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CHINA CHENG TONG 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:
THE ASSIGNMENT,
THE RE-ASSIGNMENT OPTION AND
THE SALE AND LEASEBACK ARRANGEMENTS**

A letter from the Board is set out from pages 8 to 28 of this circular.

18 September 2025

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DEFINITIONS

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

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| “Assigned Properties” | means the rights of PowerChina Leasing as a lessor under the Shaanxi Sale and Leaseback Agreement, including but not limited to the ownership of the Shaanxi Leased Assets, the rights to receive lease payments, default interests, liquidated damages, or any other payments or expenses (excluding the administration fee payable to PowerChina Leasing) from the Shaanxi Lessee and the Shaanxi Security Provider under the Shaanxi Sale and Leaseback Agreement |
| “Assignment” | means the assignment of the Assigned Properties by PowerChina Leasing to Chengtong Financial Leasing pursuant to the terms of the Leased Assets Transfer Agreements |
| “Board” | means the board of Directors |
| “CCHG” | means China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC with limited liability and the ultimate holding company of the Company |
| “CCHK” | means China Chengtong Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company |
| “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 SASAC of the State Council |
| “China Railway Agreements” | means, collectively, three (3) sets of the following agreements in respect of the China Railway Leased Assets all dated 29 August 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) |

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| “China Railway Arrangement” | means the sale and leaseback arrangement under the China Railway Agreements |
| “China Railway Co-Lessees” | means, collectively, China Railway Lessee I and China Railway Lessee II |
| “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 Leased Assets” | means certain diesel power generators, elevator equipment, machine room equipment, firefighting equipment, rainwater and sewage equipment, etc. under the China Railway Arrangement |
| “China Railway Lessee I” | means China Railway Real Estate Group Beijing Investment Management Co., Ltd., a state-owned enterprise established in the PRC with limited liability |
| “China Railway Lessee II” | means Guangzhou Nansha China Railway Industrial Development Co., Ltd., a state-owned enterprise established in the PRC with limited liability |
| “close associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “Consideration” | means the aggregate consideration payable by Chengtong Financial Leasing to PowerChina Leasing for the Assignment |
| “controlling shareholder” | has the meaning ascribed to it under the Listing Rules |

DEFINITIONS

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| “Dancheng & First Metallurgical Agreements” | means, collectively, the following agreements in respect of the First Metallurgical Leased Assets dated 26 August 2025 and signed between Chengtong Financial Leasing and the Dancheng & First Metallurgical Co-Lessees: (1) leaseback assets transfer agreement; and (2) finance lease agreements (sale and leaseback) |
| “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 |
| “Entrustment Agreements” | means three (3) sets of entrustment agreement and the related supplemental agreements all dated 8 August 2025 entered into between Chengtong Financial Leasing and PowerChina Leasing for certain management services to be provided by PowerChina Leasing in respect of the Shaanxi Sale and Leaseback Arrangement after completion of the Assignment |
| “First Metallurgical” | means China First Metallurgical Group Co., Ltd., a company established in the PRC with limited liability |
| “First Metallurgical Agreements” | means, collectively, the Dancheng & First Metallurgical Agreements and the Songwei & First Metallurgical Agreements |
| “First Metallurgical Arrangements” | means, collectively, the Dancheng & First Metallurgical Arrangement and the Songwei & First Metallurgical Arrangement |
| “First Metallurgical Co-Lessees” | means, collectively, Dancheng & First Metallurgical Co-Lessees and Songwei & First Metallurgical Co-Lessees |

DEFINITIONS

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| “First Metallurgical Leased Assets” | means the leased assets under the Dancheng & First Metallurgical Arrangement and/or Songwei & First Metallurgical Arrangement (as the case may be) |
| “Group” | means the Company and its subsidiaries as at the Latest Practicable Date |
| “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 |
| “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) |
| “Initial Term” | means the first three (3) years from the respective Transfer Date |
| “Latest Practicable Date” | means 17 September 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Leased Assets Transfer Agreements” | means three (3) sets of leased assets transfer agreement and the related supplemental agreements all dated 8 August 2025 entered into between PowerChina Leasing and Chengtong Financial Leasing, pursuant to which PowerChina Leasing has agreed to transfer and assign to Chengtong Financial Leasing the Assigned Properties |
| “Listing Rules” | means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “LPR” | means the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China |

DEFINITIONS

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| “PowerChina Leasing” | means PowerChina Leasing Co., Ltd., a state-owned enterprise established in the PRC with limited liability |
| “PowerChina Real Estate” | means PowerChina Real Estate Group Ltd., a state-owned enterprise established in the PRC with limited liability |
| “PRC” | means the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Previous China Railway Transaction” | means the sale and leaseback arrangement entered into among Chengtong Financial Leasing and (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. 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 |
| “Previous First Metallurgical 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) |
| “Previous PowerChina Transactions” | means, collectively, the PowerChina Real Estate & Xi’an Fanyue Arrangement, the PowerChina Real Estate & Zhengzhou Yueheng Arrangement and the PowerChina Real Estate & Shaanxi Silu Arrangement (all as defined and detailed in the Company’s announcement dated 9 December 2024 and the corresponding circular dated 24 December 2024) previously entered into by Chengtong Financial Leasing |

DEFINITIONS

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| “Previous Transactions” | means, collectively, the Previous China Railway Transaction, the Previous First Metallurgical Transactions and the Previous PowerChina Transactions |
| “Re-assignment” | means the re-assignment of the Assigned Properties by Chengtong Financial Leasing to PowerChina Leasing pursuant to the terms of the Leased Assets Transfer Agreements |
| “Re-assignment Option” | means the option to be exercised either by Chengtong Financial Leasing or PowerChina Leasing in respect of the Re-assignment |
| “RMB” | means Renminbi, the lawful currency of the PRC |
| “Sale and Leaseback Agreements” | means, collectively, the Shaanxi Sale and Leaseback Agreement, Dancheng & First Metallurgical Agreements, Songwei & First Metallurgical Agreements and China Railway Agreements |
| “Sale and Leaseback Arrangements” | means, collectively, the Shaanxi Sale and Leaseback Arrangement, Dancheng & First Metallurgical Arrangement, Songwei & First Metallurgical Arrangement and the China Railway Arrangement |
| “SASAC” | means The State-owned Assets Supervision and Administration Commission |
| “SFO” | means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shaanxi Leased Assets” | means the leased assets under the Shaanxi Sale and Leaseback Arrangement |
| “Shaanxi Lessee” | means Shaanxi Jiatai Heng New Energy Co., Ltd., a company established in the PRC with limited liability |
| “Shaanxi Sale and Leaseback Agreement” | means the sale and leaseback agreement dated 15 August 2024 entered into between PowerChina Leasing (as lessor) and Shaanxi Lessee (as lessee) in respect of the sale and leaseback of the Shaanxi Leased Assets |
| “Shaanxi Sale and Leaseback Arrangement” | means the sale and leaseback arrangement under the Shaanxi Sale and Leaseback Agreement |

DEFINITIONS

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| “Shaanxi Security Provider” | means Shaanxi Jiaanmu Project Management Co., Ltd., a company established in the PRC with limited liability |
| “Shareholder(s)” | means the shareholder(s) of the Company |
| “Songwei & First Metallurgical Agreements” | means, collectively, the following agreements in respect of the First Metallurgical Leased Assets dated 26 August 2025 and signed between Chengtong Financial Leasing and the Songwei & First Metallurgical Co-Lessees: (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 |
| “Transfer Date” | means the respective date of payment of the relevant consideration under each set of the Leased Assets Transfer Agreements |
| “Valuation Reports” | means the two (2) sets of valuation reports dated 15 August 2025 issued by the Valuer in respect of the appraised value of the First Metallurgical Leased Assets |
| “Valuer” | means Beijing Fanhua Guorui Asset Appraisal Co., Ltd., a qualified independent valuer in the PRC |
| “%” | means per cent. |

In this circular, 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 circular are for identification purpose only.



CHINA CHENG TONG 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)

Executive Directors:

Li Qian (*Chairman*)

Sun Jie

Independent Non-Executive Directors:

Lee Man Chun, Tony

He Jia

Liu Lei

*Registered address and principal place
of business in Hong Kong:*

22/F., Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

18 September 2025

To the Shareholders

Dear Sir or Madam,

**MAJOR TRANSACTIONS:
THE ASSIGNMENT,
THE RE-ASSIGNMENT OPTION AND
THE SALE AND LEASEBACK ARRANGEMENTS**

I. INTRODUCTION

Reference is made to the announcements of the Company dated 8 August 2025, 26 August 2025 and 29 August 2025 in respect of, among others, the Assignment, the Re-assignment Option and the Sale and Leaseback Arrangements.

The purposes of this circular are to provide you with (i) information of the Assignment, the Re-assignment Option and the Sale and Leaseback Arrangements; and (ii) other information required to be disclosed under the Listing Rules.

LETTER FROM THE BOARD

II. THE ASSIGNMENT, THE RE-ASSIGNMENT OPTION AND THE SHAANXI SALE AND LEASEBACK ARRANGEMENT

The Assignment

PowerChina Leasing, as lessor, entered into the Shaanxi Sale and Leaseback Agreement with the Shaanxi Lessee on 15 August 2024 in respect of the Shaanxi Sale and Leaseback Arrangement.

On 8 August 2025, Chengtong Financial Leasing entered into the Leased Assets Transfer Agreements with PowerChina Leasing.

Subject matter

Pursuant to the Leased Assets Transfer Agreements, conditional upon the approval by the Shareholders and subject to the fulfilment of all the applicable conditions as set out in the Leased Assets Transfer Agreements, PowerChina Leasing has agreed to transfer and assign the Assigned Properties to Chengtong Financial Leasing. With effect from the Transfer Date, Chengtong Financial Leasing had acquired the right to receive directly from the Shaanxi Lessee all the lease payments and other sums outstanding and payable by it under the Shaanxi Sale and Leaseback Agreement (excluding the administration fee payable to PowerChina Leasing).

Consideration

The actual Consideration paid by Chengtong Financial Leasing to PowerChina Leasing on the Transfer Date was RMB380 million (equivalent to HK\$414.2 million) in aggregate, which was paid as to (i) a total of RMB280 million on 19 August 2025; and (ii) RMB100 million on 28 August 2025. The Consideration represented the outstanding amount of lease principal under the Shaanxi Sale and Leaseback Arrangement as at the Transfer Dates. The Consideration is equivalent to the original purchase price of the Shaanxi Leased Assets previously paid by PowerChina Leasing, being RMB380 million. No independent valuation was obtained by PowerChina Leasing at the time of the original transaction.

Chengtong Financial Leasing has fully paid the Consideration to PowerChina Leasing upon the fulfilment of all the applicable conditions as set out in the respective Leased Assets Transfer Agreements.

The conditions as stipulated in each of the Leased Assets Transfer Agreements are identical which include the following:

- (i) the signing and the coming into effect of the Leased Assets Transfer Agreements;
- (ii) the receipt of all relevant documentary proofs by Chengtong Financial Leasing showing PowerChina Leasing's legal title over the Shaanxi Leased Assets and its creditor's rights and security rights in respect of the Shaanxi Sale and Leaseback Arrangement;

LETTER FROM THE BOARD

- (iii) the receipt of payment notice issued by PowerChina Leasing to Chengtong Financial Leasing;
- (iv) the registration of the Shaanxi Sale and Leaseback Arrangement by PowerChina Leasing in the relevant registration system in the PRC as stipulated in the supplemental agreement;
- (v) the registration of the receivables in the relevant registration system in the PRC (if applicable); and
- (vi) any other condition(s) as may be required by Chengtong Financial Leasing.

As at the Latest Practicable Date, all of the applicable conditions under the Leased Assets Transfer Agreements have been satisfied.

The Directors considered that the acquisition of the Assigned Properties was an investment in a contractual right to receive future lease payments. The Consideration was therefore derived based on the financial characteristics of the Assignment itself and reflects the fair value of the financial asset (being the right to receive future lease payments) being assigned, rather than based on the current market value of the Shaanxi Leased Assets. In light of this, the Directors evaluated the yield to be generated from the Assigned Properties and considered it to be an attractive return relative to the Group's cost of capital and the risk profile of the Shaanxi Sale and Leaseback Arrangement. Based on the financial due diligence conducted on the Shaanxi Lessee prior to the entering into of the Leased Assets Transfer Agreements including but not limited to the review of its electricity settlement statements, the Directors were satisfied with the cashflow generated by the Shaanxi Lessee from its operation of the power plants and the repayment ability of the Shaanxi Lessee. Based on the foregoing and coupled with the security provided under the Shaanxi Sale and Leaseback Agreement (details of which are set out in the table under the section headed "The Shaanxi Sale and Leaseback Arrangement" below), the Directors considered that the lease payments under the Shaanxi Sale and Leaseback Arrangement were well-assured and that the overall risks associated with the Assignment and the Shaanxi Sale and Leaseback Arrangement are acceptable.

Based on the above, the Board considered the actual Consideration is fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Consideration was satisfied by the general working capital of the Group.

The Entrustment Agreements

On 8 August 2025, PowerChina Leasing and Chengtong Financial Leasing also entered into the Entrustment Agreements, pursuant to which Chengtong Financial Leasing entrusted PowerChina Leasing, upon the completion of the Assignment and during the remaining lease term of the Shaanxi Sale and Leaseback Arrangement (subject to early termination of the Entrustment Agreements), to be responsible for matters including but not limited to managing the Shaanxi

LETTER FROM THE BOARD

Leased Assets, collecting on behalf of Chengtong Financial Leasing, and procuring the Shaanxi Lessee in paying, all lease payments and other payables under the Shaanxi Sale and Leaseback Arrangement in a punctual manner.

According to the Entrustment Agreements, based on the Transfer Dates, Chengtong Financial Leasing shall pay to PowerChina Leasing a management fee (the “**Management Fee**”) of an aggregate of approximately RMB13.43 million (equivalent to approximately HK\$14.64 million) for the Initial Term and a further aggregate amount of approximately RMB18.32 million (equivalent to approximately HK\$19.97 million) for the rest of the remaining term of the Shaanxi Sale and Leaseback Arrangement after the Initial Term (if the Re-assignment Option is not exercised and assuming that the Entrustment Agreements and the Shaanxi Sale and Leaseback Agreement are not early terminated). The Management Fee is payable on a quarterly basis. If Chengtong Financial Leasing has not received the full amount of any instalment of the lease payments and other payables under the Shaanxi Sale and Leaseback Arrangement on time, Chengtong Financial Leasing is not obliged to pay the Management Fee for the corresponding instalment to PowerChina Leasing until Chengtong Financial Leasing has received the full amount of the relevant lease payments and other payables under the Shaanxi Sale and Leaseback Arrangement.

The Management Fee payable to PowerChina Leasing was determined on an arm’s length basis as the commercially agreed cost for outsourcing to PowerChina Leasing the operational functions of, amongst others, collecting lease payments and managing the Shaanxi Leased Assets, while at the same time enabling Chengtong Financial Leasing to earn a stable and targeted net income return.

The Re-assignment Option

Pursuant to the terms of the Leased Assets Transfer Agreements, both Chengtong Financial Leasing and PowerChina Leasing shall have the right to exercise the Re-assignment Option under the relevant set of the Leased Assets Transfer Agreements by serving a 15-day notice in writing ending on the expiry of the respective Initial Term.

If Chengtong Financial Leasing proposes to exercise the Re-assignment Option but PowerChina Leasing objects, Chengtong Financial Leasing shall have the right to elect either of the following:

- (i) cease to pay any further Management Fee to PowerChina Leasing under the relevant set of the Entrustment Agreements upon expiry of the relevant Initial Term while PowerChina Leasing shall continue to transfer and pay to Chengtong Financial Leasing the lease payments to be collected from the Shaanxi Lessee for the corresponding instalments during the remaining lease term in accordance with the Shaanxi Sale and Leaseback Agreement; or
- (ii) re-assign the relevant Assigned Properties to PowerChina Leasing within one year after the relevant Initial Term at a price representing the fair value of the relevant portion of the Shaanxi Sale and Leaseback Arrangement on the date of Re-assignment (the “**Re-assignment Price**”).

LETTER FROM THE BOARD

Whereas, if PowerChina Leasing proposes to exercise the Re-assignment Option but Chengtong Financial Leasing objects, PowerChina Leasing shall have the right to elect either of the following:

- (i) transfer and pay to Chengtong Financial Leasing, for the remaining lease term of the Shaanxi Sale and Leaseback Arrangement, an amount equal to the sum of (a) the lease principal to be collected from the Shaanxi Lessee for the corresponding instalments, and (b) the lease interest which will be calculated at a reduced monthly interest rate; or
- (ii) request Chengtong Financial Leasing to re-assign the Assigned Properties to PowerChina Leasing at the Re-assignment Price.

The aggregate Re-assignment Price is expected to be not more than the Consideration and be determined with reference to the then appraised value of the relevant portion of the Shaanxi Sale and Leaseback Arrangement as assessed by independent valuer or by such other valuation approach as may be agreed between the parties. The Company will make the necessary disclosure in the relevant announcement in accordance with the requirements of the Listing Rules as and when the Re-assignment Option is exercised.

The Shaanxi Sale and Leaseback Arrangement

The key terms of the Shaanxi Sale and Leaseback Agreement are summarised as follows:

| | |
|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date | 15 August 2024 |
| Lessee | Shaanxi Lessee |
| Leased assets | certain equipment and facilities in wind power plants |
| Expiry date of the lease term | 16 August 2039 |
| Outstanding amount of lease principal as at the date of the Leased Assets Transfer Agreements and the Transfer Dates | RMB380 million (equivalent to HK\$414.2 million) |
| Outstanding amount of lease interest as at the Transfer Dates | approximately RMB142.18 million (equivalent to approximately HK\$154.98 million) (assuming the Re-assignment Option is not exercised), payable by the Shaanxi Lessee on a quarterly basis during the lease term |

LETTER FROM THE BOARD

Nominal consideration for
repurchase of the Shaanxi Leased
Assets

RMB100 (equivalent to HK\$109)

Type of security provided

The following security were provided to secure the payment of all amounts payable by the Shaanxi Lessee under the Shaanxi Sale and Leaseback Agreement, including but not limited to outstanding and prospective lease payments, liquidated damages, repurchase price and other payables:

- (i) pledge of power plant equipment pertaining to certain wind power projects of the Shaanxi Lessee with a carrying value of RMB380 million as at 15 August 2024;
- (ii) pledge of land use rights pertaining to several parcels of land situated in Gaojiapu Town, Shenmu City, Shaanxi Province of the PRC with a total area of approximately 13,161.27 square metres owned by the Shaanxi Lessee and all appurtenant structures thereon, including power plant structures;
- (iii) pledge of rights to receive electricity income and all other receivables arising from certain wind power projects owned by the Shaanxi Lessee;
- (iv) pledge of the entire equity interest owned by the Shaanxi Security Provider in the Shaanxi Lessee, which represents a registered capital of RMB3 million; and
- (v) corporate guarantee by the Shaanxi Security Provider, which is irrevocable and continuing in nature.

Pursuant to the Leased Assets Transfer Agreements, Chengtong Financial Leasing shall have the right to be registered as the registered owner of the Shaanxi Leased Assets as well as the lease payments and other receivables under the Shaanxi Sale and Leaseback Arrangement in the relevant registration system in the PRC. Without prejudice to the beneficial interest of Chengtong Financial Leasing in relation to the security provided by the Shaanxi Security Provider and the Shaanxi Lessee, it is agreed that PowerChina Leasing shall remain as the registered holder of the security rights and other rights pertaining to the Shaanxi Leased Assets in the relevant registration system

LETTER FROM THE BOARD

in the PRC. If any proceeds (whether in the form of cash or other assets) is received by PowerChina Leasing as a result of its exercising of the security rights, PowerChina Leasing shall pay and transfer such proceeds to Chengtong Financial Leasing within three (3) working days upon receipt.

According to the Shaanxi Sale and Leaseback Agreement, an administration fee which is calculated at a rate of 0.8% per annum on the total amount of lease principal is payable by the Shaanxi Lessee to PowerChina Leasing on an annual basis during the lease term.

Information of the Parties

PowerChina Leasing

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as at the date of the Leased Assets Transfer Agreements, (i) PowerChina Leasing is wholly-owned by Power Construction Corporation of China, Ltd, which is in turn owned as to approximately 53.05% by Power Construction Corporation of China (a company wholly-owned by SASAC of the State Council); and (ii) PowerChina Leasing is principally engaged in the financial leasing business.

Shaanxi Lessee

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as at the date of the Leased Assets Transfer Agreements, (i) the Shaanxi Lessee is a wholly-owned subsidiary of the Shaanxi Security Provider, which is in turn owned as to 60% by Mr. Liu Cunhao and 40% by Mr. Li Caifei; and (ii) the Shaanxi Lessee is principally engaged in the business of construction and operation of new energy projects.

Shaanxi Security Provider

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as at the date of the Leased Assets Transfer Agreements, (i) the Shaanxi Security Provider is owned as to 60% by Mr. Liu Cunhao and 40% by Mr. Li Caifei; and (ii) the Shaanxi Security Provider is principally engaged in research and development of new energy technologies, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PowerChina Leasing, the Shaanxi Lessee, the Shaanxi Security Provider and their respective ultimate beneficial owners are all Independent Third Parties.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Previous PowerChina 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

LETTER FROM THE BOARD

subsidiary/subsidiaries is/are involved in the transactions); and (b) any of PowerChina Leasing, the Shaanxi Lessee, the Shaanxi Security Provider, their respective directors, legal representatives and ultimate beneficial owner(s) who can exert influence on the transactions.

Reasons for and Benefits of the Assignment

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business. The Group's leasing business is mainly carried out through Chengtong Financial Leasing as its principal business. The entering into of the Assignment is in the ordinary and usual course of business of Chengtong Financial Leasing.

Based on the Transfer Dates, if the Re-assignment Option is not exercised and assuming that the Entrustment Agreements and the Shaanxi Sale and Leaseback Agreement are not early terminated, it is expected that Chengtong Financial Leasing will earn an aggregate income of approximately RMB110.43 million (equivalent to approximately HK\$120.37 million), being the total lease payment receivable under the Shaanxi Sale and Leaseback Arrangement of approximately RMB522.18 million (equivalent to approximately HK\$569.18 million) minus the sum of the Consideration of RMB380 million (equivalent to HK\$414.2 million) and the total Management Fee of approximately RMB31.75 million (equivalent to approximately HK\$34.61 million).

In light of the above, the Directors are of the view that the terms of the Leased Assets Transfer Agreements and the Shaanxi Sale and Leaseback Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

The services to be provided by PowerChina Leasing under the Entrustment Agreements are expected to enable the Group to manage the Shaanxi Leased Assets and collect the lease payments from the Shaanxi Lessee in a more efficient manner. The Directors are of the view that the terms of the Entrustment Agreements are fair and reasonable and that the entering into of the Entrustment Agreements is in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules

Since (i) the Leased Assets Transfer Agreements and the Previous PowerChina Transactions were all entered into with, among others, companies that are directly or indirectly owned more than 50% by Power Construction Corporation of China; and (ii) the Previous PowerChina Transactions are still subsisting when the Leased Assets Transfer Agreements were entered into, the Assignment is aggregated with the Previous PowerChina 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 Assignment (when aggregated with the Previous PowerChina Transactions) exceeds 25% but is less than 100%, the Assignment 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.

LETTER FROM THE BOARD

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Shaanxi Sale and Leaseback Arrangement exceeds 25% but is less than 100%, the Shaanxi 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.

As the exercise of the Re-assignment Option by PowerChina Leasing is not at the discretion of Chengtong Financial Leasing, it will be classified as if the Re-assignment Option had been exercised by PowerChina Leasing on the grant. As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the grant of the Re-assignment Option to PowerChina Leasing exceeds 25% but is less than 75%, the grant of the Re-assignment Option to PowerChina Leasing 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 Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) has any material interest in the Assignment, the Re-assignment Option and the Shaanxi 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 Assignment, the Re-assignment Option and the Shaanxi 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 Assignment, the Re-assignment Option and the Shaanxi Sale and Leaseback Arrangement from CCHK, which is a controlling shareholder 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 Latest Practicable Date. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Assignment, the Re-assignment Option and the Shaanxi Sale and Leaseback Arrangement.

III. THE FIRST METALLURGICAL ARRANGEMENTS AND THE CHINA RAILWAY ARRANGEMENT

The First Metallurgical Arrangements

On 26 August 2025, Chengtong Financial Leasing 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

Pursuant to the First Metallurgical Agreements, conditional upon the approval by the Shareholders and subject to the fulfilment of all the applicable conditions as set out in the relevant First Metallurgical Agreements, Chengtong Financial Leasing has agreed to purchase the First Metallurgical Leased Assets from the relevant First Metallurgical Co-Lessees and the First Metallurgical Leased Assets will be leased back to the relevant First Metallurgical Co-Lessees for a period of three (3) years from the date on which the purchase price in respect of the relevant

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First Metallurgical Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the relevant First Metallurgical Agreements.

The conditions as stipulated in each of the First Metallurgical Agreements are identical which include the following:

- (i) the signing and the coming into effect of the relevant First Metallurgical Agreements;
- (ii) the provision of all necessary documents or information by the First Metallurgical Co-Lessees evidencing their respective ownerships in the First Metallurgical Leased Assets;
- (iii) the full payment of security money (if applicable) by the First Metallurgical Co-Lessees;
- (iv) the obtaining of all necessary approvals by the First Metallurgical Co-Lessees in relation to the relevant First Metallurgical Agreements;
- (v) the signing and the coming into effect of the relevant security agreements (if applicable);
- (vi) the purchase of insurance in respect of the First Metallurgical Leased Assets in accordance with the terms of the First Metallurgical Agreements by the First Metallurgical 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 First Metallurgical Agreements is not satisfied on or before 31 December 2025, Chengtong Financial Leasing shall have the right to unilaterally terminate the relevant First Metallurgical Agreements. As at the Latest Practicable Date, the condition numbered (vi) above has not yet been fulfilled in respect of the Songwei & First Metallurgical Arrangement. Save as the foregoing, all of the applicable conditions under the First Metallurgical Agreements have been satisfied as at the Latest Practicable Date.

Purchase price

The aggregate purchase price payable by Chengtong Financial Leasing for the First Metallurgical Leased Assets is RMB300 million (equivalent to HK\$327 million) and was agreed between Chengtong Financial Leasing and the First Metallurgical Co-Lessees with reference to the aggregated appraised value of the First Metallurgical 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. A discount was applied to the appraised value after considering factors such as the nature of the First Metallurgical Leased Assets, their resale potential and the associated costs. The agreed discount balanced the assets' value with the overall economics and risk profile of the First Metallurgical Arrangements.

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In selecting the appropriate valuation method for appraising the First Metallurgical Leased Assets, the Valuer analysed the applicability of three valuation methods, namely income approach, market approach and cost approach, with reference to various factors including the purpose and subject of the appraisal, value type of the assets to be appraised and data collection, etc. Given that the First Metallurgical Leased Assets are for self-consumption by the Dancheng & First Metallurgical Co-Lessees and the Songwei & First Metallurgical Co-Lessees, and that the acquisition costs of the First Metallurgical Leased Assets and the associated taxes and fees can be reliably measured, therefore the cost approach is considered as the appropriate valuation method for the assessment of the total appraised value of the First Metallurgical Leased Assets.

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 First Metallurgical Leased Assets in the First Metallurgical 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 relevant First Metallurgical Leased Assets | Approximately RMB211.77 million (equivalent to approximately HK\$230.83 million) | Approximately RMB140.07 million (equivalent to approximately HK\$152.68 million) |
| Total acquisition cost of the relevant First Metallurgical Leased Assets | Approximately RMB336.95 million (equivalent to approximately HK\$367.28 million) | Approximately RMB269.07 million (equivalent to approximately HK\$293.29 million) |
| Total appraised replacement cost of the relevant First Metallurgical Leased Assets | Approximately RMB357.93 million (equivalent to approximately HK\$390.14 million) | Approximately RMB295.67 million (equivalent to approximately HK\$322.28 million) |

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| | Dancheng & First Metallurgical Arrangement | Songwei & First Metallurgical Arrangement |
|------------------------------------------------------------------------|-------------------------------------------------------|------------------------------------------------------|
| Average newness rate of the relevant First Metallurgical Leased Assets | Approximately 59.17% | Approximately 47.37% |

The valuation on the First Metallurgical Leased Assets was conducted with the following principal assumptions:

- (1) the assets are traded or intended to be traded in the market which involves parties who are equal in status, each having the opportunity and sufficient time to obtain adequate market information to make a rational judgment on the transaction value of the assets;
- (2) there are no significant changes to the existing national laws, regulations, policies and in the national macroeconomic situation. The political, economic, and social environment(s) of the region(s) where the parties are located have not undergone material changes;
- (3) unless otherwise stated, the engaging entity has fully complied with all relevant laws and regulations;
- (4) there is no material change to the interest rates, exchange rates, tax bases and tax rates, and policy-related levies;
- (5) there is no force majeure event or unforeseen circumstance that has caused or will cause any materially adverse impact to the engaging entity; and
- (6) the valuation does not take into account the effects of inflation.

Having considered the valuation method and the above assumptions as well as the factors pertaining to the discount applied to the appraised value, the Directors are of the view that the purchase price of the First Metallurgical Leased Assets is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The First Metallurgical Leased Assets are not revenue generating assets with identifiable income stream.

The purchase price for the leased assets under the Dancheng & First Metallurgical Arrangement was, and that for the leased assets under the Songwei & First Metallurgical Arrangement will be, satisfied by the general working capital of the Group.

Legal title

Chengtong Financial Leasing owns the legal title of the First Metallurgical Leased Assets during the lease term.

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Lease payment

The total amount of lease payment in respect of each of the First Metallurgical Arrangements represents the sum of the relevant lease principal amount (being the amount of the relevant purchase price paid or to be paid by Chengtong Financial Leasing) and the relevant lease interest. The lease payment shall be paid by the relevant First Metallurgical Co-Lessees to Chengtong Financial Leasing on a quarterly basis in accordance with the payment schedule as set out in the relevant First Metallurgical Agreements.

Service fee

The relevant First Metallurgical Co-Lessees shall pay a one-off service fee to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the relevant First Metallurgical Arrangements. Such services include the provision of corporate finance consulting services, including but not limited to advising the relevant First Metallurgical 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 First Metallurgical 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 that is commensurate with the prevailing market conditions. The lease interests and the service fee were 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 fixed interest rate which was determined at a premium over the then prevailing one-year LPR at the time when the First Metallurgical Agreements were entered into. 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 First Metallurgical Arrangements.

First Metallurgical Co-Lessees' right to repurchase the First Metallurgical Leased Assets

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

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Material terms of each of the First Metallurgical Arrangements

The general terms and conditions of each of the First Metallurgical 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 First Metallurgical 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) |
| 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) |

The China Railway Arrangement

On 29 August 2025, Chengtong Financial Leasing entered into the China Railway Agreements with the China Railway Co-Lessees in respect of the China Railway Arrangement.

Subject matter

Pursuant to the China Railway Agreements, conditional upon the approval by the Shareholders and subject to the fulfilment of all the applicable 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 three (3) years from the date

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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 relevant 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;
- (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);
- (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.

As at the Latest Practicable Date, all of the applicable conditions under the relevant China Railway Agreements have been satisfied.

Purchase price

The purchase price payable by Chengtong Financial Leasing for the China Railway Leased Assets is RMB400 million (equivalent to HK\$436 million) 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 31 July 2025 of approximately RMB450.30 million (equivalent to approximately HK\$490.83 million), which aligns with the appraised value as at 14 August 2025 as assessed by an independent valuer. 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 China Railway Leased Assets is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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The China Railway Leased Assets are not revenue generating assets with identifiable income stream.

The purchase price was 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 represents the sum of the lease principal amount (being the total amount of the purchase price 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 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 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 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.

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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.

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.

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.

Information of the Parties

Dancheng Zhongyi

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as at the date of the First Metallurgical Agreements, (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.

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First Metallurgical

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as at the date of the First Metallurgical Agreements, (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, and based on the information publicly available as at the date of the First Metallurgical Agreements, (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.

China Railway Lessee I

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

China Railway Lessee II

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as at the date of the China Railway Agreements, (i) China Railway 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) China Railway 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, Dancheng Zhongyi, First Metallurgical, Hubei Songwei, China Railway Co-Lesseees and their respective ultimate beneficial owners are Independent Third Parties.

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, save for the Previous First Metallurgical Transactions and the Previous China Railway Transaction, 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 Dancheng Zhongyi, First Metallurgical, Hubei Songwei, China Railway Co-Lessees, and their respective directors, legal representatives and ultimate beneficial owner(s) who can exert influence on the transactions.

Reasons for and Benefits of the Transactions

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

The First Metallurgical Arrangements

The entering into of each of the Dancheng & First Metallurgical Arrangement and the Songwei & First Metallurgical Arrangement 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 Dancheng & First Metallurgical Arrangement and the Songwei & First Metallurgical Arrangement respectively.

The China Railway Arrangement

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 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 China Railway Arrangement.

The Directors are of the view that the terms of each of the Dancheng & First Metallurgical Arrangement, the Songwei & First Metallurgical Arrangement and 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

The First Metallurgical Arrangements

Since (i) the First Metallurgical Agreements and the Previous First Metallurgical Transactions were all entered into with, among others, the subsidiaries of China Minmetals; and (ii) the Previous First Metallurgical Transactions are still subsisting when the First Metallurgical

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Agreements were entered into, therefore the First Metallurgical Arrangements are aggregated with the Previous First Metallurgical 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 First Metallurgical Arrangements, both on standalone basis and when aggregated with the Previous First Metallurgical Transactions, exceeds 25% but is less than 100%, the First Metallurgical 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.

The China Railway Arrangement

Since (i) the China Railway Agreements and the Previous China Railway Transaction were all entered into with, among others, a subsidiary or an associate of China Railway Construction; and (ii) the Previous China Railway Transaction is still subsisting when the China Railway Agreements were entered into, the China Railway Arrangement is aggregated with the Previous China Railway 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 China Railway Arrangement, both on standalone basis and when aggregated with the Previous China Railway Transaction, exceeds 25% but is less than 100%, the China Railway 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 Director's knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) has any material interest in each of the First Metallurgical Arrangements and the China Railway Arrangement. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve each of the First Metallurgical Arrangements and the China Railway 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 each of the First Metallurgical Arrangements and the China Railway Arrangement from CCHK, which is a controlling shareholder 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 Latest Practicable Date. Accordingly, no general meeting of the Company will be convened for the purpose of approving each of the First Metallurgical Arrangements and the China Railway Arrangement.

IV. RECOMMENDATION

The Directors are of the view that the terms of each of the Leased Assets Transfer Agreements (including the Re-assignment Option) and the Sale and Leaseback Agreements are fair and reasonable. The Directors also consider that the entering into of each of the Assignment and the Sale and Leaseback Arrangements is in the interests of the Company and the Shareholders as a

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whole. Accordingly, if a general meeting were to be convened for the approval of each of the Assignment, the Re-assignment Option and the Sale and Leaseback Arrangements, the Board would recommend the Shareholders to vote in favour of the resolutions to approve the same at such general meeting.

V. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

On behalf of the Board
China Chengtong Development Group Limited
Li Qian
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for the three financial years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2025 have been set out in the following documents respectively:

- (a) the annual report of the Company for the year ended 31 December 2022 from pages 79 to 224
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042400489.pdf>);
- (b) the annual report of the Company for the year ended 31 December 2023 from pages 91 to 241
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0424/2024042400654.pdf>);
- (c) the annual report of the Company for the year ended 31 December 2024 from pages 65 to 163
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0429/2025042900805.pdf>);
and
- (d) the interim results announcement of the Company for the six months ended 30 June 2025 from pages 1 to 19
(<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0825/2025082502131.pdf>).

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 July 2025, being the latest practicable date for the purpose of this statement of indebtedness of the Group prior to the printing of this circular, the Group had (i) secured and unguaranteed bank borrowings of approximately HK\$2,846.54 million which are secured by charges over loan receivables and trade receivable under operating lease business of the Group; (ii) unsecured and unguaranteed bank borrowings of HK\$143 million; (iii) unsecured and unguaranteed corporate bonds of HK\$1,106.60 million; (iv) secured and guaranteed asset-backed securities of approximately HK\$1,104.52 million which are secured by charges over loan receivables and finance lease receivables of the Group and guaranteed by the ultimate holding company; (v) unsecured and unguaranteed loans from related parties of approximately HK\$357.50 million; and (vi) lease liabilities of approximately HK\$0.18 million.

As at the close of business on 31 July 2025, the Group had contingent liabilities in relation to guarantees of approximately HK\$236.22 million given to banks in respect of mortgage loans granted to purchasers of certain property units.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing, mortgages or charges, contingent liabilities or guarantees as at 31 July 2025.

3. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, after taking into account the effects of the Assignment and the Sale and Leaseback Arrangements, the internally generated funds, existing facilities available to the Group and financial resources presently available to the Group, the Group will have sufficient working capital to satisfy its requirements for at least twelve (12) months from the date of this circular. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business as of the Latest Practicable Date.

In respect of leasing, the Group will maintain its strategic focus on business layout, diligently advancing its efforts in the “Five Major Initiatives” (五篇大文章), increase investment in nationally prioritised sectors and accelerate the pace of its professional transformation. Chengtong Financial Leasing will actively diversify its funding channels and continue to strengthen in-depth communication and cooperation with financial institutions, including domestic and international banks. In response to dynamic market changes, Chengtong Financial Leasing will closely monitor industry trends and adopt a market demand-oriented approach to precisely capture market opportunities. Chengtong Financial Leasing will actively explore innovative business models and specialised sectors, fully leveraging its distinctive strengths in “financing and asset facilitation” to enhance service efficiency and quality, striving to achieve sustained and stable operations within the diverse and evolving market environment, with an aim to contribute more substantially to the high-quality development of the real economy.

In respect of the property development and investment business, the Group will pay close attention to the industry policies, actively seize the market opportunities, speed up the sales of our property stock, and utilise the recovered funds for the principal business of leasing.

In respect of the marine recreation services and hotel business, the Company’s subsidiaries in Hainan Province will focus on key initiatives of restructuring customer source channels, strengthening customer lifecycle management, and leveraging platforms to enhance online traffic generation.

5. MATERIAL ADVERSE CHANGE

As disclosed in the interim results announcement of the Company for the six months ended 30 June 2025, the Company recorded a consolidated profit after tax of approximately HK\$10 million, representing a decrease of 63% from that for the corresponding period in 2024 which was mainly affected by the lukewarm global economic recovery, the ongoing changes in geopolitical and economic landscape, the downward trend in the interest rates in the PRC, and the tight supply of high-quality assets in the market, which resulted in a significant decrease in revenue and gross profit contribution from the leasing segment.

Other than the foregoing and as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. FINANCIAL EFFECTS OF THE TRANSACTIONS

As at 30 June 2025, the unaudited consolidated total assets of the Group amounted to approximately HK\$9,131.11 million and the unaudited consolidated total liabilities of the Group amounted to approximately HK\$6,260.67 million.

(i) The Assignment and the Shaanxi Sale and Leaseback Arrangement

In respect of the Assignment and the Shaanxi Sale and Leaseback Arrangement, the Directors consider that there will be no significant immediate change to the Group's net asset value, as the underlying Shaanxi Sale and Leaseback Arrangement will be accounted for as secured loans and recognised as loan receivables of the Group which will offset the decrease in the amount of bank balances and cash as a result of the payment of the Consideration to PowerChina Leasing.

As regards earnings, based on the preliminary assessment, if the Re-assignment Option is not exercised and assuming that the Entrustment Agreements and the Shaanxi Sale and Leaseback Arrangement are not early terminated, it is expected that the Group will record a gain of approximately RMB110.43 million (equivalent to approximately HK\$120.37 million) from the Shaanxi Sale and Leaseback Arrangement, being the difference between the amount of lease payment receivable minus the sum of the Consideration and the total Management Fee.

(ii) The First Metallurgical Arrangements and the China Railway Arrangement

Upon implementation of the First Metallurgical Arrangements and the China Railway Arrangement, the Directors consider that there is no significant immediate change to the Group's net asset value, as the First Metallurgical Arrangements and the China Railway Arrangement will be accounted for as secured loans and recognised as loan receivables of the Group which will offset the decrease in the amount of bank balances and cash as a result of the payment of the respective purchase price by Chengtong Financial Leasing.

As regards earnings, the Group would be entitled to recognise the service fee and interest income from the First Metallurgical Arrangements and the China Railway Arrangement as additional income to the Group.

Save as disclosed above, the Assignment and the Sale and Leaseback Arrangements are not expected to have any material impact on the assets and liabilities and the earnings of the Group. The final financial impact on the Group will be subject to the final audit to be performed by the auditors of the Company.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(i) Interests of Directors and chief executive of the Company

As at the Latest Practicable Date, the interests and short position of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules were as follows:

Long position

| Name of Director | Interests in the Company or its associated corporation | Nature of interest | Number of ordinary shares held | Approximate percentage of the issued share capital as at the Latest Practicable Date |
|------------------|--------------------------------------------------------|--------------------|--------------------------------|--------------------------------------------------------------------------------------|
| | | | | |
| Ms. Sun Jie | The Company | Beneficial owner | 570,960 | 0.01% |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

(ii) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as was known to the Directors, the following persons, other than the Directors and chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Long position

| Name of Shareholder | Nature of interest | Number of ordinary shares held | Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date |
|---------------------|----------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------------------------------------|
| CCHK | Beneficial owner (Note) | 3,169,656,217 | 53.14% |
| CCHG | Interest in controlled corporation (Note) | 3,169,656,217 | 53.14% |

Note: The entire issued share capital of CCHK is beneficially owned by CCHG. Under the SFO, CCHG is deemed to be interested in all the shares held by CCHK.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, there was no other person, other than the Directors and chief executive of the Company, who had any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Li Qian (“**Mr. Li**”), an executive Director and the Chairman of the Board, was the chairman of CCHK and Ms. Sun Jie (“**Ms. Sun**”), an executive Director, was the chief accountant of CCHK. Mr. Li and Ms. Sun were members of the executive committee of CCHK as at the Latest Practicable Date. Save as disclosed herein, no Director was a director or an employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

3. MATERIAL CONTRACT

The Directors confirm there is no contract (not being contract entered into in the ordinary course of business) entered into by the members of the Group within two (2) years immediately preceding the Latest Practicable Date and is, or may be, material.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which was not expiring or determinable by the Group within one year without payment of compensation other than statutory compensation.

5. LITIGATION

As at the Latest Practicable Date, to the best of the knowledge, information and belief of the Directors, neither the Company nor any member of the Group was engaged in any litigation or claims of material importance and there was no litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors nor any of their respective close associate(s) had any interests in a business, which competed or was likely to compete, directly or indirectly, with the business of the Group which would be required to be disclosed under Rule 8.10 of the Listing Rules.

7. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS

As at the Latest Practicable Date, so far as was known to the Directors, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Group were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group.

None of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

8. GENERAL

- (a) The registered office and the principal place of business of the Company is at 22nd Floor, Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong.
- (b) The share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- (c) The company secretary of the Company is Mr. Poon Tsz Kin, who is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants.

9. DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the website of the Stock Exchange at <https://www.hkexnews.hk> and the website of the Company at <https://www.hk217.com> for a period of 14 days from the date of this circular:

- (a) the Leased Assets Transfer Agreements;
- (b) the Entrustment Agreements;
- (c) the Shaanxi Sale and Leaseback Agreement;
- (d) the Dancheng & First Metallurgical Agreements;
- (e) the Songwei & First Metallurgical Agreements; and
- (f) the China Railway Agreements.