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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

SALE AND LEASEBACK ARRANGEMENTS

On 26 August 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into (i) the Dancheng & First Metallurgical Agreements with the Dancheng & First Metallurgical Co-Lessees; and (ii) the Songwei & First Metallurgical Agreements with the Songwei & First Metallurgical Co-Lessees, pursuant to which Chengtong Financial Leasing has agreed to purchase the Leased Assets from the relevant Lessees and will lease the Leased Assets back to the relevant Lessees for a term of three (3) years, subject to early termination in accordance with the terms and conditions of the relevant Sale and Leaseback Agreements.

IMPLICATIONS UNDER THE LISTING RULES

Since (i) the Sale and Leaseback Agreements and the Previous Transactions are and were all entered into with, among others, the subsidiaries of China Minmetals; and (ii) the Previous Transactions are still subsisting when the Sale and Leaseback Agreements are entered into, therefore the Sale and Leaseback Arrangements are aggregated with the Previous Transactions for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Leaseback Arrangements, both on standalone basis and when aggregated with the Previous Transactions, exceeds 25% but is less than 100%, the Sale and Leaseback Arrangements constitute major transactions of the Company and are subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

A circular containing, among other things, (i) information on the Sale and Leaseback Arrangements, and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 16 September 2025, which is within 15 business days after the publication of this announcement.

SALE AND LEASEBACK ARRANGEMENTS

On 26 August 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into (i) the Dancheng & First Metallurgical Agreements with the Dancheng & First Metallurgical Co-Lessees; and (ii) the Songwei & First Metallurgical Agreements with the Songwei & First Metallurgical Co-Lessees.

Subject matter

In each of the Sale and Leaseback Arrangements, conditional upon the approval by the Shareholders of the relevant Sale and Leaseback Arrangement, and 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 Lessees evidencing their ownerships in the Leased Assets, the obtaining of all necessary approvals by the Lessees in relation to the Sale and Leaseback Arrangements), Chengtong Financial Leasing has agreed to purchase the Leased Assets from the relevant Lessees and the Leased Assets will be leased back to the relevant Lessees for a period of three (3) years ("**Lease Term**") from the date on which the Purchase Price in respect of the relevant Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the relevant Sale and Leaseback Agreements.

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

Purchase Price

The Purchase Price was agreed between Chengtong Financial Leasing and the Lessee with reference to the aggregated appraised value of the Leased Assets of approximately RMB351.84 million (equivalent to approximately HK\$383.51 million) as at 30 June 2025, as assessed by way of cost method by the Valuer. The Leased Assets are not revenue generating assets with identifiable income stream.

The cost method determines the value of an appraised asset by estimating its replacement cost and deducting various estimated depreciation factors that currently exist in the appraised asset. The appraised value is determined by multiplying the replacement cost of the appraised asset by its newness rate.

The replacement cost of the appraised asset is determined with reference to the acquisition cost of the appraised asset or comparable asset. The acquisition cost of domestic equipment is derived by obtaining prices from manufacturers or trade companies, whereas the acquisition cost of imported equipment is the FOB or CIF prices plus related import costs. In respect of non-standard equipment, the acquisition cost is calculated based on cost components including material fees, design fees, profit and taxes etc. using a specified formula.

The newness rate of the appraised asset is determined after taking into account the appraised asset's economic life, remaining service life and current condition as assessed through on-site inspection.

The appraised value of the Leased Assets in the Sale and Leaseback Arrangements and the key parameters used in the appraisals are summarised as follows:

	Dancheng & First Metallurgical Arrangement	Songwei & First Metallurgical Arrangement
Appraised value of the Leased Assets	Approximately RMB211.77 million (equivalent to approximately HK\$230.83 million)	Approximately RMB140.07 million (equivalent to approximately HK\$152.68 million)
Quantity of Leased Assets	84 sets	51 sets

	Dancheng & First Metallurgical Arrangement	Songwei & First Metallurgical Arrangement
Total appraised replacement cost of the relevant Leased Assets	Approximately RMB357.93 million (equivalent to approximately HK\$390.14 million)	Approximately RMB295.67 million (equivalent to approximately HK\$322.28 million)
Average newness rate of the Leased Assets	Approximately 59.17%	Approximately 47.37%

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 in respect of each of the Sale and Leaseback Arrangements represents the sum of the relevant lease principal amount (being the amount of the relevant Purchase Price to be paid by Chengtong Financial Leasing) and the relevant lease interest. The lease payment shall be paid by the relevant Lessees to Chengtong Financial Leasing on a quarterly basis in accordance with the payment schedule as set out in the relevant Sale and Leaseback Agreements.

Service Fee

The relevant Lessees shall pay a one-off service fee (“**Service Fee**”) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the relevant Sale and Leaseback Arrangements. Such services include the provision of corporate finance consulting services, including but not limited to advising the relevant Lessees on strategic analysis, investment and financing channels and models, as well as macroeconomic and market research. The Service Fee is non-refundable.

The lease payment and the Service Fee of the Sale and Leaseback Arrangements 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, and the overall return rate to be achieved under the prevailing market conditions.

Lessees' right to repurchase the Leased Assets

Upon the Lessees 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 Lessees 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

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.

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:

	Dancheng & First Metallurgical Arrangement	Songwei & First Metallurgical Arrangement
Date of the relevant Sale and Leaseback Agreements	26 August 2025	26 August 2025
Lessees	Dancheng & First Metallurgical Co-Lessees	Songwei & First Metallurgical Co-Lessees
Leased Assets	Certain hydraulic crawler cranes, crawler cranes, and loaders, etc.	Certain hydraulic crawler cranes and crawler cranes, etc.
Purchase Price	RMB180 million (equivalent to HK\$196.20 million)	RMB120 million (equivalent to HK\$130.80 million)
Lease Term	Three (3) years	Three (3) years
Lease interest	Approximately RMB13.96 million (equivalent to approximately HK\$15.22 million)	Approximately RMB9.31 million (equivalent to approximately HK\$10.15 million)

	Dancheng & First Metallurgical Arrangement	Songwei & First Metallurgical Arrangement
Lease payment	Approximately RMB193.96 million (equivalent to approximately HK\$211.42 million)	Approximately RMB129.31 million (equivalent to approximately HK\$140.95 million)
Service Fee	RMB3.96 million (equivalent to HK\$4.32 million)	RMB2.64 million (equivalent to HK\$2.88 million)

INFORMATION OF THE PARTIES

Dancheng Zhongyi

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Dancheng Zhongyi is owned as to approximately 85.34% by Dancheng County Yisheng Green Environmental Protection Co., Ltd., which is ultimately controlled by The People's Government of Dancheng County and China Minsheng Banking Corp., Ltd., approximately 9.48% by First Metallurgical, and the remaining approximately 5.17% by Dancheng County Comprehensive Investment Co., Ltd., which is ultimately controlled by The People's Government of Dancheng County; and (ii) Dancheng Zhongyi is principally engaged in the ecological water system governance, investment and construction of environmental landscape improvement projects of the Ming River in Dancheng, as well as other comprehensive development work including survey, design and investment management of auxiliary projects.

First Metallurgical

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) First Metallurgical is a subsidiary of Metallurgical Corporation of China Ltd., whose shares are listed on the Main Board of the Stock Exchange (stock code: 1618) and which in turn is a subsidiary of China Minmetals; and (ii) First Metallurgical is principally engaged in the business of engineering, procurement and construction, real estate development and equipment fabrication in the PRC.

Hubei Songwei

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Hubei Songwei is owned as to 80% by Kaixin United Capital Management (Wuhan) Co., Ltd., which is ultimately controlled by a PRC natural person, Zhao Xinyuan, 10% by First Metallurgical, and the remaining 10% by Hubei Luxiang Construction Co., Ltd., which is ultimately controlled by The People's Government of Songzi City; and (ii) Hubei Songwei is principally engaged in the construction of the PPP project of the Weishui tourism expressway in Songzi city, as well as other comprehensive development work including survey, design and investment management of auxiliary projects.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Company, any connected person at the Company's level, and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transactions); and (b) each of Dancheng Zhongyi, First Metallurgical, Hubei Songwei, and their respective directors, legal representatives and ultimate beneficial owner(s) who can exert influence on the transactions.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Dancheng Zhongyi, First Metallurgical, Hubei Songwei and their respective ultimate beneficial owners are Independent Third Parties.

REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK ARRANGEMENTS

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 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 (i) an income of approximately RMB17.92 million (equivalent to approximately HK\$19.53 million) under the Dancheng & First Metallurgical Arrangement; and (ii) an income of approximately RMB11.95 million (equivalent to approximately HK\$13.03 million) under the Songwei & First Metallurgical Arrangement, each being the total of the relevant amount of Service Fee and lease interest under the relevant Sale and Leaseback Arrangement.

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

IMPLICATIONS UNDER THE LISTING RULES

Since (i) the Sale and Leaseback Agreements and the Previous Transactions are and were all entered into with, among others, the subsidiaries of China Minmetals; and (ii) the Previous Transactions are still subsisting when the Sale and Leaseback Agreements are entered into, therefore the Sale and Leaseback Arrangements are aggregated with the Previous Transactions for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Sale and Leaseback Arrangements, both on standalone basis and when aggregated with the Previous Transactions, exceeds 25% but is less than 100%, the Sale and Leaseback Arrangements constitute major transactions of the Company and are subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

A circular containing, among other things, (i) information on the Sale and Leaseback Arrangements, and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 16 September 2025, which is within 15 business days after the publication of this announcement.

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
“China Minmetals”	means 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
“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
“Dancheng & First Metallurgical Agreements”	<p>means, collectively, the following agreements in respect of the Leased Assets dated 26 August 2025 and signed between Chengtong Financial Leasing and the Dancheng & First Metallurgical Co-Lessees:</p> <p>(1) leaseback assets transfer agreement; and</p> <p>(2) finance lease agreements (sale and leaseback)</p>
“Dancheng & First Metallurgical Arrangement”	means the sale and leaseback arrangement under the Dancheng & First Metallurgical Agreements
“Dancheng & First Metallurgical Co-Lessees”	means, collectively, Dancheng Zhongyi and First Metallurgical acting as co-lessees of the Dancheng & First Metallurgical Arrangement
“Dancheng Zhongyi”	means Dancheng Zhongyi Ecological Environment Governance Co., Ltd., a company established in the PRC with limited liability
“Director(s)”	means the director(s) of the Company
“First Metallurgical”	means China First Metallurgical Group Co., Ltd., a company established in the PRC with limited liability

“Group”	means the Company and its subsidiaries as at the date of this announcement
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Hubei Songwei”	means Hubei Songwei Tourist Road Construction and Management Co., Ltd., a company established in the PRC with limited liability
“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)
“Lease Term”	means the lease term under the Sale and Leaseback Agreements
“Leased Assets”	means the leased assets under the Dancheng & First Metallurgical Arrangement and Songwei & First Metallurgical Arrangement (as the case may be)
“Lessees”	means, collectively, the Dancheng & First Metallurgical Co-Lessees and the Songwei & First Metallurgical Co-Lessees
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“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

“Previous Transactions”	<p>means, collectively, the following sale and leaseback arrangements previously entered into by Chengtong Financial Leasing:</p> <ol style="list-style-type: none"> (1) the Ruiyuan & China MCC5 Arrangement and the Rongyu & China MCC5 Arrangement (both as defined and detailed in the Company’s announcement dated 28 October 2022 and the corresponding circular dated 18 November 2022); and (2) the Chengxin & China Metallurgical Arrangement, the Shenrong & China MCC5 Arrangement and the Zhaoqing High Tech & China MCC5 Arrangement (all as defined and detailed in the Company’s announcement dated 11 January 2023 and the corresponding circular dated 16 February 2023)
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Leased Assets from the relevant Lessees
“RMB”	means Renminbi, the lawful currency of the PRC
“Sale and Leaseback Agreements”	means, collectively, the Dancheng & First Metallurgical Agreements and the Songwei & First Metallurgical Agreements
“Sale and Leaseback Arrangements”	means, collectively, the sale and leaseback arrangements under the Sale and Leaseback Agreements
“SASAC”	means The State-owned Assets Supervision and Administration Commission
“Shareholder(s)”	means the shareholder(s) of the Company
“Songwei & First Metallurgical Agreements”	<p>means, collectively, the following agreements in respect of the Leased Assets dated 26 August 2025 and signed between Chengtong Financial Leasing and the Songwei & First Metallurgical Co-Lessees:</p> <ol style="list-style-type: none"> (1) leaseback assets transfer agreement; and (2) finance lease agreements (sale and leaseback)

“Songwei & First Metallurgical Arrangement”	means the sale and leaseback arrangement under the Songwei & First Metallurgical Agreements
“Songwei & First Metallurgical Co-Lessees”	means, collectively, Hubei Songwei and First Metallurgical, acting as co-lessees of the Songwei & First Metallurgical Arrangement
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Valuer”	Beijing Fanhua Guorui Asset Appraisal Co., Ltd., a qualified independent valuer in the PRC
“%”	means per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.09. 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 announcement are for identification purpose only.

By order of the Board
China Chengtong Development Group Limited
Li Quan
Chairman

Hong Kong, 26 August 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.