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If you have sold or transferred all your shares in **China Chengtong Development Group Limited**, you should at once hand 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.

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CHINA CHENG TONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

**MAJOR TRANSACTION —
SALE AND LEASEBACK ARRANGEMENT**

A letter from the Board is set out from pages 4 to 10 of this circular.

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DEFINITION

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

“Board”	means the board of Directors
“CCHG”	means China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC with limited liability and the ultimate holding company of the Company
“CCHK”	means China Chengtong Hong Kong Company Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of the Company as at the Latest Practicable Date
“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 Huadian”	means China Huadian Corporation Ltd., a state-owned enterprise established in the PRC with limited liability
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	means China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries as at the date of this circular
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	means third party(ies) independent of the Company and its connected persons (having the meaning ascribed to it under the Listing Rules)
“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
“Lease Term”	means the lease term under the Sale and Leaseback Agreements
“Leased Assets”	means certain photovoltaic power generation equipment, etc.
“Leased Assets Valuation Report”	means the valuation report issued by the Valuer in respect of the value of the Leased Assets as at 30 September 2025, which will expire on 29 September 2026
“Lessee”	means Bayannur Jianji Zhongyan Wind Power Generation Co., Ltd., a state-owned enterprise established in the PRC with limited liability

DEFINITION

“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LPR”	means the one (1)-year loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“PRC”	means the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Previous Lessee I”	means Sichuan Luzhou Chuannan Power Generation Co., Ltd., a company established in the PRC with limited liability
“Previous Lessee II”	means Huadian Datong New Energy Co., Ltd, a state-owned enterprise established in the PRC with limited liability
“Previous Lessees”	means, collectively, the Previous Lessee I, and the Previous Lessee II
“Previous Transaction I”	means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and the Previous Lessee I on 17 November 2023 in respect of certain electric power generating equipment and ancillary equipment for a term of three (3) years, the details of which are set out in the announcement of the Company dated 17 November 2023 and the circular of the Company dated 15 December 2023
“Previous Transaction II”	means the sale and leaseback arrangement entered into between Chengtong Financial Leasing and the Previous Lessee II on 16 October 2025 in respect of certain photovoltaic power generation equipment, etc. for a term of one (1) year, the details of which are set out in the announcement of the Company dated 16 October 2025
“Previous Transactions”	means, collectively, the Previous Transaction I, and the Previous Transaction II
“Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Leased Assets from the Lessee
“RMB”	means Renminbi, the lawful currency of the PRC

DEFINITION

“Sale and Leaseback Agreements”	means, collectively, two (2) sets of the following agreements in respect of the Leased Assets dated 21 October 2025 and signed between Chengtong Financial Leasing and the Lessee: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)
“Sale and Leaseback Arrangement”	means the sale and leaseback arrangement under the Sale and Leaseback Agreements
“SASAC”	means The State-owned Assets Supervision and Administration Commission
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	means the shareholder(s) of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Valuer”	Jiangsu Zhongmao Land and Real Estate Appraisal and Cost Consulting Co., Ltd., a qualified independent valuer in the PRC
“%”	means per cent.

In this circular, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.09. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

The English names of all PRC entities in this circular are for identification purpose only.

LETTER FROM THE BOARD



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)

Non-Executive Director:

Sun Jie (Chairlady)

Executive Directors:

Chen Jianying

Zhang Chuanyi

Bai Chunrui

Independent Non-Executive Directors:

Lee Man Chun, Tony

He Jia

Liu Lei

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

22/F., Li Po Chun Chambers

189 Des Voeux Road Central

Hong Kong

12 November 2025

To the Shareholders

Dear Sir/Madam,

MAJOR TRANSACTION — SALE AND LEASEBACK ARRANGEMENT

1. INTRODUCTION

Reference is made to the announcement of the Company dated 21 October 2025 in respect of the Sale and Leaseback Arrangement.

The purpose of this circular is to provide you with (i) information on the Sale and Leaseback Arrangement; and (ii) other information required to be disclosed under the Listing Rules.

2. MAJOR TRANSACTION

(A) Sale and Leaseback Arrangement

On 21 October 2025, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Sale and Leaseback Agreements with the Lessee in respect of the Sale and Leaseback Arrangement, the major terms of which are set out below.

LETTER FROM THE BOARD

Subject Matter

Subject to the fulfillment of the conditions as set out in the Sale and Leaseback Agreements, Chengtong Financial Leasing will purchase the Leased Assets from the Lessee at the Purchase Price of RMB100 million (equivalent to HK\$109 million), and the Leased Assets will be leased back to the Lessee for a period of two (2) years, commencing from the date on which the Purchase Price in respect of the Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the Sale and Leaseback Agreements.

The conditions as stipulated in the Sale and Leaseback Agreements include the following:

- (i) the signing and coming into effect of the relevant leaseback assets transfer agreements;
- (ii) the signing of the relevant finance lease agreements (sale and leaseback) and all related agreements, appendices, confirmations and all other legal documents;
- (iii) Chengtong Financial Leasing having received from the Lessee all documents and information that are required to be provided to Chengtong Financial Leasing and that comply with Chengtong Financial Leasing's requirements;
- (iv) the provision of all necessary documents and information by the Lessee evidencing its ownership in the Leased Assets;
- (v) the full payment of security money (if applicable) by the Lessee;
- (vi) the obtaining of all necessary approvals by the Lessee in relation to the Sale and Leaseback Arrangement;
- (vii) if applicable, the signing and the coming into effect of the relevant security agreements and the completion of security registration of the relevant collateral;
- (viii) if applicable, the purchase of insurance in respect of the Leased Assets in accordance with the terms of the Sale and Leaseback Agreements by the Lessee, as well as the signing and coming into effect of the insurance contracts; and
- (ix) any other condition(s) as may be required by Chengtong Financial Leasing.

If any of the conditions under the Sale and Leaseback Agreements is not satisfied on or before 30 June 2026, Chengtong Financial Leasing shall have the right to unilaterally terminate the Sale and Leaseback Agreements.

All the conditions under the Sale and Leaseback Agreements have been satisfied.

Purchase Price

The Purchase Price was agreed between Chengtong Financial Leasing and the Lessee with reference to the appraised value of the Leased Assets as at 30 September 2025 which amounted to approximately RMB118.95 million (equivalent to approximately HK\$129.66 million) as assessed by way of cost method by the Valuer.

According to the Leased Assets Valuation Report, the Valuer's scope of work is to assess the total appraised value of the Leased Assets, comprising a total of 51,576,000 sets of photovoltaic modules and fixed polycrystalline silicon battery modules.

LETTER FROM THE BOARD

Set forth below is the valuation methodology adopted by the Valuer in assessing the value of the Leased Assets.

Based on the assessment purpose and the characteristics and current situation of the appraised assets, the Valuer adopted the cost method taking into account the factors affecting the valuation of the Leased Assets.

The cost method, being adopted by the Valuer for the valuation of the Leased Assets, is a method determining the value of an appraised asset by multiplying the replacement cost of the appraised asset by its newness rate. The value of the appraised asset is first to be obtained by estimating the replacement cost of the appraised asset, followed by deducting various estimated depreciation factors that currently exist in the appraised asset. The replacement cost is determined on the basis of the current market value of the appraised asset on the appraisal date, while the newness rate is determined through an on-site inspection and calculation and analysis based on technical and economic factors.

In appraising the value of the Leased Assets, the Valuer had also considered (i) the market approach, which appraises the value of an appraised asset by comparing the appraised asset with comparable assets in the market based on market prices; and (ii) the income approach, which calculates the value of an appraised asset by estimating the expected future earnings of the appraised asset and converting into the present value with the appropriate discounted rate. Since (i) there is a lack of open active market for the Leased Assets and a lack of information about comparable transactions of similar assets and (ii) it is hard to estimate the income of the Leased Assets on a standalone basis, both the market approach and the income approach were considered inappropriate methods for assessing the fair value of the Leased Assets. In accordance with the relevant procedures for the valuation of assets, the Valuer adopted the cost method taking into account the factors affecting the valuation of the Leased Assets.

Based on the valuation, the total appraised replacement cost of the Leased Assets is approximately RMB233.23 million (equivalent to approximately HK\$254.22 million). The aggregate replacement cost was determined by aggregating the replacement cost of each of the Leased Assets. The replacement cost of each individual Leased Assets, where applicable, is composed of equipment purchase fee, transportation and miscellaneous expenses, installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs. Capital costs refer to the interest cost incurred for the investment in the construction of the Leased Asset. Original purchase prices generally refer to ex-factory prices or the prices stated in the relevant order contract.

The equipment purchase fees of the Leased Assets account for approximately 97% of the replacement cost of the Leased Assets. Among the equipment purchase fees, the original purchase prices of the Leased Assets is approximately RMB221.56 million (equivalent to approximately HK\$241.50 million), and the aggregate original purchase prices of the Leased Assets account for approximately 98% of the aggregate equipment purchase fees of the Leased Assets. Other expenses such as transportation and miscellaneous expenses (which are calculated based on the specific circumstances and characteristics of the assets, taking into account the industry's charging standards of transportation and the industry's estimated indicators respectively, at a rate of approximately 2%), installation and tuning fee, equipment foundation fee, engineering construction fee and capital costs either constitute an insignificant portion of the replacement cost or are not applicable in the calculation of such replacement cost.

The newness rate of the appraised asset is determined after taking into account the economic life of the appraised asset, the remaining service life of the appraised asset and the status of the appraised asset through an on-site inspection. The newness rates for the Leased Assets, evaluated by the Valuer, is approximately 51%.

Based on the above-mentioned, the total appraised value of the Leased Assets is approximately RMB118.95 million (equivalent to approximately HK\$129.66 million), which is calculated by multiplying the total replacement cost of the Leased Assets by the newness rate of the Leased Assets.

LETTER FROM THE BOARD

The Board has considered the valuation assumptions as set out in the Leased Assets Valuation Report, which include but not limited to the following:

- (i) there are no significant errors in the content, quantity and book value of the assets declared by the property rights holder. There is no dispute over the ownership of the appraised assets, and the intrinsic quality of the appraised assets is intact;
- (ii) there is no material adjustment/change in (1) the relevant policies and regulations; (2) the social environment in the future; and (3) the relevant national laws, regulations and policies in the future; and
- (iii) it is assumed that the management of the enterprise being appraised has fulfilled its obligations responsibly for the operation of the enterprise and has effectively managed the relevant assets in a competent manner. The appraised enterprise has not violated any relevant national laws and regulations during its operation.

The Board noted that if there is any deviation from the above assumptions, the valuation results may differ and has reviewed the Leased Assets Valuation Report and considered the valuation methods and assumptions adopted. The Board is of the view that the valuation method in respect of the Leased Assets is reasonable and the assumptions adopted are general assumptions commonly adopted in assets valuation in the PRC. Therefore, the Board considers that the appraised value of the Leased Assets is fair and reasonable.

The Valuer is a qualified asset valuation firm in the PRC registered with the China Appraisal Society and filed with Nanjing Municipal Finance Bureau. Ms. Li Haiying and Ms. Wan Cui who are employed by the Valuer were principally involved in the preparation of the Leased Assets Valuation Report. Ms. Li Haiying and Ms. Wan Cui are both members of the China Appraisal Society. As confirmed by the Valuer, the Valuer has no present nor prospective interests in the Company, the Lessee and its holding companies, subsidiaries and associated companies, or the value reported in the Leased Assets Valuation Report.

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

The Purchase Price was/will be satisfied by the general working capital of the Group.

Legal title

Chengtong Financial Leasing owns the legal title of the Leased Assets during the Lease Term.

Lease payment

The total amount of lease payment over the Lease Term is estimated to be approximately RMB103.69 million (equivalent to approximately HK\$113.02 million) which shall be payable by the Lessee to Chengtong Financial Leasing in four (4) semi-annual installments during the Lease Term, and represents the sum of the lease principal amount (being the amount of Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB3.69 million (equivalent to approximately HK\$4.02 million).

The lease interest which will be calculated on the then outstanding lease principal amount with a floating interest rate to be determined at fixed discount over the LPR.

The lease interest rate will be subject to review on 1 January every year. In the event that the LPR changes, the lease interest rate will be adjusted to a rate at the aforesaid fixed discount over the new LPR, except in the case where the Lessee has an overdue lease payment and has not paid all overdue payments and liquidated damages, the interest rate to be applied will not be adjusted when the LPR is reduced.

LETTER FROM THE BOARD

The lease payment of the Sale and Leaseback Arrangement has 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, the overall return rate attained by the Group taking into account the amount of lease interest and the prevailing market conditions.

Having considered the above factors in the specific circumstances of the Sale and Leaseback Arrangement, the Board considers that the terms of the Sale and Leaseback Agreements are fair and reasonable which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Lessee's right to repurchase the Leased Assets

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

Credit enhancement measures

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

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

(B) Information of the Lessee

The Lessee

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 Latest Practicable Date, (i) the Lessee is an indirect wholly-owned subsidiary of Huadian New Energy Group Corporation Limited, which is a joint stock limited company established in the PRC, whose A Shares are listed on the Shanghai Stock Exchange (stock code: 600930.SH), whose first and second largest shareholders are Fujian Huadian Furui Energy Development Co. Ltd. (which held 45.22% therein) and Huadian Power International Corporation Limited (which held 26.78% therein), whose A shares and H shares are listed on the Shanghai Stock Exchange (stock code: 600027.SH) and Stock Exchange (stock code: 1071.HK), respectively. Fujian Huadian Furui Energy Development Co. Ltd. and Huadian Power International Corporation Limited are subsidiaries of China Huadian, which is wholly owned by SASAC; (ii) the Lessee and its ultimate beneficial owners are Independent Third Parties; and (iii) the Lessee is principally engaged in the business of the development, investment, construction and operation management of wind power generation projects and new energy projects.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as the Previous 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) the Lessee, its directors and legal representatives and any ultimate beneficial owner(s) of the Lessee who can exert influence on the transaction.

LETTER FROM THE BOARD

(C) Reasons for and Benefits of the Sale and Leaseback Arrangement

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

The entering into of the Sale and Leaseback Arrangement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn an income of approximately RMB3.69 million (equivalent to approximately HK\$4.02 million), being the lease interest under the Sale and Leaseback Arrangement.

In light of the above, the Directors are of the view that the terms of the Sale and Leaseback Arrangement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

(D) Implications under the Listing Rules

Chengtong Financial Leasing entered into (i) the Previous Transaction I with the Previous Lessee I on 17 November 2023; and (ii) the Previous Transaction II with the Previous Lessee II on 16 October 2025. Since (i) the Previous Transactions are still subsisting when the Sale and Leaseback Arrangement was entered into, and (ii) the Lessee and the Previous Lessees are companies being connected or associated with China Huadian, thus the Sale and Leaseback Arrangement is aggregated with the Previous 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 Sale and Leaseback Arrangement, when aggregated with the Previous Transactions, exceeds 25% but is less than 100%, the Sale and Leaseback Arrangement constitutes a major transaction of the Company and is subject to the notification, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of his/her/its close associate(s) (as defined in the Listing Rules) has a material interest in the Sale and Leaseback Arrangement. Thus, no Shareholder is required to abstain from voting if the Company were to convene a general meeting to approve the Sale and Leaseback Arrangement. In light of the foregoing, written Shareholders' approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained written Shareholder's approval in respect of the Sale and Leaseback Arrangement from CCHK, which is a controlling shareholder (as defined in the Listing Rules) of the Company holding 3,169,656,217 issued shares of the Company, representing approximately 53.14% of the issued share capital of the Company as at the date of this circular. Accordingly, no general meeting of the Company will be convened for the purpose of approving the Sale and Leaseback Arrangement.

3. RECOMMENDATION

The Directors are of the view that the terms of the Sale and Leaseback Agreements are normal commercial terms and are fair and reasonable. The Directors also consider that the entering into of the Sale and Leaseback Arrangement 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, if a general meeting were to be convened for the approval of the Sale and Leaseback Arrangement, the Board would recommend the Shareholders to vote in favour of the resolution to approve the same at such general meeting.

LETTER FROM THE BOARD

4. ADDITIONAL INFORMATION

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

Yours faithfully,
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, 31 December 2023, and 31 December 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 Arrangement, 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.

As at 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 PROSPECTS 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.

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. FINANCIAL EFFECTS OF THE TRANSACTIONS

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

The Directors consider that there is no significant immediate change to the Group’s net asset value upon implementation of the Sale and Leaseback Arrangement. In respect of the implementation of the Sale and Leaseback Arrangement, the Sale and Leaseback Arrangement will be accounted for as a secured loan and recognised as loan receivables of the Group which will offset the decrease in the amount of bank balances and cash as a result of the payment of the Purchase Price by Chengtong Financial Leasing.

As regards earnings, the Group would be entitled to recognise interest income from the Sale and Leaseback Arrangement as additional income to the Group.

Save as disclosed above, the Sale and Leaseback Arrangement is 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 audit to be performed by the auditors of the Company.

1. RESPONSIBILITY STATEMENT

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

2. DISCLOSURE OF INTERESTS**(i) Interests of Directors and chief executive of the Company**

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

Long position

Name of Director	Interest in the Company or its associated corporation	Nature of interest	Number of shares		Class of shares	Approximate percentage of the issued share capital as at the Latest Practicable Date
			held			
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: The percentage has been 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 as follows:

Long position

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

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

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

As at the Latest Practicable Date, (i) Ms. Sun Jie, a non-executive Director, 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 or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

3. MATERIAL CONTRACT

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

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which 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 Sale and Leaseback Agreements 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.