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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)

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION IN RELATION TO FINANCIAL SERVICES AGREEMENT

**Independent Financial Adviser
to the Independent Board Committee and the Independent Shareholders**



**建泉融資有限公司
VBG Capital Limited**

THE FINANCIAL SERVICES AGREEMENT

On 27 October 2025, the Company and Chengtong Finance entered into the Financial Services Agreement, pursuant to which Chengtong Finance agreed to provide the Group with a range of financial services for a term of three years commencing from the Effective Date, subject to early termination in accordance with the terms and conditions of the Financial Services Agreement.

LISTING RULES IMPLICATIONS

Chengtong Finance is a subsidiary of CCHG, the ultimate holding company of the Company, and is therefore a connected person of the Company. Hence, the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Deposit Services

As the highest applicable percentage ratio in respect of the Deposit Services exceeds 25%, the provision of the Deposit Services by Chengtong Finance to the Group is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the provision of the Deposit Services by Chengtong Finance to the Group also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements thereunder.

Credit Facilities Services

The provision of the Credit Facilities Services by Chengtong Finance to the Group under the Financial Services Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As the Credit Facilities Services will be conducted on normal commercial terms or better to the Group and no security over the assets of the Group will be required if the Group meets the credit requirements of Chengtong Finance, the provision of the Credit Facilities Services is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and Independent Shareholders' approval requirements.

Settlement services and other financial services

The settlement services will be provided to the Group free of charge, whereas the Company expects that each of the applicable percentage ratios in respect of the total fees payable by the Group to Chengtong Finance on annual basis for the other financial services under the Financial Services Agreement will fall within the de minimis threshold as stipulated under Chapter 14A of the Listing Rules and will therefore be exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules if and when the total fees payable by the Group to Chengtong Finance for the other financial services under the Financial Services Agreement exceed the de minimis threshold.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap). VBG Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the same.

A circular containing, among other matters, (i) further information on the Deposit Services contemplated under the Financial Services Agreement; (ii) a letter from the Independent Financial Adviser; (iii) a letter from the Independent Board Committee; and (iv) the notice convening the GM and a form of proxy is expected to be issued on or before 13 November 2025, as more time is required to prepare the information for inclusion in the circular.

FINANCIAL SERVICES AGREEMENT

Date:

27 October 2025

Parties:

- (i) the Company; and
- (ii) Chengtong Finance

Duration:

Three years from the Effective Date, subject to early termination in accordance with the terms and conditions of the Financial Services Agreement.

Scope of services:

Chengtong Finance shall provide the Group with a range of financial services subject to the terms and conditions of the Financial Services Agreement. Such financial services include:

(a) Deposit Services

- (1) The Group can make deposits with Chengtong Finance at its discretion, such as current deposit, call deposit and time deposit, etc.
- (2) The interest rates payable by Chengtong Finance to the Group for any deposits placed with it shall be (i) the deposit interest rate uniformly promulgated by the PBC during the same period for the same type of deposits with an upward floating range of 10-50 basis points; (ii) not lower than the interest rates offered to the Group by the major commercial banks in the PRC during the same period for the same type of deposits; and (iii) not lower than the interest rates offered by Chengtong Finance to any third party during the same period for the same type of deposits.
- (3) Deposit Cap: The daily balance of the Group's deposits with Chengtong Finance (including any interest accrued thereon) during the Term shall not exceed RMB400 million (equivalent to approximately HK\$436 million).

- (4) The above balance of the Group's deposits excludes (i) loans, entrusted loans or discounted bills advanced by Chengtong Finance to the Group; (ii) loan interests payable by the Group to Chengtong Finance; and (iii) the bank loans obtained through guarantee provided by Chengtong Finance.
- (5) Chengtong Finance will ensure the security of the Group's deposits and will deposit them into commercial banks approved by the PRC government.
- (6) In case Chengtong Finance is unable to pay back the Group's deposits in full, the Company shall have the right to terminate the Financial Services Agreement and offset the amount of deposits due to the Group from Chengtong Finance against any loan repayable by the Group to Chengtong Finance.
- (7) Chengtong Finance shall indemnify the Group in full for any economic loss suffered by the Group as a result of Chengtong Finance's breach of the Financial Services Agreement.

(b) Settlement services

- (1) Chengtong Finance shall provide payment and collection services, along with other auxiliary services related to settlement operations, as instructed by the Group.
- (2) Chengtong Finance shall provide the above settlement services free of charge.

(c) Credit Facilities Services

- (1) Subject to the provisions of the relevant laws and regulations of the PRC, Chengtong Finance shall, according to the Group's need for operation and development, provide credit facilities (excluding entrusted loans) to the Group, provided that the aggregate amount of the credit principal and the interests accrued thereon should not exceed RMB1 billion. The Group can utilise the credit facilities granted by Chengtong Finance for loans, bank's acceptance bills, discounted bills and other form of financing services.
- (2) Subject to the relevant regulatory requirements, Chengtong Finance undertakes to provide the Credit Facilities Services to the Group with favourable interest rates, which shall be (i) at certain percentage (depending on the specific loan application) lower than the loan interest rates prescribed by the PBC during the same period for the same type of loans; and (ii) not higher than the interest rates offered to the Group by the major commercial banks in the PRC during the same period for the same type of loans.
- (3) The Credit Facilities Services will be provided on normal commercial terms or more favourable terms to the Group.

- (4) No assets or equity pledge or guarantee from the Group will be required if the Group meets the credit requirements of Chengtong Finance.

(d) Other financial services

- (1) Upon the instruction and request by the Group, Chengtong Finance shall provide the Group with other financial services as approved by the NFRA.
- (2) The fee charged by Chengtong Finance for such other financial services shall not be higher than the fees charged by other major financial institutions for financial services of the same type.

Undertakings by Chengtong Finance:

Chengtong Finance undertakes to the Group, among other things, that it shall:

- (a) ensure the safety and independence of the Group's deposits whereas the Group shall have right to withdraw or use its deposits at any time, and to deposit funds into its account held with any third party at any time without restriction;
- (b) cooperate with the Group in compliance with the monitoring, approval and disclosure requirements under the relevant rules and regulations regarding the continuing connected transactions contemplated under the Financial Services Agreement;
- (c) regularly provide its annual audit report or such other financial information as requested by the Group, regularly disclose its operation and financial conditions to the Group, allow the Group's auditors to review its accounting records for the purpose of complying with the Listing Rules;
- (d) allow and cooperate with the Group to carry on stress testing on its deposits with Chengtong Finance from time to time; and
- (e) notify the Company and take measures to prevent loss from happening or further loss upon the occurrence of any specified financial, operational, or regulatory risk events which may threaten the security of the deposits placed by the Group.

CCHG has undertaken to the NFRA and the Company that it will increase its capital investment in Chengtong Finance in the event that Chengtong Finance is unable to fulfill its obligation to return the deposit to the Group upon request.

DEPOSIT CAP

It is proposed that the Deposit Cap during the Term is RMB400 million.

The Company confirms that there is currently no deposit placed with Chengtong Finance and there is no historical cap which is reasonably recent to serve as a reference for the determination of the Deposit Cap.

The proposed Deposit Cap was determined after taken into account the following factors:

- (a) The Group's bank balances and cash (excluding pledged bank deposits) recorded significant growth in recent years. As at 31 December 2024, the Group had bank balances and cash of approximately HK\$1.0 billion, representing a significant increase of approximately 47.6% as compared to that as at 31 December 2023 of approximately HK\$698.6 million. The Group's bank balances and cash further rose to approximately HK\$1.8 billion as at 30 June 2025.
- (b) The Group's operating activities generated robust net cash flows. During the year ended 31 December 2024, the net cash generated from the Group's operating activities amounted to approximately HK\$2.4 billion.

The Deposit Cap represents (i) approximately 25% of the Group's bank balances and cash (excluding pledged bank deposits) as at 30 June 2025; and (ii) approximately 18% of the net cash generated from the Group's operating activities for the year ended 31 December 2024.

The Directors consider that the Deposit Cap will not have significant adverse impact on the Group's utilisation of fund.

INFORMATION OF THE GROUP AND CHENG TONG FINANCE

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business as of the date of this announcement.

Chengtong Finance is a company incorporated in the PRC and a non-banking financial institution subject to the supervision of the NFRA. It is principally engaged in the provision of a variety of financial services including deposit taking, credit facility granting, settlement services, and other types of financial services to member companies of the group of CCHG.

REASONS FOR AND BENEFITS OF THE FINANCIAL SERVICES AGREEMENT

As Chengtong Finance and the Company are both members of CCHG group, Chengtong Finance has much better understanding of the Group's operations than other financial institutions. Chengtong Finance is expected to be a cost effective financial platform providing flexible and tailor made financial services to the Group.

Chengtong Finance is subject to the supervision of the NFRA and provides its services in accordance with the rules and operational requirements of NFRA. To the best knowledge of the Directors and after making all reasonable enquiries, up to the date of this announcement, Chengtong Finance has shown good financial positions with good corporate governance and established internal control systems. For the year ended 31 December 2024, Chengtong Finance recorded a total revenue and a net profit of approximately RMB329.8 million and RMB179.0 million respectively. As at 31 December 2024, the net asset value of Chengtong Finance was approximately RMB6.7 billion. Since its commencement of operation, Chengtong Finance has

complied with the rules and regulations stipulated by the relevant regulatory government authorities. The Company believes that the risk profile of Chengtong Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC.

Moreover, CCHG, being the ultimate holding company of both Chengtong Finance and the Company, is a state-owned enterprise in the PRC with a registered capital of approximately RMB21 billion as at the date of this announcement. The major businesses of CCHG and its subsidiaries include fund investment, equity management, asset management, financial services and nurturing of strategic emerging industries. CCHG's audited net asset value as at 31 December 2024 was approximately RMB241.8 billion. With CCHG's undertaking to increase its capital investment in Chengtong Finance if Chengtong Finance has difficulties to honour its payment obligations, the Directors are of the view that the Group's interest is well safeguarded.

Furthermore, pursuant to the terms of the Deposit Services contemplated under the Financial Services Agreement, the Group can make deposits with Chengtong Finance or any third party financial institutions at its own discretion. The Group is therefore neither obliged nor committed to engage Chengtong Finance to provide the Deposit Services under the Financial Services Agreement and Chengtong Finance is merely one of the financial institutions which will provide deposit services to the Group. This allows the Group to select the appropriate provider(s) for deposit services as and when the Group has such a need.

According to the Financial Services Agreement, Chengtong Finance has made certain undertakings to the Group to enable the Group to assess the risks on placing deposits with Chengtong Finance from time to time and to safeguard the Group's deposits. The Group did not obtain any similar undertakings from any other financial institutions which are currently providing deposit services to the Group.

The Directors (excluding the independent non-executive Directors who shall provide their recommendation taking into account the advice of the Independent Financial Adviser) are therefore of the view that the terms of the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap) are fair and reasonable and are on normal commercial terms, and the entering into of the Deposit Services contemplated under the Financial Services Agreement is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

The Directors are also of the view that the terms of the Credit Facilities Services and other financial services contemplated under the Financial Services Agreement are fair and reasonable and on normal commercial terms, and the entering into of such services is in the interest of the Company and the Shareholders as a whole.

None of the Directors has any material interest in the transactions contemplated under the Financial Services Agreement. Nevertheless, Mr. Li Qian, who is an executive Director and the chairman of the Board, is also a director of China

Chengtong Hong Kong Company Limited (which is a fellow subsidiary of Chengtong Finance) and hence for the sake of good corporate governance, has abstained from voting on the Board resolutions in relation to the Financial Services Agreement and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

Chengtong Finance is a subsidiary of CCHG, the ultimate holding company of the Company, and is therefore a connected person of the Company and the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Deposit Services

As the highest applicable percentage ratio in respect of the Deposit Services exceeds 25%, the provision of the Deposit Services by Chengtong Finance to the Group is subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Further, the provision of the Deposit Services by Chengtong Finance to the Group also constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Credit Facilities Services

The provision of the Credit Facilities Services by Chengtong Finance to the Group under the Financial Services Agreement will constitute financial assistance to be provided by a connected person for the benefit of the Group. As the Credit Facilities Services will be conducted on normal commercial terms or better to the Group and no security over the assets of the Group will be required if the Group meets the credit requirements of Chengtong Finance, the provision of the Credit Facilities Services is exempt under Rule 14A.90 of the Listing Rules from all reporting, annual review, announcement and Independent Shareholders' approval requirements.

Settlement services and other financial services

The settlement services will be provided to the Group free of charge, whereas the Company expects that each of the applicable percentage ratios in respect of the total fees payable by the Group to Chengtong Finance on annual basis for the other financial services under the Financial Services Agreement will fall within the de minimis threshold as stipulated under Chapter 14A of the Listing Rules and will therefore be exempt from all reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules if and when the total fees payable by the Group to Chengtong Finance for the other financial services under the Financial Services Agreement exceed the de minimis threshold.

INTERNAL CONTROL AND RISK MANAGEMENT OF THE COMPANY

To safeguard the interest of the Shareholders, the Company has adopted, among others, the following internal control and risk management procedures to ensure that individual deposit transactions with Chengtong Finance will be conducted within the framework of the Deposit Services contemplated under the Financial Services Agreement:

Internal control and risk assessment in relation to the Deposit Services

- (a) The finance and capital department of the Company (“**F&C Department**”) is responsible for, among others, the management, risk assessment and disclosure of information in relation to the Deposit Services, and for establishing internal management systems based on the actual situation to ensure that relevant internal control measures are effectively implemented.
- (b) The F&C Department will record, among others, the amount of deposits placed by the Group with Chengtong Finance and the interests accrued thereon on a daily basis. When the sum of the deposit amount and interests accrued thereon reaches 80% of the Deposit Cap, the F&C Department will issue a warning notice to a working group of the Company (“**Working Group**”), which is led by the chairman of the Board.
- (c) The F&C Department will obtain information on the deposit interest rate(s) which Chengtong Finance offers to other member companies of the group of CCHG on a monthly basis to ensure that the deposit interest rate(s) offered to the Group is/are not lower than that offered by Chengtong Finance to other member companies of the group of CCHG.
- (d) In case of any adjustment to the benchmark interest rate by the PBC, the F&C Department will compare among the deposit interest rate from Chengtong Finance, the benchmark interest rate from the PBC, and the deposit interest rates from at least two independent commercial banks in respect of the same type of deposit during the same period. The F&C Department will request Chengtong Finance to make necessary adjustment to the deposit interest rate applied to the deposits placed with it by the Group in accordance with the provisions of the Financial Services Agreement.
- (e) The F&C Department will obtain the annual operation report and risk management report submitted by Chengtong Finance to NFRA on an annual basis to monitor the financial position of Chengtong Finance.
- (f) The F&C Department will obtain and review the financial information of Chengtong Finance twice a year, analyse the business and financial risks of Chengtong Finance and prepare a risk assessment report to the Board to ascertain whether the deposits placed with Chengtong Finance are in order.

Risk management for the Deposit Services

- (g) The Company has established the Working Group to address any risk which may arise in respect of the Deposit Services.
- (h) Upon knowing there is any potential risk related to the deposits placed by the Group with Chengtong Finance, the F&C Department will report the matter to the Working Group immediately. The Working Group will then seek further information from Chengtong Finance to assess the situation. The Working Group will also be responsible to formulate and execute such measures to safeguard the Group's interest, which may include the withdrawal or adjustment of the amount of the deposits placed with Chengtong Finance.

GENERAL

An Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap). VBG Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the same.

A circular containing, among other matters, (i) further information on the Deposit Services contemplated under the Financial Services Agreement; (ii) a letter from the Independent Financial Adviser; (iii) a letter from the Independent Board Committee; and (iv) the notice convening the GM and a form of proxy will be despatched to the Shareholders on or before 13 November 2025, as more time is required to prepare the relevant information to be included in the circular.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“CCHG”	China Chengtong Holdings Group Limited, a state-owned enterprise incorporated in the PRC and the ultimate holding company of the Company

“Chengtong Finance”	China Chengtong Finance Corporation Ltd., a company incorporated in the PRC and a non-banking financial institution approved by the NFRA
“connected person”	has the meaning ascribed to it under the Listing Rules
“Credit Facilities Services”	the provision of credit facilities by Chengtong Finance to the Group pursuant to the terms of the Financial Services Agreement
“Deposit Cap”	the proposed maximum daily outstanding balance of deposits placed by the Group with Chengtong Finance (including any interest accrued therefrom)
“Deposit Services”	the deposit services provided by Chengtong Finance to the Group pursuant to the terms of the Financial Services Agreement
“Director(s)”	the director(s) of the Company
“Effective Date”	the date on which the Independent Shareholders have approved the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap)
“Financial Services Agreement”	the financial services agreement dated 27 October 2025 entered into between the Company and Chengtong Finance pursuant to which Chengtong Finance has agreed to provide the Group with a scope of financial services
“GM”	the general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other matters, the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap)
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders on the terms of the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap)

“Independent Shareholders”	Shareholders other than those who are required by the Listing Rules to abstain from voting on the resolution approving the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap) at the GM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NFRA”	National Financial Regulatory Administration of the PRC
“PBC”	The People’s Bank of China
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Term”	the term of the Financial Services Agreement, being three years commencing from the Effective Date
“VBG Capital” or “Independent Financial Adviser”	VBG Capital Limited, a corporation licensed under the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services contemplated under the Financial Services Agreement (including the Deposit Cap)
“%”	per cent.

By Order of the Board
China Chengtong Development Group Limited
Li Qian
Chairman

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.