms are signed and returned to the Share Registrar, be in any way withdrawn, revoked, superseded or altered.

### Overseas Shareholders

Based on the register of members of the Company as at the Record Date, there were a total of 11 Shareholders with registered addresses outside Hong Kong in the following jurisdictions, holding an aggregate of 470,000 Shares which represent approximately 0.01% of the existing issued share capital of the Company:

<b>Jurisdiction</b>	<b>Number of Shareholders</b>
Macau	3
PRC	2
Singapore	2
Taiwan	1
Australia	1
Canada	1
The United States of America	1

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has made enquiries with legal advisers in each of the above jurisdictions regarding the legal restrictions and requirements of regulatory body or stock exchange in the relevant jurisdiction in relation to the extension of the Scrip Dividend Scheme to the Shareholders with registered addresses in such jurisdiction.

After considering the advice of the legal advisers in each of the above jurisdictions, the Directors have decided to extend the Scrip Dividend Scheme to the Shareholders in each of the above jurisdictions as no approval, filing or registration requirements have to be complied with by the Company under the relevant laws in the respective relevant jurisdiction in the specific circumstances of the Scrip Dividend Scheme.



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## LETTER FROM THE BOARD

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Accordingly, all Shareholders whose names appeared on the register of members of the Company on the Record Date fall within the definition of Qualifying Shareholders and are therefore eligible to participate in the Scrip Dividend Scheme.

This circular and the Election Form will not be registered or filed under the securities laws or equivalent legislation of any jurisdiction. No Shareholder receiving in any territory outside Hong Kong a copy of this circular and/or an Election Form may treat the same as an invitation to elect for Shares unless in the relevant territory such invitation could lawfully be made to such person without the Company being required to comply with any registration or other legal requirements, governmental or regulatory procedures or any similar formalities. Shareholders residing in a jurisdiction where it would be illegal for the Company to make such an invitation will be deemed to have received this circular and/or the Election Form for information only.

Without limiting the generality of the preceding paragraph:

1. The offer of the Scrip Shares has not been and will not be registered with the Financial Supervisory Commission of Taiwan pursuant to relevant securities laws and regulations and may not be offered, sold or issued within Taiwan through a public offering or in a circumstance which constitutes an offer or a solicitation of an offer within the meaning of the Securities and Exchange Act of Taiwan or relevant laws and regulations of Taiwan that requires a registration, filing or approval of the Financial Supervisory Commission of Taiwan and/or any other regulatory authorities of Taiwan. No person or entity in Taiwan has been authorised to offer, sell, give advice regarding or otherwise intermediate the offering and sale of the Scrip Shares in Taiwan.
2. This circular has been prepared for the purposes of compliance with the regulatory requirements of Hong Kong. This circular may not contain all of the information required to be contained in disclosure documents under the laws of Australia and the Company is not subject to continuous disclosure requirements that apply under the laws of Australia.

**Shareholders are reminded that it is the responsibility of any Shareholder wishing to join the Scrip Dividend Scheme to satisfy himself/herself/itself as to full observance of the laws of the relevant territory, including obtaining any governmental or other consents which may be required, complying with any other necessary formality and paying any issue, transfer or other taxes due in respect of such jurisdiction. For the avoidance of doubt, the Scrip Shares are not being offered to the public and the Election Forms are non-transferable. Overseas Shareholders who are in doubt as to their position should consult their own professional advisers without delay.**

### **Condition of the Scrip Dividend Scheme**

The Scrip Dividend Scheme is conditional upon the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Scrip Shares to be allotted and issued under the Scrip Dividend Scheme. If this condition is not satisfied, the Scrip Dividend Scheme will not become effective and the Election Forms will be void. The Final Dividend will then be paid wholly in cash.

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## LETTER FROM THE BOARD

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### **Listing of the Scrip Shares and despatch of share certificates of the Scrip Shares**

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Scrip Shares to be allotted and issued pursuant to the Scrip Dividend Scheme. No part of the Company's securities is listed or dealt in on any other stock exchange and no such listing or permission to deal is being or is proposed to be sought.

Subject to the Scrip Shares being admitted to listing, it is expected that share certificates for the Scrip Shares and dividend cheques will be posted to the Shareholders at the risk of those entitled to them on Friday, 13 August 2021.

Dealings in the Scrip Shares on the Stock Exchange are expected to commence on Monday, 16 August 2021.

### **Recommendation and advice**

Whether or not it is to your advantage to receive the Final Dividend wholly in cash or in Scrip Shares or partly in cash and partly in Scrip Shares depends upon your own individual circumstances and on the movement of the Company's share price in the market. The decision in this regard and all consequences resulting therefrom are the sole responsibility of each Qualifying Shareholder. If you are in any doubt as to what to do, you should consult your own professional adviser. This applies particularly to the Qualifying Shareholders who are trustees, who are recommended to seek professional advice as to whether they have the powers to make any relevant election and as to the effect of the election having regard to the terms of the relevant trust instrument.

### **Disclosure of interests**

Qualifying Shareholders should note that the Scrip Shares to be allotted and issued under the Scrip Dividend Scheme may give rise to notification requirements under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Qualifying Shareholders who are in any doubt as to how these provisions may affect them as a result of the allotment and issue of the Scrip Shares are recommended to seek their own professional advice.

### **RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,  
By Order of the Board  
**China Chengtong Development Group Limited**  
**Zhang Bin**  
*Chairman*