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CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

MAJOR TRANSACTION — SALE AND LEASEBACK ARRANGEMENT

SALE AND LEASEBACK ARRANGEMENT

On 29 August 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 has agreed to purchase the Leased Assets from the Co-Lessees and to 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

Since (i) the Sale and Leaseback Agreements and the Previous Transaction are and were all entered into with, among others, a subsidiary or an associate of China Railway Construction; and (ii) the Previous Transaction is still subsisting when the Sale and Leaseback Agreements are entered into, the Sale and Leaseback Arrangement is aggregated with the Previous Transaction for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

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

To the best of the 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 Arrangement. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Arrangement. In light of the foregoing, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained written Shareholder's approval in respect of the Sale and Leaseback Arrangement from 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 Arrangement.

A circular containing, among other things, (i) information on the Sale and Leaseback Arrangement; and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 19 September 2025, which is within 15 business days after the publication of this announcement.

SALE AND LEASEBACK ARRANGEMENT

On 29 August 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.

Subject matter

Subject to the fulfilment of the conditions as set out in the relevant Sale and Leaseback Agreements (including but not limited to the approval by the Shareholders of the Sale and Leaseback Arrangement, the provision of all necessary documents or information by the Co-Lessees evidencing their ownership in the Leased Assets, the obtaining of all necessary approvals by the Co-Lessees in relation to the Sale and Leaseback Arrangement, and the signing and the coming into effect of the relevant security agreements), Chengtong Financial Leasing has agreed to purchase the Leased Assets from the Co-Lessees at a total Purchase Price of RMB400 million (equivalent to HK\$436 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 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 29 September 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 Co-Lessees with reference to the aggregated net book value of the Leased Assets of approximately RMB450.30 million (equivalent to approximately HK\$490.83 million). The Leased Assets are not revenue generating assets with identifiable income stream.

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 the Sale and Leaseback Arrangement represents the sum of the lease principal amount (being the total amount of the Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest. Subject to the then applicable interest rate, the lease interest is estimated to be approximately RMB26.32 million (equivalent to approximately HK\$28.69 million).

The lease payment shall be paid by the Co-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 Co-Lessees shall pay an aggregate one-off service fee (“**Service Fee**”) of RMB8 million (equivalent to HK\$8.72 million) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the Sale and Leaseback Arrangement. Such services include the provision of corporate finance consulting services, including but not limited to advising the Co-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 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, and the overall return rate to be achieved under the prevailing market conditions.

Guarantee

The Guarantor will provide a guarantee in favour of Chengtong Financial Leasing for all amounts payable by the Co-Lessees under each of the Sale and Leaseback Agreements, including but not limited to liquidated damages, outstanding and prospective lease payments, repurchase price 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 a direct wholly-owned subsidiary of China Railway Construction; (ii) the Guarantor and its ultimate beneficial owner are Independent Third Parties; and (iii) the Guarantor is principally engaged in the business of real estate development and operation.

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 the Sale and Leaseback Agreements at an aggregate 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.

INFORMATION OF THE PARTIES

Lessee I

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Lessee I is a direct wholly-owned subsidiary of the Guarantor, which is in turn directly wholly-owned by China Railway Construction; and (ii) Lessee I is principally engaged in financing services, project investment and asset management.

Lessee II

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) Lessee II is a direct wholly-owned subsidiary of China Railway Construction Nansha Investment and Development Co., Ltd., which is in turn directly wholly-owned by China Railway Construction; and (ii) Lessee II is principally engaged in real estate development and operation, real estate agency services, real estate consulting services, real estate valuation, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Co-Lessees and their respective ultimate beneficial owners are Independent Third Parties.

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 the Co-Lessees, the Guarantor and their respective directors, legal representatives and ultimate beneficial owner(s) who can exert influence on the transactions.

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 of 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 RMB34.32 million (equivalent to approximately HK\$37.41 million), being the total of the Service Fee and the lease interest in respect of the Sale and Leaseback Arrangement.

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

Since (i) the Sale and Leaseback Agreements and the Previous Transaction are and were all entered into with, among others, a subsidiary or an associate of China Railway Construction; and (ii) the Previous Transaction is still subsisting when the Sale and Leaseback Agreements are entered into, the Sale and Leaseback Arrangement is aggregated with the Previous Transaction for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

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

To the best of the 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 Arrangement. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Arrangement. In light of the foregoing, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained written Shareholder's approval in respect of the Sale and Leaseback Arrangement from 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 Arrangement.

A circular containing, among other things, (i) information on the Sale and Leaseback Arrangement; and (ii) other information required under the Listing Rules will be despatched to the Shareholders on or before 19 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 Railway Construction”	means China Railway Construction Corporation Limited, a state-owned enterprise established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601186) and the Main Board of the Stock Exchange (stock code: 1186), and whose ultimate controller is SASAC of the State Council
“Co-Lesseees”	means, collectively, Lessee I and Lessee II
“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 China Railway Construction Real Estate 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 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 certain diesel power generators, elevator equipment, machine room equipment, firefighting equipment, rainwater and sewage equipment, etc.
“Lessee I”	means China Railway Real Estate Group Beijing Investment Management Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“Lessee II”	means Guangzhou Nansha China Railway Industrial Development 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
“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 Co-Lessees”	means, collectively, Yangjiang Zhongcai Railway Construction Project Management Co., Ltd., China Railway 23rd Bureau Group Co., Ltd. and Chengdu Caitie Asset Management Co., Ltd., each being a state-owned enterprise established in the PRC with limited liability
“Previous Transaction”	means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and the Previous Co-Lessees on 29 March 2023, the details of which are set out in the announcement of the Company dated 29 March 2023 and the corresponding circular dated 24 April 2023

“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, three (3) sets of the following agreements in respect of the Leased Assets all dated 29 August 2025 and signed between Chengtong Financial Leasing and the Co-Lessees: (1) leaseback assets transfer agreement; and (2) finance lease agreement (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
“%”	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 Qian
Chairman

Hong Kong, 29 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.