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**If you have sold or transferred** all your shares in **China Chengtong Development Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**MAJOR TRANSACTIONS –**

- (1) THE SALE AND LEASEBACK ARRANGEMENTS; AND**
- (2) THE SALE AND LEASEBACK MASTER AGREEMENT**

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A letter from the Board is set out from pages 6 to 22 of this circular.

19 April 2023

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## DEFINITIONS

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*In this circular, the following expressions have the meanings set out below unless the context requires otherwise:*

“Beijing UNIQcloud”	means Beijing UNIQcloud Technology Co., Ltd., a company established in the PRC with limited liability
“Beijing Yuntai”	means Beijing Yuntai Datacom Internet Technology Co., Ltd., a company established in the PRC with limited liability
“Board”	means the board of Directors
“CCHG”	means China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC with limited liability and the ultimate holding company of the Company
“CCHK”	means China Chengtong Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company as at the Latest Practicable Date
“Chengdu Pangang”	means Chengdu Pangang Group Leasing Co., Ltd., a company established in the PRC with limited liability
“Chengtong Financial Leasing”	means Chengtong Financial Leasing Company Limited, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	means 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
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries as at the Latest Practicable Date
“Group A Leased Assets”	means the leased assets under the Ruihe Arrangement, the Yuntai Arrangement and/or the Xiduo Arrangement (as the case may be)
“Group A Lessees”	means, collectively, Guangdong Ruihe, Nanfang Yuntai and Xiduo

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## DEFINITIONS

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“Group A Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Group A Leased Assets from the relevant Group A Lessee
“Group B Leased Assets”	means the assets to be selected from the pool of leased assets in the Underlying Arrangements and to be mutually agreed between Chengtong Financial Leasing and Chengdu Pangang which shall form the assets to be purchased by Chengtong Financial Leasing from Chengdu Pangang and to be leased back to Chengdu Pangang under the Individual Sale and Leaseback Arrangement, and such assets include equipment and facilities related to iron and steel, coal and chemicals, charging piles, energy storage equipment, water supply equipment, and other equipment and facilities including but not limited to continuous casting machine, H-shaped steel production equipment, converter equipment, dust removal equipment, hydraulic equipment, programmable logic controller (PLC) system, special mine equipment, vanadium electrolyte, and power station equipment, etc.
“Group B Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Group B Leased Assets from Chengdu Pangang under the Individual Sale and Leaseback Arrangement
“Guangdong Ruihe”	means Guangdong Ruihe Cloud Technology Co., Ltd., a company established in the PRC with limited liability
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	means third party(ies) independent of the Company and its connected persons (as defined in the Listing Rules)
“Individual Sale and Leaseback Agreement(s)”	means the individual transaction agreement(s) to be entered into between Chengtong Financial Leasing and Chengdu Pangang pursuant to the Sale and Leaseback Master Agreement, which is expected to comprise, among others, a leaseback assets transfer agreement and a finance lease agreement (sale and leaseback)
“Individual Sale and Leaseback Arrangement”	means the individual sale and leaseback arrangement between Chengtong Financial Leasing and Chengdu Pangang constituted under the terms and conditions of the relevant Individual Sale and Leaseback Agreement

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## DEFINITIONS

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“Latest Practicable Date”	means 14 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	means the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“Nanfang Yuntai”	means Nanfang Yuntai Internet Technology Co., Ltd., a company established in the PRC with limited liability
“PRC”	means the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Arrangement”	means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and Chengdu Pangang in respect of certain hydrogen generator and auxiliary equipment for a term of two (2) years, the details of which are set out in the announcement of the Company dated 16 December 2021
“RMB”	means Renminbi, the lawful currency of the PRC
“Ruihe Agreements”	means, collectively, two (2) sets of the following agreements in respect of two (2) batches of leased assets, all dated 24 February 2023 and signed between Chengtong Financial Leasing and Guangdong Ruihe:  (1) leaseback assets transfer agreement; and  (2) finance lease agreement (sale and leaseback)
“Ruihe Arrangement”	means the sale and leaseback arrangement under the Ruihe Agreements
“Sale and Leaseback Agreement(s)”	means, collectively, the Ruihe Agreements, the Yuntai Agreements and the Xiduo Agreements
“Sale and Leaseback Arrangement(s)”	means, collectively, the Ruihe Arrangement, the Yuntai Arrangement and the Xiduo Arrangement

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## DEFINITIONS

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“Sale and Leaseback Master Agreement”	means the sale and leaseback master agreement dated 21 March 2023 and entered into between Chengtong Financial Leasing and Chengdu Pangang
“SASAC”	means the State-owned Assets Supervision and Administration Commission
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	means the ordinary share(s) of the Company
“Shareholder(s)”	means the shareholder(s) of the Company
“Sino-Ocean Group”	means Sino-Ocean Group Holding Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 3377)
“Sino-Ocean Holding”	means Sino-Ocean Holding Group (China) Limited, a company established in the PRC with limited liability
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Underlying Arrangement(s)”	means the sale and leaseback arrangement(s) subsisting between Chengdu Pangang (as lessor) and its lessees
“Xiduo”	means Inner Mongolia Xiduo Railway Joint-stock Co., Ltd., a company established in the PRC with limited liability
“Xiduo Agreements”	means, collectively, two (2) sets of the following agreements in respect of two (2) batches of leased assets, all dated 14 March 2023 and signed between Chengtong Financial Leasing and Xiduo:  (1) leaseback assets transfer agreement; and  (2) finance lease agreement (sale and leaseback)
“Xiduo Arrangement”	means the sale and leaseback arrangement under the Xiduo Agreements

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## DEFINITIONS

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“Yuntai Agreements”	means, collectively, two (2) sets of the following agreements in respect of two (2) batches of leased assets, all dated 24 February 2023 and signed between Chengtong Financial Leasing and Nanfang Yuntai:  (1) leaseback assets transfer agreement; and  (2) finance lease agreement (sale and leaseback)
“Yuntai Arrangement”	means the sale and leaseback arrangement under the Yuntai Agreements
“%”	means per cent.

*In this circular, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.14. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.*

*The English names of all PRC entities in this circular are for identification purpose only.*

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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*)

Gu Honglin

*Independent non-executive Directors:*

Chang Qing

Lee Man Chun, Tony

He Jia

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

Suite 6406, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

19 April 2023

*To the Shareholders*

Dear Sir or Madam,

### **MAJOR TRANSACTIONS – (1) THE SALE AND LEASEBACK ARRANGEMENTS; AND (2) THE SALE AND LEASEBACK MASTER AGREEMENT**

#### **1. INTRODUCTION**

Reference is made to the announcements of the Company dated 24 February 2023 and 14 March 2023 in respect of the Sale and Leaseback Arrangements.

Reference is also made to the announcement of the Company dated 21 March 2023 in respect of the Sale and Leaseback Master Agreement.

The purpose of this circular is to provide you with (i) information on the Sale and Leaseback Arrangements; (ii) information on the Sale and Leaseback Master Agreement; and (iii) other information required to be disclosed under the Listing Rules.



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## LETTER FROM THE BOARD

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### 2. THE SALE AND LEASEBACK ARRANGEMENTS

Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, as lessor entered into (i) the Ruihe Agreements with Guangdong Ruihe as lessee on 24 February 2023; (ii) the Yuntai Agreements with Nanfang Yuntai as lessee on 24 February 2023; and (iii) the Xiduo Agreements with Xiduo as lessee on 14 March 2023. The major terms of the Sale and Leaseback Arrangements are set out below.

#### **Subject matter**

In each of the Sale and Leaseback Arrangements, subject to the fulfilment of the conditions as set out in the relevant Sale and Leaseback Agreements (including but not limited to the provision of all necessary documents or information by the Group A Lessees evidencing their ownerships in the Group A Leased Assets, the obtaining of all necessary approvals by the Group A Lessees in relation to the Sale and Leaseback Arrangements, the payment of the security money by the Group A Lessees, and the signing and the coming into effect of the security agreements), Chengtong Financial Leasing will purchase the Group A Leased Assets from the relevant Group A Lessee and such Group A Leased Assets will be leased back to the relevant Group A Lessee for a specified lease term commencing from the date on which the Group A Purchase Price in respect of the relevant Group A Leased Assets is paid by Chengtong Financial Leasing (“**Lease Term**”), subject to early termination in accordance with the terms and conditions of the relevant Sale and Leaseback Agreements.

All the conditions under the Sale and Leaseback Arrangements have been satisfied.

#### **Group A Purchase Price**

The Group A Purchase Price was agreed between Chengtong Financial Leasing and the relevant Group A Lessee with reference to the appraised value of the relevant Group A Leased Assets as assessed by way of cost method by professional PRC valuers which are Independent Third Parties.

The Board has considered the valuation assumptions as set out in the valuation reports in respect of the Group A Leased Assets, which include but not limited to the followings:

- (1) the appraised assets are in the process of transactions and are assessed according to the transaction conditions;
- (2) the appraised assets are in open market and the transaction parties are equal and have opportunity and time to access enough market information;
- (3) the appraised assets are in use and will continue to be used for the existing purpose, with the same method, scale and frequency and in the same environment;
- (4) there are no material changes in the relevant political, economic and social environment or in the relevant laws, regulations or policies of such places where the parties to the transaction are located;

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## LETTER FROM THE BOARD

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- (5) the information provided by the instructing client is true, legal and complete; and
- (6) the titles of the appraised assets are legal and complete and with no defects, encumbrances or disputes.

The Board has reviewed the valuation reports in respect of the Group A Leased Assets and considered the valuation method and assumptions adopted. The Board is of the view that the valuation method is reasonable and the assumptions adopted are general assumptions commonly adopted in assets valuation in the PRC. Therefore, the Board considers that the appraised value of the Group A Leased Assets is fair and reasonable.

The leased assets under (i) the Ruihe Arrangement and the Yuntai Arrangement form part of the facilities or equipment used in internet data centres; and (ii) the Xiduo Arrangement form part of the facilities or equipment used in the railway system. None of the Group A Leased Assets is revenue generating asset with identifiable income stream.

The Group A Purchase Price was satisfied by the general working capital of the Group.

### **Legal title**

Chengtong Financial Leasing owns the legal title of the Group A Leased Assets during the Lease Term.

### **Lease payments**

The total amount of lease payments over the Lease Term in respect of each Sale and Leaseback Arrangement shall be paid by the relevant Group A Lessee to Chengtong Financial Leasing in accordance with the payment schedule as set out in the relevant Sale and Leaseback Agreements.

The total amount of lease payments in respect of each Sale and Leaseback Arrangement represents the sum of the relevant lease principal amount (being the amount of the relevant Group A Purchase Price to be paid by Chengtong Financial Leasing) and the lease interests which will be calculated on the then outstanding lease principal amount with a floating interest rate to be determined at a fixed premium over the relevant LPR from time to time.

The lease interest rate will be subject to review on 1 January every year. In the event that the relevant LPR changes, the lease interest rate will be adjusted to a rate at the aforesaid fixed premium over the new LPR, except in the case where the relevant Group A Lessee has overdue lease payment and has not paid all overdue payments and liquidated damages, the interest rate to be applied will not be adjusted when the relevant LPR is reduced.

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## LETTER FROM THE BOARD

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The interest rate applicable to each of the Sale and Leaseback Arrangements (including the applicable LPR and the premium) is one of the major commercial terms negotiated between the parties on an arm's length basis and may vary on a case-by-case basis depending on a number of factors, such as the relevant amount of lease principal, the lease term, the overall return rate attained by the Group taking into account the aggregate amount of lease interests and other receivables including but not limited to the service fee (if any), the prevailing market conditions and the movement of the LPR.

Having considered the above factors in the specific circumstances of the relevant Sale and Leaseback Arrangement, the Board considers that the interest rate as agreed in each of the Sale and Leaseback Agreements is fair and reasonable and on normal commercial terms.

### **Service fee**

Xiduo paid a service fee ("**Service Fee**") of an aggregate amount of RMB3 million (equivalent to HK\$3.42 million) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the Xiduo Arrangement. Such services include the provision of corporate finance consulting services which comprise advising Xiduo on the Xiduo Arrangement and preparing written reports where necessary, and providing tailored advice on alternative financing solutions to Xiduo including but not limited to finance lease arrangement after assessing its specific business operations, industry development and financial condition.

The amount of the Service Fee was determined according to the extent of services required by Xiduo and the financing amount involved. The Service Fee is non-refundable. Having considered the above factors, the Board considers that the Service Fee payable by Xiduo is fair and reasonable and on normal commercial terms.

Apart from Xiduo, no such services were or will be provided to other Group A Lessees and therefore no service fee is receivable from those other Group A Lessees.

### **Group A Lessees' right to repurchase the Group A Leased Assets**

Upon the Group A Lessee having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the relevant Sale and Leaseback Agreements, the Group A Lessee(s) shall have the right to repurchase the relevant Group A Leased Assets under the relevant Sale and Leaseback Agreements at a specified nominal repurchase price.

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## LETTER FROM THE BOARD

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### **Credit enhancement measures**

Before entering into the Sale and Leaseback Agreements, due diligence was conducted by Chengtong Financial Leasing on the Group A Lessee(s), including but not limited to ascertaining the identity and background of the shareholders and ultimate beneficial owner(s) of the Group A Lessee(s), obtaining information about its/their business operation and industry prospects, examining and analysing the financial statements of the Group A Lessee(s) and reviewing its/their relevant financial indicators, as well as checking the indebtedness status and the funding source of the Group A Lessee(s). The cash flow projection of the Group A Lessee(s) was also prepared in order to assess the repayment ability of the Group A Lessee(s) and the credit risks associated with the relevant Sale and Leaseback Arrangement. Site inspection of the Group A Leased Assets was also carried out to ascertain their actual conditions and marketability. Each of the Group A Lessees is a new lessee of Chengtong Financial Leasing and there is no default history for any of the Group A Lessees.

Depending on the overall risks associated with a sale and leaseback arrangement, Chengtong Financial Leasing will request for appropriate credit enhancement measure(s) on a case-by-case basis, such as the payment of security money, the provision of corporate guarantee, receivables pledge and/or share pledge etc. to safeguard its interests as the lessor. Chengtong Financial Leasing will monitor, among others, the financial conditions of the lessee(s) and the security provider(s) from time to time and may request the lessee(s) to provide further security as and when Chengtong Financial Leasing considers necessary.

Each of the Group A Lessees paid a security money to Chengtong Financial Leasing as security for the performance of its obligations under the relevant Sale and Leaseback Arrangement. The amount of the security money was determined on a case-by-case basis after evaluating the background and creditability etc. of the relevant Group A Lessee and taking into account the availability of other form(s) of security if any.

If the relevant Group A Lessee fails to fully perform any obligation under the relevant Sale and Leaseback Arrangement, Chengtong Financial Leasing has the right to apply the security money to set off against any amount owed to it in the following order: liquidated damages, other payables including but not limited to damages (if any), outstanding and prospective lease payments and repurchase price. If the relevant Group A Lessee has fully performed all its obligations under the relevant Sale and Leaseback Arrangement, Chengtong Financial Leasing shall return the security money to it upon its presentation of the receipt(s) of the security money.

### ***The Ruihe Arrangement and the Yuntai Arrangement***

Apart from the security money, other forms of security including corporate guarantees, receivables pledge and share pledge were created in favour of Chengtong Financial Leasing under the Ruihe Arrangement and the Yuntai Arrangement. Please refer to the table set out in the sub-section headed “Material terms of each of the Sale and Leaseback Arrangements” below.

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## LETTER FROM THE BOARD

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In relation to the corporate guarantees, Sino-Ocean Holding, as one of the guarantors, is an indirect wholly-owned subsidiary of Sino-Ocean Group whose largest shareholder is China Life Insurance Company Limited (the shares of which are listed on both the Shanghai Stock Exchange and the Stock Exchange) which takes a leading position in the life insurance market in the PRC. On the back of its strong shareholder's support, Sino-Ocean Holding will be able to secure abundant financial resources to fulfill its obligations under the corporate guarantees in favour of Chengtong Financial Leasing in case of default by Guangdong Ruihe and/or Nanfang Yuntai (as the case may be).

In relation to the share pledge over the entire equity interest in each of Guangdong Ruihe and Nanfang Yuntai, the value of each of Guangdong Ruihe and Nanfang Yuntai exceeds the amount of the lease principal under the Ruihe Arrangement and the Yuntai Arrangement respectively. It is therefore considered that the share pledge serves as a sufficient security for the Ruihe Arrangement and the Yuntai Arrangement.

In addition, each of Guangdong Ruihe and Nanfang Yuntai has a secure source of income from its leasing business of internet data cabinets which provides the primary source of funding for the lease payments under the Ruihe Arrangement and the Yuntai Arrangement respectively.

Taken into account the satisfactory repayment ability of Guangdong Ruihe and Nanfang Yuntai and in view of the various credit enhancement measures available, the Board considers that the credit enhancement measures under each of the Ruihe Arrangement and the Yuntai Arrangement are sufficient to safeguard the interests of the Company and the Shareholders in case of default.

### *The Xiduo Arrangement*

Xiduo is favoured by the PRC policies and enjoys a monopoly market share in coal transportation around Xilinhot, Inner Mongolia. The railways of Xiduo are located in areas rich in coal, oil and natural gas resources which ensures a steady growth in the transportation rate and revenue of the railways owned by Xiduo. Xiduo therefore has a strong and long-term business prospect which provides assurance for the repayment of the lease payments under the Xiduo Arrangement.

The shareholders of Xiduo, namely Inner Mongolia Jitong Railway (Group) Co., Ltd. ("**Jitong Railway**"), Datang International Power Generation Co., Ltd. ("**Datang International**") and Xilin Gol League Xingfu Investment Co., Ltd. ("**Xilin Gol League**"), provide both business and financial support to Xiduo. All goods invested by Datang International and Xilin Gol League are transported by Xiduo. When the liquidity of Xiduo is tight, Jitong Railway which is indirectly controlled by China State Railway Group Co., Ltd. will allocate funds to support Xiduo. Leveraging on the support and resources of its shareholders, Xiduo has a relatively strong lease repayments ability.

In addition, Xiduo has established long-term and stable credit relationships with major banks and other financial institutions, has good credit rating and is highly recognised by financial institutions. Xiduo therefore has strong financing capabilities which provides confidence in the repayment of lease payments under the Xiduo Arrangement.

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## LETTER FROM THE BOARD

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In view of the above, the Board considers that the payment of security money by Xiduo as security for its obligations under the Xiduo Arrangement is sufficient to safeguard the interests of the Company and the Shareholders in case of default.

### **Material terms of each of the Sale and Leaseback Arrangements**

The general terms and conditions of each of the Sale and Leaseback Arrangements are substantially the same. Their respective key terms are summarised as follows:

	<b>Ruihe Arrangement</b>	<b>Yuntai Arrangement</b>	<b>Xiduo Arrangement</b>
<b>Date of the relevant Sale and Leaseback Agreements</b>	24 February 2023	24 February 2023	14 March 2023
<b>Group A Lessee</b>	Guangdong Ruihe	Nanfang Yuntai	Xiduo
<b>Group A Leased Assets</b>	(i) Certain diesel generator sets for data centre, switch control cabinets, containers and ancillary equipment and facilities  (ii) Certain system equipment for data centre, external power equipment and ancillary equipment and facilities	(i) Certain diesel generator sets for data centre, combined system cabinets, drain pumps and ancillary equipment and facilities  (ii) Certain system equipment for data centre, external power engineering and ancillary equipment and facilities	(i) Certain railway facilities and equipment, including but not limited to metallic protective fences and outdoor heating networks, and ancillary equipment and facilities  (ii) Certain railway facilities and equipment, including but not limited to railroad switches and station mainlines, and ancillary equipment and facilities
<b>Group A Purchase Price</b>	RMB225 million (equivalent to HK\$256.50 million)	RMB250 million (equivalent to HK\$285 million)	RMB300 million (equivalent to HK\$342 million)

## LETTER FROM THE BOARD

	<b>Ruihe Arrangement</b>	<b>Yuntai Arrangement</b>	<b>Xiduo Arrangement</b>
<b>Appraised value of the Group A Leased Assets</b>	Approximately RMB232.86 million (equivalent to approximately HK\$265.46 million) as at 31 October 2022	Approximately RMB265.47 million (equivalent to approximately HK\$302.64 million) as at 31 October 2022	Approximately RMB351.25 million (equivalent to approximately HK\$400.43 million) as at 28 October 2022
<b>Lease Term</b>	Five (5) years	Five (5) years	Three (3) years
<b>Interest rate</b>	Floating interest rate, which is determined at a fixed premium over the five (5)-year LPR from time to time	Floating interest rate, which is determined at a fixed premium over the five (5)-year LPR from time to time	Floating interest rate, which is determined at a fixed premium over the one (1)-year LPR from time to time
<b>Lease payments</b>	Approximately RMB253.46 million (equivalent to approximately HK\$288.94 million), payable in twenty (20) quarterly instalments during the Lease Term	Approximately RMB281.62 million (equivalent to approximately HK\$321.05 million), payable in twenty (20) quarterly instalments during the Lease Term	Approximately RMB319.73 million (equivalent to approximately HK\$364.49 million), payable in twelve (12) quarterly instalments during the Lease Term
<b>Service fee</b>	Nil	Nil	RMB3 million (equivalent to HK\$3.42 million)
<b>Repurchase price</b>	RMB2.00	RMB2.00	RMB1.00
<b>Credit enhancement measures</b>	(1) Security money of RMB4.14 million (equivalent to approximately HK\$4.72 million) paid by Guangdong Ruihe;	(1) Security money of RMB4.60 million (equivalent to approximately HK\$5.24 million) paid by Nanfang Yuntai;	(1) Security money of RMB30 million (equivalent to approximately HK\$34.20 million) paid by Xiduo

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## LETTER FROM THE BOARD

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	<b>Ruihe Arrangement</b>	<b>Yuntai Arrangement</b>	<b>Xiduo Arrangement</b>
	(2) Irrevocable guarantee from Beijing Yuntai and Sino-Ocean Holding;	(2) Irrevocable guarantee from Beijing Yuntai and Sino-Ocean Holding;	
	(3) Receivables pledge created by Guangdong Ruihe and Beijing Yuntai; and	(3) Receivables pledge created by Nanfang Yuntai and Beijing Yuntai; and	
	(4) Share pledge created by Beijing UNIQloud over the entire equity interest in Guangdong Ruihe	(4) Share pledge created by Beijing UNIQloud over the entire equity interest in Nanfang Yuntai	
<b>Estimated income</b>	Approximately RMB28.46 million (equivalent to approximately HK\$32.44 million)	Approximately RMB31.62 million (equivalent to approximately HK\$36.05 million)	Approximately RMB22.73 million (equivalent to approximately HhK\$25.91 million)

### **Information of the parties**

#### ***Guangdong Ruihe and Nanfang Yuntai***

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Ruihe Agreements and the Yuntai Agreements, (i) each of Guangdong Ruihe and Nanfang Yuntai was wholly-owned by Beijing UNIQloud, which was an indirect non-wholly owned subsidiary of Sino-Ocean Group; and (ii) both Guangdong Ruihe and Nanfang Yuntai were principally engaged in the business of operation of internet data centre(s).

#### ***Beijing Yuntai***

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Ruihe Agreements and the Yuntai Agreements, (i) Beijing Yuntai was ultimately held as to approximately 33.34% by Mr. Zhou Yue, approximately 33.33% by Mr. Yan Shiping and approximately 33.33% by Mr. Wang Jian, and was controlled by Beijing UNIQloud through contractual arrangement; and (ii) Beijing Yuntai was a licenced company set up by Beijing UNIQloud for operation of internet data centre(s).



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## LETTER FROM THE BOARD

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### *Sino-Ocean Holding*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Ruihe Agreements and the Yuntai Agreements, (i) Sino-Ocean Holding was an indirect wholly-owned subsidiary of Sino-Ocean Group; and (ii) Sino-Ocean Holding was an investment holding company.

### *Beijing UNIQloud*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Ruihe Agreements and the Yuntai Agreements, (i) Beijing UNIQloud was an indirect non-wholly owned subsidiary of Sino-Ocean Group; and (ii) Beijing UNIQloud was principally engaged in the business of operation of internet data centre(s).

### *Xiduo*

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Xiduo Agreements, (i) Xiduo was directly owned as to (a) approximately 51% by Jitong Railway, which was in turn indirectly owned as to 60% by China State Railway Group Co., Ltd., which was wholly-owned by The State Council of the PRC; (b) approximately 34% by Datang International, a company established in the PRC and the shares of which were listed on the Shanghai Stock Exchange and the Main Board of the Stock Exchange; and (c) approximately 15% by Xilin Gol League, which was wholly-owned by SASAC of Xilin Gol League; and (ii) Xiduo was principally engaged in the business of operation of railway for the transportation of coal around Xilinhot in Inner Mongolia, the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, there is, and in the past twelve (12) months, there has been, no material loan arrangement between (a) any of the Group A Lessees, any of their directors and legal representatives and/or any ultimate beneficial owner(s) of the Group A Lessees who can exert influence on any of the Sale and Leaseback Arrangements; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in any of the Sale and Leaseback Arrangements).

In addition, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the relevant Sale and Leaseback Agreements, each of the above parties and their respective ultimate beneficial owners were Independent Third Parties.

### **Reasons for and benefits of the sale and leaseback arrangements**

The Group is principally engaged in leasing, bulk commodity trade, property development and investment, marine recreation services and hotel business. The Group's leasing business is mainly carried out through Chengtong Financial Leasing as its principal business.

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## LETTER FROM THE BOARD

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The entering into of the Sale and Leaseback Arrangements is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn a reasonable income from each of the Sale and Leaseback Arrangements, which represents the total of the Service Fee (if any) and the difference between the estimated amount of total lease payments under the relevant Sale and Leaseback Arrangement and the relevant Group A Purchase Price.

Having considered the respective background, financial condition, business prospects and income flow of the Group A Lessees, the nature, condition and marketability of the relevant Group A Leased Assets as well as the prevailing market conditions, the Directors are of the view that the terms of each of the Sale and Leaseback Arrangements are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Implications under the listing rules**

Since Guangdong Ruihe and Nanfang Yuntai are both subsidiaries of Sino-Ocean Group, the Ruihe Arrangement and the Yuntai Arrangement are aggregated with each other for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Ruihe Arrangement and the Yuntai Arrangement, both on standalone and aggregated basis, exceeds 25% but is less than 100%, the entering into of each of the Ruihe Arrangement and the Yuntai Arrangement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Xiduo Arrangement exceeds 25% but is less than 100%, the entering into of the Xiduo Arrangement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) has any material interest in the Sale and Leaseback Arrangements. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Arrangements. In light of the foregoing, written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained the written Shareholder's approval in respect of each of the Sale and Leaseback Arrangements from CCHK, which was a controlling shareholder of the Company holding 3,169,656,217 issued shares of the Company, representing approximately 53.14% of the issued share capital of the Company as at the date of each Sale and Leaseback Agreements. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Arrangements.

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## LETTER FROM THE BOARD

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### 3. THE SALE AND LEASEBACK MASTER AGREEMENT

#### **Date of the Sale and Leaseback Master Agreement**

21 March 2023

#### **Parties**

Lessor: Chengtong Financial Leasing

Lessee: Chengdu Pangang

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of the Sale and Leaseback Master Agreement, (i) Chengdu Pangang was an indirect wholly-owned subsidiary of Ansteel Group Corporation Limited, which was a stated-owned enterprise under the control of the SASAC of The State Council of the PRC; (ii) Chengdu Pangang and its ultimate beneficial owners (save for CCHG, the ultimate holding company of the Company, which had an indirect interest in Chengdu Pangang through its equity interest in approximately 18% of Ansteel Group Corporation Limited) were Independent Third Parties; and (iii) Chengdu Pangang was principally engaged in the business of provision of finance lease services in the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Previous Arrangement, there is, and in the past twelve (12) months, there has been, no material loan arrangement between (a) Chengdu Pangang, any of its directors and legal representatives and/or any ultimate beneficial owner(s) of Chengdu Pangang who can exert influence on the Sale and Leaseback Master Agreement; and (b) the Company, any connected person at the Company's level and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the Sale and Leaseback Master Agreement).

#### **Sale and leaseback services**

Pursuant to the Sale and Leaseback Master Agreement, Chengtong Financial Leasing has agreed to provide sale and leaseback services to Chengdu Pangang, subject to the obtaining of the necessary Shareholders' approval in accordance with the Listing Rules and the maximum financing amount (as detailed below) and other terms set out in the Sale and Leaseback Master Agreement.

Chengdu Pangang may make application(s) to Chengtong Financial Leasing from 21 March 2023 to 20 March 2025 (both days inclusive) for the provision of sale and leaseback services by Chengtong Financial Leasing in respect of the Group B Leased Assets. Chengtong Financial Leasing and Chengdu Pangang will negotiate on the specific terms and conditions of the Individual Sale and Leaseback Arrangement (including but not limited to the leased assets, the individual financing amount, the lease period, the amount of lease payments and the payment schedule) within the ambit of the Sale and Leaseback Master Agreement and will enter into Individual Sale and Leaseback Agreement accordingly.

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## LETTER FROM THE BOARD

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### **Financing amount/lease principal**

The maximum financing amount under the Sale and Leaseback Master Agreement is RMB400 million (equivalent to HK\$456 million) which is determined according to the expected funding needs of Chengdu Pangang and after taking into account the risks allocation of Chengtong Financial Leasing with an aim to diversify its funds to different lessees for optimum risks exposure. The maximum financing amount is the upper limit of which Chengdu Pangang can apply for funding from Chengtong Financial Leasing and Chengdu Pangang may not fully utilise the financing amount. Moreover, Chengtong Financial Leasing shall have the discretion to decide whether to provide the sale and leaseback services or to unilaterally terminate, cancel or reduce the maximum financing amount, while such discretion has no effect on the enforcement of the signed Individual Sale and Leaseback Agreement(s). In view of the above, the Board considers that the maximum financing amount of RMB400 million is fair and reasonable and in the interests of the Company.

It is expected that each individual financing amount under the Individual Sale and Leaseback Agreements will be funded by the general working capital of the Group.

### **Lease method**

Under each Individual Sale and Leaseback Arrangement, Chengtong Financial Leasing will purchase the Group B Leased Assets from Chengdu Pangang at the Group B Purchase Price mutually agreed in the Individual Sale and Leaseback Agreement, and the Group B Leased Assets will be leased back to Chengdu Pangang for a maximum lease period of three (3) years in return for such amount of lease payments to be paid by Chengdu Pangang as mutually agreed in the Individual Sale and Leaseback Agreement. In general, the lease period of the sale and leaseback arrangements conducted by Chengtong Financial Leasing ranges from three (3) to five (5) years depending on the financing needs and cashflow of the relevant lessee. The maximum lease period of each Individual Sale and Leaseback Arrangement is therefore set within the said range which the Board considers it to be fair and reasonable.

Chengdu Pangang has the right to apply for early repayment with prior notice of one and a half months, and upon agreement by Chengtong Financial Leasing, Chengdu Pangang shall pay all outstanding lease principal, all the lease interests accrued and the repurchase price on the date of early repayment and the relevant Individual Sale and Leaseback Agreement shall then be early terminated. Chengdu Pangang is not subject to penalty in case of early termination in accordance with the above. Such arrangement is a commercial term negotiated between the parties on an arm's length basis. The Board considers that such early termination clause will not prejudice the interests of the Group as the early recovered lease principal and accrued lease interests can be used by the Group for other business purposes or investments and is therefore considered to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The ownership of the Group B Leased Assets shall vest in Chengtong Financial Leasing during the lease period of the Individual Sale and Leaseback Arrangement.

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## LETTER FROM THE BOARD

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### **Group B Purchase Price**

The Group B Purchase Price of the Group B Leased Assets under each Individual Sale and Leaseback Arrangement will be determined with reference to the appraised net value of the relevant Group B Leased Assets to be conducted by professional PRC valuer(s) and the Group B Purchase Price shall not be higher than such appraised net value.

The total Group B Purchase Price under all Individual Sale and Leaseback Arrangements shall not exceed the maximum financing amount of RMB400 million (equivalent to HK\$456 million).

### **Lease payments**

The lease payments under each Individual Sale and Leaseback Arrangement represents the sum of the lease principal amount (being the amount of the Group B Purchase Price under the Individual Sale and Leaseback Arrangement) and the lease interests which will be calculated on the then outstanding lease principal amount with a floating interest rate to be determined at a fixed premium over the one-year LPR from time to time.

The lease interest rate will be subject to review on 1 January every year. In the event that the one (1)-year LPR changes, the lease interest rate will be adjusted to a rate at the aforesaid fixed premium over the new LPR, except in the case where Chengdu Pangang has overdue lease payment and has not paid all overdue payments and liquidated damages, the interest rate to be applied will not be adjusted when the one (1)-year LPR is reduced.

The interest rate (including the applicable LPR and the premium) was negotiated between the parties on an arm's length basis after taking into account a number of factors, such as the maximum financing amount, the maximum lease period, the prevailing market conditions and the movement of the LPR.

Based on the maximum financing amount and the current interest rate, the total amount of lease payments under the Sale and Leaseback Master Agreement is approximately RMB429.38 million (equivalent to approximately HK\$489.49 million).

The lease payments under each Individual Sale and Leaseback Arrangement are expected to be paid on a quarterly basis.

### **Service fee**

Chengtong Financial Leasing may charge a service fee for each Individual Sale and Leaseback Arrangement which will be calculated as a certain percentage to the relevant individual financing amount. The total service fee receivable by Chengtong Financial Leasing from Chengdu Pangang under all Individual Sale and Leaseback Arrangements is subject to a maximum total amount of RMB4 million (equivalent to HK\$4.56 million) which represents 1% of the maximum financing amount under the Sale and Leaseback Master Agreement.

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## LETTER FROM THE BOARD

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### **Repurchase price**

Upon expiry of the lease period under each Individual Sale and Leaseback Arrangement and subject to the full settlement of the lease payments and all other payables (if any) under the relevant Individual Sale and Leaseback Agreement, Chengdu Pangang shall purchase the Group B Leased Assets from Chengtong Financial Leasing at a nominal repurchase price. The total nominal repurchase price receivable by Chengtong Financial Leasing from Chengdu Pangang under all Individual Sale and Leaseback Arrangements is subject to a maximum total amount of RMB100 (equivalent to HK\$114).

### **Credit enhancement measure**

Before entering into the Sale and Leaseback Master Agreement, Chengtong Financial Leasing has conducted credit assessment on Chengdu Pangang and reviewed its various financial indicators which show that Chengdu Pangang has an overall good financial condition and performed well in various aspects including the growth ability, operating ability, profitability, solvency and cash generating ability. Moreover, Chengdu Pangang has maintained a good repayment record in the Previous Arrangement with Chengtong Financial Leasing.

The revenue of Chengdu Pangang was mainly derived from its provision of finance lease services in the PRC. The finance lease projects of Chengdu Pangang are mainly conducted with its affiliated companies, upstream and downstream enterprises in the industry chain, as well as State-owned enterprises, all of which have good assets quality, high recognition among financial institutions, strong financing ability, and a low probability of risk occurrence. Chengdu Pangang has maintained a well-established approval and risk control procedures and there was no overdue repayment record in any of its completed and existing finance lease projects. Chengdu Pangang is therefore considered to have a good overall assets quality.

Chengdu Pangang will mainly finance its lease payments under each Individual Sale and Leaseback Arrangement by the lease payments received by it from its lessees in the corresponding Underlying Arrangement. In order to guarantee the performance of the Individual Sale and Leaseback Agreements by Chengdu Pangang, Chengdu Pangang has agreed to pledge its receivables from the relevant Underlying Arrangement to Chengtong Financial Leasing as security for all amounts payable under the corresponding Individual Sale and Leaseback Agreement. As mentioned above, the lessees in the Underlying Arrangements are generally of good financial conditions and with no overdue repayment record. It is therefore expected that Chengdu Pangang will be able to receive lease payments timely from such lessees which will in turn enable it to make timely lease payments to Chengtong Financial Leasing under the Individual Sale and Leaseback Arrangements. Even if the amount of lease payments from the Underlying Arrangements is not sufficient to cover all lease payments payable by Chengdu Pangang under the Individual Sale and Leaseback Arrangements, it is expected that Chengdu Pangang will still have sufficient fund to pay for the remaining amount in view of its cashflow position from 2022 to 2024.

In view of the above, the Board considers that the receivables pledge to be created by Chengdu Pangang for each Individual Sale and Leaseback Arrangement will be sufficient to safeguard the interests of the Company.

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## LETTER FROM THE BOARD

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Chengtong Financial Leasing will monitor, among others, the value of the collateral and the financial conditions of Chengdu Pangang from time to time and may request Chengdu Pangang to provide further security as and when Chengtong Financial Leasing considers necessary.

### **Reasons for and benefits of the sale and leaseback master agreement**

The entering into of the Sale and Leaseback Master Agreement is in the ordinary and usual course of business of Chengtong Financial Leasing and will enable the Group to earn additional lease interest income.

The Directors are of the view that the terms of the Sale and Leaseback Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Implications under the listing rules**

On 16 December 2021, Chengtong Financial Leasing entered into the Previous Arrangement with Chengdu Pangang. Since the Previous Arrangement is still subsisting when the Sale and Leaseback Master Agreement is entered into, the Sale and Leaseback Master Agreement is aggregated with the Previous Arrangement for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio in respect of the Sale and Leaseback Master Agreement, both when calculated individually and when aggregated with the Previous Arrangement, exceeds 25% but is less than 100%, the entering into of the Sale and Leaseback Master Agreement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) has any material interest in the Sale and Leaseback Master Agreement. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Master Agreement. In light of the foregoing, written shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained the written Shareholder's approval in respect of the Sale and Leaseback Master Agreement from CCHK, which was a controlling shareholder of the Company holding 3,169,656,217 issued shares of the Company, representing approximately 53.14% of the issued share capital of the Company as at the date of the Sale and Leaseback Master Agreement. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Master Agreement.

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## LETTER FROM THE BOARD

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#### 4. RECOMMENDATION

The Directors, having considered the terms of, the reasons for and benefits of each of the Sale and Leaseback Agreements and the Sale and Leaseback Master Agreement, are of the view that the terms of the foregoing are normal commercial terms and are fair and reasonable. The Directors consider that the entering into of the Sale and Leaseback Agreements and the Sale and Leaseback Master Agreement is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened for the approval of the Sale and Leaseback Agreements and the Sale and Leaseback Master Agreement and the transactions contemplated thereunder, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the same at such general meeting.

#### 5. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully  
On behalf of the Board  
**China Chengtong Development Group Limited**  
**Zhang Bin**  
*Chairman*



**1. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for the three financial years ended 31 December 2020, 31 December 2021, and 31 December 2022 have been set out in the following documents respectively:

- (a) the annual report of the Company for the year ended 31 December 2020 from pages 72 to 180 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0318/2021031800684.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2021 from pages 70 to 188 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0323/2022032300436.pdf>); and
- (c) the results announcement of the Company dated 8 March 2023 in respect of the final results of the Group for the year ended 31 December 2022 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0308/2023030801068.pdf?code=00217>).

**2. INDEBTEDNESS OF THE GROUP**

As at the close of business on 28 February 2023, being the latest practicable date for the purpose of this statement of indebtedness of the Group prior to the printing of this circular, the Group had (i) secured and/or guaranteed bank borrowings of approximately HK\$3,029.90 million which are secured by charges over loans receivable and finance lease receivables of the Group and/or guaranteed by the Company; (ii) unsecured and unguaranteed bank borrowings of HK\$500 million; (iii) secured and guaranteed asset-backed securities of approximately HK\$3,780.42 million; (iv) unsecured and unguaranteed loans from related parties of approximately HK\$333.35 million; (v) unsecured and unguaranteed other loan of approximately HK\$0.60 million; and (vi) unsecured and unguaranteed lease liabilities of approximately HK\$7.95 million.

As at the close of business on 28 February 2023, the Group had contingent liabilities in relation to guarantees of approximately HK\$207.07 million given to banks in respect of mortgage loans granted to purchasers of certain property units.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing, mortgages or charges, contingent liabilities or guarantees as at 28 February 2023.

**3. WORKING CAPITAL SUFFICIENCY OF THE GROUP**

The Directors are of the opinion that, after taking into account the effects of the Sale and Leaseback Agreements, the Sale and Leaseback Master Agreement, the internally generated funds, existing facilities available to the Group and financial resources presently available to the Group, the Group will have sufficient working capital to satisfy its requirements for at least twelve (12) months from the date of this circular.

**4. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

The Group is principally engaged in leasing, bulk commodity trade, property development and investment, marine recreation services and hotel business.

In respect of financial leasing, Chengtong Financial Leasing will continue to enhance its cooperation with other state-owned enterprises, promote its development in business areas such as energy conservation and environmental protection, transportation and logistics, internet data center, new energy, and highlight its industry characteristics in these market segments. Chengtong Financial Leasing will further expand its financing channels, explore to develop independent rating to strengthen self-financing capability, and seek low-cost funds for business investment. Moreover, it will strengthen risk prevention and control, as well as build and improve the risk management system comprehensively.

In respect of bulk commodity trade, the Group will carefully examine the market condition to determine the next step of development.

In respect of property investment, all the construction works of the CCT-Champs-Elysees project have been completed. The CCT-Champs-Elysees project is wholly owned by the Group and is located in the Zhucheng City of Shandong Province of the PRC. The project had a total site area of approximately 146,006 square metres and was developed in three phases. The next step in respect of property investment will be to speed up the sales of the property units in section 3 of Phase III of the CCT-Champs-Elysees project, and utilise the recovered funds for the main business of financial leasing.

In respect of the marine recreation services and hotel business, the Group will continue to optimise the project operation and management model and accelerate the cultivation of internal impetus for market sales on one hand, and will actively explore and promote subsequent asset restructuring on the other hand.

The Group is the only overseas listed company platform under CCHG, its ultimate controlling shareholder, and Chengtong Financial Leasing is the only controlling financial leasing company under the Group. Chengtong Financial Leasing will give full play to the resource advantages of the controlling shareholder of the Group, focus its resources on rapidly expanding the principal business of financial leasing and create greater value for the Shareholders. The Board is full of confidence in the future development of the Group.

**5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. FINANCIAL EFFECTS OF THE MAJOR TRANSACTIONS**

As at 31 December 2022, the audited consolidated total assets of the Group amounted to approximately HK\$10,009.74 million and the audited consolidated total liabilities of the Group amounted to approximately HK\$7,074.49 million.

**(i) The Sale and Leaseback Agreements**

Upon implementation of the Sale and Leaseback Arrangements, the Directors consider that there is no significant immediate change to the Group's net asset value, as the Sale and Leaseback Arrangements will be accounted for as secured loans and recognised as loans receivable of the Group which will offset the decrease in the amount of bank balances and cash as a result of the payment of the Group A Purchase Price by Chengtong Financial Leasing.

As regards earnings, the Group would be entitled to recognise the Service Fee and interest income from the Sale and Leaseback Arrangements as additional income to the Group.

**(ii) The Sale and Leaseback Master Agreement**

Upon implementation of each Individual Sale and Leaseback Arrangement contemplated under the Sale and Leaseback Master Agreement, the Directors consider that there will be no significant immediate change to the Group's net asset value, as each of the Individual Sale and Leaseback Arrangement will be accounted for as secured loan and recognised as loans receivable of the Group which will offset the decrease in the amount of bank balances and cash as a result of the payment of the Group B Purchase Price by Chengtong Financial Leasing.

As regards earnings, the Group would be entitled to recognise the service fee (if any) and interest income from each Individual Sale and Leaseback Arrangement as additional income to the Group.

Save as disclosed above, the Sale and Leaseback Agreements, the Sale and Leaseback Master Agreement and the transactions contemplated thereunder are not expected to have any material impact on the assets and liabilities and the earnings of the Group. The final financial impact on the Group will be subject to the final audit to be performed by the auditors of the Company.

## 1. 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.

## 2. DISCLOSURE OF INTERESTS

### (i) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules were as follows:

#### *Long position*

Name of Director	Interests in the Company or its associated corporation	Nature of interest	Number of Shares held	Approximate percentage of the issued share capital as at the Latest Practicable Date
Mr. Zhang Bin	The Company	Beneficial owner	314,642	0.01%

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

**(ii) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

***Long position***

<b>Name of Shareholder</b>	<b>Nature of interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date</b>
CCHK	Beneficial owner ( <i>Note</i> )	3,169,656,217	53.14%
CCHG	Interest in controlled corporation ( <i>Note</i> )	3,169,656,217	53.14%

*Note:* The entire issued share capital of CCHK is beneficially owned by CCHG. Under the SFO, CCHG is deemed to be interested in all the Shares held by CCHK.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there was no other person, other than the Directors and chief executive of the Company, who had any interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Zhang Bin, an executive Director and the Chairman of the Board, was the chairman of CCHK; Mr. Yang Tianzhou, the Managing Director of the Company, was a deputy general manager of CCHK; and Mr. Gu Honglin, an executive Director, was the chief accountant of CCHK. Mr. Zhang Bin, Mr. Yang Tianzhou and Mr. Gu Honglin were members of the executive committee of CCHK as at the Latest Practicable Date. Save as disclosed herein, no Director was a director or an employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

**3. MATERIAL CONTRACTS**

Hainan Huandao Hotel and Travel Investment Co., Limited (currently known as Hainan Huandao Travel Investment Group Limited), a wholly-owned subsidiary of the Company, as lender and China Huandao Group Limited, a wholly-owned subsidiary of CCHG, as borrower entered into the extension agreement dated 2 September 2021 in relation to the extension of the term of a loan in the principal amount of RMB30 million granted under a loan agreement dated 3 September 2020 (details of which are set out in the announcement of the Company dated 3 September 2020) for two (2) years to 2 September 2023 upon expiry of the original term of the loan on 2 September 2021. Further details of the extension agreement are set out in the announcement of the Company dated 2 September 2021.

Save as aforementioned, there is no other contract (not being contract entered into in the ordinary course of business) entered into by the members of the Group within two (2) years immediately preceding the Latest Practicable Date and is, or may be, material.

**4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

**5. LITIGATION**

So far as was known to the Directors, no member of the Group was involved in any litigation or claims of material importance and no litigation or claims of material importance was pending or threatened against any member of the Group as at the Latest Practicable Date.

**6. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors nor any of their respective close associates had any interests in a business, which competed or was likely to compete, directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

**7. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS**

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

**8. GENERAL**

- (a) The registered office and the principal place of business of the Company is at Suite 6406, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (b) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Mr. Poon Tsz Kin, who is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be published on the Stock Exchange’s website at [www.hkexnews.hk](http://www.hkexnews.hk) and the Company’s website at [www.irasia.com/listco/hk/chengtong](http://www.irasia.com/listco/hk/chengtong) or [www.hk217.com](http://www.hk217.com) for fourteen (14) days from the date of this circular:

- (a) the Ruihe Agreements;
- (b) two sets of security money agreements dated 24 February 2023 signed between Chengtong Financial Leasing and Guangdong Ruihe;
- (c) two sets of guarantee contracts dated 24 February 2023 signed between Chengtong Financial Leasing and Beijing Yuntai as guarantor to secure the performance of Guangdong Ruihe under the Ruihe Arrangement;
- (d) two sets of guarantee contracts dated 24 February 2023 signed between Chengtong Financial Leasing and Sino-Ocean Holding as guarantor to secure the performance of Guangdong Ruihe under the Ruihe Arrangement;
- (e) two sets of receivables pledge contracts dated 24 February 2023 signed between Chengtong Financial Leasing and each of Guangdong Ruihe and Beijing Yuntai as pledgor respectively to secure the performance of Guangdong Ruihe under the Ruihe Arrangement;
- (f) share pledge agreement dated 24 February 2023 signed between Chengtong Financial Leasing and Beijing UNIQloud as pledgor in respect of the entire equity interest in Guangdong Ruihe;
- (g) the Yuntai Agreements;
- (h) two sets of security money agreements dated 24 February 2023 signed between Chengtong Financial Leasing and Nanfang Yuntai;
- (i) two sets of guarantee contracts dated 24 February 2023 signed between Chengtong Financial Leasing and Beijing Yuntai as guarantor to secure the performance of Nanfang Yuntai under the Yuntai Agreements;

- (j) two sets of guarantee contracts dated 24 February 2023 signed between Chengtong Financial Leasing and Sino-Ocean Holding as guarantor to secure the performance of Nanfang Yuntai under the Yuntai Agreements;
- (k) two sets of receivables pledge contracts dated 24 February 2023 signed between Chengtong Financial Leasing and each of Nanfang Yuntai and Beijing Yuntai as pledgor respectively to secure the performance of Nanfang Yuntai under the Yuntai Agreements;
- (l) share pledge agreement dated 24 February 2023 signed between Chengtong Financial Leasing and Beijing UNIQcloud as pledgor in respect of the entire equity interest in Nanfang Yuntai;
- (m) the Xiduo Agreements;
- (n) two sets of security money agreements dated 14 March 2023 signed between Chengtong Financial Leasing and Xiduo; and
- (o) the Sale and Leaseback Master Agreement.