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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) SALE AND LEASEBACK ARRANGEMENTS; AND**  
**(2) KANGFU SALE AND LEASEBACK MASTER AGREEMENT**

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A letter from the Board is set out from pages 8 to 21 of this circular.

24 January 2025

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## DEFINITIONS

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

- “Baosteel Leased Assets” means the welding machine, annealing furnace and other related equipments, etc. in two production lines
- “Baosteel Lessee” means Baosteel Desheng Stainless Steel Co., Ltd., a state-owned enterprise established in the PRC with limited liability
- “Baosteel Previous Arrangement” means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and the Baosteel Previous Lessees on 2 June 2023 in respect of certain steel sheet piles, vibratory hammers, diesel engines, etc. for a term of three (3) years, the details of which are set out in the announcement of the Company dated 2 June 2023 and the circular of the Company dated 19 June 2023
- “Baosteel Previous Lessees” means, collectively, Chongqing Yufei Infrastructure Construction Co., Ltd. and Wuhan Iron and Steel Green City Technology Development Co., Ltd., the details of which are set out in the announcement of the Company dated 2 June 2023 and the circular of the Company dated 19 June 2023
- “Baosteel Purchase Price” means the consideration payable by Chengtong Financial Leasing for the purchase of the Baosteel Leased Assets from the Baosteel Lessee
- “Baosteel Sale and Leaseback Agreements” means, collectively, three sets of the following combined agreements in respect of the Baosteel Leased Assets dated 16 December 2024 and signed between Chengtong Financial Leasing and the Baosteel Lessee:
- (1) leaseback assets transfer agreements; and
  - (2) finance lease agreements (sale and leaseback)
- “Baosteel Sale and Leaseback Arrangement” means the purchase of the Baosteel Leased Assets by Chengtong Financial Leasing from the Baosteel Lessee and the leaseback of the Baosteel Leased Assets to the Baosteel Lessee pursuant to the terms of the Baosteel Sale and Leaseback Agreements
- “Board” means the board of Directors

## DEFINITIONS

“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)
“Jitong Leased Assets”	means certain internal combustion locomotives
“Jitong Lessee”	means Inner Mongolia Jitong Railway (Group) Co., Ltd., a state-owned enterprise established in the PRC with limited liability

## DEFINITIONS

“Jitong Previous Arrangements”	means, collectively, the sale and leaseback arrangements entered into between Chengtong Financial Leasing and the Jitong Previous Lessees on 14 March 2023 and 25 September 2024, the details of which are set out in the announcements of the Company dated 14 March 2023 and 25 September 2024
“Jitong Previous Lessees”	means, collectively, Inner Mongolia Xiduo Railway Co., Ltd. and Ganlong Double-track Railway (Fujian) Co., Ltd., the details of which are set out in the announcements of the Company dated 14 March 2023 and 25 September 2024
“Jitong Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Jitong Leased Assets from the Jitong Lessee
“Jitong Sale and Leaseback Agreements”	means, collectively, two sets of the following agreements in respect of the Jitong Leased Assets dated 17 December 2024 and signed between Chengtong Financial Leasing and the Jitong Lessee:  <ol style="list-style-type: none"><li>(1) leaseback assets transfer agreements; and</li><li>(2) finance lease agreements (sale and leaseback)</li></ol>
“Jitong Sale and Leaseback Arrangement”	means the purchase of the Jitong Leased Assets by Chengtong Financial Leasing from the Jitong Lessee and the leaseback of the Jitong Leased Assets to the Jitong Lessee pursuant to the terms of the Jitong Sale and Leaseback Agreements
“Kangfu Individual Sale and Leaseback Agreement(s)”	means the individual transaction agreement(s) to be entered into between Chengtong Financial Leasing and the Kangfu Lessee based on the Kangfu Sale and Leaseback Master Agreement, which are expected to include a leaseback asset transfer agreement, a finance lease agreement (sale and leaseback), and an accounts receivable pledge agreement
“Kangfu Individual Sale and Leaseback Arrangement(s)”	means individual sale and leaseback arrangement(s) between Chengtong Financial Leasing and the Kangfu Lessee based on the terms and conditions of relevant Kangfu Individual Sale and Leaseback Agreement(s)
“Kangfu Leased Assets”	means certain power generation and related equipment of a wind power station
“Kangfu Lessee”	means China KangFu International Leasing Co., Ltd., a joint stock limited company established in the PRC

## DEFINITIONS

“Kangfu Previous Arrangement I”	means all the individual sale and leaseback arrangements entered into between Chengtong Financial Leasing and the Kangfu Lessee in respect of certain power equipment and facilities, energy storage equipment and facilities, power grid equipment and facilities, heating equipment and facilities, vehicles, transportation equipment, charging piles and ancillary equipment, etc., and such other machinery and equipment as agreed from time to time for a term of two (2) years, the details of which are set out in the announcement of the Company dated 12 August 2022 and the circular of the Company dated 23 September 2022
“Kangfu Previous Arrangement II”	means the sale and leaseback arrangement between Chengtong Financial Leasing and the Kangfu Lessee for certain power generation and related equipment of a wind power station for a period of two (2) years, as detailed in the Company’s announcement dated 10 December 2024
“Kangfu Previous Arrangements”	means, collectively, the Kangfu Previous Arrangement I and II
“Kangfu Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the relevant Kangfu Leased Assets from the Kangfu Lessee under the Kangfu Individual Sale and Leaseback Arrangement
“Kangfu Sale and Leaseback Master Agreement”	means the sale and leaseback master agreement entered into between Chengtong Financial Leasing and the Kangfu Lessee dated 20 December 2024
“Kangfu Sale and Leaseback Master Arrangement”	means the purchase of the Kangfu Leased Assets by Chengtong Financial Leasing from the Kangfu Lessee and the leaseback of the Kangfu Leased Assets to the Kangfu Lessee pursuant to the terms of the Kangfu Sale and Leaseback Master Agreement
“Latest Practicable Date”	means 17 January 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease Term”	means the respective lease term under the Baosteel Sale and Leaseback Agreements, Jitong Sale and Leaseback Agreements, Poly Sale and Leaseback Agreements and/or the Zhongmei Sale and Leaseback Agreements (as the case may be)

## DEFINITIONS

“Leased Assets”	means the leased assets under Baosteel Sale and Leaseback Agreements, Jitong Sale and Leaseback Agreements, Poly Sale and Leaseback Agreements and/or Zhongmei Sale and Leaseback Agreements (as the case may be)
“Lessee(s)”	means the Baosteel Lessee, Jitong Lessee, Poly Lessee, Kangfu Lessee and/or Zhongmei Lessee (as the case may be)
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Poly Guarantor”	means Poly Developments and Holdings Group Co., Ltd., whose shares are quoted on Shanghai Stock Exchange in the PRC (stock Code: 600048)
“Poly Leased Assets”	means certain transformers and other equipment, etc.
“Poly Lessee”	means Poly (Chongqing) Investment Industry Co., Ltd., a company established in the PRC with limited liability
“Poly Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Poly Leased Assets from the Poly Lessee
“Poly Sale and Leaseback Agreements”	means, collectively, two sets of the following agreements in respect of the Poly Leased Assets dated 18 December 2024 and signed between Chengtong Financial Leasing and the Poly Lessee:  <ol style="list-style-type: none"><li>(1) leaseback assets transfer agreement; and</li><li>(2) finance lease agreement (sale and leaseback)</li></ol>
“Poly Sale and Leaseback Arrangement”	means the purchase of the Poly Leased Assets by Chengtong Financial Leasing from the Poly Lessee and the leaseback of the Poly Leased Assets to the Poly Lessee pursuant to the terms of the Poly Sale and Leaseback Agreements
“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
“Purchase Price”	means the Baosteel, Jitong, Poly, Kangfu and/or the Zhongmei Purchase Price (as the case may be)

## DEFINITIONS

“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreements”	means the Baosteel Sale and Leaseback Agreements, Jitong Sale and Leaseback Agreements, Poly Sale and Leaseback Agreements and/or Zhongmei Sale and Leaseback Agreements (as the case may be)
“Sale and Leaseback Arrangements”	means the Baosteel Sale and Leaseback Arrangement, Jitong Sale and Leaseback Arrangement, Poly Sale and Leaseback Arrangement and/or Zhongmei Sale and Leaseback Arrangement contemplated under the relevant Sale and Leaseback Agreements (as the case may be)
“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)
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Zhongmei Leased Assets”	means the newly built coking system, dry quenching and power generation system, coal feeding system, coke treatment system, acid production system, sewage deep treatment system, compressed air and nitrogen production system and other equipment for the coking technology renovation project
“Zhongmei Lessee”	means China Coal and Coke Jiuxin Limited, a state-owned limited liability enterprise established in China
“Zhongmei Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Zhongmei Leased Assets from the Zhongmei Lessee
“Zhongmei Sale and Leaseback Agreements”	means, collectively, three sets of the following agreements in respect of the Zhongmei Leased Assets dated 23 December 2024 and signed between Chengtong Financial Leasing and the Zhongmei Lessee:  <ol style="list-style-type: none"><li>(1) leaseback assets transfer agreements; and</li><li>(2) finance lease agreements (sale and leaseback)</li></ol>



## DEFINITIONS

“Zhongmei Sale and Leaseback Arrangement” means the purchase of the Zhongmei Leased Assets by Chengtong Financial Leasing from the Zhongmei Lessee and the leaseback of the Zhongmei Leased Assets to the Zhongmei Lessee pursuant to the terms of the Zhongmei Sale and Leaseback Agreements

“%” means per cent.

*In this circular, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.06. 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.*

LETTER FROM THE BOARD



**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:*

Li Qian (*Chairman*)

Sun Jie

*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

24 January 2025

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTIONS —**

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

**1. INTRODUCTION**

Reference is made to the announcements of the Company dated (1) 16 December, 17 December, 18 December, 23 December 2024 in respect of the Sale and Leaseback Arrangements and (2) 20 December 2024 in respect of the Kangfu Sale and Leaseback Master Agreement.

The purpose of this circular is to provide you with (i) information on the Baosteel Sale and Leaseback Arrangement; (ii) information on the Jitong Sale and Leaseback Arrangement; (iii) information on the Poly Sale and Leaseback Arrangement; (iv) information on the Kangfu Sale and Leaseback Master Arrangement; (v) information on the Zhongmei Sale and Leaseback Arrangement; and (vi) other information required to be disclosed under the Listing Rules.

## LETTER FROM THE BOARD

### 2. MAJOR TRANSACTIONS

#### (A) The Sale and Leaseback Arrangements

Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into (i) the Baosteel Sale and Leaseback Agreements with the Baosteel Lessee on 16 December 2024; (ii) the Jitong Sale and Leaseback Agreements with the Jitong Lessee on 17 December 2024; (iii) the Poly Sale and Leaseback Agreements with the Poly Lessee on 18 December 2024; (iv) the Zhongmei Sale and Leaseback Agreements with the Zhongmei Lessee on 23 December 2024. 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 relevant Lessee(s) evidencing its ownership in the relevant Leased Assets, and the obtaining of all necessary approvals by the relevant Lessee(s) in relation to the relevant Sale and Leaseback Arrangements), Chengtong Financial Leasing will purchase the relevant Leased Assets from the relevant Lessee(s) and the relevant Leased Assets will be leased back to the relevant Lessee(s) for a specified lease term commencing from the respective date on which the relevant Purchase Price is paid by Chengtong Financial Leasing in respect of the relevant Leased Assets, 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 Agreements have been satisfied.

##### *Purchase Price*

###### *Baosteel Purchase Price*

The Baosteel Purchase Price was agreed between Chengtong Financial Leasing and the Baosteel Lessee with reference to the net book value of the Baosteel Leased Assets of approximately RMB376.66 million (equivalent to approximately HK\$399.26 million). The Baosteel Leased Assets are not revenue generating assets with identifiable income stream.

###### *Jitong Purchase Price*

The Jitong Purchase Price was agreed between Chengtong Financial Leasing and the Jitong Lessee with reference to the net book value of the Jitong Leased Assets of approximately RMB201.40 million (equivalent to approximately HK\$213.48 million). The Jitong Leased Assets are not revenue generating assets with identifiable income stream.

## LETTER FROM THE BOARD

### *Poly Purchase Price*

The Poly Purchase Price was agreed between Chengtong Financial Leasing and the Poly Lessee with reference to the net book value of the Poly Leased Assets of approximately RMB267.18 million (equivalent to approximately HK\$283.21 million). The Poly Leased Assets are not revenue generating assets with identifiable income stream.

### *Zhongmei Purchase Price*

The Zhongmei Purchase Price was agreed between Chengtong Financial Leasing and the Zhongmei Lessee with reference to the net book value of the Zhongmei Leased Assets of approximately RMB342.33 million (equivalent to approximately HK\$362.87 million). The Zhongmei Leased Assets 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 relevant Leased Assets during the relevant Lease Term.

### *Lease payment*

The total amount of lease payment over the relevant Lease Term in respect of the relevant Sale and Leaseback Arrangements shall be paid by the relevant Lessee(s) 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 payment represents the sum of the relevant lease principal amount (being the amount of relevant Purchase Price to be paid by Chengtong Financial Leasing) and the relevant lease interest.

### *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. The relevant Lessee(s) shall pay a total one-off service fee of approximately RMB3.35 million (equivalent to approximately HK\$3.55 million) (“**Service Fee**”) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing under the Sale and Leaseback Arrangements. The details of Service Fee is shown under the “Material terms of the Sale and Leaseback Agreements” below and is non-refundable. The Service Fee was fully received by Chengtong Financial Leasing in accordance with the relevant Sale and Leaseback Agreements as of the Latest Practicable Date.

## LETTER FROM THE BOARD

The lease payment and the Service Fee (if any) applicable to the relevant Sale and Leaseback Arrangements have been agreed between the parties after arm's length negotiation taking into account a number of factors, such as amount of lease principal, the lease term, the overall return rate attained by the Group taking into account the amount of lease interests, the Service Fee and the prevailing market conditions.

Having considered the above factors in the specific circumstances of the Sale and Leaseback Arrangements, the Board considers that the terms of the relevant 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 relevant Lessee(s) 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 relevant Lessee(s) shall have the right to repurchase the relevant Leased Assets under the relevant Sale and Leaseback Agreements at nominal consideration.

### *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 Poly Guarantor has provided a guarantee in favour of Chengtong Financial Leasing as security for all amounts payable by the Poly Lessee under the Poly Sale and Leaseback Agreements including but not limited to liquidated damages, outstanding and prospective lease payments and other payables. The guarantee is irrevocable and continuing in nature.

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

## LETTER FROM THE BOARD

### *Material terms of the Sale and Leaseback Agreements*

The general terms and conditions of the Sale and Leaseback Agreements are similar. The respective key terms are summarized as follows:

	<b>Baosteel Sale and Leaseback Agreements</b>	<b>Jitong Sale and Leaseback Agreements</b>	<b>Poly Sale and Leaseback Agreements</b>	<b>Zhongmei Sale and Leaseback Agreements</b>
Date of the Sale and Leaseback Agreements	16 December 2024	17 December 2024	18 December 2024	23 December 2024
Lessee	Baosteel Lessee	Jitong Lessee	Poly Lessee	Zhongmei Lessee
Leased Assets	the welding machine, annealing furnace and other related equipments, etc. in two production lines	certain internal combustion locomotives	certain transformers and other equipment, etc.	the newly built coking system, dry quenching and power generation system, coal feeding system, coke treatment system, acid production system, sewage deep treatment system, compressed air and nitrogen production system and other equipment for the coking technology renovation project
Purchase Price	RMB350 million (equivalent to HK\$371 million)	RMB160 million (equivalent to HK\$169.6 million)	RMB200 million (equivalent to HK\$212 million)	RMB300 million (equivalent to HK\$318 million)
Basis of Purchase Price	the net book value of the Baosteel Leased Assets of approximately RMB376.66 million (equivalent to approximately HK\$399.26 million)	the net book value of the Jitong Leased Asset of approximately RMB201.40 million (equivalent to approximately HK\$213.48 million)	the net book value of the Poly Leased Assets of approximately RMB267.18 million (equivalent to approximately HK\$283.21 million)	the net book value of the Zhongmei Leased Assets of approximately RMB342.33 million (equivalent to approximately HK\$362.86 million)
Lease Term	five (5) years	two (2) years	three (3) years	five (5) years

## LETTER FROM THE BOARD

	<b>Baosteel Sale and Leaseback Agreements</b>	<b>Jitong Sale and Leaseback Agreements</b>	<b>Poly Sale and Leaseback Agreements</b>	<b>Zhongmei Sale and Leaseback Agreements</b>
Lease payments	approximately RMB382.47 million (equivalent to approximately HK\$405.42 million), payable by the Baosteel Lessee to Chengtong Financial Leasing in ten (10) semi-annual instalments during the Lease Term	approximately RMB167.35 million (equivalent to approximately HK\$177.39 million), payable by the Jitong Lessee to Chengtong Financial Leasing in eight (8) quarterly instalments during the Lease Term	approximately RMB210.93 million (equivalent to approximately HK\$223.59 million), payable by the Poly Lessee to Chengtong Financial Leasing in six (6) semi-annual instalments during the Lease Term	approximately RMB329.28 million (equivalent to approximately HK\$349.04 million), payable by the Zhongmei Lessee to Chengtong Financial Leasing in twenty (20) quarterly instalments during the Lease Term
Service Fee	RMB1.75 million (equivalent to approximately HK\$1.86 million)	RMB1.6 million (equivalent to approximately HK\$1.70 million)	Nil	Nil
Nominal consideration for repurchase of the Leased Assets	RMB3.00 (equivalent to HK\$3.18)	RMB1.00 (equivalent to HK\$1.06)	RMB1.00 (equivalent to HK\$1.06)	RMB1.00 (equivalent to HK\$1.06)
Estimated income	approximately RMB34.22 million (equivalent to approximately HK\$36.27 million)	approximately RMB8.95 million (equivalent to approximately HK\$9.49 million)	approximately RMB10.93 million (equivalent to approximately HK\$11.59 million)	approximately RMB29.30 million (equivalent to approximately HK\$31.06 million)

## LETTER FROM THE BOARD

### **(B) Kangfu Sale and Leaseback Master Agreement**

Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Kangfu Sale and Leaseback Master Agreement with the Kangfu Lessee on 20 December 2024. The major terms of the Kangfu Sale and Leaseback Master Agreement are set out below.

#### ***Sale and Leaseback Services***

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

The Kangfu Lessee may apply to Chengtong Financial Leasing during the specified period (“**Availability Period**”) in the Kangfu Sale and Leaseback Master Agreement for the provision of sale and leaseback services by Chengtong Financial Leasing for the Leased Assets. Chengtong Financial Leasing and the Kangfu Lessee will, within the scope of the Kangfu Sale and Leaseback Master Agreement, negotiate on the specific terms and conditions of Kangfu Individual Sale and Leaseback Arrangement(s) (including but not limited to the Kangfu Leased Assets, the individual financing amount, the lease term, the lease payment amount and the payment schedule), and enter into Kangfu Individual Sale and Leaseback Agreement(s) accordingly.

#### ***Financing Amount***

The maximum amount of financing under the Kangfu Sale and Leaseback Master Agreement is determined according to the expected funding needs of the Kangfu Lessee. Chengtong Financial Leasing may, at its discretion, decide whether to provide sale and leaseback services or unilaterally terminate, cancel or reduce the maximum amount of financing under the Kangfu Sale and Leaseback Master Agreement.

It is expected that the financing amount under the Kangfu Sale and Leaseback Master Agreement will be satisfied by the general working capital of the Group.

#### ***Lease Method***

Chengtong Financial Leasing will purchase the relevant Kangfu Leased Assets from the Kangfu Lessee at the Kangfu Purchase Price, and the relevant Kangfu Leased Assets will be leased back to the Kangfu Lessee for such lease term and for such amount of lease payment as mutually agreed in the Kangfu Individual Sale and Leaseback Agreement. The ownership of the relevant Kangfu Leased Assets shall vest in Chengtong Financial Leasing during the lease term of the relevant Kangfu Individual Sale and Leaseback Arrangement.



## LETTER FROM THE BOARD

### *Kangfu Purchase Price*

The purchase price of the relevant Kangfu Leased Assets under the Kangfu Individual Sale and Leaseback Arrangement will be determined with reference to the net book value of the relevant Kangfu Leased Assets. The total Kangfu Purchase Price under all Kangfu Individual Sale and Leaseback Arrangement with the Kangfu Lessee shall not exceed the maximum financing amount stated in the Kangfu Sale and Leaseback Master Agreement.

It is expected that the Kangfu Leased Assets are not revenue generating assets with identifiable income stream.

### *Lease Payment*

With reference to the maximum financing amount under the Kangfu Sale and Leaseback Master Agreement, the total amount of lease payment is estimated to be approximately RMB299.97 million (equivalent to approximately HK\$317.97 million) which shall be payable by the Kangfu Lessee to Chengtong Financial Leasing in eight (8) quarterly instalments during the relevant lease term. The total amount of lease payment represents the sum of the lease principal amount (being the amount of Kangfu Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB11.97 million (equivalent to approximately HK\$12.69 million).

### *Nominal Price*

Upon the expiration of the lease term of the relevant Kangfu Individual Sale and Leaseback Arrangement and subject to the full payment of the relevant lease payments and all other amounts payable under the relevant Kangfu Individual Sale and Leaseback Agreement, the Kangfu Lessee will purchase the relevant Kangfu Leased Assets from Chengtong Financial Leasing at a nominal price. The total nominal price receivable from the Kangfu Lessee under all Kangfu Individual Sale and Leaseback Arrangements shall not exceed the maximum total amount of nominal price as specified in the Kangfu Sale and Leaseback Master Agreement.

### *Service Fee*

Chengtong Financial Leasing can charge service fee for each Kangfu Individual Sale and Leaseback Arrangement by multiplying the relevant financing amount by a certain percentage. The total amount of service fees receivable from the Kangfu Lessee shall not exceed the maximum total amount of service fee as stipulated in the Kangfu Sale and Leaseback Master Agreement.

## LETTER FROM THE BOARD

### *Security*

In order to guarantee the performance of the Kangfu Individual Sale and Leaseback Agreements, the Kangfu Lessee has agreed to pledge certain of its receivables to Chengtong Financial Leasing as security for all amounts payable under the Kangfu Individual Sale and Leaseback Agreements.

### *Material terms of the Kangfu Sale and Leaseback Master Agreement*

The key terms of the Kangfu Sale and Leaseback Master Agreement are summarized below:

<b>Maximum financing amount</b>	RMB288 million (equivalent to HK\$305.28 million)
<b>Kangfu Leased Assets</b>	Certain power generation and related equipment of a wind power station
<b>Availability Period</b>	From 20 December 2024 to 19 December 2026 (both days inclusive)
<b>Maximum lease period of the Kangfu Individual Sale and Leaseback Arrangement</b>	Two (2) years
<b>Lease interest</b>	Approximately RMB11.97 million (equivalent to approximately HK\$12.69 million)
<b>Maximum total amount of nominal price under all Kangfu Individual Sale and Leaseback Arrangements</b>	RMB100 (equivalent to HK\$106)
<b>Maximum total amount of service fee under all Kangfu Individual Sale and Leaseback Arrangements</b>	RMB0.72 million (equivalent to approximately HK\$0.76 million)

### **(C) Information of the Lessees**

#### *The Baosteel 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 Baosteel Lessee is owned as to 70% by China Baowu, which is in turn owned as to 90% by the SASAC of the State Council; (ii) the Baosteel

## LETTER FROM THE BOARD

Lessee and its ultimate beneficial owner are Independent Third Parties; and (iii) the Baosteel Lessee is principally engaged in the business of smelting, processing, and sales of metal nickel and other alloys.

### *The Jitong 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 Jitong Lessee is (a) 60% directly owned by China Railway Hohhot Bureau Group Co., Ltd., which is wholly owned by China National Railway Group Corporation Limited, which is in turn wholly owned by the State Council of the PRC; (b) 30% directly owned by Northern United Power Corporation, which is 70% owned by China Huaneng Group Co., Ltd., the ultimate beneficial owner of which is the SASAC of the State Council; and (c) approximately 9.14% directly owned by Inner Mongolia Transportation Investment Group Co., Ltd., which is wholly owned by the SASAC of Inner Mongolia Autonomous Region; (ii) the Jitong Lessee and its ultimate beneficial owners are Independent Third Parties; and (iii) the Jitong Lessee primarily operates the railway business, transports coal in Xilinhot, Inner Mongolia, China.

### *The Poly 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 Poly Lessee is a wholly-owned subsidiary of the Poly Guarantor, which is approximately 40.72% owned by China Poly Group Corporation Limited, whose ultimate beneficial owner is the SASAC of the State Council; (ii) the Poly Lessee is principally engaged in the business of real estate development, house rental etc.; and (iii) the Poly Lessee and its ultimate beneficial owner are Independent Third Parties.

### *The Kangfu 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 Kangfu Lessee is a company whose shares are quoted on the National Equities Exchanges and Quotations in the PRC (stock code: 833499) and its largest shareholder holding approximately 20.05% of its equity interest is Diantou Ronghe New Energy Development Co., Ltd., a state-owned enterprise, owned as to 35.64% by State Power Investment Group Co., Ltd., whose ultimate beneficial owner is the SASAC of the State Council; (ii) the Kangfu Lessee is principally engaged in the business of provision of finance lease services; and (iii) the Kangfu Lessee and its ultimate beneficial owners are Independent Third Parties.

## LETTER FROM THE BOARD

### *The Zhongmei 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 Zhongmei Lessee is 91% directly owned by China Coal & Coke Holdings Limited, which is in turn wholly-owned by China Coal Energy Company Limited, a state-owned enterprise listed on both the Shanghai Stock Exchange (stock code: 601898) and the Hong Kong Stock Exchange (stock code: 1898), China Coal Energy Company Limited is 57.40% owned by China National Coal Group Corporation, the ultimate beneficial owner of which is the SASAC of the State Council; (ii) Both the Zhongmei Lessee and its ultimate beneficial owners are Independent Third Parties; (iii) The Zhongmei Lessee is mainly engaged in coke production and trade business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save as the Baosteel Previous Arrangement, Jitong Previous Arrangements and Kangfu Previous Arrangements, there are, 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 transactions); and (b) the Lessee(s), its directors and legal representatives and any ultimate beneficial owner(s) of the Lessee(s) who can exert influence on the transactions.

### **(D) Reasons for and benefits of the Sale and Leaseback Arrangements and Kangfu Sale and Leaseback Master Agreement**

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 Arrangements and the Kangfu Sale and Leaseback Master Agreement are in the ordinary and usual course of business of Chengtong Financial Leasing. It is expected that Chengtong Financial Leasing will earn an aggregate income of approximately RMB83.38 million (equivalent to approximately HK\$88.38 million) under the Sale and Leaseback Arrangements being the total of (i) the Service Fee, (ii) the lease interest under the Sale and Leaseback Arrangements. In addition, Chengtong Financial Leasing is expected to earn reasonable lease interest income and service fee under the Kangfu Sale and Leaseback Master Agreement as well.

In light of the above, the Directors are of the view that the terms of the Sale and Leaseback Arrangements and the Kangfu Sale and Leaseback Master Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## LETTER FROM THE BOARD

### (E) Implications under the Listing Rules

#### *Baosteel Sale and Leaseback Arrangement*

Chengtong Financial Leasing entered into the Baosteel Previous Arrangement with the Baosteel Previous Lessees on 2 June 2023. Since the sale and leaseback agreements under the Baosteel Previous Arrangement are still subsisting when the Baosteel Sale and Leaseback Arrangement was entered into, the Baosteel Sale and Leaseback Arrangement is aggregated with the Baosteel Previous Arrangement 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 Baosteel Sale and Leaseback Arrangement exceeds 25% but is less than 100%, both when calculated on a standalone basis and when aggregated with the Baosteel Previous Arrangement, the Baosteel 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.

#### *Jitong Sale and Leaseback Arrangement*

Chengtong Financial Leasing entered into the Jitong Previous Arrangements with the Jitong Previous Lessees on 14 March 2023 and 25 September 2024 respectively. Since the sale and leaseback agreements under the Jitong Previous Arrangements are still subsisting when the Jitong Sale and Leaseback Arrangement was entered into, the Jitong Sale and Leaseback Arrangement is aggregated with the Jitong Previous Arrangements 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 Jitong Sale and Leaseback Arrangement exceeds 25% but is less than 100%, both when calculated on a standalone basis and when aggregated with the Jitong Previous Arrangements, the Jitong 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.

#### *Poly Sale and Leaseback Arrangement*

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Poly Sale and Leaseback Arrangement exceeds 25% but is less than 100%, the Poly 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.

## LETTER FROM THE BOARD

### *Kangfu Sale and Leaseback Master Agreement*

Chengtong Financial Leasing and the Kangfu Lessee entered into the Kangfu Previous Arrangements on 12 August 2022 and 10 December 2024 respectively. Since the Kangfu Previous Arrangements are still subsisting when the Kangfu Sale and Leaseback Master Agreement was entered into, the Kangfu Sale and Leaseback Master Agreement is aggregated with the Kangfu Previous Arrangements 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 Kangfu Sale and Leaseback Master Agreement, both when calculated on a standalone basis and when aggregated with the Kangfu Previous Arrangements, exceeds 25% but is less than 100%, the Kangfu 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.

### *Zhongmei Sale and Leaseback Arrangement*

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Zhongmei Sale and Leaseback Arrangement exceeds 25% but is less than 100%, the Zhongmei 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 (i) the Sale and Leaseback Arrangements and (ii) the Kangfu Sale and Leaseback Master Agreement and the transaction proposed thereunder. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve (i) the Sale and Leaseback Arrangements and (ii) the Kangfu Sale and Leaseback Master Agreement and the transaction proposed thereunder. 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 (i) the Sale and Leaseback Arrangements and (ii) the Kangfu Sale and Leaseback Master Agreement and the transaction proposed thereunder from CCHK, which is a controlling shareholder (as defined in the Listing Rules) 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 (i) the Sale and Leaseback Arrangements and (ii) the Kangfu Sale and Leaseback Master Agreement and the transaction proposed thereunder.

## LETTER FROM THE BOARD

### 3. RECOMMENDATION

The Directors are of the view that the terms of the Sale and Leaseback Arrangements and the Kangfu Sale and Leaseback Master Agreement are normal commercial terms and are fair and reasonable. The Directors also consider that the entering into of (i) the Sale and Leaseback Arrangements and (ii) the Kangfu Sale and Leaseback Master Agreement and the transaction proposed thereunder 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 (i) the Sale and Leaseback Arrangements and (ii) the Kangfu Sale and Leaseback Master Agreement and the transaction proposed thereunder, 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**  
**Li Qian**  
*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, 31 December 2023 and for the six months ended 30 June 2024 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>);
- (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>);  
and
- (d) the interim report of the Company for the six months ended 30 June 2024 from pages 4 to 45  
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0913/2024091300503.pdf>).

## 2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 November 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\$2,448.38 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\$1,175.96 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\$200.30 million; and (v) unsecured and unguaranteed lease liabilities of approximately HK\$5.00 million.

As at the close of business on 30 November 2024, the Group had contingent liabilities in relation to guarantees of approximately HK\$195.93 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 authorized 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 November 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 Arrangements and Kangfu 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 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 optimized 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 optimize 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 30 June 2024, the unaudited consolidated total assets of the Group amounted to approximately HK\$8,853.25 million and the unaudited consolidated total liabilities of the Group amounted to approximately HK\$6,075.38 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 Arrangements and Kangfu Sale and Leaseback Master Agreement. In respect of the implementation of the Sale and Leaseback Arrangements and Kangfu Sale and Leaseback Master Agreement, the Sale and Leaseback Arrangements and Kangfu Sale and Leaseback Master Agreement will be accounted for as a secured loan and recognized 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 recognize the relevant interest income and the service fee from the Sale and Leaseback Arrangements and the Kangfu Individual Sale and Leaseback Arrangement as additional income to the Group.

Save as disclosed above, the Sale and Leaseback Arrangements and Kangfu Sale and Leaseback Master Agreement 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 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 Company or its 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
					Date
Ms. Sun Jie	The Company	Beneficial owner	570,960	Ordinary shares	0.0096%

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 of the Company 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 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 of the Company 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. Li Qian, an executive Director and the Chairman of the Board, was the chairman of CCHK and Ms. Sun Jie, an executive Director, was the chief accountant of CCHK. Mr. Li Qian and Ms. Sun Jie 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 and Kangfu Sale and Leaseback Master Agreement are on display and are published on the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <https://www.hk217.com> for a period of 14 days from the date of this circular.