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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, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**CHINA CHENGTONG DEVELOPMENT GROUP LIMITED**

**中國誠通發展集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 217)**

**MAJOR TRANSACTIONS –  
SALE AND LEASEBACK ARRANGEMENTS**

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A letter from the Board is set out from pages 7 to 17 of this circular.

18 November 2022

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## DEFINITIONS

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

“Baotou Agreements”	means, collectively, two (2) sets of the following agreements in respect of two (2) batches of leased assets, and a supplemental agreement, all dated 30 September 2022 and signed between Chengtong Financial Leasing and Baotou Steel Union:  (1) leaseback assets transfer agreement;  (2) finance lease agreement (sale and leaseback); and  (3) security money agreement
“Baotou Arrangement”	means the sale and leaseback arrangement under the Baotou Agreements
“Baotou Guarantor”	means 包頭鋼鐵(集團)有限責任公司 (unofficial English translation being Baotou Steel (Group) Co., Ltd.), a state-owned enterprise established in the PRC with limited liability
“Baotou Steel Union”	means 內蒙古包鋼鋼聯股份有限公司 (unofficial English translation being Inner Mongolia Baotou Steel Union Co., Ltd.), a company established in the PRC with limited liability
“Board”	means the board of Directors
“CCHG”	means China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC with limited liability and the ultimate holding company of the Company
“CCHK”	means China Chengtong Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of CCHG
“Chengtong Financial Leasing”	means 誠通融資租賃有限公司 (unofficial English translation being Chengtong Financial Leasing Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“China MCC5”	means 中國五冶集團有限公司 (China MCC5 Group Corp. Ltd.), a company established in the PRC with limited liability
“China MCC5 Arrangements”	means, collectively, the Ruiyuan & China MCC5 Arrangement and the Rongyu & China MCC5 Arrangement

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## DEFINITIONS

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“China Minmetals”	means 中國五礦集團有限公司 (China Minmetals Corporation), a state-owned enterprise established in the PRC with limited liability which is wholly-owned by the SASAC of the State Council
“close associate”	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
“COVID-19”	means novel coronavirus disease 2019
“Dahongshan Mining”	means 玉溪大紅山礦業有限公司 (unofficial English translation being Yuxi Dahongshan Mining Co., Ltd.), a state-owned enterprise established in the PRC with limited liability
“Director(s)”	means the director(s) of the Company
“First Metallurgical & Guoye Arrangement”	means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and the First Metallurgical & Guoye Co-Lessees on 30 May 2022 in respect of certain crawler cranes, filter pumps, hydraulic crawler cranes, air circulating exchangers and hydraulic press machines for a term of three (3) years, the details of which are set out in the announcement of the Company dated 30 May 2022
“First Metallurgical & Guoye Co-Lessees”	means, collectively, 中國一冶集團有限公司 (China First Metallurgical Group Co., Ltd.) and 濮陽國冶城發建設有限公司 (unofficial English translation being Puyang Guoye Urban Development and Construction Co., Ltd.) acting as co-lessees of the First Metallurgical & Guoye Arrangement
“Group”	means the Company and its subsidiaries as at the Latest Practicable Date
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC

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## DEFINITIONS

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“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)
“Jiangsu Rongyu”	means 江蘇容裕建設發展有限公司 (unofficial English translation being Jiangsu Rongyu Construction Development Co., Ltd.), a company established in the PRC with limited liability
“Kunming & Yuxi Agreements”	means, collectively, two (2) sets of the following agreements in respect of two (2) batches of leased assets, and a supplemental agreement, all dated 29 September 2022 and signed between Chengtong Financial Leasing and the Kunming & Yuxi Co-Lessees:  (1) leaseback assets transfer agreement; and  (2) finance lease agreement (sale and leaseback)
“Kunming & Yuxi Arrangement”	means the sale and leaseback arrangement under the Kunming & Yuxi Agreements
“Kunming & Yuxi Co-Lessees”	means, collectively, Kunming Iron & Steel and Dahongshan Mining acting as co-lessees of the Kunming & Yuxi Arrangement
“Kunming & Yuxi Previous Transaction”	means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and the Kunming & Yuxi Co-Lessees on 23 September 2022 in respect of certain mining production equipment and facilities including milling equipment and crushers etc. for a term of five (5) years, the details of which are set out in the announcement of the Company dated 23 September 2022
“Kunming Iron & Steel”	means 昆明鋼鐵控股有限公司 (unofficial English translation being Kunming Iron & Steel Holdings Co., Ltd.), a state-owned enterprise established in the PRC with limited liability
“Latest Practicable Date”	means 15 November 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Leased Assets”	means the leased assets under the Kunming & Yuxi Arrangement, the Baotou Arrangement, the Ruiyuan & China MCC5 Arrangement and the Rongyu & China MCC5 Arrangement (as the case may be)

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## DEFINITIONS

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“Lessee(s)”	means the Kunming & Yuxi Co-Lessees, Baotou Steel Union, the Ruiyuan & China MCC5 Co-Lessees and/or the Rongyu & China MCC5 Co-Lessees (as the case may be)
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	means the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“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 consideration paid by Chengtong Financial Leasing for the purchase of the Leased Assets from the relevant Lessee(s)
“RMB”	means Renminbi, the lawful currency of the PRC
“Rongyu & China MCC5 Agreements”	means, collectively, two (2) sets of the following agreements in respect of two (2) batches of leased assets, together with their supplemental agreements, all dated 28 October 2022 and signed between Chengtong Financial Leasing and the Rongyu & China MCC5 Co-Lessees:  <ol style="list-style-type: none"><li>(1) leaseback assets transfer agreement;</li><li>(2) finance lease agreement (sale and leaseback); and</li><li>(3) security money agreement</li></ol>
“Rongyu & China MCC5 Arrangement”	means the sale and leaseback arrangement under the Rongyu & China MCC5 Agreements
“Rongyu & China MCC5 Co-Lessees”	means, collectively, Jiangsu Rongyu and China MCC5 acting as co-lessees of the Rongyu & China MCC5 Arrangement

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## DEFINITIONS

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“Ruiyuan & China MCC5 Agreements”	means, collectively, the following agreements, together with their supplemental agreements, all dated 28 October 2022 and signed between Chengtong Financial Leasing and the Ruiyuan & China MCC5 Co-Lessees:  (1) leaseback assets transfer agreement; and  (2) finance lease agreement (sale and leaseback)
“Ruiyuan & China MCC5 Arrangement”	means the sale and leaseback arrangement under the Ruiyuan & China MCC5 Agreements
“Ruiyuan & China MCC5 Co-Lessees”	means, collectively, Shanghai Ruiyuan and China MCC5 acting as co-lessees of the Ruiyuan & China MCC5 Arrangement
“Sale and Leaseback Agreements”	means, collectively, the Kunming & Yuxi Agreements, the Baotou Agreements, the Ruiyuan & China MCC5 Agreements and the Rongyu & China MCC5 Agreements
“Sale and Leaseback Arrangements”	means, collectively, the Kunming & Yuxi Arrangement, the Baotou Arrangement, the Ruiyuan & China MCC5 Arrangement and the Rongyu & China MCC5 Arrangement
“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)
“Shanghai Ruiyuan”	means 上海銳遠城市建設發展有限公司 (unofficial English translation being Shanghai Ruiyuan Urban Construction Development Co., Ltd.), a company established in the PRC with limited liability
“Share(s)”	means the ordinary share(s) of the Company
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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- “Taoye & China MCC5 Arrangement” means the sale and leaseback arrangement subsisting between Chengtong Financial Leasing and the Taoye & China MCC5 Co-Lessees in respect of certain electricity supply equipment, escalator equipment, lighting equipment, communication equipment and steel structure ceiling, which were assigned to Chengtong Financial Leasing by the Transferor on 30 August 2022, the details of which are set out in the announcement of the Company dated 22 August 2022 and the circular of the Company dated 23 September 2022
- “Taoye & China MCC5 Co-Lessees” means, collectively, 重慶桃冶雲溪大數據管理有限公司 (unofficial English translation being Chongqing Taoye Yunxi Big Data Management Co., Ltd.) and China MCC5 acting as co-lessees of the Taoye & China MCC5 Arrangement
- “Transferor” means 橫琴華通金融租賃有限公司 (unofficial English translation being Hengqin Huatong Financial Leasing Co., Ltd.), a company established in the PRC with limited liability
- “World Gain” means World Gain Holdings Limited, the controlling shareholder of the Company
- “%” means per cent.

*In this circular, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.10. 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.*



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## LETTER FROM THE BOARD

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### CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

### 中國誠通發展集團有限公司

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 217)**

*Executive Directors:*

Zhang Bin (*Chairman*)

Yang Tianzhou (*Managing Director*)

*Non-executive Director:*

Wang Daxiong

*Independent non-executive Directors:*

Chang Qing

Lee Man Chun, Tony

He Jia

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

Suite 6406, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

18 November 2022

*To the Shareholders*

Dear Sir or Madam

### **MAJOR TRANSACTIONS – SALE AND LEASEBACK ARRANGEMENTS**

#### **INTRODUCTION**

Reference is made to the announcements of the Company dated 29 September 2022, 30 September 2022 and 28 October 2022 in respect of the Kunming & Yuxi Arrangement, the Baotou Arrangement and the China MCC5 Arrangements respectively.

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

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# LETTER FROM THE BOARD

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## THE SALE AND LEASEBACK ARRANGEMENTS

Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into (i) the Kunming & Yuxi Agreements with the Kunming & Yuxi Co-Lessees on 29 September 2022; (ii) the Baotou Agreements with Baotou Steel Union on 30 September 2022; (iii) the Ruiyuan & China MCC5 Agreements with the Ruiyuan & China MCC5 Co-Lessees on 28 October 2022; and (iv) the Rongyu & China MCC5 Agreements with the Rongyu & China MCC5 Co-Lessees on 28 October 2022. 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 Lessee(s) evidencing its/their ownerships in the Leased Assets, the obtaining of all necessary approvals by the Lessee(s) in relation to the Sale and Leaseback Arrangements, the payment of the security money (if any) by the Lessee(s), and the signing and the coming into effect of the security agreement(s) (if any)), Chengtong Financial Leasing will purchase the Leased Assets from the relevant Lessee(s) and such Leased Assets will be leased back to the relevant Lessee(s) for a specified lease term commencing from the date on which the Purchase Price in respect of the relevant Leased Assets is paid by Chengtong Financial Leasing (“**Lease Term**”), subject to early termination in accordance with the terms and conditions of the relevant Sale and Leaseback Agreements.

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

### Purchase Price

The Purchase Price was agreed between Chengtong Financial Leasing and the relevant Lessee(s) with reference to either the appraised value or the amount of the original invoices of the relevant Leased Assets (as detailed below).

Independent professional valuers were engaged by the relevant Lessee(s) in respect of the Kunming & Yuxi Arrangement, the Baotou Arrangement and the Rongyu & China MCC5 Arrangement to conduct valuations on the relevant Leased Assets. The valuations were conducted by way of cost method with the following principal assumptions:

#### *Valuations in respect of the Leased Assets under the Kunming & Yuxi Arrangement and the Baotou Arrangement*

- (i) The transaction assumption: all 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 open market assumption: the market of the appraised assets is a competitive market, where the sole aim of each party in the transactions is to maximise its economic benefits, the market trading conditions are open and are 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, has sufficient time and has the necessary expertise in assets trading.

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## LETTER FROM THE BOARD

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- (iii) There is no material change in the national macroeconomic policies and the social economic environment in which the assets are located; no material change in the policy, the management system and relevant regulations in respect of the industry; no material change in the tax policies, credit interest rates, etc. in respect of the business operation.
- (iv) The continuing operation and continuous use assumption: 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. It emphasises that the functionality and profitability of the appraised assets, as reflected in their current usage and the method, environment, scale and frequency of the usage, will continue to be the same in the foreseeable future.
- (v) The documents regarding economic activities, documents showing the ownership of the assets such as title documents, audit certificates and relevant documents, legal documents and the descriptions of circumstances as provided by the instructing client, are true, complete, and legally valid.
- (vi) The appraised assets are permitted to be traded in an open market, the ownership of the assets is complete and legal, the current usage of the assets is legal and the assets are not involved in disputes of ownership or debts.
- (vii) The conditions of the appraised assets as shown during the site investigations conducted by the valuer conform with the actual conditions of the assets, the physical parameters of the appraised assets conform with the data in the ownership documents, the technical information, the engineering drawings and the schedules of the appraised assets as provided by the instructing client and relevant parties, and the quality of the assets conforms to the intended use.
- (viii) The appraised assets are not subject to seizure or otherwise prohibited from transfer or mortgage by the judiciary or the executive authorities in accordance with the law.

### *Valuation in respect of the Leased Assets under the Rongyu & China MCC5 Arrangement*

- (i) The operation and management personnel of the appraised assets are dutiful and responsible, and there is no occurrence of major accidents.
- (ii) The information provided by the instructing client and relevant parties are true, legal and complete.
- (iii) The appraised assets will continue to be used in the same place and for the same usage.
- (iv) No account is taken of the impact of unpaid purchase price of the assets or construction fee etc. on the appraised value of the assets.
- (v) No account is taken of the impact of any contingent events such as mortgage or leasing etc. on the appraised value of the assets.

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## LETTER FROM THE BOARD

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- (vi) No account is taken of the impact of premium or discount caused by factors such as controlling interests and minority interests, and no account is taken of the impact of liquidity on the appraised assets.
- (vii) No account is taken of the relevant tax arising from the revaluation gain/loss.
- (viii) No account is taken of the impact of transaction tax on the appraised value of the assets.

The Board has reviewed the valuation reports and considered the valuation method and assumptions adopted by the valuers, which are both qualified professional valuers in the PRC. The Board is of the view that the valuation method is reasonable and the assumptions adopted are general assumptions commonly adopted in assets valuation in the PRC. Therefore, the Board considers that the appraised values of the relevant Leased Assets are fair and reasonable.

As the Leased Assets under the Ruiyuan & China MCC5 Arrangement were only acquired during the second half of 2021 and the first quarter of 2022, the Purchase Price of such Leased Assets was agreed between Chengtong Financial Leasing and the Ruiyuan & China MCC5 Co-Lessees at a discount to the amount of the original invoices of the relevant Leased Assets which is approximately RMB27.06 million (equivalent to approximately HK\$29.77 million). In view of the dates of acquisition and the present condition of the Leased Assets under the Ruiyuan & China MCC5 Arrangement, the Board considers that the discount to the amount of the original invoices of such Leased Assets used to determine the relevant Purchase Price is fair and reasonable.

As the Leased Assets form part of the facilities or equipment used for the mining or steel production or for use in construction projects by the Lessees, there was no business contract attached to the Leased Assets that could generate identifiable revenue to the Lessees.

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

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## LETTER FROM THE BOARD

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Where a floating interest rate applies, the lease interest rate will be subject to review on 1 January every year. In the event that the relevant LPR changes, the lease interest rate will be adjusted accordingly, except in the case where the relevant Lessee(s) has/have overdue lease payment and has/have not paid all overdue payments and liquidated damages, the interest rate to be applied will not be lowered when the relevant LPR is reduced.

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

### **Service Fee**

Save for the Ruiyuan & China MCC5 Co-Lessees, the other Lessee(s) paid certain service fee (“**Service Fee**”) for the preliminary services provided by Chengtong Financial Leasing in respect of the relevant Sale and Leaseback Arrangement. Such services include the provision of corporate finance consulting services which comprise advising the Lessee(s) on the relevant Sale and Leaseback Arrangement and preparing written reports where necessary, and providing tailored advice on alternative financing solutions to the Lessee(s) including but not limited to finance lease arrangement after assessing the specific business operations, industry development and financial condition of the Lessee(s). The amount of the relevant Service Fee was determined according to the extent of services required by the Lessee(s) and the financing amount involved. The Service Fee is non-refundable.

### **Lessees’ right to repurchase the Leased Assets**

Upon the 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 Lessee(s) shall have the right to repurchase the relevant Leased Assets under the relevant Sale and Leaseback Agreements at a nominal consideration of RMB1.00.

### **Credit enhancement measures**

Before entering into the Sale and Leaseback Agreements, due diligence was conducted on the Lessees, including but not limited to ascertaining the identity and background of the shareholders and ultimate beneficial owners of the Lessees, obtaining information about its business operation and industry prospects, examining and analysing the financial statements of the Lessees and reviewing their relevant financial indicators, as well as checking the indebtedness status and the funding source of the Lessees. The cash flow projection of the Lessees was also prepared in order to assess the repayment ability of the Lessees and the credit risks associated with the Sale and Leaseback Arrangements. Site inspection of the Leased Assets was also carried out to ascertain their actual conditions and marketability.

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## LETTER FROM THE BOARD

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Depending on the overall risks associated with the relevant Sale and Leaseback Arrangement as assessed through the above means, Chengtong Financial Leasing will request for appropriate credit enhancement measures, such as the payment of security money or the provision of corporate guarantee, to safeguard its interests as the lessor. Where the overall risks associated with the relevant Sale and Leaseback Arrangement are considered to be acceptable by the Board based on the financial strength, business prospects and creditability of the relevant Lessee(s), the Group may not require additional credit enhancement measures from the Lessee(s).

### *Security money*

Each of Baotou Steel Union and the Rongyu & China MCC5 Co-Lessees paid a security money to Chengtong Financial Leasing for the performance of its/their obligations under the Baotou Arrangement and the Rongyu & China MCC5 Arrangement respectively. The amount of the security money was determined on a case-by-case basis after evaluating the background and creditability etc. of the relevant Lessee(s).

If Baotou Steel Union or the Rongyu & China MCC5 Co-Lessees fails to fully perform any obligation under the Baotou Arrangement or the Rongyu & China MCC5 Arrangement (as the case may be), Chengtong Financial Leasing has the right to apply the security money to set off against any amount owed by Baotou Steel Union or the Rongyu & China MCC5 Co-Lessees to it in the following order: liquidated damages, other payables including but not limited to damages (if any), outstanding and prospective lease payments and repurchase price. If Baotou Steel Union or the Rongyu & China MCC5 Co-Lessees has/have fully performed all its/their obligations under the Baotou Arrangement or the Rongyu & China MCC5 Arrangement, Chengtong Financial Leasing shall return the security money to them upon their presentation of the receipt(s) of the security money.

When the amount payable by Baotou Steel Union or the Rongyu & China MCC5 Co-Lessees under the Baotou Arrangement or the Rongyu & China MCC5 Arrangement is less than the balance of the security money, the Baotou Arrangement or the Rongyu & China MCC5 Arrangement may be early terminated upon the application of Baotou Steel Union or the Rongyu & China MCC5 Co-Lessees (as the case may be). They shall then present the receipt(s) of the security money to Chengtong Financial Leasing upon which the security money shall be used to set off the lease payments and other payables under the Baotou Arrangement or the Rongyu & China MCC5 Arrangement and any remaining balance of the security money shall be returned to Baotou Steel Union or the Rongyu & China MCC5 Co-Lessees (as the case may be).

### *Guarantee*

The Baotou Guarantor has provided a guarantee in favour of Chengtong Financial Leasing for all amounts payable by Baotou Steel Union under the Baotou Agreements, including but not limited to liquidated damages, outstanding and prospective lease payment, repurchase price and other payables. The guarantee is irrevocable and continuing in nature.

Save for the Baotou Arrangement, none of the other Sale and Leaseback Arrangements is secured by any guarantee.

## LETTER FROM THE BOARD

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

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

	Kunming & Yuxi Arrangement	Baotou Arrangement	Ruiyuan & China MCC5 Arrangement	Rongyu & China MCC5 Arrangement
<b>Date of the Sale and Leaseback Agreements</b>	29 September 2022	30 September 2022	28 October 2022	28 October 2022
<b>Lessee(s)</b>	Kunming & Yuxi Co-Lessees	Baotou Steel Union	Ruiyuan & China MCC5 Co-Lessees	Rongyu & China MCC5 Co-Lessees
<b>Leased Assets</b>	<p>(i) Certain mining production equipment, including but not limited to deep-hole rock drilling carriages, vertical milling machines, and ancillary facilities and equipment</p> <p>(ii) Certain mining production equipment, including but not limited to wheel tractor-scraper, ancillary facilities of the dam, excavators, and vertical milling machines</p>	<p>(i) Certain mineral processing cooling towers, excavators, crawler hydraulic excavators, wheel dozers and other steel production equipment</p> <p>(ii) Certain wheel loaders, generator trucks, road rollers, hydraulic crushers, spectroscopes, motor graders and other steel production equipment</p>	Certain parts and components of ringlock scaffoldings	Certain equipment including but not limited to filtration systems, air conditioning equipment, elevator equipment, steam boilers, compressors etc., and certain construction equipment including but not limited to mixing towers, cranes, transfer pumps etc.
<b>Purchase Price</b>	RMB260 million (equivalent to HK\$286 million)	RMB300 million (equivalent to HK\$330 million)	Approximately RMB25.71 million (equivalent to approximately HK\$28.28 million)	RMB200 million (equivalent to HK\$220 million)
<b>Appraised value or original invoices amount of the Leased Assets</b>	Appraised value of approximately RMB345.15 million (equivalent to approximately HK\$379.67 million) as at 5 August 2022	Appraised value of approximately RMB364.45 million (equivalent to approximately HK\$400.90 million) as at 7 September 2022	Original invoices amount of approximately RMB27.06 million (equivalent to approximately HK\$29.77 million)	Appraised value of approximately RMB210.41 million (equivalent to approximately HK\$231.45 million) as at 31 August 2022
<b>Lease Term</b>	Five (5) years	Three (3) years	Three (3) years	Three (3) years
<b>Interest rate</b>	Floating rate, which is determined at a fixed premium over the five (5)-year LPR from time to time	Floating rate, which is determined at a fixed premium over the one (1)-year LPR from time to time	Floating rate, which is determined at a fixed premium over the five (5)-year LPR from time to time	Fixed interest rate, which is no less favourable than the prevailing one (1)-year LPR at the time when the Rongyu & China MCC5 Agreements were entered into

## LETTER FROM THE BOARD

	Kunming & Yuxi Arrangement	Baotou Arrangement	Ruiyuan & China MCC5 Arrangement	Rongyu & China MCC5 Arrangement
<b>Lease payment</b>	Approximately RMB293.04 million (equivalent to approximately HK\$322.34 million), payable in twenty (20) quarterly instalments during the Lease Term	Approximately RMB322.40 million (equivalent to HK\$354.64 million), payable in twelve (12) quarterly instalments during the Lease Term	Approximately RMB28.08 million (equivalent to approximately HK\$30.89 million), payable in six (6) half-yearly instalments during the Lease Term	Approximately RMB214.41 million (equivalent to approximately HK\$235.85 million), payable in twelve (12) quarterly instalments during the Lease Term
<b>Service Fee</b>	RMB2.08 million (equivalent to approximately HK\$2.29 million)	RMB3 million (equivalent to HK\$3.3 million)	Nil	RMB5 million (equivalent to HK\$5.5 million)
<b>Security money</b>	Nil	RMB1.5 million (equivalent to HK\$1.65 million)	Nil	RMB5 million (equivalent to HK\$5.5 million)
<b>Guarantor</b>	Nil	The Baotou Guarantor	Nil	Nil
<b>Estimated income</b>	Approximately RMB35.12 million (equivalent to approximately HK\$38.63 million)	Approximately RMB25.40 million (equivalent to HK\$27.94 million)	Approximately RMB2.37 million (equivalent to approximately HK\$2.61 million)	Approximately RMB19.41 million (equivalent to approximately HK\$21.35 million)

### INFORMATION OF THE PARTIES

#### The Kunming & Yuxi Co-Lessees

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Kunming Iron & Steel is directly owned as to approximately 76.46% by the SASAC of Yunnan Provincial People's Government and Kunming Iron & Steel indirectly owns 100% of the entire equity interest of Dahongshan Mining; (ii) Kunming Iron & Steel is principally engaged in the business of asset management and custody, iron and steel smelting and processing; and (iii) Dahongshan Mining is principally engaged in the business of iron ore mining, iron powder processing, mineral products development and marketing.

#### Baotou Steel Union

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Baotou Steel Union is a company established in the PRC whose shares are listed on the Shanghai Stock Exchange (stock code: 600010) and its largest shareholder holding approximately 55.02% of its equity interest is the Baotou Guarantor; and (ii) Baotou Steel Union is principally engaged in the business of development of mineral resources and the production and supply of steel products.



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## LETTER FROM THE BOARD

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### **The Baotou Guarantor**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) 內蒙古自治區人民政府 (unofficial English translation being The People's Government of Inner Mongolia Autonomous Region) is the largest shareholder of the Baotou Guarantor holding approximately 69.15% of its equity interest; and (ii) the Baotou Guarantor is principally engaged in the business of production and supply of steel and rare earth products.

### **China MCC5**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) China MCC5 is directly owned as to approximately 98.58% by 中國冶金科工股份有限公司 (Metallurgical Corporation of China Ltd.) ("**Metallurgical Corporation**"), whose shares are listed on the Main Board of the Stock Exchange (stock code: 1618). The holding company of Metallurgical Corporation is 中國冶金科工集團有限公司 (China Metallurgical Group Corporation), which is in turn wholly-owned by China Minmetals; and (ii) China MCC5 is a large-scale enterprise group integrating engineering contracting, steel engineering and installation, real estate development and project investment.

### **Shanghai Ruiyuan**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Shanghai Ruiyuan is directly owned as to (a) 62% by 中航信託股份有限公司 (AVIC Trust Co., Ltd.) which is an indirect subsidiary of 中航工業產融控股股份有限公司 (AVIC Industry-Finance Holdings Co., Ltd.) ("**AVIC Industry-Finance**"), whose shares are listed on the Shanghai Stock Exchange (stock code: 600705). The largest shareholder of AVIC Industry-Finance holding approximately 39.84% of its equity interest is 中國航空工業集團有限公司 (Aviation Industry Corporation of China., Ltd.), which is in turn wholly-owned by the SASAC of the State Council; and (b) 20% by China MCC5 which controls the day-to-day operation and management of Shanghai Ruiyuan; and (ii) Shanghai Ruiyuan is principally engaged in the business of procurement of raw materials and revolving materials for building construction.

### **Jiangsu Rongyu**

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Jiangsu Rongyu is owned as to (a) 75% by 中冶建信投資基金管理(北京)有限公司 (unofficial English translation being Zhongye Jianxin Investment Fund Management (Beijing) Co., Ltd.) ("**Zhongye Jianxin**") which is in turned owned as to 50% by Metallurgical Corporation and 50% by 建信(北京)投資基金管理有限責任公司 (unofficial English translation being Jianxin (Beijing) Investment Fund Management Co., Ltd.), which is indirectly owned as to 67% by China Construction Bank Corporation, whose shares are listed on the Main Board of the Stock Exchange (stock code: 939); and (b) 5% by China MCC5 which controls the day-to-day operation and management of Jiangsu Rongyu; and (ii) Jiangsu Rongyu is the project company set up by Zhongye Jianxin, China MCC5 and the PRC local government for the investment, financing and construction work of the urban renewal project in the Jurong Economic Development Zone of the Jiangsu Province, the PRC.

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## LETTER FROM THE BOARD

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Lessees and the Baotou Guarantor and its ultimate beneficial owners are Independent Third Parties.

### REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK ARRANGEMENTS

The Group is principally engaged in leasing, bulk commodity trade, property development and investment, and 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 of the Sale and Leaseback Arrangements is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn reasonable income from each of the Sale and Leaseback Arrangements, which represents the total of the relevant amount of Service Fee (if any) and the difference between the estimated amount of total lease payment under the relevant Sale and Leaseback Arrangement and the relevant Purchase Price.

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

### IMPLICATIONS UNDER THE LISTING RULES

On 23 September 2022, Chengtong Financial Leasing entered into the Kunming & Yuxi Previous Transaction with the Kunming & Yuxi Co-Lessees. Since the Kunming & Yuxi Agreements are entered into within 12 months from the date of the Kunming & Yuxi Previous Transaction, the Kunming & Yuxi Arrangement is aggregated with the Kunming & Yuxi Previous Transaction for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

On 30 May 2022, Chengtong Financial Leasing entered into the First Metallurgical & Guoye Arrangement with the First Metallurgical & Guoye Co-Lessees. On 30 August 2022, Chengtong Financial Leasing acquired from the Transferor all the rights and obligations as a lessor and became the new lessor under the Taoye & China MCC5 Arrangement.

Since China MCC5 as well as the First Metallurgical & Guoye Co-Lessees are all subsidiaries of China Minmetals, and the China MCC5 Arrangements are entered into within 12 months from the date of the First Metallurgical & Guoye Arrangement and the date of assignment of the Taoye & China MCC5 Arrangement, the China MCC5 Arrangements are aggregated with both the First Metallurgical & Guoye Arrangement and the Taoye & China MCC5 Arrangement for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

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## LETTER FROM THE BOARD

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As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of each of (i) the Kunming & Yuxi Arrangement (both when calculated individually and when aggregated with the Kunming & Yuxi Previous Transaction); (ii) the Baotou Arrangement; and (iii) the China MCC5 Arrangements (both when calculated individually and when aggregated with the First Metallurgical & Guoye Arrangement and the Taoye & China MCC5 Arrangement) exceeds 25% but is less than 100%, each of the Sale and Leaseback Arrangements constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) has a material interest in the Sale and Leaseback Arrangements. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Arrangements. In light of the foregoing, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained the written Shareholder's approval in respect of each of the Sale and Leaseback Arrangements from World Gain, 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 Latest Practicable Date. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Arrangements.

### RECOMMENDATION

The Directors, having considered the terms of, the reasons for and benefits of each of the Sale and Leaseback Arrangements, are of the view that the terms of the Sale and Leaseback Arrangements are normal commercial terms and are fair and reasonable. The Directors also consider that the entering into of the Sale and Leaseback Arrangements 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 Arrangements, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the same at such general meeting.

### 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 2019, 31 December 2020 and 31 December 2021, and the six months ended 30 June 2022 have been set out in the following documents respectively:

- (a) the annual report of the Company for the year ended 31 December 2019 from pages 102 to 212 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0316/2020031600964.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2020 from pages 72 to 180 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0318/2021031800684.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2021 from pages 70 to 188 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0323/2022032300436.pdf>); and
- (d) the interim report of the Company for the six months ended 30 June 2022 from pages 6 to 50 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0916/2022091600652.pdf>).

**2. INDEBTEDNESS OF THE GROUP**

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness of the Group prior to the printing of this circular, the Group had (i) secured and/or guaranteed bank borrowings of approximately HK\$1,883.62 million which are secured by charges over loans receivable and finance lease receivables of the Group and/or guaranteed by the Company; (ii) unsecured and unguaranteed bank borrowings of approximately HK\$500.00 million; (iii) secured and guaranteed asset-backed securities of approximately HK\$2,939.35 million; (iv) unsecured and unguaranteed loan from related parties of approximately HK\$246.05 million; (v) unsecured and unguaranteed other loan of approximately HK\$0.60 million; and (vi) unsecured and unguaranteed lease liabilities of approximately HK\$8.67 million.

As at the close of business on 30 September 2022, the Group had contingent liabilities in relation to guarantees of approximately HK\$238.96 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.

**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, the internally generated funds, existing facilities available to the Group and financial resources presently available to the Group, the Group will have sufficient working capital to satisfy its requirements for at least twelve (12) months from the date of this circular.

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

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

Regarding the leasing business, the Group had been taking a proactive approach to meet the impacts brought by internal and external unfavourable factors, continued to pull resources together to expand its core leasing business in all aspects and maintained a steady growth. For the six months ended 30 June 2022, there were 13 new projects in the leasing business and recorded a turnover of approximately HK\$186.10 million, representing an increase of approximately 53% compared to the corresponding period of last year. The leasing business recorded profit before tax of approximately HK\$65.33 million for the six months ended 30 June 2022, representing a decrease of approximately 23% compared to the corresponding period of last year. The Group plans to issue RMB5 billion shelf asset-backed securities and has successfully completed the issuance of approximately RMB1.41 billion in September 2022. In addition, the Group is actively expanding its bank credit facilities. The Group has been granted with RMB1,845 million of banking facilities during the six months ended 30 June 2022, which better assured the capital supply for business investment. For the second half of 2022, along with upholding its bottom line of risk and strengthening business compliance, Chengtong Financial Leasing will rely on the resource advantage of the controlling shareholder of the Company to deepen its business presence in market segments like energy conservation and environmental protection, transportation and logistics, internet data centre and new energy etc. with an aim to establishing its features and market influences in specialised fields. At the same time, the Group will strengthen communications and cooperation with both domestic and overseas banks and financial institutions and endeavour to complete the partial issuance of the shelf asset-backed securities within this year.

As for the bulk commodity trade business, the Group will continue to focus on advantageous commodities such as steel and chemicals and choose large customers with good reputation to develop the sales market. It will continue to carry out bulk commodity trade business prudently under stringent risk control.

For property development and investment business, section 3 in Phase III of the Zhucheng project has been largely completed. As a follow-up, the Group will expand its sales channels and make every effort to promote the sales of properties in its inventory while intensifying the withdrawal from this business.

Regarding marine recreation services and hotel business, the total turnover and profits dropped for the six months ended 30 June 2022 compared to the corresponding period of last year due to the continuous impact of the COVID-19 pandemic and the challenging tourism market environment. Going forward, the Group will actively pursue the restructuring of the marine recreation services and hotel business.

Looking ahead, the Group will continuously strengthen its strategic guidance and further increase the effort in the divestment and exit from non-core and non-advantageous businesses. The Group will leverage the resource advantages of its controlling shareholder, focus on leasing as its principal business and responsibilities, and give full play to the function of serving the real economy.

**5. MATERIAL ADVERSE CHANGE**

As disclosed in the interim report of the Company for the six months ended 30 June 2022, the Company recorded an unaudited consolidated profit after income tax of approximately HK\$21.76 million, representing a decrease of approximately 60% from that for the corresponding period in 2021 which was mainly attributable to the development of the COVID-19 pandemic in the PRC and the substantial increase in certain operating costs during the relevant period.

Other than the foregoing, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up.

**6. FINANCIAL EFFECTS OF THE SALE AND LEASEBACK ARRANGEMENTS**

As at 30 June 2022, the unaudited consolidated total assets of the Group amounted to approximately HK\$8,146.80 million and the unaudited consolidated total liabilities of the Group amounted to approximately HK\$5,155.14 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, as the Sale and Leaseback Arrangements will be accounted for as secured loans and recognised as loans receivable of the Group which will offset the decrease in the amount of bank balances and cash as a result of the payment of the Purchase Price by Chengtong Financial Leasing.

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

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

## 1. RESPONSIBILITY STATEMENT

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

## 2. DISCLOSURE OF INTERESTS

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

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

*Long position*

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

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

**(ii) Interests of substantial Shareholders**

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

*Long position*

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

*Note:* The entire issued share capital of World Gain is beneficially owned by CCHK, which is in turn wholly-owned by CCHG. Under the SFO, both the CCHK and CCHG are deemed to be interested in all the Shares held by World Gain.

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. Yang Tianzhou, the Managing Director of the Company, was a deputy general manager of CCHK. Save as disclosed herein, no Director was a director or an employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.



### 3. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) had been entered into by the members of the Group within two (2) years immediately preceding the Latest Practicable Date and are, or may be, material:

- (a) the loan agreement dated 9 February 2021 entered into between 海南寰島酒店旅游投資有限公司 (unofficial English translation being Hainan Huandao Hotel and Travel Investment Co., Limited) (“**Huandao Hotel Investment**”), a wholly-owned subsidiary of the Company, as lender and 海南寰島實業發展有限公司 (unofficial English translation being Hainan Huandao Industrial Development Limited) (“**Huandao Industrial**”), an indirect wholly-owned subsidiary of CCHG, as borrower in relation to the provision of a loan in the principal amount of RMB10 million for a term of 18 months at an interest rate of 6% per annum, the details of which are set out in the announcement of the Company dated 9 February 2021; and
- (b) the extension agreement dated 2 September 2021 entered into between Huandao Hotel Investment as lender and 中國寰島集團有限公司 (unofficial English translation being China Huandao Group Limited), a wholly-owned subsidiary of CCHG, as borrower in relation to the extension of the term of a loan in the principal amount of RMB30 million granted under a loan agreement dated 3 September 2020 (details of which are set out in the announcement of the Company dated 3 September 2020) for two (2) years to 2 September 2023 upon expiry of the original term of the loan on 2 September 2021, the details of which are set out in the announcement of the Company dated 2 September 2021.

### 4. DIRECTORS’ SERVICE CONTRACTS

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

### 5. LITIGATION

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

### 6. COMPETING INTERESTS

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

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

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2021, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

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

**8. GENERAL**

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

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

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

- (a) the Kunming & Yuxi Agreements;
- (b) the Baotou Agreements;
- (c) the two (2) guarantee agreements dated 28 October 2022 signed between Chengtong Financial Leasing and the Baotou Guarantor in respect of the two (2) batches of leased assets under the Baotou Arrangement;
- (d) the Ruiyuan & China MCC5 Agreements;
- (e) the Rongyu & China MCC5 Agreements; and
- (f) the material contracts referred to in the section headed "Material contracts" in this appendix.