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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)

DISCLOSEABLE TRANSACTION – SALE AND LEASEBACK ARRANGEMENT

SALE AND LEASEBACK ARRANGEMENT

On 24 July 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Agreements with the Co-Lessees, pursuant to which Chengtong Financial Leasing will purchase the Leased Assets from the Co-Lessees and will lease the Leased Assets back to the Co-Lessees for a Lease Term of three (3) years, subject to early termination in accordance with the terms and conditions of the Sale and Leaseback Agreements.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Leaseback Arrangement exceeds 5% but is less than 25%, the Sale and Leaseback Arrangement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

On 24 July 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Agreements with the Co-Lessees in respect of the Sale and Leaseback Arrangement, the major terms of which are set out below.

SALE AND LEASEBACK ARRANGEMENT

Date of the Sale and Leaseback Agreements

24 July 2025

Parties

Lessor: Chengtong Financial Leasing

Lessee: The Lessee I and Lessee II (“**Co-Lessees**”)

To the best of the Directors’ knowledge, information and belief, after making all reasonable inquiries, and based on the information publicly available as of the date of this announcement:

Lessee I

(i) Lessee I is directly wholly-owned by Lessee II; (ii) Lessee I and its ultimate beneficial owner are Independent Third Parties; and (iii) Lessee I is principally engaged in the business of manufacturing and sales of solar power generation equipment and components.

Lessee II

(i) Lessee II is directly owned as to approximately 62.11% by the Guarantor, which is in turn owned as to approximately 95.65% by SASAC of Wuxi Municipal People’s Government, and the remaining 37.89% shares of the Lessee II are held by 14 shareholders which comprise 6 individuals and 8 business entities, each holding approximately 0.17%-7.79% interest therein; (ii) Lessee II and its ultimate beneficial owner are Independent Third Parties; and (iii) Lessee II is principally engaged in the business of manufacturing and sales of solar power generation equipment and components.

Subject matter

Subject to the fulfilment of the conditions as set out in the Sale and Leaseback Agreements (including but not limited to the provision of all necessary documents or information by the Co-Lessees evidencing their ownership in the Leased Assets, and the obtaining of all necessary approvals by the Co-Lessees in relation to the Sale and Leaseback Arrangement), Chengtong Financial Leasing will purchase the Leased Assets from the Co-Lessees at the Purchase Price of RMB200 million (equivalent to HK\$220 million), and the Leased Assets will be leased back to the Co-Lessees for a period of three (3) years (“**Lease Term**”) from the date on which the Purchase Price is paid by Chengtong Financial Leasing in respect of the Leased Assets, subject to early termination in accordance with the terms and conditions of the Sale and Leaseback Agreements.

If any of the conditions under the Sale and Leaseback Agreements is not satisfied on or before 31 December 2025, Chengtong Financial Leasing shall have the right to unilaterally terminate the Sale and Leaseback Agreements.

Purchase Price

The Purchase Price of the Leased Assets was agreed between Chengtong Financial Leasing and the Co-Lessees with reference to the appraised value of the Leased Assets as at 30 June 2025 which amounted to approximately RMB208.09 million (equivalent to approximately HK\$228.90 million) as assessed by way of cost method by an independent PRC valuer (the “**Valuer**”). The Leased Assets are not revenue generating assets with identifiable income stream.

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

Based on the valuation, the total appraised replacement cost of the Leased Assets is approximately RMB236.47 million (equivalent to approximately HK\$260.12 million). The aggregate replacement cost was determined by aggregating the replacement cost of each of the Leased Assets ranging from approximately RMB63,700 (equivalent to approximately HK\$70,070) to approximately RMB45.56 million (equivalent to approximately HK\$50.12 million). The replacement cost of each individual Leased Assets, where applicable, is composed of equipment purchase fee (including original purchase price and transportation and miscellaneous expenses), installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs. Original purchase prices generally refer to ex-factory prices or the prices stated in the relevant order contract.

The equipment purchase fees of the respective Leased Assets account for approximately 100% of the replacement cost of the respective Leased Assets. Among the equipment purchase fees, the original purchase prices of the Leased Assets range from approximately RMB60,500 (equivalent to approximately HK\$66,550) to approximately RMB43.28 million (equivalent to approximately HK\$47.61 million), and the aggregate original purchase prices of the Leased Assets account for approximately 95% of the aggregate equipment purchase fees of the Leased Assets. Other expenses such as transportation and miscellaneous expenses, installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs either constitute an in significant portion of the replacement cost or are not applicable in the calculation of such replacement cost.

The newness rate of the appraised asset is determined after taking into account the economic life of the appraised asset, the remaining service life of the appraised asset and the status of the appraised asset through an on-site inspection. The newness rates for the Leased Assets, evaluated by the Valuer, is approximately 88%. Based on the above-mentioned, the total appraised value of the Leased Assets is approximately RMB208.09 million (equivalent to approximately HK\$228.90 million), which is calculated by multiplying the individual replacement cost of the Leased Assets by the relevant newness rate of the Leased Assets.

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

Legal title

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

Lease payment

The total amount of lease payment over the Lease Term is estimated to be approximately RMB208.25 million (equivalent to approximately HK\$229.08 million) which shall be payable by the Co-Lessees to Chengtong Financial Leasing in twelve (12) quarterly installments during the Lease Term.

The total amount of lease payment represents the sum of the lease principal amount (being the amount of Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB8.25 million (equivalent to approximately HK\$9.08 million).

Service Fee

The Co-Lessees shall pay a one-off service fee of RMB4 million (equivalent to HK\$4.4 million) (“**Service Fee**”) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing. The Service Fee is non-refundable.

The lease payment and Service Fee of the Sale and Leaseback Arrangement have been agreed between the parties after arm’s length negotiation taking into account a number of factors, such as the amount of lease principal, the lease term, the overall return rate attained by the Group having considered the amount of lease interest, Service Fee and the prevailing market conditions.

Guarantee

The Guarantor has provided a guarantee in favour of Chengtong Financial Leasing as security for all amounts payable by the Co-Lessees under the 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.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) the Guarantor is owned as to approximately 95.65% by SASAC of Wuxi Municipal People's Government; (ii) the Guarantor and its ultimate beneficial owner are Independent Third Parties; and (iii) the Guarantor is principally engaged in the business of venture capital, manufacturing and sales of automotive components and semiconductors etc.

Co-Lessees' right to repurchase the Leased Assets

Upon the Co-Lessees having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the Sale and Leaseback Agreements, the Co-Lessees shall have the right to repurchase the Leased Assets under each of the Sale and Leaseback Agreements at a nominal consideration of RMB1.00.

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.

REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK ARRANGEMENT

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business as of the date of this announcement. The Group's leasing business is mainly carried out through Chengtong Financial Leasing as its principal business.

The entering into the Sale and Leaseback Arrangement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn an income of approximately RMB12.25 million (equivalent to approximately HK\$13.48 million), being the total of the Service Fee and the lease interest in respect of the Sale and Leaseback Arrangement.

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

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Leaseback Arrangement exceeds 5% but is less than 25%, the Sale and Leaseback Arrangement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	means the board of Directors
“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
“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
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries as at the date of this announcement
“Guarantor”	means Wuxi Industry Development Group Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	means third parties independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“Leased Assets”	means certain mechanical production equipment, office equipment, etc.

“Lessee I”	means Wuxi Rituo Photovoltaic Technology Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“Lessee II”	means Jiangsu Rituo Photovoltaic Technology Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Leased Assets from the Co-Lessees
“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreements”	means, collectively, six (6) sets of the following agreements in respect of the Leased Assets dated 24 July 2025 and signed between Chengtong Financial Leasing and the Co-Lessees: <ul style="list-style-type: none"> (1) leaseback assets transfer agreements; and (2) finance lease agreements (sale and leaseback)
“Sale and Leaseback Arrangement”	means the purchase of the Leased Assets by Chengtong Financial Leasing from the Co-Lessees and the leaseback of the Leased Assets to the Co-Lessees pursuant to the terms of the Sale and Leaseback Agreements
“SASAC”	means The State-owned Assets Supervision and Administration Commission
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited

“Valuer” Jiangsu Jiariucheng Asset Appraisal, Land and Real Estate
Appraisal, Surveying and Mapping Consulting Co., Ltd., a
qualified independent valuer in the PRC

“ % ” means per cent.

means per cent.

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

By order of the Board

China Chengtong Development Group Limited

Li Qian

Chairman

Hong Kong, 24 July 2025

As at the date of this announcement, the executive Directors are Mr. Li Qian and Ms. Sun Jie; and the independent non-executive Directors are Mr. Lee Man Chun, Tony, Professor He Jia and Mr. Liu Lei.