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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)

VERY SUBSTANTIAL ACQUISITION – SALE AND LEASEBACK ARRANGEMENT AND DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES

SALE AND LEASEBACK ARRANGEMENT

On 27 October 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the China Railway Agreements with the China Railway Co-Lessees, pursuant to which Chengtong Financial Leasing has agreed to purchase the China Railway Leased Assets from the China Railway Co-Lessees and to lease the China Railway Leased Assets back to the China Railway Co-Lessees for a period of two (2) years from the date on which the purchase price in respect of the China Railway Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the China Railway Agreements.

IMPLICATIONS UNDER THE LISTING RULES

Since (i) the China Railway Agreements and the Previous China Railway Transactions were all entered into with, among others, either subsidiaries or associate of China Railway Construction; and (ii) the Previous China Railway Transactions were still subsisting when the China Railway Agreements were entered into, the China Railway Arrangement is aggregated with the Previous China Railway 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 China Railway Arrangement (when aggregated with the Previous China Railway Transactions) exceeds 100%, the China Railway Arrangement constitutes a very substantial acquisition of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

THE GENERAL MEETING

The GM will be convened and held by the Company for the purpose of considering and, if thought fit, approving the China Railway Arrangement.

A circular containing, among other things, (i) information on the China Railway Arrangement; (ii) other information required under the Listing Rules; and (iii) the notice of the GM will be despatched to the Shareholders on or before 13 November 2025 as additional time is needed to finalise the circular.

SALE AND LEASEBACK ARRANGEMENT

On 27 October 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the China Railway Agreements with the China Railway Co-Lessees.

Subject matter

Conditional upon the approval by the Shareholders of the China Railway Arrangement and subject to the fulfilment of all the conditions as set out in the relevant China Railway Agreements, Chengtong Financial Leasing has agreed to purchase the China Railway Leased Assets from the China Railway Co-Lessees and the China Railway Leased Assets will be leased back to the China Railway Co-Lessees for a period of two (2) years from the date on which the purchase price in respect of the relevant China Railway Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the China Railway Agreements.

The conditions as stipulated in each of the China Railway Agreements are identical which include the following:

- (i) the signing and coming into effect of the China Railway Agreements and all other ancillary documents;
- (ii) the provision of all necessary documents or information by the China Railway Co-Lessees evidencing their ownership in the China Railway Leased Assets;
- (iii) the full payment of security money (if applicable) by the China Railway Co-Lessees;
- (iv) the obtaining of all necessary approvals by the China Railway Co-Lessees in relation to the China Railway Arrangement;
- (v) the signing and the coming into effect of the relevant security agreements (if applicable) and completion of the relevant mortgage or pledge registration;

- (vi) the purchase of insurance in respect of the China Railway Leased Assets in accordance with the terms of the China Railway Agreements by the China Railway Co-Lessees, as well as the signing and coming into effect of the insurance contracts; and
- (vii) any other condition(s) as may be required by Chengtong Financial Leasing.

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

Purchase price

The purchase price payable by Chengtong Financial Leasing for the China Railway Leased Assets is RMB350 million (equivalent to HK\$381.50 million) in aggregate and was agreed between Chengtong Financial Leasing and the China Railway Co-Lessees with reference to the aggregated net book value of the China Railway Leased Assets as at 30 September 2025 of approximately RMB392.81 million (equivalent to approximately HK\$428.16 million). A discount was applied to the net book value after considering factors such as the nature of the China Railway Leased Assets, their resale potential and the associated costs, as well as their remaining economic useful life. The agreed discount balanced the assets' value with the overall economics and risk profile of the China Railway Arrangement.

Having considered the above, the Directors are of the view that the purchase price of the Leased Assets is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The China Railway 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 China Railway Leased Assets during the lease term.

Lease payment

The total amount of lease payment in respect of the China Railway Arrangement is estimated to be approximately RMB364.41 million (equivalent to approximately HK\$397.21 million, which 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 RMB14.41 million (equivalent to approximately HK\$15.71 million).

The lease payment shall be paid by the China Railway Co-Lessees to Chengtong Financial Leasing on a quarterly basis in accordance with the payment schedule as set out in the relevant China Railway Agreements.

Service Fee

The China Railway Co-Lessees shall pay an aggregate one-off service fee of RMB7 million (equivalent to HK\$7.63 million) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the China Railway Arrangement. Such services include the provision of corporate finance consulting services, including but not limited to advising the China Railway 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 interests and the service fee of the China Railway 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 that is commensurate with the prevailing market conditions. The lease interests and the service fee are determined as a whole to ensure that Chengtong Financial Leasing would achieve its overall targeted return. Specifically, the lease interests are calculated on the then outstanding lease principal amount at a floating interest rate, being determined at a premium over the one-year LPR from time to time. In the event that the LPR changes during the lease term, adjustments will be made to such lease interest rate on an annual basis on 1 January every year. The service fee was separately benchmarked to a rate commensurate with the services provided and aligns with the targeted return rate of Chengtong Financial Leasing in respect of the China Railway Arrangement.

Guarantee

The Guarantor will provide a guarantee in favour of Chengtong Financial Leasing for all amounts payable by the China Railway Co-Lessees under each of the China Railway 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.

China Railway Co-Lessees' right to repurchase the China Railway Leased Assets

Upon the China Railway Co-Lessees having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the China Railway Agreements, the China Railway Co-Lessees shall have the right to repurchase the China Railway Leased Assets under the China Railway 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.

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

INFORMATION OF THE PARTIES

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as of the date of the China Railway Agreements, (i) each of China Railway Beijing Investment and China Railway Huazhong is a direct wholly-owned subsidiary of the Guarantor, which is in turn directly wholly-owned by China Railway Construction; (ii) China Railway Beijing Investment is principally engaged in financing services, project investment and asset management; (iii) China Railway Huazhong is principally engaged in the operation of a real estate project in Xi'an, Shaanxi Province, the PRC; and (iv) the Guarantor is principally engaged in the business of real estate development and operation.

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Previous China Railway Transactions, 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) any of the China Railway 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 CHINA RAILWAY 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 China Railway 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 RMB21.41 million (equivalent to approximately HK\$23.34 million), being the total of the service fee and the lease interest under the China Railway Arrangement.

The Directors are of the view that the terms of the China Railway Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES AND RULE 13.13 DISCLOSURE

Since (i) the China Railway Agreements and the Previous China Railway Transactions were all entered into with, among others, either the subsidiaries or associate of China Railway Construction; and (ii) the Previous China Railway Transactions were still subsisting when the China Railway Agreements were entered into, the China Railway Arrangement is aggregated with the Previous China Railway 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 China Railway Arrangement (when aggregated with the Previous China Railway Transactions) exceeds 100%, the China Railway Arrangement constitutes a very substantial acquisition of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the aggregate outstanding lease principal amount under the Previous China Railway Transactions is approximately RMB504.73 million (equivalent to approximately HK\$550.16 million). Assuming that there is no change as to the above aggregate outstanding lease principal amount at the time when the entire aggregate lease principal amount under the China Railway Arrangement is granted, the total outstanding lease principal exposure of the Group to China Railway Construction and its subsidiaries and associate will exceed 8% of the asset ratio (as defined in the Listing Rules). Details of the Previous China Railway Transactions were disclosed in the Company's announcements and circulars as set out in the definition of "Previous China Railway Transactions".

The Company will comply with the disclosure requirements under Rule 13.20 of the Listing Rules where the circumstances giving rise to the disclosure under Rule 13.13 of the Listing Rules continue to exist at the Company's interim period end or annual financial year end.

THE GENERAL MEETING

The GM will be convened and held by the Company for the purpose of considering and, if thought fit, approving the China Railway Arrangement.

A circular containing, among other things, (i) information on the China Railway Arrangement; (ii) other information required under the Listing Rules; and (iii) the notice of the GM will be despatched to the Shareholders on or before 13 November 2025 as additional time is needed to finalise the circular.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“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 Agreements”	means, collectively, four (4) sets of the following agreements in respect of the China Railway Leased Assets all dated 27 October 2025 and signed between Chengtong Financial Leasing and the China Railway Co-Lessees: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)
“China Railway Arrangement”	means the sale and leaseback arrangement under the China Railway Agreements
“China Railway Beijing Investment”	means China Railway Real Estate Group Beijing Investment Management Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“China Railway Co-Lessees”	means, collectively, China Railway Beijing Investment and China Railway Huazhong
“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

“China Railway Huazhong”	means China Railway Real Estate Group Huazhong Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“China Railway Leased Assets”	means certain diesel generators, intelligent thermostat units, heat recovery ventilators, capacitor cabinets, vertical belt conveyor, IoT gateway equipment, high-medium-low zone water supply control cabinets, automatic inspection cabinets, etc.
“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
“GM”	means the general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the China Railway Arrangement
“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)
“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 announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous China Railway Transactions”	means, collectively, the following transactions previously entered into by Chengtong Financial Leasing: (1) the sale and leaseback arrangement entered into with China Railway Beijing Investment and Guangzhou Nansha China Railway Industrial Development Co., Ltd. as co-lessees, the details of which are set out in the announcement of the Company dated 29 August 2025 and the corresponding circular dated 18 September 2025; and (2) the sale and leaseback arrangement entered into with (i) Yangjiang Zhongcai Railway Construction Project Management Co., Ltd., (ii) China Railway 23rd Bureau Group Co., Ltd. and (iii) Chengdu Caitie Asset Management Co., Ltd. as co-lessees, 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
“RMB”	means Renminbi, the lawful currency of the PRC
“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, 27 October 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.