
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Chengtong Development Group Limited**, you should at once forward this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**(1) VERY SUBSTANTIAL ACQUISITIONS
IN RELATION TO THE SALE AND LEASEBACK ARRANGEMENTS
AND
DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES
AND
(2) NOTICE OF GENERAL MEETING**

A notice convening the GM to be held at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on Thursday, 27 November 2025 at 10:15 a.m. (or immediately after conclusion of the general meeting of the Company convened to be held at 10:00 a.m. on the same day) is set out on pages GM-1 to GM-4 of this circular. A form of proxy for use at the GM is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk217.com) respectively.

Whether or not you are able to attend the GM in person, you are requested to complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return the same together with any power of attorney or other authority, if any, under which it is signed by 10:15 a.m. on Tuesday, 25 November 2025 or not later than 48 hours before the time appointed for holding any adjournment or postponement of the GM to the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the GM or any adjournment or postponement thereof should you so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.

12 November 2025

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	8
Appendix I — Financial Information of the Group	I-1
Appendix II — General Information	II-1
Notice of General Meeting	GM-1

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	means the board of Directors
“Chengtong Financial Leasing”	means Chengtong Financial Leasing Company Limited, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“China Baowu”	means China Baowu Steel Group Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“China Railway Agreements”	means, collectively, four (4) sets of the following agreements in respect of the China Railway Leased Assets all dated 27 October 2025 and signed between Chengtong Financial Leasing and the China Railway Co-Lessees: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)
“China Railway Arrangement”	means the sale and leaseback arrangement under the China Railway Agreements
“China Railway Beijing Investment”	means China Railway Real Estate Group Beijing Investment Management Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“China Railway Co-Lessees”	means, collectively, China Railway Beijing Investment and China Railway Huazhong
“China Railway Construction”	means China Railway Construction Corporation Limited, a state-owned enterprise established in the PRC with limited liability, the shares of which are listed on the Shanghai Stock Exchange (stock code: 601186) and the Main Board of the Stock Exchange (stock code: 1186), and whose ultimate controller is SASAC of the State Council
“China Railway Huazhong”	means China Railway Real Estate Group Huazhong Co., Ltd., a state-owned enterprise established in the PRC with limited liability

DEFINITIONS

“China Railway Leased Assets”	means certain diesel generators, intelligent thermostat units, heat recovery ventilators, capacitor cabinets, vertical belt conveyor, IoT gateway equipment, high-medium-low zone water supply control cabinets, automatic inspection cabinets, etc.
“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
“CCHG”	China Chengtong Holdings Group Limited, a state-owned enterprise incorporated in the PRC and the ultimate holding company of the Company
“CCHK”	China Chengtong Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability and the immediate holding company of the Company
“Director(s)”	means the director(s) of the Company
“GM”	means the general meeting of the Company convened to be held at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on Thursday, 27 November 2025 at 10:15 a.m. (or immediately after conclusion of the general meeting of the Company convened to be held at 10:00 a.m. on the same day) for the Shareholders to consider and, if thought fit, to approve the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder
“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

DEFINITIONS

“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)
“Latest Practicable Date”	means 11 November 2025, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	means the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“PowerChina Agreements”	means, collectively, the PowerChina Real Estate & Wuhan Longyue Agreements, and the PowerChina Real Estate & Zhengzhou Yuechen Agreements
“PowerChina Arrangements”	means, collectively, the PowerChina Real Estate & Wuhan Longyue Arrangement, and the PowerChina Real Estate & Zhengzhou Yuechen Arrangement
“PowerChina Co-Lessees”	means, collectively, the PowerChina Real Estate & Wuhan Longyue Co-Lessees and the PowerChina Real Estate & Zhengzhou Yuechen Co-Lessees
“PowerChina Leased Assets”	means the leased assets under the PowerChina Real Estate & Wuhan Longyue Arrangement and/or the PowerChina Real Estate & Zhengzhou Yuechen Arrangement (as the case may be)
“PowerChina Real Estate”	means Power China Real Estate Group Ltd., a state-owned enterprise established in the PRC with limited liability
“PowerChina Real Estate & Wuhan Longyue Agreements”	means, collectively, two (2) sets of the following agreements dated 27 October 2025 and signed between Chengtong Financial Leasing and PowerChina Real Estate & Wuhan Longyue Co-Lessees: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)

DEFINITIONS

“PowerChina Real Estate & Wuhan Longyue Arrangement”	means the sale and leaseback arrangement under the PowerChina Real Estate & Wuhan Longyue Agreements
“PowerChina Real Estate & Wuhan Longyue Co-Lessees”	means, collectively, PowerChina Real Estate and Wuhan Longyue acting as co-lessees of the PowerChina Real Estate & Wuhan Longyue Arrangement
“PowerChina Real Estate & Zhengzhou Yuechen Agreements”	means, collectively, two (2) sets of the following agreements dated 27 October 2025 and signed between Chengtong Financial Leasing and PowerChina Real Estate & Zhengzhou Yuechen Co-Lessees: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)
“PowerChina Real Estate & Zhengzhou Yuechen Arrangement”	means the sale and leaseback arrangement under the PowerChina Real Estate & Zhengzhou Yuechen Agreements
“PowerChina Real Estate & Zhengzho Yuechen Co-Lessees”	means, collectively, PowerChina Real Estate and Zhengzhou Yuechen acting as co-lessees of the PowerChina Real Estate & Zhengzhou Yuechen Arrangement
“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 Baosteel Transactions”	means, collectively, the following sale and leaseback arrangements previously entered into by Chengtong Financial Leasing and Baosteel Desheng Stainless Steel Co., Ltd.: (1) the sale and leaseback arrangement entered into on 16 December 2024, the details of which are set out in the announcement of the Company dated 16 December 2024 and the corresponding circular dated 24 January 2025; (2) the sale and leaseback arrangement entered into on 8 July 2025, the details of which are set out in the announcement of the Company dated 8 July 2025 and the corresponding circular dated 15 August 2025;

DEFINITIONS

- (3) the sale and leaseback arrangement entered into on 16 July 2025, the details of which are set out in the announcement of the Company dated 16 July 2025 and the corresponding circular dated 15 August 2025

“Previous China Railway Transactions”

means, collectively, the following transactions previously entered into by Chengtong Financial Leasing:

- (1) the sale and leaseback arrangement entered into with China Railway Beijing Investment and Guangzhou Nansha China Railway Industrial Development Co., Ltd. as co-lessees, the details of which are set out in the announcement of the Company dated 29 August 2025 and the corresponding circular dated 18 September 2025; and
- (2) the sale and leaseback arrangement entered into with (i) Yangjiang Zhongcai Railway Construction Project Management Co., Ltd., (ii) China Railway 23rd Bureau Group Co., Ltd. and (iii) Chengdu Caitie Asset Management Co., Ltd. as co-lessees, the details of which are set out in the announcement of the Company dated 29 March 2023 and the corresponding circular dated 24 April 2023

“Previous Chongqing Transaction”

means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and Chongqing Yufei Infrastructure Construction Co., Ltd. and Wuhan Iron and Steel Green City Technology Development Co. as co-lessees on 2 June 2023, the details of which are set out in the announcement of the Company dated 2 June 2023 and the corresponding circular dated 19 June 2023

“Previous PowerChina Transactions”

means, collectively, the following transactions previously entered into by Chengtong Financial Leasing:

- (i) the Assignment (as defined and detailed in the Company’s announcement dated 8 August 2025 and the corresponding circular dated 18 September 2025);

DEFINITIONS

- (ii) 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);
 - (iii) the sale and leaseback arrangement entered into between Chengtong Financial Leasing and PowerChina Real Estate and Foshan Fanyue Real Estate Co., Ltd. as co-lessees (as detailed in the Company's announcement dated 10 August 2023 and the corresponding circular dated 15 September 2023); and
 - (iv) the sale and leaseback arrangement entered into between Chengtong Financial Leasing and PowerChina Real Estate and Nanjing Jinling Real Estate Development Co., Ltd. as co-lessees (as detailed in the Company's announcement dated 23 November 2022 and the corresponding circular dated 13 January 2023
- “Previous Sinosteel Transaction” means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and Sinosteel Xingtai Machinery & Mill Roll Co., Ltd. on 23 April 2025, the details of which are set out in the announcement of the Company dated 23 April 2025 and the corresponding circular dated 13 May 2025
- “RMB” means Renminbi, the lawful currency of the PRC
- “Sale and Leaseback Agreements” means, collectively, the PowerChina Agreements, the China Railway Agreements and the Yili Agreements
- “Sale and Leaseback Arrangements” means, collectively, the PowerChina Arrangements, the China Railway Arrangement and the Yili Arrangement
- “SASAC” means The State-owned Assets Supervision and Administration Commission
- “SFO” the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Share(s)”	share(s) of the Company
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Wuhan Longyue”	means Wuhan City Longyue Real Estate Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“Yili”	means Xinjiang Yili Iron and Steel Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“Yili Agreements”	means, collectively, two (2) sets of the following agreements in respect of the Yili Leased Assets dated 3 November 2025 and signed between Chengtong Financial Leasing and Yili: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)
“Yili Arrangement”	means the sale and leaseback arrangement under the Yili Agreements
“Yili Leased Assets”	means equipment such as cranes, screw air compressor units, ring combustors and electrolysis equipment, etc.
“Zhengzhou Yuechen”	means Zhengzhou Yuechen Real Estate Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“%”	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)

Non-Executive Director:

Sun Jie (Chairlady)

Executive Directors:

Chen Jianying

Zhang Chuanyi

Bai Chunrui

Registered address and principal

place of business in Hong Kong:

22/F., Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

Independent Non-Executive Directors:

Lee Man Chun, Tony

He Jia

Liu Lei

12 November 2025

To the Shareholders

Dear Sir or Madam,

**(1) VERY SUBSTANTIAL ACQUISITIONS
IN RELATION TO THE SALE AND LEASEBACK ARRANGEMENTS
AND
DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES
AND
(2) NOTICE OF GENERAL MEETING**

I. INTRODUCTION

Reference is made to the announcements of the Company dated 27 October 2025 and 3 November 2025 in respect of, among others, the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) information on the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder; (ii) other information required to be disclosed under the Listing Rules; and (iii) the notice of the GM.

II. THE SALE AND LEASEBACK ARRANGEMENTS

(A) The PowerChina Arrangements

On 27 October 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into (i) the PowerChina Real Estate & Wuhan Longyue Agreements with the PowerChina Real Estate & Wuhan Longyue Co-Lessees; and (ii) the PowerChina Real Estate & Zhengzhou Yuechen Agreements with the PowerChina Real Estate & Zhengzhou Yuechen Co-Lessees.

Subject matter

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

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

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

LETTER FROM THE BOARD

(vi) the purchase of insurance in respect of the Leased Assets in accordance with the terms of the PowerChina Agreements by the PowerChina 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 PowerChina Agreements have been satisfied.

Purchase price

The PowerChina Real Estate & Wuhan Longyue Arrangement

The purchase price payable by Chengtong Financial Leasing for the PowerChina Leased Assets under the PowerChina Real Estate & Wuhan Longyue Arrangement is RMB200 million (equivalent to HK\$218 million) in aggregate and was agreed between Chengtong Financial Leasing and the PowerChina Real Estate & Wuhan Longyue Co-Lessees with reference to the aggregated net book value of the PowerChina Leased Assets as at 30 September 2025 of approximately RMB214.99 million (equivalent to approximately HK\$234.34 million) with a discount of approximately 7%.

The discount to the aggregated net book value of the PowerChina Leased Assets under the PowerChina Real Estate & Wuhan Longyue Arrangement was determined through arm's length negotiation between the parties after a prudent assessment of key commercial factors, such as the relevant PowerChina Leased Assets' nature, age and condition, their remaining useful life and their residual value upon lease expiry. The Directors believe that the agreed discount represents a fair commercial term, aligning the purchase price with the risk profile of the PowerChina Real Estate & Wuhan Longyue Arrangement.

The PowerChina Real Estate & Zhengzhou Yuechen Arrangement

The purchase price payable by Chengtong Financial Leasing for the PowerChina Leased Assets under the PowerChina Real Estate & Zhengzhou Yuechen Arrangement is RMB300 million (equivalent to HK\$327 million) in aggregate and was agreed between Chengtong Financial Leasing and the PowerChina Real Estate & Zhengzhou Yuechen Co-Lessees with reference to the aggregated net book value of the PowerChina Leased Assets as at 30 September 2025 of approximately RMB306.75 million (equivalent to approximately HK\$334.36 million) with a discount of approximately 2.20%.

LETTER FROM THE BOARD

The discount to the aggregated net book value of the PowerChina Leased Assets under the PowerChina Real Estate & Zhengzhou Yuechen Arrangement was determined through arm's length negotiation between the parties after a prudent assessment of key commercial factors, such as the relevant PowerChina Leased Assets' nature, age and condition, their remaining useful life and their residual value upon lease expiry. The Directors believe that the agreed discount represents a fair commercial term, aligning the purchase price with the risk profile of PowerChina Real Estate & Zhengzhou Yuechen Arrangement.

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

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

The purchase price will be satisfied by the general working capital of the Group.

Legal title

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

Lease payment

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

Service Fee

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

LETTER FROM THE BOARD

The lease interests and the service fee of the PowerChina 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 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 premium over the one-year LPR from time to time was determined on an arm's length basis with reference to a comprehensive assessment of the PowerChina Arrangements, taking into account (i) the target return of the Group and the financing costs to the PowerChina Co-Lessees; and (ii) the credit profile of the PowerChina Co-Lessees:

(i) Target return of the Group and financing costs to the PowerChina Co-Lessees

The interest rate, including the premium over the one-year LPR from time to time, applied to the PowerChina Arrangements is a commercial term agreed among the parties which is structured to yield an expected satisfactory return for the Group and at the same time to make the overall financing cost competitive for the PowerChina Co-Lessees.

(ii) Credit risk assessment

Prior to executing the PowerChina Agreements, the relevant business department of Chengtong Financial Leasing conducted a comprehensive risk assessment on PowerChina Co-Lessees, which involved scrutinising their background, business profile and financial standings, as well as verifying the legal titles of the PowerChina Leased Assets to ensure their tradability. The assessment primarily considered PowerChina Real Estate's proven track record of punctual lease payments under the Previous PowerChina Transactions, the established market prominence and dominance of the PowerChina Co-Lessees, the existing good business relationship between the Group and PowerChina Real Estate under the Previous PowerChina Transactions, and the strong credit profile of the parent company of PowerChina Real Estate, namely Power Construction Corporation of China, as demonstrated by the "AAA" ratings with a stable outlook from multiple credit rating agencies in the PRC. Furthermore, a review of the PowerChina Co-Lessees' financial statements confirmed that they possess solid capacity to meet their respective financial obligations under the PowerChina Arrangements.

LETTER FROM THE BOARD

By virtue of the abovementioned and taking into consideration that (i) the terms of the PowerChina Arrangements were negotiated between Chengtong Financial Leasing and PowerChina Co-Lessees on an arm's length basis; (ii) after having conducted credit assessment on the PowerChina Co-Lessees, it is believed that the PowerChina Co-Lessees would have the financial ability to repay the lease payments; (iii) the PowerChina Arrangements would yield an expected satisfactory return that is within the Group's profitability benchmark for finance lease arrangements; and (iv) the PowerChina Arrangements align with the Group's strategic direction of collaborating with state-owned enterprises, the Directors consider that the terms of the PowerChina Arrangements (including the interest rate) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 PowerChina Arrangements.

PowerChina Co-Lessees' right to repurchase the PowerChina Leased Assets

Upon the PowerChina 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 PowerChina Agreements, the PowerChina Co-Lessees shall have the right to repurchase the relevant PowerChina Leased Assets under each of the relevant PowerChina Agreements at a nominal consideration of RMB1.00.

Review and approval of leasing arrangements

Prior to entering into sale and leaseback arrangements, the respective business department of Chengtong Financial Leasing conducts thorough due diligence on potential lessees, scrutinising their backgrounds, business profiles, financial standings, credit ratings, compliance records, and loan repayment histories. The intended use of the principal amount by the proposed lessee(s) will also be assessed. Simultaneously, the asset management department verifies the titles of the proposed leased assets to ensure their tradability and the proposed lessee's clear ownership rights over them.

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.

LETTER FROM THE BOARD

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

Material terms of each of the PowerChina Arrangements

The general terms and conditions of each of the PowerChina Arrangements are substantially the same. Their respective key terms are summarised as follows:

	PowerChina Real Estate & Wuhan Longyue Arrangement	PowerChina Real Estate & Zhengzhou Yueheng Arrangement
Date of the relevant PowerChina Agreements	27 October 2025	27 October 2025
Lessees	PowerChina Real Estate & Wuhan Longyue Co-Lessees	PowerChina Real Estate & Zhengzhou Yuechen Co-Lessees
Leased assets	Certain water supply equipment, energy recovery ventilators, fire equipment and air-conditioning equipment	Certain power supply equipment, air-conditioning equipment, fresh air system and heat circulation equipment
Purchase price	RMB200 million (equivalent to HK\$218 million)	RMB300 million (equivalent to HK\$327 million)
Net book value of the relevant PowerChina Leased Assets as at 30 September 2025	Approximately RMB214.99 million (equivalent to approximately HK\$234.34 million)	Approximately RMB306.75 million (equivalent to approximately HK\$334.36 million)
Lease term	Two (2) years	Two (2) years
Lease interest	Subject to the then applicable interest rate, the lease interest is estimated to be approximately RMB8.90 million (equivalent to approximately HK\$9.70 million)	Subject to the then applicable interest rate, the lease interest is estimated to be approximately RMB13.34 million (equivalent to approximately HK\$14.54 million)

LETTER FROM THE BOARD

	PowerChina Real Estate & Wuhan Longyue Arrangement	PowerChina Real Estate & Zhengzhou Yueheng Arrangement
Lease payment	Approximately RMB208.90 million (equivalent to approximately HK\$227.70 million)	Approximately RMB313.34 million (equivalent to approximately HK\$341.54 million)
Service fee	RMB4 million (equivalent to HK\$4.36 million)	RMB6 million (equivalent to HK\$6.54 million)

Information of the Parties

PowerChina Real Estate

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as of the date of the PowerChina Agreements, (i) PowerChina Real Estate is directly wholly-owned by Power Construction Corporation of China, which is in turn wholly-owned by SASAC of the State Council; and (ii) PowerChina Real Estate is principally engaged in the business of development and sale of real estate.

Wuhan Longyue

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as of the date of the PowerChina Agreements, (i) Wuhan Longyue is indirectly wholly-owned by PowerChina Real Estate, which is in turn wholly-owned by Power Construction Corporation of China and ultimately controlled by SASAC; and (ii) Wuhan Longyue is principally engaged in the operation of a real estate project of PowerChina Real Estate in Wuhan, Hubei Province of the PRC.

Zhengzhou Yuechen

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as of the date of the PowerChina Agreements, (i) Zhengzhou Yuechen is indirectly wholly-owned by Power Construction Corporation of China and ultimately controlled by SASAC; and (ii) Zhengzhou Yuechen is principally engaged in the operation of a real estate project of PowerChina Real Estate in Zhengzhou, Henan Province of the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, PowerChina Real Estate, Wuhan Longyue, Zhengzhou Yuechen and their respective ultimate beneficial owners are Independent Third Parties.

LETTER FROM THE BOARD

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, 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 subsidiary/subsidiaries is/are involved in the transactions); and (b) any of PowerChina Real Estate, Wuhan Longyue, Zhengzhou Yuechen, and their respective directors, legal representatives and ultimate beneficial owner(s) who can exert influence on the transactions.

Reasons for and Benefits of the PowerChina Arrangements

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 each of the PowerChina Real Estate & Wuhan Longyue Arrangement and the PowerChina Real Estate & Zhengzhou Yuechen 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 RMB12.90 million (equivalent to approximately HK\$14.06 million) under the PowerChina Real Estate & Wuhan Longyue Arrangement; and (ii) an income of approximately RMB19.34 million (equivalent to approximately HK\$21.08 million) under the PowerChina Real Estate & Zhengzhou Yuechen Arrangement, each being the total of the relevant amount of service fee and lease interest under the PowerChina Real Estate & Wuhan Longyue Arrangement and the PowerChina Real Estate & Zhengzhou Yuechen Arrangement respectively.

The Directors are of the view that the terms of each of the PowerChina Real Estate & Wuhan Longyue Arrangement and the PowerChina Real Estate & Zhengzhou Yuechen Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Implications Under the Listing Rules and Rule 13.13 Disclosure

Since (i) the PowerChina 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 were still subsisting when the PowerChina Agreements were entered into, the PowerChina Arrangements are aggregated with the Previous PowerChina Transactions for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

LETTER FROM THE BOARD

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the PowerChina Arrangements (when aggregated with the Previous PowerChina Transactions) exceeds 100%, the PowerChina Arrangements constitute very substantial acquisitions of the Company and are subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the Latest Practicable Date, the aggregate outstanding lease principal amount under the Previous PowerChina Transactions (excluding the Assignment) was RMB306.75 million (equivalent to approximately HK\$334.36 million). Assuming that there is no change as to the above aggregate outstanding lease principal amount at the time when the entire aggregate lease principal amount under the PowerChina Arrangements is granted, the total outstanding lease principal exposure of the Group to PowerChina Real Estate and its subsidiaries will exceed 8% of the asset ratio (as defined in the Listing Rules). Details of the Previous PowerChina Transactions were disclosed in the Company's announcements and circulars as set out in the definition of "Previous PowerChina Transactions".

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

(B) The China Railway Arrangement

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

Subject matter

Conditional upon the approval by the Shareholders of the China Railway Arrangement and subject to the fulfilment of all the 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 two (2) years from the date on which the purchase price in respect of the relevant China Railway Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the China Railway Agreements.

LETTER FROM THE BOARD

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

- (i) the signing and coming into effect of the China Railway Agreements and all other ancillary documents;
- (ii) the provision of all necessary documents or information by the China Railway Co-Lessees evidencing their ownership in the China Railway Leased Assets;
- (iii) the full payment of security money (if applicable) by the China Railway Co-Lessees;
- (iv) the obtaining of all necessary approvals by the China Railway Co-Lessees in relation to the China Railway Arrangement;
- (v) the signing and the coming into effect of the relevant security agreements (if applicable) and completion of the relevant mortgage or pledge registration;
- (vi) the purchase of insurance in respect of the China Railway Leased Assets in accordance with the terms of the China Railway Agreements by the China Railway Co-Lessees, as well as the signing and coming into effect of the insurance contracts; and
- (vii) any other condition(s) as may be required by Chengtong Financial Leasing.

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

Purchase price

The purchase price payable by Chengtong Financial Leasing for the China Railway Leased Assets is RMB350 million (equivalent to HK\$381.50 million) and was agreed between Chengtong Financial Leasing and the China Railway Co-Lessees with reference to the aggregated net book value of the China Railway Leased Assets as at 30 September 2025 of approximately RMB392.81 million (equivalent to approximately HK\$428.16 million) with a discount of approximately 10.90%.

LETTER FROM THE BOARD

The discount to the aggregated net book value of the China Railway Leased Assets was determined through arm's length negotiation between the parties after a prudent assessment of key commercial factors, such as the China Railway Leased Assets' age and condition, their specialised nature and limited mobility, their remaining useful life and their residual value upon lease expiry. The Directors believe that the agreed discount represents a fair commercial term, aligning the purchase price with the risk profile of 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.

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

The purchase price will be satisfied by the general working capital of the Group.

Legal title

Chengtong Financial Leasing owns the legal title of the China Railway Leased Assets during the lease term.

Lease payment

The total amount of lease payment in respect of the China Railway Arrangement is estimated to be approximately RMB364.41 million (equivalent to approximately HK\$397.21 million, which represents the sum of the lease principal amount (being the total amount of the purchase price to be paid by Chengtong Financial Leasing) and the lease interest. Subject to the then applicable interest rate, the lease interest is estimated to be approximately RMB14.41 million (equivalent to approximately HK\$15.71 million).

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

Service Fee

The China Railway Co-Lessees shall pay an aggregate one-off service fee of RMB7 million (equivalent to HK\$7.63 million) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the China Railway Arrangement. Such services include the provision of corporate finance consulting services, including but not limited to advising the China Railway Co-Lessees on strategic analysis, investment and financing channels and models, as well as macroeconomic and market research. The service fee is non-refundable.

LETTER FROM THE BOARD

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 premium over the one-year LPR from time to time was determined on an arm's length basis with reference to a comprehensive assessment of the China Railway Arrangement, taking into account (i) the target return of the Group and the financing costs to the China Railway Co-Lessee; and (ii) the credit profile of the China Railway Co-Lessee and the Guarantor:

(i) Target return of the Group and financing costs to the China Railway Co-Lessee

The interest rate, including the premium over the one-year LPR from time to time, applied to the China Railway Arrangements is a commercial term agreed among the parties which is structured to yield an expected satisfactory return for the Group and at the same time to make the overall financing cost competitive for the China Railway Co-Lessee.

(ii) Credit risk assessment

Prior to executing the China Railway Agreements, the relevant business department of Chengtong Financial Leasing conducted a comprehensive risk assessment on China Railway Co-Lessee, which involved scrutinising China Railway Co-Lessee's background, business profile and financial standings, as well as verifying the legal titles of the China Railway Leased Assets to ensure their tradability. The assessment primarily considered the market recognition and leading market position of the China Railway Co-Lessee, the good credit profile of the Guarantor as demonstrated by the "AAA" rating from a credit rating agency in the PRC, as well as the strong business standing of the Guarantor and the parent company of the China Railway Co-Lessee and the Guarantor, namely China Railway Construction. The Guarantor possesses the "first-class real estate development qualification" in the PRC and is recognised as one of the 16 central state-owned enterprises being approved by SASAC to carry out real estate business as its principal business. China Railway Construction was consecutively listed among the Fortune magazine's "Global 500" for 19 years, ranking number 43 in 2024. Furthermore, a review of the China Railway Co-Lessee's financial statements confirmed that they possess satisfactory capacity to meet their respective financial obligations under the China Railway Arrangement.

LETTER FROM THE BOARD

By virtue of the abovementioned and taking into consideration that (i) the terms of the China Railway Arrangement were negotiated between Chengtong Financial Leasing and China Railway Co-Lessees on an arm's length basis; (ii) after having conducted credit assessment on the China Railway Co-Lessees and the Guarantor, it is believed that the China Railway Co-Lessees would have the financial ability to repay the lease payments; (iii) the China Railway Arrangement would yield an expected satisfactory return that is within the Group's profitability benchmark for finance lease arrangements; and (iv) the China Railway Arrangement aligns with the Group's strategic direction of collaborating with state-owned enterprises, the Directors consider that the terms of the China Railway Arrangement (including the interest rate) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The service fee was separately benchmarked to a rate commensurate with the services provided and aligns with the targeted return rate of Chengtong Financial Leasing in respect of the China Railway Arrangement.

Guarantee

The Guarantor will provide a guarantee in favour of Chengtong Financial Leasing for all amounts payable by the China Railway Co-Lessees under each of the China Railway Agreements, including but not limited to liquidated damages, outstanding and prospective lease payments, repurchase price and other payables. The guarantee is irrevocable and continuing in nature.

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

Upon the China Railway Co-Lessees having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the China Railway Agreements, the China Railway Co-Lessees shall have the right to repurchase the China Railway Leased Assets under the China Railway Agreements at an aggregate nominal consideration of RMB1.00.

Review and approval of leasing arrangements

Prior to entering into sale and leaseback arrangements, the respective business department of Chengtong Financial Leasing conducts thorough due diligence on potential lessees, scrutinising their backgrounds, business profiles, financial standings, credit ratings, compliance records, and loan repayment histories. The intended use of the principal amount by the proposed lessee(s) will also be assessed. Simultaneously, the asset management department verifies the titles of the proposed leased assets to ensure their tradability and the proposed lessee's clear ownership rights over them.

LETTER FROM THE BOARD

Credit enhancement measures

Depending on the overall risks associated with a sale and leaseback arrangement, Chengtong Financial Leasing may request appropriate credit enhancement measure(s) on a case-by-case basis. Chengtong Financial Leasing will monitor, among others, the financial conditions of the lessee(s) and the security provider(s) (if any) from time to time and may request the lessee(s) to provide security such as the payment of security money and the provision of corporate guarantee to safeguard its interests as the lessor as and when Chengtong Financial Leasing considers necessary.

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

Information of the Parties

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

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the Previous China Railway Transactions, there is, and in the past twelve months, there has been, no material loan arrangement between (a) the Company, any connected person at the Company's level, and/or any connected person at the subsidiary level (to the extent that such subsidiary/subsidiaries is/are involved in the transactions); and (b) any of the China Railway Co-Lessees, the Guarantor and their respective directors, legal representatives and ultimate beneficial owner(s) who can exert influence on the transactions.

Reasons for and Benefits of the China Railway Arrangement

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

LETTER FROM THE BOARD

The entering into of the China Railway Arrangement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn an income of approximately RMB21.41 million (equivalent to approximately HK\$23.34 million), being the total of the service fee and the lease interest under the China Railway Arrangement.

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

Implications under the Listing Rules and Rule 13.13 Disclosure

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

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the China Railway Arrangement (when aggregated with the Previous China Railway Transactions) exceeds 100%, the China Railway Arrangement constitutes a very substantial acquisition of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

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

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

LETTER FROM THE BOARD

(C) The Yili Arrangement

On 3 November 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Yili Agreements with Yili.

Subject matter

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

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

- (i) the signing and the coming into effect of the Yili Agreements and all other ancillary documents;
- (ii) the provision of all necessary documents or information by Yili evidencing its ownership in the Yili Leased Assets;
- (iii) the full payment of security money (if applicable) by Yili;
- (iv) the obtaining of all necessary approvals by Yili in relation to the Yili Arrangement;
- (v) the signing and the coming into effect of the relevant security agreements (if applicable) and the completion of the relevant mortgage or pledge registration;
- (vi) the purchase of insurance in respect of the Yili Leased Assets in accordance with the terms of the Yili Agreements by Yili, 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 Yili Agreements is not satisfied on or before 31 December 2025, Chengtong Financial Leasing shall have the right to unilaterally terminate the relevant Yili Agreements. As at the Latest Practicable Date, save for the condition itemed (iv) above, all of the other applicable conditions under the Yili Agreements have been satisfied.

LETTER FROM THE BOARD

Purchase price

The purchase price payable by Chengtong Financial Leasing for the Yili Leased Assets is RMB200 million (equivalent to HK\$218 million) in aggregate and was agreed between Chengtong Financial Leasing and Yili with reference to the aggregated net book value of the Yili Leased Assets of approximately RMB245.41 million (equivalent to approximately HK\$267.50 million) as at 30 September 2025 with a discount of approximately 18.50%.

The discount to the aggregated net book value of the Yili Leased Assets was determined through arm's length negotiation between the parties after a prudent assessment of key commercial factors, such as the Yili Leased Assets' advanced age, their remaining useful life, and their residual value upon lease expiry. The Directors believe that the agreed discount represents a fair commercial term, aligning the purchase price with the risk profile of the Yili Arrangement.

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

The purchase price will be satisfied by the general working capital of the Group.

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

Legal title

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

Lease payment

The total amount of lease payment in respect of the Yili Arrangement is estimated to be approximately RMB207.09 million (equivalent to approximately HK\$225.73 million), which represents the sum of the lease principal amount (being the total amount of the purchase price to be paid by Chengtong Financial Leasing) and the lease interest. Subject to the then applicable interest rate, the lease interest is estimated to be approximately RMB7.09 million (equivalent to approximately HK\$7.73 million). The lease payment shall be paid by Yili to Chengtong Financial Leasing on a quarterly basis in accordance with the payment schedule as set out in the Yili Agreements.

LETTER FROM THE BOARD

Service Fee

Yili shall pay an aggregate one-off service fee of RMB0.3 million (equivalent to approximately HK\$0.33 million) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the Yili Arrangement. Such services include the provision of corporate finance consulting services, including but not limited to advising Yili 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 Yili 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 discount to 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 discount to the LPR was set as a commercial measure to secure a high-quality, low-risk investment on competitive terms. The discount was determined on an arm's length basis with reference to a comprehensive assessment of the Yili Arrangement, taking into account (i) the short lease term, (ii) the credit profile of Yili and (iii) the respective financing cost of the Group and Yili:

(i) Short lease term

The two-year lease term of the Yili Arrangement is short as compared to other finance lease arrangements conducted by the Group, thereby limiting the Group's risk exposure.

(ii) Credit risk assessment

Prior to executing the Yili Agreements, the relevant business department of Chengtong Financial Leasing conducted a comprehensive risk assessment on Yili, which involved scrutinising Yili's background, business profile and financial standings, as well as verifying the legal titles of Yili Leased Assets to ensure their tradability. The assessment gave primary consideration to Yili's leading market position in the steel industry, its sound financial condition, and the strong support from its ultimate parent company, China Baowu. Yili holds a dominant market share in the construction steel market of Northern Xinjiang of the PRC and is the sole manufacturer of a specialised refined steel in the region. A review of Yili's recent financial statements confirmed that it maintains positive cash

LETTER FROM THE BOARD

flow from operating activities, indicating a solid capacity to meet its financial obligations under the Yili Arrangement. Furthermore, the alignment of Yili's core business with that of China Baowu further ensures robust shareholder support.

(iii) Financing cost of the Group and Yili

The interest rate for the Yili Arrangement is considered as commercially sound as compared with the Group's recent cost of borrowing. As disclosed in the Company's interim report for the six months ended 30 June 2025, the Group issued corporate bonds with effective interest rates ranging from 2.17% to 2.18% per annum and obtained new bank loans with effective interest rate as low as 2.15% per annum. By deploying general working capital, sourced in part at these low interest rates, the Group will secure an immediate and positive net interest margin from the Yili Arrangement.

The Directors consider that the discount represents an optimal balance of risk and return and a strategic measure to secure the successful execution of the Yili Agreements under a competitive market environment.

By virtue of the aforementioned and taking into consideration that (i) the terms of the Yili Arrangement were negotiated between Chengtong Financial Leasing and Yili on an arm's length basis; (ii) after having conducted credit assessment on Yili, it is believed that Yili would have the financial ability to repay the lease payments; (iii) the Yili Arrangement would yield an immediate and positive net interest margin and put the Group's capital resources to productive use, rather than leaving them idle; and (iv) the Yili Arrangement aligns with the national strategic goals to foster industrial advancement in the Western China, the Directors consider that the terms of the Yili Arrangement (including the floating interest rate) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 Yili Arrangement.

Yili's right to repurchase the Yili Leased Assets

Upon Yili having paid all the lease payments and other payables (if any) to Chengtong Financial Leasing in accordance with the terms of the Yili Agreements, Yili shall have the right to repurchase the Yili Leased Assets under the Yili Agreements at an aggregate nominal consideration of RMB1.00.

LETTER FROM THE BOARD

Review and approval of leasing arrangements

Prior to entering into sale and leaseback arrangements, the respective business department of Chengtong Financial Leasing conducts thorough due diligence on potential lessees, scrutinising their backgrounds, business profiles, financial standings, credit ratings, compliance records, and loan repayment histories. The intended use of the principal amount by the proposed lessee(s) will also be assessed. Simultaneously, the asset management department verifies the titles of the proposed leased assets to ensure their tradability and the proposed lessee's clear ownership rights over them.

Credit enhancement measures

Depending on the overall risks associated with a sale and leaseback arrangement, Chengtong Financial Leasing may request appropriate credit enhancement measure(s) on a case-by-case basis. Chengtong Financial Leasing will monitor, among others, the financial conditions of the lessee(s) and the security provider(s) (if any) from time to time and may request the lessee(s) to provide security such as the payment of security money and the provision of corporate guarantee to safeguard its interests as the lessor as and when Chengtong Financial Leasing considers necessary.

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

Information of the Parties

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as of the date of the Yili Agreements, (i) Yili is owned as to approximately 77.12% and 20% by Xinjiang Tianshan Iron and Steel United Co., Ltd. and Xinjiang Bayi Iron and Steel Group Co., Ltd. respectively, both of which are ultimately controlled by China Baowu; China Baowu is wholly owned by SASAC of the State Council; (ii) Yili and its ultimate beneficial owners are Independent Third Parties; and (iii) Yili is principally engaged in the business of production of steel bar products for construction, mining of non-coal mine mineral resources, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the Previous Chongqing Transaction, the Previous Baosteel Transactions and the Previous Sinosteel 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 Yili and its directors, legal representatives and ultimate beneficial owner(s) who can exert influence on the transactions.

LETTER FROM THE BOARD

Reasons for and Benefits of the Yili Arrangement

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 the Yili 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 RMB7.39 million (equivalent to approximately HK\$8.06 million), being the total of the service fee and lease interest under the Yili Arrangement.

In light of the above and as disclosed in this circular, the Directors are of the view that the terms of the Yili Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Implications under the Listing Rules and Rule 13.13 Disclosure

Since (i) the Previous Chongqing Transaction, the Previous Baosteel Transactions and the Previous Sinosteel Transaction were still subsisting when the Yili was Agreements were entered into; and (ii) Yili, and the lessees under each of the Previous Chongqing Transaction, the Previous Baosteel Transactions and the Previous Sinosteel Transaction are either the subsidiaries or associates of China Baowu, thus the Yili Arrangement is aggregated with the Previous Chongqing Transaction, the Previous Baosteel Transactions and the Previous Sinosteel 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 Yili Arrangement (when aggregated with the Previous Chongqing Transaction, Previous Baosteel Transactions and Previous Sinosteel Transaction) exceeds 100%, the Yili Arrangement constitutes a very substantial acquisition of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the aggregate outstanding lease principal amount under the Previous Chongqing Transaction, Previous Baosteel Transactions and Previous Sinosteel Transaction was RMB718.41 million (equivalent to approximately HK\$783.07 million). Assuming that there is no change as to the above aggregate outstanding lease principal amount at the time when the entire aggregate lease principal amount under the Yili Arrangement is granted, the total outstanding lease principal exposure of the Group to China Baowu and its subsidiaries and associates will exceed 8% of the asset ratio (as defined in the Listing Rules). Details of the Previous Chongqing Transaction, Previous Baosteel Transactions and Previous Sinosteel Transaction were disclosed in the Company's announcements and circulars as set out in the definition of "Previous Chongqing Transaction" and "Previous Baosteel Transactions" and "Previous Sinosteel Transaction" respectively.

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

III. FINANCIAL EFFECTS OF THE SALE AND LEASEBACK ARRANGEMENTS

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.

Upon implementation of the Sale and Leaseback Arrangements, the Directors consider that there is no significant immediate change to the Group's net asset value, as the Sale and Leaseback Arrangements will be accounted for as secured loans and recognised as loan receivables of the Group in the amount of RMB1,050 million (equivalent to HK\$1,144.50 million) (assuming that the purchase price under each of the Sale and Leaseback Agreements is paid simultaneously) 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 Sale and Leaseback Arrangements as additional income to the Group.

Save as disclosed above, 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.

LETTER FROM THE BOARD

IV. GM AND CLOSURE OF REGISTER OF MEMBERS

The GM will be held on Thursday, 27 November 2025 at 10:15 a.m. (or immediately after conclusion of the general meeting of the Company convened to be held at 10:00 a.m. on the same day) at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong for the purpose of considering and, if thought fit, approving (i) the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder. The notice of the GM is set out on pages GM-1 to GM-4 of this circular.

The record date for determining the entitlement of the Shareholders to attend and vote at the GM will be Thursday, 27 November 2025 and the register of members of the Company will be closed from Monday, 24 November 2025 to Thursday, 27 November 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the GM, all completed share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 21 November 2025.

V. VOTING BY POLL

At the GM, resolutions will be proposed by the Company to seek the Shareholders' approval on the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) has any material interest in the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder. Thus, no Shareholder is required to abstain from voting on the resolutions approving the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder.

In compliance with the Listing Rules, the resolutions will be voted on by way of poll at the GM. After the conclusion of the GM, the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.hk217.com).

VI. RECOMMENDATION

The Directors, having considered the terms of, the reasons for and benefits of each of the Sale and Leaseback Arrangements, are of the view that the terms of the foregoing are fair and reasonable. The Directors consider that the entering into of the Sale and Leaseback Agreements is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions approving the Sale and Leaseback Agreements and the Sale and Leaseback Arrangements contemplated thereunder to be proposed at the GM.

LETTER FROM THE BOARD

VII. 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
Sun Jie
Chairlady

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 report of the Company for the six months ended 30 June 2025 from pages 4 to 32 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0929/2025092901932.pdf>).

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 30 September 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\$3,523.72 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 approximately HK\$44.69 million; (iii) unsecured and unguaranteed corporate bonds of approximately HK\$1,100.55 million; (iv) secured and guaranteed asset-backed securities of approximately HK\$2,082.02 million which are secured by charges over loan receivables and finance lease receivables of the Group and guaranteed by the ultimate holding company; and (v) unsecured and unguaranteed loans from related parties of approximately HK\$354.25 million.

As at the close of business on 30 September 2025, the Group had contingent liabilities in relation to guarantees of approximately HK\$232.26 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 30 September 2025.

3. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, after taking into account the effects of 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 report 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. MANAGEMENT DISCUSSION AND ANALYSIS

Set out below is the management discussion and analysis of the Group for each of the three years ended 31 December 2022, 2023 and 2024, and the six months ended 30 June 2025:

For the year ended 31 December 2022

For the year ended 31 December 2022, the Group recorded a consolidated revenue of approximately HK\$1,277.39 million, representing an increase of approximately 9% as compared to that for the year ended 31 December 2021. As the Group's key business segment, the scale of the leasing business was further expanded and forged ahead in the year ended 31 December 2022, resulted in a boost of the leasing revenue and accounted for approximately 32% of the total revenue and approximately 32% increase from the year ended 31 December 2021. The revenue from bulk commodity trade dropped in the first half of the year ended 31 December 2022 but recovered in the second half due to the global recovery of the international trade activities. The annual revenue from bulk commodity trade increased by approximately 1% from the year ended 31 December 2021 and attributed to approximately 60% of the total revenue. The other business segments accounted for approximately 8% of the total revenue. During the year ended 31 December 2022, the property market in the PRC was weak and the marine recreation services and hotel business performance was still stagnant by virtue of the impacts on tourism resulting from various COVID-19 preventive measures and travel restrictions in the PRC.

As at 31 December 2022, the Group maintained a stable and sound financial position, the equity attributable to owners of the Company amounted to approximately HK\$2,926.93 million and represented a decrease of approximately 7% from approximately HK\$3,134.60 million recorded as at 31 December 2021 which was mainly due to the depreciation of RMB during the year ended 31 December 2022.

The total equity of the Group as at 31 December 2022 was approximately HK\$2,935.25 million. As at 31 December 2022, the total assets of the Group amounted to approximately HK\$10.01 billion, of which about 42% were current assets, representing a rise of approximately 23% as compared to the total assets of approximately HK\$8.17 billion as at 31 December 2021. Leasing receivables were the largest component of the assets, being roughly 82% of the total assets. The reason was largely due to the continuing growth in finance lease receivables and loans receivable recorded under current and non-current assets resulted from the swift expansion of the Group's leasing business scale. On the flip side, the Group increased its total liabilities to approximately HK\$7,074.49 million as at 31 December 2022 from approximately HK\$5,026.10 million as at 31 December 2021. The Group obtained external financing by the issuance of ABS and bank borrowings in the PRC to fund the growth of the leasing business. The current and non-current portions of total liabilities were approximately 58% (re-presented) and 42% (re-presented) respectively. The current ratio as at 31 December 2022 was approximately 1.03 time (re-presented) and was steady.

As at 31 December 2022, the Group had cash and deposits (including pledged bank deposits, and bank balances and cash) of approximately HK\$534.56 million, which were primarily denominated in RMB. Other cash and deposits were denominated in HKD and USD. The cash and deposits accounted for approximately 5% of the total assets.

As at 31 December 2022, the bank borrowings of the Group amounted to approximately HK\$3,167.01 million, represented a rise of approximately 120% from the year ended 31 December 2021. The Group has increased both short-term and medium-term bank borrowings in the PRC to finance the development of its growing leasing business. As at 31 December 2022, about HK\$2,661.76 million or 84% of the Group's total bank borrowings were denominated in RMB with repayment due dates ranging from 2023 to 2026. The remaining balance of approximately HK\$505.25 million of the bank borrowings were denominated in HKD and USD. The HKD bank loan matured in June 2023 and USD trade finance loan matured in February 2023. Among the RMB-denominated bank borrowings of approximately HK\$2,661.76 million, approximately HK\$1,023.93 million was based on fixed interest rates and approximately HK\$1,637.83 million was based on floating interest rates. The HKD-denominated bank borrowings of HK\$500 million and USD-denominated bank borrowings of approximately HK\$5.25 million were based on floating interest rates. The effective annual interest rates of the bank borrowings ranged from approximately 2.15% to approximately 6.77%.

As the Group focused on developing and expanding the leasing business, the leverage of the Group increased significantly during the year ended 31 December 2022. The debt to equity ratio and debt to asset ratio were approximately 2.12 times and 0.62 time respectively as at 31 December 2022.

For the year ended 31 December 2023

For the year ended 31 December 2023, the Group recorded a consolidated revenue of approximately HK\$740.01 million, representing a decrease of 42% as compared to that for the year ended 31 December 2022. In the year ended 31 December 2023, the Group continued its impressive expansion in the leasing business and had led to a remarkable increase in the segment revenue from both finance lease and operating lease, which represented an overall increase of 46% as compared to the previous year. The total leasing revenue for the year ended 31 December 2023 accounted for 82% of the Group's total revenue. As a result of the Group's further shifting of its business focus to leasing, the contribution of the total revenue from other business segments to the total revenue dropped to 18%. During the year ended 31 December 2023, the revenue from bulk commodity trade dropped significantly due to the suspension of bulk commodity trade business in early 2023; the property market in the PRC remained sluggish but the segment's revenue was relatively stable as compared to that of the year ended 31 December 2022; the marine recreation services and hotel business demonstrated improved performance and a recovery from the impacts of the COVID-19 pandemic.

As at 31 December 2023, the Group's financial position remained stable and robust. The equity attributable to owners of the Company stood at approximately HK\$2,855.04 million and represented a decrease of 2% from approximately HK\$2,926.93 million recorded as at 31 December 2022. The decline was primarily caused by the depreciation of RMB during the year ended 31 December 2023.

The total equity of the Group as at 31 December 2023 was approximately HK\$2,860.10 million. As at 31 December 2023, the Group's total assets moderately increased to approximately HK\$10.57 billion, representing a rise of 6% as compared to the total assets of approximately HK\$10.01 billion as at 31 December 2022. Current assets constituted 47% of the total assets, with leasing receivables being the largest component of the assets, accounted for 84% of the total assets. The Group increased its total liabilities to approximately HK\$7,710.09 million or by 9% as at 31 December 2023 from approximately HK\$7,074.49 million as at 31 December 2022. The Group obtained further external financing such as issuance of ABS and bank borrowings in the PRC to support the growth of the leasing business. The current and non-current portions of the total liabilities were 53% and 47% respectively. The current ratio as at 31 December 2023 was 1.21 times, indicating the Group had sufficient liquidity and a favorable solvency position.

As at 31 December 2023, the Group had cash and deposits (including pledged bank deposits, and bank balances and cash) of approximately HK\$710.55 million, which were primarily denominated in RMB. Other cash and deposits were denominated in HKD and USD. The cash and deposits accounted for 7% of the total assets.

As at 31 December 2023, the bank borrowings of the Group amounted to approximately HK\$3,747.90 million, represented a rise of 18% from that of the year ended 31 December 2022. During the year ended 31 December 2023, the Group has maintained a rather steady profile in respect of the bank borrowings in the PRC to finance the development of leasing business. As at 31 December 2023, about HK\$3,247.90 million or 87% of the Group's total bank borrowings were denominated in RMB with repayment due dates ranging from 2024 to 2027. The remaining balance of HK\$500 million was a bank loan denominated in HKD. The HKD bank loan was matured in June 2024. Among the RMB-denominated bank borrowings of approximately HK\$3,247.90 million, approximately HK\$958.63 million was based on fixed interest rates and approximately HK\$2,289.28 million was based on floating interest rates. The HKD-denominated bank borrowings of HK\$500 million were based on floating interest rates. The effective annual interest rates of the bank borrowings in 2023 ranged from 2.70% to 6.75%.

As the Group further developed and expanded the leasing business, the Group's financial structure was slightly changed and resulted in an increase in leverage in 2023. The debt to equity ratio and debt to asset ratio were 2.42 times and 0.66 times respectively as at 31 December 2023.

For the year ended 31 December 2024

For the year ended 31 December 2024, the Group recorded a consolidated revenue of approximately HK\$552.6 million, representing a decrease of 25% as compared to that for the year ended 31 December 2023. In the year ended 31 December 2024, the Group has adopted a prudent strategy in the operation of its core leasing business to mitigate the overall risk associated with fluctuating interest rates, rising concerns on global inflation, geopolitical tensions and economic growth. The segmental revenue from the Group's leasing business decreased by 29% from the year ended 31 December 2023 and accounted for approximately 78% of the consolidated revenue while the revenue from the other two business segments showed little fluctuation and was maintained approximately at the same level over the two consecutive financial years.

As the Group's leasing business slowed down during the year ended 31 December 2024, both the Group's total assets and liabilities declined. Notwithstanding this, the Group continued to maintain sound financial position. As at 31 December 2024, the equity attributable to owners of the Company amounted to approximately HK\$2,764.34 million and represented a decrease of 3% from approximately HK\$2,855.04 million recorded as at 31 December 2023. The decline was primarily caused by the depreciation of RMB against HKD during the year ended 31 December 2024.

The total equity of the Group as at 31 December 2024 was approximately HK\$2,769.51 million. As at 31 December 2024, the Group's total net assets were slightly reduced by 3% from 31 December 2023 to approximately HK\$2,769.51 million which was mainly due to the impact of RMB depreciation against HK\$. As at 31 December 2024, the Group's total assets stood at approximately HK\$8,377.37 million, representing a decrease of 21% as compared to the total assets of approximately HK\$10.57 billion as at 31 December 2023. Current assets constituted 54% of the total assets, while leasing receivables remained the largest component of the assets, constituting 78% of the total assets. At the same time, the Group's total liabilities also shrank to approximately HK\$5,607.86 million, decreased by 27% as at 31 December 2024 from approximately HK\$7,710.09 million as at 31 December 2023. During the year ended 31 December 2024, the Group recovered the matured leasing receivables and applied the proceeds to repay external financing such as ABS and bank borrowings. The current and non-current portion of the total liabilities was 63% and 37% respectively. The current ratio (calculated as total current assets divided by total current liabilities) as at 31 December 2024 was 1.28 times, indicating the Group had sufficient liquidity and healthy solvency position. In addition, the Group had ample of standby credit facilities in place as at 31 December 2024 to enhance the liquidity when needed.

As at 31 December 2024, the Group had cash and deposits (including pledged bank deposits, and bank balances and cash) of approximately HK\$1,033.80 million, which accounted for 12% of the total assets. The majority of the Group's cash and deposits were denominated in RMB, while the rest were denominated in HKD and United States dollars.

As at 31 December 2024, the bank borrowings of the Group reduced by 31% from that as at 31 December 2023 and amounted to approximately HK\$2,593.11 million. All of the Group's bank borrowings were denominated in RMB with repayment due dates ranging from 2025 to 2028. Among the bank borrowings, approximately HK\$2,466.09 million were based on floating interest rates and approximately HK\$127.02 million were based on fixed interest rates. The effective annual interest rates of the bank borrowings for the year ended 31 December 2024 ranged from approximately 2.65% to 4.70%. As at 31 December 2024, the total outstanding balance of the ABS were approximately HK\$2,136.28 million.

As the Group diligently optimised and fine-tuned its leasing business scale, the Group's financial structure was changed and resulted in a decrease in leverage in the year ended 31 December 2024. The debt to equity ratio and debt to asset ratio were 1.77 times and 0.59 times respectively as at 31 December 2024.

For the six months ended 30 June 2025

During the six months ended 30 June 2025 (“1H2025”), the consolidated revenue was approximately HK\$205.41 million, which represented a decrease of 36% as compared to that of the six-month period ended 30 June 2024 (“1H2024”). The consolidated gross profit and net interest income during 1H2025 was about HK\$79.52 million, which represented a decrease of 33% from HK\$118.95 million in the corresponding period of last year. The profit attributable to the shareholders during 1H2025 was approximately HK\$9.88 million, which represented a decrease of 63% as compared to that of 1H2024.

The financial performance of the Group for 1H2025 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.

Against this background, the Group’s revenue from its leasing business during the 1H2025 recorded a decrease. The segment revenue from the leasing business for 1H2025 was approximately HK\$178.52 million and represented a decrease of 27% from 1H2024. The core reason of the slowdown was, while the Group is committed to expand its leasing operation, the Group’s primary strategy is to establish a resilient risk control framework that aligns with the expanding size and growing complexity of the business. This approach allows the Group to navigate the market uncertainties while exploring for sustainable expansion avenues in the leasing business segment.

The consolidated cost of sales comprised mainly interest expenses for the leasing business. The consolidated cost of sales declined by 38% to approximately HK\$125.89 million and was in line with the reduced business volume of the leasing business during 1H2025. The overall gross profit margin of the leasing segment was steady at 37% for 1H2025.

During 1H2025, the Group’s revenue from property development solely stemmed from its wholly owned CCT-Champs-Elysees project situated in Zhucheng City of Shandong Province of the PRC. The sales decreased significantly by 84% in 1H2025, primarily due to the ongoing downward adjustment in market prices and reluctance among purchasers to take possession of properties, resulting in a substantial year-on-year reduction in the actual number of properties delivered during 1H2025. In addition, the average selling price per square metre of the residential area of the project for 1H2025 declined to approximately RMB4,800 from approximately RMB5,189 in 1H2024. As at 30 June 2025, the completed and unsold area of the project included residential and commercial space of approximately 37,286 square metres. The Group will strive to complete the sales of the project in the following years as soon as possible.

The Group operated its marine recreation services and hotel business in Hainan Province, the PRC. The sales revenue from hotel business accounted for nearly 80% of the segment revenue. The overall segment revenue and results in 1H2025 decreased by 9% and 15% respectively from 1H2024.

As at 30 June 2025, the Group remained to have a solid financial position in terms of its asset quality and capital liquidity. The equity attributable to owners of the Company amounted to approximately HK\$2,865.13 million, representing an increase of 4% from approximately HK\$2,764.34 million as at 31 December 2024, which was chiefly due to the appreciation of RMB against HKD during 1H2025.

As at 30 June 2025, the total assets of the Group stood at approximately HK\$9,131.11 million, with 59% representing current portion. The figure increased by approximately HK\$753.73 million or 9% compared to that of 31 December 2024. Leasing receivables remained as the largest component, constituting 72% of the total assets. Concurrently, the Group's total liabilities increased by approximately HK\$652.81 million from that of 31 December 2024 to approximately HK\$6,260.67 million as at 30 June 2025, and the Group's gearing level increased. The current and non-current portions of total liabilities were 50% and 50% respectively as at 30 June 2025.

The current ratio (calculated as total current assets divided by total current liabilities) as at 30 June 2025 was approximately 1.72 times. The Group's leasing business has a strong customer base with low default risk and stable cash flow which enables the Group to meet its short-term payment obligations. Furthermore, the Group had ample of standby credit facilities of more than HK\$13.6 billion in place as at 30 June 2025 and will enable the Group to steadily grow its businesses while preserving its liquidity.

As at 30 June 2025, the Group had cash and deposits (including pledged bank deposits, and bank balances and cash) of approximately HK\$1,775.33 million, which were primarily denominated in RMB with a minority portion denominated in HKD and USD. The cash and deposits accounted for 33% and 19% of the current assets and total assets respectively.

As at 30 June 2025, the Group's total borrowings increased by approximately HK\$794.48 million to approximately HK\$5,698.77 million when compared with approximately HK\$4,904.29 million as at 31 December 2024. The total borrowings as at 30 June 2025 comprised (i) bank borrowings of approximately HK\$3,086.47 million; (ii) outstanding balance of the priority class of ABS of approximately HK\$1,163.69 million; (iii) outstanding balance of corporate bonds of approximately HK\$1,094.36 million; and (iv) loans from related parties of approximately HK\$354.25 million. All the Group's borrowings were denominated in RMB.

As at 30 June 2025, the Group's bank borrowings comprised RMB-denominated bank borrowings of approximately HK\$3,086.47 million. Among the bank borrowings, approximately HK\$1,812.07 million were based on floating interest rates and approximately HK\$1,274.40 million were based on fixed interest rates. As at 30 June 2025, the bank borrowings bore effective annual interest rates ranging from 2.15% to 3.90% and repayment due dates ranged from 2025 to 2030. The priority class ABS had coupon rates ranging from 2.4% to 4% per annum and the expected maturity dates ranged from August 2025 to March 2029. The corporate bonds carried effective interest rates ranging from 2.17% to 2.18% per annum and were of a term of five years subject to early redemption option and put option. The loans from related parties bore fixed interest rate, of which approximately HK\$174.40 million was repayable in March 2026 and approximately HK\$179.85 million was repayable in November 2026.

As the Group increased bank borrowings to finance its leasing business, the total debts increased during 1H2025, thus increased the debt to equity ratio and debt to asset ratio accordingly. The debt to equity ratio and debt to asset ratio were 1.99 times and 0.62 times respectively as at 30 June 2025. During 1H2025, the interest coverage ratio (calculated as dividing consolidated profit before tax and finance costs (EBIT) by finance costs) was 4 times which indicated that the Group had a comfortable buffer to meet its interest payment obligation securely.

Funding and Treasury Policies

The business activities and operation of the Group were mainly carried out in mainland China and Hong Kong, with transactions denominated in RMB, HKD and the USD, which exposed the Group to foreign currency risks. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group had bank borrowings denominated in RMB, HKD and/or USD with a total of approximately HK\$3,167.01 million, HK\$3,747.90 million, HK\$2,593.11 million and HK\$3,086.47 million, respectively, which were based on fixed and floating interest rates, thereby exposing the Group to interest rate risks. The Group would, where appropriate, use interest rate and foreign currency swaps and forward foreign exchange contracts for risk management and hedging purposes with a view to managing the Group's exposure to interest rate and foreign exchange rate fluctuations. It was the Group's policy not to enter into derivative financing transactions for speculative purposes. It was also the Group's policy not to invest in financial products with significant underlying leverage or derivative exposure, including hedge funds or similar instruments. The Group would also continue to closely monitor the risks arising from interest rate changes and apply appropriate hedging strategies to mitigate the interest rate risks caused by the debt instruments which are based on floating interest rates.

Foreign Exchange Risk

During the years ended 31 December 2022, 2023 and 2024 and 1H2025, the Group's businesses were principally conducted in RMB, while most of the Group's assets and liabilities were denominated in HKD and RMB. Any fluctuation in the exchange rate of HKD against RMB may have an impact on the Group's results. As at 31 December 2022, 2023 and 2024 and 30 June 2025, the net assets of the Group's business in the PRC were approximately RMB2,845.17 million, RMB2,888.69 million RMB2,950.81 million and RMB2,846.91 million, respectively. According to the Hong Kong Accounting Standards, such amount of net assets denominated in RMB would be converted into HKD at the exchange rate applicable as at the end of the respective reporting periods. The Group's foreign exchange reserve decreased respectively by approximately HK\$240 million, HK\$81.81 million and HK\$108.29 million for the years ended 31 December 2022, 2023 and 2024, respectively and increased by approximately HK\$81.42 million as at 30 June 2025. During the years ended 31 December 2022, 2023 and 2024 and 1H2025, the Group did not have any hedging measures against foreign exchange risks. However, the Group would continue to closely monitor the possible risks arising from currency fluctuations.

Pledge of Assets***For the year ended 31 December 2022***

As at 31 December 2022, the Group's pledged bank deposits amounted to approximately HK\$61.71 million, representing a substantial increase compared to approximately HK\$4.41 million pledged as at 31 December 2021. The pledged bank deposits mainly included approximately HK\$57.63 million pledged as security for certain bills payables for leasing business, and approximately HK\$3.97 million pledged as security for banking facilities granted to mortgagors of the CCT-Champs-Elysees project.

As at 31 December 2022, the leasing receivables of the Group with an aggregate carrying value of approximately HK\$4,846.25 million were charged as security for the Group's ABS and bank borrowings with carrying amounts of approximately HK\$2,702.27 million and HK\$2,661.76 million respectively.

For the year ended 31 December 2023

As at 31 December 2023, the Group's pledged bank deposits amounted to approximately HK\$11.97 million, representing a decrease of 81% from the balance of approximately HK\$61.71 million as at 31 December 2022. The pledged bank deposits mainly included approximately HK\$9.31 million pledged as security for certain bills payables for leasing business, and approximately HK\$2.56 million pledged as security for banking facilities granted to mortgagors of the CCT-Champs-Elysees project.

As at 31 December 2023, the leasing receivables of the Group with an aggregate carrying value of approximately HK\$6,776.88 million were charged as security for the Group's ABS and bank borrowings with carrying amounts of approximately HK\$3,006.22 million and HK\$2,915.40 million respectively.

For the year ended 31 December 2024

As at 31 December 2024, the Group's pledged bank deposits amounted to approximately HK\$2.63 million. The pledged bank deposits as at 31 December 2024 mainly included approximately HK\$2.47 million pledged as security for banking facilities granted to mortgagors of the CCT-Champs-Elysees project.

As at 31 December 2024, leasing receivables with an aggregate carrying value of approximately HK\$2,636.19 million and trade receivables under operating lease business with carrying amount of approximately HK\$123,000 were charged as security for the Group's bank borrowings with carrying amount of approximately HK\$2,286.12 million. Leasing receivables with an aggregate carrying value of approximately HK\$2,074.85 million and trade receivables under operating lease business with carrying amount of approximately HK\$1.19 million were charged as security for the Group's ABS with carrying amount of approximately HK\$2,136.28 million.

For the six months ended 30 June 2025

As at 30 June 2025, the Group's pledged bank deposits amounted to approximately HK\$2.71 million. HK\$2.54 million of the said pledged bank deposits represented the security for banking facilities granted to mortgagors of the CCT-Champs-Elysees project.

As at 30 June 2025, leasing receivables with an aggregate carrying value of approximately HK\$3,064.35 and trade receivables under operating lease business with carrying amount of approximately HK\$191,000 were charged as security for the Group's bank borrowings with carrying amount of approximately HK\$2,944.78 million.

Leasing receivables with an aggregate carrying value of approximately HK\$1,390.21 million and trade receivables under operating lease business with carrying amount of approximately HK\$1.26 million were charged as security for the Group's ABS with carrying amount of approximately HK\$1,163.69 million.

Contingent Liabilities and Capital Commitments

Contingent Liabilities

As at 31 December 2022, 2023 and 2024 and 30 June 2025, the Group had contingent liabilities in relation to guarantees of approximately HK\$245,852,000, HK\$233,118,000, HK\$230,470,000 and HK\$236,040,000, respectively, given to banks in respect of mortgage loans granted to purchasers of certain property units of CCT-Champs-Elysees project.

As at 31 December 2022, 2023, 2024 and 30 June 2025, the Group was not involved in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Group.

Capital commitments

As at 31 December 2022, 2023 and 2024, the Group's capital commitments consisted of purchase of property, plant and equipment, which will be funded by its internal resources. As at 30 June 2025, the Group did not have any capital commitment.

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
Contracted but not provided for: Purchase of property, plant and equipment	–	135	140	244

Operating lease arrangement – where the Group as a lessor

The Group has contracted with tenants for the following future minimum lease receivables:

Properties	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
Within one year	268	1,155	1,452	2,752
Later than one year and not later than two years	67	265	275	1,231
Later than two years and not later than three years	–	–	–	282
	<u>335</u>	<u>1,420</u>	<u>1,727</u>	<u>4,265</u>

For the years ended 31 December 2022, 2023 and 2024 and 1H2025, leases for properties were negotiated for terms ranging from three (3) to ten (10) years.

Machineries and equipment	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	2023 HK\$'000	2022 HK\$'000
Within one year	43,360	80,447	125,684	96,971

For the years ended 31 December 2022, 2023 and 2024 and 1H2025, leases for machineries and equipment are negotiated for terms of one (1) year.

Significant Investments

The Group had no significant investment exceeding 5% of the total asset value of the Group as at 31 December 2022, 2023 and 2024 and 30 June 2025.

Material Acquisitions, Disposals and Future Plans for Material Investments or Capital Assets

For the years ended 31 December 2022, 2023 and 2024 and for the six months ended 30 June 2025, the Group did not conduct any material acquisitions or disposals of subsidiaries, associates and joint ventures, and did not have any future plans for other material investments or capital assets.

Human Resources and Emolument Policy

As at 31 December 2022, 2023 and 2024 and 1H2025, the Group employed a total of 269, 253, 230 and 202 full-time and part-time employees, respectively. Employee's remunerations are determined in accordance with their experiences, competence, qualifications, nature of duties, and current market trend. Apart from basic salary, discretionary bonus and other incentives may be offered to employees of the Group to reward their performance and contributions. The emoluments of the Directors were determined having regard to the Company's corporate goals, the roles and duties of the Directors in the Group as well as in the group members of the Company's ultimate holding company.

The Company had a share option scheme ("**Share Option Scheme**") under which the Company might grant options to the directors and eligible employees of the Group to subscribe for shares of the Company. The Company also had a share award scheme ("**Share Award Scheme**"), under which shares of the Company could be awarded, with the approval of the Board, to selected employees and directors of the Group to recognise their contribution and to give them incentives thereto in order to retain them for the continual operation, as well as to attract suitable personnel for the growth and further development of the Group. The Share Option Scheme and Share Award Scheme expired on 26 June 2023 and 30 June 2022, respectively.

For the years ended 31 December 2022, 2023 and 2024 and 1H2025, the Group provided or subsidised various training programmes and courses to its employees according to business needs, to ensure that its employees were kept abreast of the updates in the relevant laws, regulations and guidelines, such as the Listing Rules, accounting standards, risk management knowledge, labour regulations and employees' code of conduct.

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	Interest in the Company or its associated corporation	Nature of interest	Number of Shares held	Class of shares	Approximate percentage of the issued share capital as at the Latest Practicable Date (Note)
Ms. Sun Jie	The Company	Beneficial owner	570,960	Ordinary shares	0.01%
Ms. Bai Chunrui	The Company	Beneficial owner	292,000	Ordinary shares	0.00%

Note: Rounded up to 2 decimal places.

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 Shares held	Class of shares	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
				(Note 2)
CCHK	Beneficial owner (Note 1)	3,169,656,217	Ordinary shares	53.14%
CCHG	Interest in controlled corporation (Note 1)	3,169,656,217	Ordinary shares	53.14%

Notes:

1. 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.
2. Rounded up to 2 decimal places.

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, (i) Ms. Sun Jie, a non-executive Director and the Chairlady of the Board, was the chief accountant and a member of the executive committee of CCHK; (ii) Mr. Zhang Chuanyi, an executive Director, was an assistant general manager of CCHK and a director of several subsidiaries of CCHK; and (iii) Ms. Bai Chunrui, an executive Director, was the general manager of the Legal and Compliance Department of CCHK and a director of a subsidiary of CCHK. 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 and 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.

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 is 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 joint company secretaries of the Company are Ms. Liu Chang and Mr. Cheng King Yip. Mr. Cheng King Yip is a member 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 PowerChina Agreements;
- (b) the China Railway Agreements; and
- (c) the Yili Agreements.

NOTICE OF GENERAL MEETING



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)

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that the general meeting (“**Meeting**”) of China Chengtong Development Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) will be held at 22/F., Li Po Chun Chambers, 189 Des Voeux Road Central, Hong Kong on Thursday, 27 November 2025 at 10:15 a.m. (or immediately after conclusion of the general meeting of the Company convened to be held at 10:00 a.m. on the same day) to consider and, if thought fit, pass, with or without modifications, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the PowerChina Real Estate & Wuhan Longyue Agreements (as defined in the circular of the Company dated 12 November 2025) all dated 27 October 2025 (copies of which are tabled at the Meeting and marked “A” and initialled by the chairman of the Meeting for identification purpose) and entered into between Chengtong Financial Leasing Company Limited (“**Chengtong Financial Leasing**”), an indirect wholly-owned subsidiary of the Company, as lessor and PowerChina Real Estate Group Ltd. and Wuhan City Longyue Real Estate Co., Ltd., acting as co-lessees, in respect of a sale and leaseback arrangement for a term of two (2) years be and are hereby approved, confirmed and ratified;
- (b) the transactions contemplated under the PowerChina Real Estate & Wuhan Longyue Agreements be and are hereby approved;
- (c) the PowerChina Real Estate & Zhengzhou Yuechen Agreements (as defined in the circular of the Company dated 12 November 2025) all dated 27 October 2025 (copies of which are tabled at the Meeting and marked “B” and initialled by the chairman of the Meeting for identification purpose) and entered into between Chengtong Financial Leasing as lessor and PowerChina Real Estate Group Ltd. and Zhengzhou Yuechen Real Estate Co., Ltd., acting as co-lessees, in respect of a sale and leaseback arrangement for a term of two (2) years be and are hereby approved, confirmed and ratified;

NOTICE OF GENERAL MEETING

- (d) the transactions contemplated under the PowerChina Real Estate & Zhengzhou Yuechen Agreements be and are hereby approved; and
- (e) any one of the directors of the Company be and is hereby authorised to do all such acts and things and to sign and execute all such documents, instruments, agreements or deeds on behalf of the Company as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the PowerChina Real Estate & Wuhan Longyue Agreements and PowerChina Real Estate & Zhengzhou Yuechen Agreements and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as are, in the opinion of such director, in the interests of the Company and its shareholders as a whole.”

2. “THAT

- (a) the China Railway Agreements (as defined in the circular of the Company dated 12 November 2025) all dated 27 October 2025 (copies of which are tabled at the Meeting and marked “C” and initialled by the chairman of the Meeting for identification purpose) and entered into between Chengtong Financial Leasing as lessor and China Railway Real Estate Group Beijing Investment Management Co., Ltd. and China Railway Real Estate Group Huazhong Co., Ltd., acting as co-lessees, in respect of a sale and leaseback arrangement for a term of two (2) years be and are hereby approved, confirmed and ratified;
- (b) the transactions contemplated under the China Railway Agreements be and are hereby approved;
- (c) any one of the directors of the Company be and is hereby authorised to do all such acts and things and to sign and execute all such documents, instruments, agreements or deeds on behalf of the Company as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the China Railway Agreements and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as are, in the opinion of such director, in the interests of the Company and its shareholders as a whole.”

NOTICE OF GENERAL MEETING

3. “THAT

- (a) the Yili Agreements (as defined in the circular of the Company dated 12 November 2025), all dated 3 November 2025 (copies of which are tabled at the Meeting and marked “D” and initialled by the chairman of the Meeting for identification purpose) and entered into between Chengtong Financial Leasing as lessor and Xinjiang Yili Iron and Steel Co., Ltd. as lessee, in respect of a sale and leaseback arrangement for a term of two (2) years be and are hereby approved, confirmed and ratified;
- (b) the transactions contemplated under the Yili Agreements be and are hereby approved;
- (c) any one of the directors of the Company be and is hereby authorised to do all such acts and things and to sign and execute all such documents, instruments, agreements or deeds on behalf of the Company as he/she considers necessary, appropriate, desirable and expedient for the purposes of giving effect to or in connection with the Yili Agreements and all transactions contemplated thereunder, and to agree to such variation, amendments or waiver or matters relating thereto as are, in the opinion of such director, in the interests of the Company and its shareholders as a whole.”

By order of the Board
China Chengtong Development Group Limited
Sun Jie
Chairlady

12 November 2025

Registered address in Hong Kong:

22nd Floor
Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Notes:

- (1) A shareholder of the Company entitled to attend and vote at the Meeting is entitled to appoint a proxy or proxies to attend and vote in his/her/its stead. A proxy need not be a shareholder of the Company. In case of a joint holding, the form of proxy may be signed by any joint holder; but if more than one joint holder is present at the Meeting, whether in person or by proxy, that one of the joint holders whose name stands first in the register of members of the Company in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.

NOTICE OF GENERAL MEETING

- (2) To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 10:15 a.m. on Tuesday, 25 November 2025 or not later than 48 hours before the time appointed for holding any adjournment or postponement of the Meeting. Completion and return of the form of proxy will not preclude shareholders of the Company from attending and voting in person at the Meeting or any adjournment or postponement thereof should they so wish and, in such event, the form of proxy previously submitted shall be deemed to be revoked.
- (3) The record date for determining the entitlement of the shareholders of the Company to attend and vote at the Meeting will be Thursday, 27 November 2025 and the register of members of the Company will be closed from Monday, 24 November 2025 to Thursday, 27 November 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be entitled to attend and vote at the Meeting, all completed share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 21 November 2025.
- (4) The above resolutions will be voted by way of poll as required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
- (5) If a tropical cyclone warning signal no. 8 or above is hoisted, or a black rainstorm warning signal or "extreme conditions" announced by the Hong Kong Government is/are in force in Hong Kong at or at any time after 7:00 a.m. on the date of the Meeting, the Meeting will be postponed. The Company will post an announcement on the websites of The Stock Exchange of Hong Kong Limited (<http://www.hkexnews.hk>) and the Company (www.hk217.com) to notify the shareholders of the Company of the date, time and place of the rescheduled meeting. The Meeting will be held as scheduled when an amber or a red rainstorm warning signal is in force. Shareholders of the Company should decide on their own whether they would attend the Meeting under bad weather condition bearing in mind their own situations.

As at the date of this circular, the non-executive Director is Ms. Sun Jie (Chairlady); the executive Directors are Mr. Chen Jianying, Mr. Zhang Chuanyi and Ms. Bai Chunrui; and the independent non-executive Directors are Mr. Lee Man Chun, Tony, Professor He Jia and Mr. Liu Lei.