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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 your stockbroker or other registered dealer 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 to the purchaser or transferee or to the bank, stock broker 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 TRANSACTION –  
SALE AND LEASEBACK ARRANGEMENT**

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A letter from the Board is set out from pages 4 to 11 of this circular.

9 August 2024

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## DEFINITION

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

“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
“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 date of this circular
“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 (having the meaning ascribed to it under the Listing Rules)

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## DEFINITION

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“Latest Practicable Date”	means 6 August 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease Term”	means the lease term under the Sale and Leaseback Agreements
“Leased Assets”	means certain seaport equipment including jetty motorized boat bridges and flood control water gate system equipment
“Leased Assets Valuation Report”	means the valuation report issued by the Valuer in respect of the value of the Leased Assets as at 23 May 2024, which will expire on 22 May 2025
“Lessee”	means China Merchants Shekou Industrial Zone Holdings Co., Ltd., a company established in the PRC with limited liability, the A shares of which are listed on the Shenzhen Stock Exchange (stock code: 001979)
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LPR”	means the one (1)-year loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“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 Transaction”	means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and the Lessee on 28 March 2024 in respect of certain seaport equipment including jetty motorised boat bridge, stationary crane and flood control water gate system equipment for a term of four (4) years, the details of which are set out in the announcement of the Company dated 28 March 2024 and the circular of the Company dated 14 May 2024
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Leased Assets from the Lessee

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## DEFINITION

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“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreements”	means, collectively, the following agreements in respect of the Leased Assets dated 28 June 2024 and signed between Chengtong Financial Leasing and the Lessee: (1) leaseback assets transfer agreements; and (2) finance lease agreements (sale and leaseback)
“Sale and Leaseback Arrangement”	means the purchase of the Leased Assets by Chengtong Financial Leasing from the Lessee and the leaseback of the Leased Assets to the Lessee pursuant to the terms of the Sale and Leaseback Agreements
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Valuer”	means Beijing Zhonghuantai Asset Appraisal Co., Ltd., a qualified independent valuer in the PRC
“%”	means per cent.

*In this circular, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.07. 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*)

Gu Honglin (*Managing Director*)

*Independent Non-Executive Directors:*

Chang Qing

Lee Man Chun, Tony

He Jia

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

Suite 6406, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

9 August 2024

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION –  
SALE AND LEASEBACK ARRANGEMENT**

**1. INTRODUCTION**

Reference is made to the announcement of the Company dated 28 June 2024 in respect of the Sale and Leaseback Arrangement.

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

**2. MAJOR TRANSACTION**

**(A) The Sale and Leaseback Arrangement**

On 28 June 2024, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Agreements with the Lessee in respect

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## LETTER FROM THE BOARD

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of the Sale and Leaseback Arrangement. The major terms of the Sale and Leaseback Arrangement are set out below.

### *Subject matter*

Subject to the fulfilment of the conditions as set out in the Sale and Leaseback Agreements (including but not limited to the provision of all necessary documents or information by the Lessee evidencing its ownership in the Leased Assets, and the obtaining of all necessary approvals by the Lessee in relation to the Sale and Leaseback Arrangement), Chengtong Financial Leasing will purchase the Leased Assets from the Lessee at the Purchase Price of RMB100 million (equivalent to HK\$107 million), and the Leased Assets will be leased back to the Lessee for a Lease Term of four (4) years from the date on which the Purchase Price is paid by Chengtong Financial Leasing in respect of the Leased Assets, subject to early termination in accordance with the terms and conditions of the Sale and Leaseback Agreements.

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

### *Purchase Price*

The Purchase Price was agreed between Chengtong Financial Leasing and the Lessee with reference to the appraised value of the Leased Assets as at 23 May 2024 which amounted to approximately RMB100.92 million (equivalent to approximately HK\$107.98 million) as assessed by way of cost method by the Valuer.

According to the Leased Assets Valuation Report, the Valuer's scope of work is to assess the total appraised value of the Leased Assets, comprising a total of three (3) sets of seaport equipment located in China Merchants Shekou Cruise Center Jetty Pier of the Lessee.

Set forth below is the valuation methodology adopted by the Valuer in assessing the value of the Leased Assets.

The cost method, being adopted by the Valuer for the valuation of the Leased Assets, is a method determining the value of an appraised asset by multiplying the replacement cost of the appraised asset by its newness rate. The value of the appraised asset is first to be obtained by estimating the replacement cost of the appraised asset, followed by deducting various estimated depreciation factors that currently exist in the appraised asset. The replacement cost is determined on the basis of the current market value of the appraised asset on the appraisal date, while the newness rate is determined through an on-site inspection and calculation and analysis based on technical and economic factors.

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In appraising the value of the Leased Assets, the Valuer had also considered (i) the market approach, which appraises the value of an appraised asset by direct comparison or relevant analogy analysis of the recent trading prices of the same or similar assets in the market and (ii) the income approach, which calculates the value of an appraised asset by estimating the expected future earnings of the appraised asset and converting into the present value with the appropriate discounted rate. Since (i) there is no open market for the Leased Assets and a lack of information about the comparable transaction of similar assets and (ii) it is hard to estimate the income of the Leased Assets on a standalone basis, both the market approach and the income approach were considered inappropriate methods for assessing the fair value of the Leased Assets. In accordance with the relevant procedures for the valuation of assets, the Valuer adopted the cost method taking into account the factors affecting the valuation of the Leased Assets.

Based on the valuation, the total appraised replacement cost of the Leased Assets is approximately RMB109.42 million (equivalent to approximately HK\$117.08 million). The aggregate replacement cost was determined by aggregating the replacement cost of each of the Leased Assets ranging from approximately RMB8.45 million (equivalent to approximately HK\$9.04 million) to approximately RMB50.48 million (equivalent to approximately HK\$54.01 million). The replacement cost of each individual Leased Assets, where applicable, is composed of equipment purchase fee (including original purchase price and transportation and miscellaneous expenses), installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs. Original purchase prices generally refer to ex-factory prices or the prices stated in the relevant order contract.

The equipment purchase fees of the Leased Assets account for approximately 98.38% to approximately 99.53%, with an average of approximately 98.47%, of the replacement cost of the respective Leased Assets. Among the equipment purchase fees, the original purchase prices of the Leased Assets range from approximately RMB8.41 million to approximately RMB49.58 million, and account for approximately 99.84% to approximately 99.95% of the equipment purchase fees of the relevant Leased Assets. Other expenses such as installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs either constitute an insignificant portion of the replacement cost or are not applicable in the calculation of such replacement cost.

The newness rate of the appraised asset is determined after taking into account the economic life of the appraised asset, the remaining service life of the appraised asset and the status of the appraised asset through an on-site inspection. The newness rates for the Leased Assets, as evaluated by the Valuer, range from approximately 87.87% to approximately 92.60%, with an average of approximately 92.23%.



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Based on the above-mentioned, the total appraised value of the Leased Assets is approximately RMB100.92 million (equivalent to approximately HK\$107.98 million), which is calculated by multiplying the individual replacement cost of the Leased Assets by the relevant newness rate of the Leased Assets.

The Board has considered the valuation assumptions as set out in the Leased Assets Valuation Report, which include but not limited to the following:

- (i) the appraised assets are in the process of transactions and the Valuer conducts the valuation by simulating the market according to the trading conditions of the appraised assets;
- (ii) the market is competitive, open and not exclusive. All individuals or entities in the market can participate in the transactions equally and freely, and each party in the transactions has obtained the necessary market information with sufficient time and necessary expertise in assets being traded;
- (iii) there is no material change in (1) the national macroeconomic policies and the social economic environment in which the assets are located; (2) the policies, the management system and relevant regulations in respect of the industry; and (3) the tax policies, credit interest rates, etc. in respect of the business operation; and
- (iv) the appraised entities or assets will continue to be operated and utilised as a production factor according to its current conditions or on a changed basis. The valuation emphasises that the functions and profitability of the appraised assets under their current usage and mode of use, usage environment, scale, frequency and utilisation condition will continue normally in the foreseeable future.

The Board noted that if there is any deviation from the above assumptions, the valuation results may differ and has reviewed the Leased Assets Valuation Report and considered the valuation methods and assumptions adopted. The Board is of the view that the valuation method in respect of the Leased Assets 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 Leased Assets is fair and reasonable.

The Valuer is a qualified asset valuation firm in the PRC registered with the China Appraisal Society and filed with Beijing Municipal Finance Bureau. Mr. Liu Xiongliang and Mr. Chen Wei who are employed by the Valuer were principally involved in the preparation of the Leased Assets Valuation Report. Mr. Liu Xiongliang and Mr. Chen Wei are both members of the China Appraisal Society. As confirmed by the Valuer, the Valuer has no present nor prospective interests in the Company, the Lessee and its holding companies, subsidiaries and associated companies, or the value reported in the Leased Assets Valuation Report.

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## LETTER FROM THE BOARD

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The Leased Assets form part of the operational assets of the Lessee and are not revenue generating assets with identifiable income stream.

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

### *Legal title*

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

### *Lease payment*

The total amount of lease payment over the Lease Term is estimated to be approximately RMB103.15 million (equivalent to approximately HK\$110.37 million). The first installment is due in the third month after the date of the payment of the Purchase Price and the second to seventh installments are due every six months. The final installment is due on the maturity of the Lease Term.

The total amount of lease payment represents the sum of the lease principal amount (being the amount of Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which will be calculated on the then outstanding lease principal amount with a floating interest rate to be determined at a fixed discount to the LPR from time to time.

The lease interest rate will be subject to review on 1 January every year. In the event that the LPR changes, the lease interest rate under the Sale and Leaseback Arrangement will be adjusted to a rate at the aforesaid fixed discount to the new LPR, except in the case where the Lessee has an 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 LPR is reduced.

### *Service Fee*

Chengtong Financial Leasing may charge a one-off service fee for the preliminary services provided by Chengtong Financial Leasing in respect of a sale and leaseback arrangement. Under the Sale and Leaseback Arrangement, the Lessee shall pay a one-off service fee of RMB6.80 million (equivalent to approximately HK\$7.28 million) (“**Service Fee**”) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing.

The lease payment (including the interest rate to be determined in accordance with the applicable LPR) and the Service Fee applicable to the Sale and Leaseback Arrangement have been agreed between the parties after arm’s length negotiation taking into account a number of factors, such as the amount of lease principal, the lease term, the overall return rate attained by the Group taking into account the amount of lease interests and the Service Fee, the prevailing market conditions and the movement of the LPR.

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## LETTER FROM THE BOARD

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Having considered the above factors in the specific circumstances of the Sale and Leaseback Arrangement, the Board considers that the lease payment, interest rate and the Service Fee as agreed in the Sale and Leaseback Agreements are fair and reasonable which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

### *Lessee's right to repurchase the Leased Assets*

Upon the Lessee having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the Sale and Leaseback Agreements, the Lessee shall have the right to repurchase the Leased Assets under the Sale and Leaseback Agreements at a nominal consideration of RMB0.20.

### *Credit enhancement measures*

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

The Board considers that the existing credit enhancement measure is sufficient to safeguard the interest of the Company and the Shareholders.

### **(B) Information of the Lessee**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as of the Latest Practicable Date, (i) the Lessee is ultimately controlled and owned as to approximately 58.46% in aggregate by the China Merchants Group Limited, which is owned as to 90% by State-owned Assets Supervision and Administration Commission of the State Council and 10% by National Council for Social Security Fund; (ii) save that CCHG indirectly held approximately 0.72% equity interests in the Lessee, each of the Lessee and its ultimate beneficial owner(s) is Independent Third Party(ies); and (iii) the Lessee is principally engaged in the business of the urban, community and park investment; development and operation construction; transportation and industrial manufacturing etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save as the Previous Transaction, there is, and in the past twelve months, there has been, no material loan arrangement between (a) 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 transaction);

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## LETTER FROM THE BOARD

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and (b) the Lessee, its directors and legal representatives and any ultimate beneficial owner(s) of the Lessee who can exert influence on the transaction.

### **(C) Reasons for and Benefits of the Sale and Leaseback Arrangement**

The Group is principally engaged in leasing, 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.

The entering into the Sale and Leaseback Arrangement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn an income of approximately RMB9.95 million (equivalent to approximately HK\$10.65 million), being the total of (i) the Service Fee and (ii) the difference between the estimated amount of total lease payment under the Sale and Leaseback Arrangement and the Purchase Price.

Taking into account the Service Fee receivable by the Group upfront is relatively substantial and the possible benefits that may be derived therefrom, the Directors are of the view that the terms of the Sale and Leaseback Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **(D) Implications under the Listing Rules**

On 28 March 2024, Chengtong Financial Leasing entered into the Previous Transaction with the Lessee. Since (i) both the Previous Transaction and Sale and Leaseback Arrangement were entered into between Chengtong Financial Leasing and the Lessee and (ii) the Sale and Leaseback Arrangement is entered into within 12 months from the completion date of the Previous Transaction (which is still subsisting as of the date of the Sale and Leaseback Agreements), the Sale and Leaseback Arrangement is aggregated with the Previous Transaction 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 Sale and Leaseback Arrangement exceeds 5% but is less than 25% on a standalone basis, and exceeds 25% but is less than 100% when aggregated with the Previous Transaction, the Sale and Leaseback 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) (as defined in the Listing Rules) has a material interest in the Sale and Leaseback Arrangement. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Arrangement.

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## LETTER FROM THE BOARD

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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 written Shareholder's approval in respect of the Sale and Leaseback Arrangement from CCHK, which is 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 this circular. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Arrangement.

### 3. RECOMMENDATION

The Directors are of the view that the terms of the Sale and Leaseback Agreements are on normal commercial terms and are fair and reasonable. The Directors also consider that the entering into of the Sale and Leaseback Arrangement 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 Arrangement, the Board would recommend the Shareholders to vote in favour of the resolution to approve the same at such general meeting.

### 4. 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 2021, 31 December 2022 and 31 December 2023 have been set out in the following documents respectively:

- (a) 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>);
- (b) the annual report of the Company for the year ended 31 December 2022 from pages 79 to 224  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400489.pdf>);  
and
- (c) the annual report of the Company for the year ended 31 December 2023 from pages 91 to 241  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400654.pdf>).

**2. INDEBTEDNESS OF THE GROUP**

As at the close of business on 30 June 2024, 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 unguaranteed bank borrowings of approximately HK\$2,923.35 million which are secured by charges over loan receivables and trade receivable under operating lease business of the Group; (ii) unsecured and unguaranteed bank borrowings of HK\$309.88 million; (iii) secured and guaranteed asset-backed securities of approximately HK\$1,810.59 million which are secured by charges over loan receivables and finance lease receivables of the Group and guaranteed by the ultimate holding company; (iv) unsecured and unguaranteed loans from related parties of approximately HK\$351.85 million; and (v) unsecured and unguaranteed lease liabilities of approximately HK\$5.81 million.

As at the close of business on 30 June 2024, the Group had contingent liabilities in relation to guarantees of approximately HK\$223.92 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 30 June 2024.

**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 Arrangement, 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 PROSPECTS OF THE GROUP**

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business as of the Latest Practicable Date.

In respect of leasing, the Group and Chengtong Financial Leasing will on the premise of strict risk control, achieve stable operation on the basis of the existing business scale and continue to strengthen its self-financing capability. In terms of business expansion, the Group will continue to intensify its efforts to gradually form a professional and distinctive development path on the back of existing specific advantageous industries. In respect of business management, the Group will actively respond to changes in regulatory policies, strive to improve business compliance standards, and promote risk prevention and control as well as transformation in all aspects. In respect of property development and investment, all the construction and settlement works of the CCT-Champs-Elysees project have been completed. Under the overall downtrend of the real estate market, the Company dynamically optimised its sales strategy and exceeded its sales target.

The Group is the only overseas listed company platform under CCHG, its ultimate controlling shareholder, and Chengtong Financial Leasing is the only financial leasing company under the Group. The Group and Chengtong Financial Leasing will further leverage on the resource advantages of the ultimate controlling shareholder, focus the resources on expanding the principal business of leasing and give full play to the synergy advantage of “industry + finance”, so as to create greater value for the Shareholders. The Group will proactively seize development opportunities, being persistent in seeking progress while maintaining stable growth and strengthening stability through progress, constantly optimise its asset structure, and implement various production and operation initiatives in a solid manner, with a view to promoting the Company’s high-quality development in all aspects. The Board is full of confidence in the future development of the Group.

**5. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. FINANCIAL EFFECTS OF THE TRANSACTIONS**

As at 31 December 2023, the audited consolidated total assets of the Group amounted to approximately HK\$10,570.20 million and the audited consolidated total liabilities of the Group amounted to approximately HK\$7,710.09 million.

The Directors consider that there is no significant immediate change to the Group's net asset value upon implementation of the Sale and Leaseback Arrangement. In respect of the implementation of the Sale and Leaseback Arrangement, the Sale and Leaseback Arrangement will be accounted for as a secured loan and recognised as loan 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 Purchase Price by Chengtong Financial Leasing.

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

Save as disclosed above, the Sale and Leaseback Arrangement is 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 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 position 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 C3 to the Listing Rules were as follows:

#### *Long position*

Name of Director	Interests in the associated corporation	Nature of interest	Number of Shares held	Class of shares	Approximate percentage of the issued share capital as at the Latest Practicable Date
Mr. Zhang Bin	The Company	Beneficial owner	314,642	Ordinary shares	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 C3 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>Class of Shares</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	Ordinary shares	53.14%
CCHG	Interest in controlled corporation ( <i>Note</i> )	3,169,656,217	Ordinary shares	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 and Mr. Gu Honglin, an executive Director and the Managing Director, was the chief accountant of CCHK. Mr. Zhang Bin 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 CONTRACT

Hainan Huandao Travel Investment Group Co., Ltd. (“**Huandao Travel Investment**”), an indirect wholly-owned subsidiary of the Company, entered into an entrusted loan agreement dated 11 September 2023 with Industrial Bank Co. Ltd. Haikou Branch, being the trustee (the “**Entrustee**”), and China Huandao Group Limited, a wholly-owned subsidiary of CCHG, being the borrower (the “**Borrower**”), pursuant to which Huandao Travel Investment agreed to entrust the Entrustee to provide the Borrower with a loan in the principal amount of RMB25,000,000 for a term of 24 months. Further details of the entrusted loan agreement are set out in the announcement of the Company dated 11 September 2023.

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

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

### 6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associate(s) 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 2023, 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 ON DISPLAY**

Copies of the Sale and Leaseback Agreements are on display and are published on the website of the Stock Exchange at <https://www.hkexnews.com> and the website of the Company at <https://www.hk217.com> for a period of 14 days from the date of this circular.