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CHINA CHENGTONG DEVELOPMENT GROUP LIMITED
中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

MAJOR TRANSACTIONS –
THE LEASED ASSETS TRANSFER ARRANGEMENT
AND THE SALE AND LEASEBACK ARRANGEMENT

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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
“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
“Kangfu”	means China KangFu International Leasing Co., Ltd., a joint stock limited company established in the PRC
“Kangfu Leased Assets”	means certain wind power station equipment, etc.

DEFINITION

“Kangfu Leased Assets Transfer Agreements”	means, collectively, two (2) sets of the following agreements in respect of the Kangfu Leased Assets dated 10 February 2026 and signed between Chengtong Financial Leasing and Kangfu: (1) leased assets transfer agreements; and (2) leased assets agreements
“Kangfu Leased Assets Transfer Arrangement”	means the purchase of the Kangfu Leased Assets by Chengtong Financial Leasing from Kangfu and the leasing of the Kangfu Leased Assets to Kangfu pursuant to the terms of the Kangfu Leased Assets Transfer Agreements
“Kangfu Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Kangfu Leased Assets from Kangfu
“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 19 May 2026, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Lease Term”	means the respective lease term under the Kangfu Leased Assets Transfer Agreements, and/or the lease term under the Shijiazhuang Sale and Leaseback Agreements (as the case may be)
“Leased Assets”	means the Kangfu Leased Assets and/or the Shijiazhuang Leased Assets (as the case may be)
“Lessee(s)”	means Kangfu and/or Shijiazhuang Group (as the case may be)
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

DEFINITION

“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 Kangfu Transactions”	means, collectively, the following transactions previously entered into by Chengtong Financial Leasing: <ol style="list-style-type: none">(1) the sale and leaseback arrangement entered into with Kangfu, the details of which are set out in the announcement of the Company dated 10 December 2024;(2) the sale and leaseback arrangement entered into with Kangfu, the details of which are set out in the announcement of the Company dated 20 December 2024 and the circular of the Company dated 24 January 2025; and(3) the leased assets transfer arrangement entered into with Kangfu and Fuhong Capital (Hunan) Financial Leasing Co., Ltd., the details of which are set out in the announcement of the Company dated 17 September 2025 and the circular of the Company dated 17 October 2025
“RMB”	means Renminbi, the lawful currency of the PRC
“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
“Shijiazhuang Group”	means Shijiazhuang Urban Rail Transit Group Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“Shijiazhuang Leased Assets”	means lighting system, drainage equipment, etc

DEFINITION

“Shijiazhuang Purchase Price”	means the consideration payable by Chengtong Financial Leasing for the purchase of the Shijiazhuang Leased Assets from Shijiazhuang Group
“Shijiazhuang Sale and Leaseback Agreements”	means, collectively, two (2) sets of the following agreements in respect of the Shijiazhuang Leased Assets dated 9 March 2026 and signed between Chengtong Financial Leasing and Shijiazhuang Group: (1) leaseback assets transfer agreements; and (2) finance lease agreements (sale and leaseback)
“Shijiazhuang Sale and Leaseback Arrangement”	means the purchase of the Shijiazhuang Leased Assets by Chengtong Financial Leasing from Shijiazhuang Group and the leaseback of the Shijiazhuang Leased Assets to Shijiazhuang Group pursuant to the terms of the Shijiazhuang Sale and Leaseback Agreements
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent.

In this circular, amounts quoted in RMB have been converted into HK\$ at the following exchange rates: at the rate of RMB1.00 to HK\$1.13. 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

22 May 2026

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTIONS –
THE LEASED ASSETS TRANSFER ARRANGEMENT
AND THE SALE AND LEASEBACK ARRANGEMENT**

1. INTRODUCTION

Reference are made to the announcements of the Company dated 10 February 2026 and 9 March 2026 in respect of the Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang Sale and Leaseback Arrangement.

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

LETTER FROM THE BOARD

2. MAJOR TRANSACTIONS

(A) The Kangfu Leased Assets Transfer Arrangement

On 10 February 2026, Chengtong Financial Leasing entered into the Kangfu Leased Assets Transfer Agreements with Kangfu, in respect of the Kangfu Leased Assets Transfer Arrangement, the major terms of which are set out below.

Subject matter

Subject to the fulfillment of the conditions as set out in the Kangfu Leased Assets Transfer Agreements, Chengtong Financial Leasing will purchase the Kangfu Leased Assets, including certain wind power station equipment, from Kangfu at the Purchase Price of RMB152 million (equivalent to HK\$171.76 million), and the Kangfu Leased Assets will be leased to Kangfu for a period of two (2) years, commencing from the date on which the Kangfu Purchase Price in respect of the Kangfu Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the Kangfu Leased Assets Transfer Agreements.

The conditions as stipulated in the Kangfu Leased Assets Transfer Agreements include the following:

- (i) the signing and coming into effect of the relevant leased assets transfer agreements;
- (ii) the signing of the relevant leased assets agreements and all related agreements, appendices, confirmations and all other legal documents;
- (iii) Chengtong Financial Leasing having received from Kangfu 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 Kangfu evidencing its ownership in the Kangfu Leased Assets;
- (v) the full payment of security money (if applicable) by Kangfu;
- (vi) the obtaining of all necessary approvals by Kangfu in relation to the Kangfu Leased Assets Transfer 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;

LETTER FROM THE BOARD

(viii) if applicable, the purchase of insurance in respect of the Kangfu Leased Assets in accordance with the terms of the Kangfu Leased Assets Transfer Agreements by Kangfu, 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 Kangfu Leased Assets Transfer Agreements is not satisfied on or before 10 May 2026, Chengtong Financial Leasing shall have the right to unilaterally terminate the Kangfu Leased Assets Transfer Agreements.

All the conditions under the Kangfu Leased Assets Transfer Agreements have been satisfied as of the Latest Practicable Date.

Purchase Price

The Kangfu Purchase Price was agreed between Chengtong Financial Leasing and Kangfu with reference to the net book value of the Kangfu Leased Assets of RMB160 million (equivalent to approximately HK\$180.80 million) as at 31 January 2026. A discount of approximately 5% was applied to the net book value of the Kangfu Leased Assets after arm's length negotiations between Chengtong Financial Leasing and Kangfu by considering their nature as wind power station equipment, their current operating condition, their resale and secondary market potential, and the associated cost for maintenance, as well as the terms of the Kangfu Leased Assets Transfer Arrangement (including but not limited to the lease tenure, pricing structure and expected lease income stream). The agreed discount balanced the assets' value with the overall economics and risk profile of the Kangfu Leased Assets Transfer Arrangement.

In assessing whether the discounts applied to the Kangfu Leased Assets are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Board has considered, among other factors: (a) the basis of the discount; (b) the expected stable lease income and reasonable return to be generated over the lease terms; (c) the risk profile of, and previous credit dealings with, Kangfu; and (d) the credit control measures and other risk mitigation mechanisms in place in respect of the Kangfu Leased Assets Transfer Arrangement. Based on the foregoing, the Board is of the view that the discounts applied to the Kangfu Leased Assets are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

The Kangfu Purchase Price was satisfied by the general working capital of the Group.

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Legal title

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

Lease payment

The total amount of lease payment over the Lease Term is estimated to be approximately RMB158.03 million (equivalent to approximately HK\$178.57 million) which shall be payable by Kangfu to Chengtong Financial Leasing in eight (8) quarterly installments during the Lease Term, and represents the sum of the lease principal amount (being the amount of Kangfu Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB6.03 million (equivalent to approximately HK\$6.81 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 premium 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 premium over the new LPR, except in the case where Kangfu 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.

The lease payment of the Kangfu Leased Assets Transfer 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 Kangfu Leased Assets Transfer Arrangement, the Board considers that the terms of the Kangfu Leased Assets Transfer Agreements are fair and reasonable which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

Security

In order to guarantee the performance of the Kangfu Leased Assets Transfer Agreements, Kangfu has agreed to pledge certain of its receivables to Chengtong Finance Leasing as security for all payables under the Kangfu Leased Assets Transfer Agreements.

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In determining both the necessity and the amount of receivables pledged by Kangfu as security under the Kangfu Leased Assets Transfer Agreements, the Company considered a range of commercial and risk management factors, including the credit profile and financial position of Kangfu, the size and tenure of the lease arrangements, the aggregate payment obligations involved, and the Company's internal credit approval policies and risk control requirements. Given the multi-year nature of the lease and the total payables thereunder, the receivables pledge was required as an additional credit enhancement to mitigate counterparty risk. The pledged amount is calculated from the date on which Chengtong Financial Leasing pays the Kangfu Purchase Price and represents the aggregate outstanding lease payments in respect of the Kangfu Leased Assets.

Lessee's right to repurchase the Leased Assets

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

Credit enhancement measures

Depending on the overall risks associated with a leased assets transfer 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.

(B) The Shijiazhuang Sale and Leaseback Arrangement

On 9 March 2026, Chengtong Financial Leasing entered into the Shijiazhuang Sale and Leaseback Agreements with Shijiazhuang Group in respect of the Shijiazhuang Sale and Leaseback Arrangement, the major terms of which are set out below.

Subject Matter

Subject to the fulfillment of the conditions as set out in the Shijiazhuang Sale and Leaseback Agreements, Chengtong Financial Leasing will purchase the Shijiazhuang Leased Assets, including certain lighting system and drainage equipment,

LETTER FROM THE BOARD

from Shijiazhuang Group at the Purchase Price of RMB300 million (equivalent to HK\$339 million), and the Shijiazhuang Leased Assets will be leased back to Shijiazhuang Group for a period of three (3) years, commencing from the date on which the Shijiazhuang Purchase Price in respect of the Shijiazhuang Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the Shijiazhuang 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 Shijiazhuang Group 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 Shijiazhuang Group evidencing its ownership in the Shijiazhuang Leased Assets;
- (v) the full payment of security money (if applicable) by Shijiazhuang Group;
- (vi) the obtaining of all necessary approvals by Shijiazhuang Group in relation to the Shijiazhuang 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 Shijiazhuang Leased Assets in accordance with the terms of the Shijiazhuang Sale and Leaseback Agreements by Shijiazhuang Group, 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 Shijiazhuang Sale and Leaseback Agreements is not satisfied on or before 31 December 2026, Chengtong Financial Leasing shall have the right to unilaterally terminate the Shijiazhuang Sale and Leaseback Agreements.

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All the conditions under the Shijiazhuang Sale and Leaseback Agreements have been satisfied as at the Latest Practicable Date.

Purchase Price

The Shijiazhuang Purchase Price was agreed between Chengtong Financial Leasing and Shijiazhuang Group with reference to the net book value of the Shijiazhuang Leased Assets of approximately RMB325.32 million (equivalent to approximately HK\$367.61 million) as at 31 October 2025. A discount of approximately 8% was applied to the Shijiazhuang Leased Assets after arm's length negotiations between Chengtong Financial Leasing and Shijiazhuang Group taking into account their nature as lighting system and drainage equipment, their current operating condition, their resale and secondary market potential, and the associated cost for maintenance, as well as the terms of the Shijiazhuang Sale and Leaseback Arrangement (including but not limited to the lease tenure, pricing structure and expected lease income stream). The agreed discount balanced the assets' value with the overall economics and risk profile of the Shijiazhuang Sale and Leaseback Arrangement.

In assessing whether the discounts applied to the Shijiazhuang Leased Assets are fair and reasonable and in the interests of the Company and the Shareholders as a whole, the Board has considered, among other factors: (a) the basis of the discount; (b) the expected stable lease income and reasonable return to be generated over the lease terms; (c) the risk profile of Shijiazhuang Group; and (d) the credit control measures and other risk mitigation mechanisms in place in respect of the Shijiazhuang Sale and Leaseback Arrangement. Based on the foregoing, the Board is of the view that the discounts applied to the Shijiazhuang Leased Assets are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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

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

Legal title

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

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Lease payment

The total amount of lease payment over the Lease Term is estimated to be approximately RMB317.85 million (equivalent to approximately HK\$359.17 million) which shall be payable by Shijiazhuang Group to Chengtong Financial Leasing in twelve (12) quarterly installments during the Lease Term, and represents the sum of the lease principal amount (being the amount of Shijiazhuang Purchase Price to be paid by Chengtong Financial Leasing) and the lease interest which is estimated to be approximately RMB17.85 million (equivalent to approximately HK\$20.17 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 premium 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 premium over the new LPR, except in the case where Shijiazhuang Group 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.

Service Fee

Shijiazhuang Group shall pay a one-off service fee (“**Service Fee**”) of RMB5 million (equivalent to approximately HK\$5.65 million) to Chengtong Financial Leasing for the preliminary services provided by Chengtong Financial Leasing in respect of the Shijiazhuang Leased Assets Transfer Arrangement. Such services include the provision of corporate finance consulting services, including but not limited to advising Shijiazhuang Group on strategic analysis, investment and financing channels and models, as well as macroeconomic and market research. The Service Fee is non-refundable.

The lease payment and the Service Fee applicable to the Shijiazhuang Sale and Leaseback 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, the overall return rate attained by the Group taking into account the amount of lease interests, the Service Fee and the prevailing market conditions.

Having considered the above factors in the specific circumstances of the Shijiazhuang Leased Assets Transfer Arrangement, the Board considers that the lease payment, interest rate and the Service Fee as agreed in the Shijiazhuang Leased Assets Transfer Agreements are fair and reasonable which are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Lessee's right to repurchase the Leased Assets

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

Credit enhancement measures

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

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

(C) Information of the Lessees

Kangfu

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, and based on the information publicly available as of the Latest Practicable Date, (i) Kangfu is a company whose shares are quoted on the National Equities Exchanges and Quotations in the PRC (stock code: 833499) and its largest shareholder holding approximately 20.05% of its equity interest is Diantou Ronghe New Energy Development Co., Ltd., a state-owned enterprise owned as to 35.64% by State Power Investment Group Co., Ltd., whose ultimate beneficial owner is SASAC of the State Council; (ii) Kangfu and its ultimate beneficial owner are Independent Third Parties; and (iii) Kangfu is principally engaged in the business of provision of finance lease services.

Shijiazhuang Group

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, and based on the information publicly available as of the Latest Practicable Date, (i) Shijiazhuang Group is (a) 85.88% owned by Shijiazhuang Transportation Investment and Development Group Co., Ltd., which is ultimately controlled by SASAC of the Shijiazhuang Municipal People's Government; and (b) 14.12% owned by CDB Development Fund Co., Ltd., which is wholly-owned by China

LETTER FROM THE BOARD

Development Bank; (ii) Shijiazhuang Group and its ultimate beneficial owners are Independent Third Parties; and (iii) Shijiazhuang Group is principally engaged in the business of the construction and operation of the rail transit system within Shijiazhuang City.

(D) Reasons for and Benefits of the Leased Assets Transfer Arrangement and 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 Kangfu Leased Assets Transfer Arrangement

The entering into of the Kangfu Leased Assets Transfer 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 RMB6.03 million (equivalent to approximately HK\$6.81 million), being the lease interest to be received by Chengtong Financial Leasing in respect of the Kangfu Leased Assets Transfer Arrangement.

The Shijiazhuang Sale and Leaseback Arrangement

The entering into of the Shijiazhuang 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 RMB22.85 million (equivalent to approximately HK\$25.82 million), being the sum of the Service Fee and the lease interest to be received by Chengtong Financial Leasing in respect of the Shijiazhuang Sale and Leaseback Arrangement.

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

(E) Implications under the Listing Rules

The Kangfu Leased Assets Transfer Arrangement

Since (i) the Kangfu Leased Assets Transfer Agreements and the Previous Kangfu Transactions are and were all entered into with Kangfu and/or its subsidiary; and (ii) the Previous Kangfu Transactions are still subsisting when the Kangfu Leased Assets Transfer Agreements are entered into, therefore the Kangfu Leased Assets Transfer Arrangement is aggregated with the Previous Kangfu 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 Kangfu Leased Assets Transfer Arrangement, when aggregated with the Previous Kangfu Transactions, exceeds 25% but is less than 100%, the Kangfu Leased Assets Transfer 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.

The Shijiazhuang Sale and Leaseback Arrangement

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Shijiazhuang Sale and Leaseback Arrangement exceeds 25% but is less than 100%, the Shijiazhuang 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 enquiry, no Shareholder or any of his/her/its close associate(s) (as defined in the Listing Rules) has a material interest in the Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang 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 Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang Sale and Leaseback Arrangement. In light of the foregoing, written Shareholder's 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 Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang 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 Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang Sale and Leaseback Arrangement.

Reference is made to the announcement of the Company dated 10 February 2026 (the "**Announcement**") in relation to the Kangfu Leased Assets Transfer Arrangement. As disclosed in the Announcement, a circular containing, among other things, further details of the Kangfu Leased Assets Transfer Arrangement (the "**Circular**") was expected to be despatched to the Shareholders on or before 6 March 2026 pursuant to Rule 14.41(a) of the Listing Rules. As additional time was required to finalise certain information to be included in the Circular, the Company has not despatched the Circular by the aforementioned expected date in accordance with the Listing Rules.

LETTER FROM THE BOARD

To ensure timely compliance with Rule 14.41(a) of the Listing Rules, the Company has established internal control procedures for the preparation of circulars and waiver application. The finance department and the company secretarial department are primarily responsible for conducting the initial assessment of transactions to determine whether they constitute notifiable transactions, for monitoring such transactions on an ongoing basis, and for ensuring compliance with the applicable requirements under the Listing Rules (including, where appropriate, the submission of waiver application). The company secretarial department coordinates with the finance department and external professional advisers in the preparation of the circular and waiver application. A shared timetable and compliance checklist are maintained to monitor key deadlines, and regular updates and reminders are circulated among the responsible parties to ensure timely follow-up. Where it becomes apparent that additional time may be required for the despatch of a circular, the relevant departments of the Company will work together, with the assistance of the Company's professional advisers, to initiate the waiver application process and seek the necessary internal approvals as soon as practicable.

This particular incidence of the delay in complying with Rule 14.41(a) of the Listing Rules was inadvertent and resulted from an isolated oversight of the relevant deadlines. The change in professional advisers in this case led to a degree of miscommunication regarding the allocation of responsibilities. While internal control procedures were in place, responsibility for monitoring the Rule 14.41(a) deadline was not expressly reconfirmed during the transition process, and the impending deadline was therefore not identified in a timely manner. This incident did not stem from any deficiency in the design of the Company's internal control framework, which remained adequate and would have operated effectively but for this exceptional circumstance.

To prevent the recurrence of similar incidents, the Company has implemented a stricter internal timetable by setting earlier deadlines for the preparation circulars and waiver applications, and has strengthened coordination with its professional advisers to ensure closer monitoring of regulatory deadlines on an ongoing basis. Under the enhanced regime, a detailed timetable (covering key milestones including engagement of professional advisers, preparation of draft publication materials, internal and board review, submission for vetting, and application for waiver) shall be prepared at the outset of each notifiable transaction, and more buffer time, particularly in the event of change of professional advisers, is incorporated to allow for coordination and any unforeseen delays. The Company will also monitor the progress of each key stage against the internal timetable on an ongoing basis and, where necessary, a waiver application can be submitted at least five business days before the prescribed timeframe under Rule 14.41(a). In particular, a designated person of the company secretarial department will be assigned to oversee implementation of timeline, while a separate person of the finance department will be responsible for cross-checking progress and ensuring adherence to the schedule. If any delay or risk of delay is identified, the matter will be promptly escalated to the Board to ensure that appropriate follow-up actions are taken in a timely manner. The Company will also

LETTER FROM THE BOARD

request its professional advisers to provide timely reminders of the relevant regulatory deadlines during the process. These enhanced measures enable closer monitoring of regulatory deadlines, and thereby facilitating early identification of potential delays.

The Board has reviewed the proposed remedial actions and considers them sufficient and effective in preventing the recurrence of similar non-compliance. As the delay was procedural in nature and not due to any systemic deficiency, the Board is therefore of the view that the enhanced measures are sufficient to prevent similar incidents in the future.

3. RECOMMENDATION

The Directors are of the view that the terms of the Kangfu Leased Assets Transfer Agreements and the Shijiazhuang Sale and Leaseback Agreements are normal commercial terms and are fair and reasonable. The Directors also consider that the entering into of the Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang Sale and Leaseback Arrangement are in the ordinary and usual course of business of the Group and are 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 Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang 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.

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
Chen Jianying
Executive Director

1. FINANCIAL INFORMATION OF THE GROUP

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

- (a) 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>);
- (b) 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
- (c) the annual report of the Company for the year ended 31 December 2025 from pages 66 to 169 (<https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0424/2026042403944.pdf>).

2. INDEBTEDNESS OF THE GROUP

As at the close of business on 31 March 2026, 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\$6,346.81 million which are secured by charges over loan receivables and trade receivable under operating lease business of the Group; (ii) unsecured and unguaranteed bank borrowings of HK\$154.46 million; (iii) unsecured and unguaranteed corporate bonds of HK\$1,146.65 million; (iv) secured and guaranteed asset-backed securities of approximately HK\$2,094.12 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\$368.94 million.

As at the close of business on 31 March 2026, the Group had contingent liabilities in relation to guarantees of approximately HK\$70.83 million given to banks in respect of mortgage loans granted to purchasers of certain property units.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities and normal trade and other payables in the ordinary course of business, the Group did not have any other debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing, mortgages or charges, contingent liabilities or guarantees as at 31 March 2026.

3. WORKING CAPITAL SUFFICIENCY OF THE GROUP

The Directors are of the opinion that, after taking into account the effects of the Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang 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, firstly, the Group will continue to adhere to a prudent, risk first investment strategy, continuously optimizing its full-process risk management system covering pre-lease, during-lease, and post-lease phases. While ensuring asset security, we will enhance operational efficiency to achieve steady business performance. Secondly, in business expansion, the Group will closely align with national strategic priorities, focusing on core sectors such as major energy, major transportation, new equipment, and new infrastructure. Assets will be scientifically allocated based on industry development and actual demand to enhance asset quality and operational performance. Thirdly, in capital management, the Group will continue to expand diversified financing channels, deepen cooperation with major financial institutions, leverage issuance windows for bonds and asset securitization programs, further optimize financing structures, and effectively reduce funding costs to provide robust support for steady business growth. Simultaneously, the Group will accelerate digital transformation, drive information system upgrades and enhance data application capabilities. We will strengthen technological empowerment for business expansion, customer management, and risk monitoring, continuously elevating the level of informatization and refined management.

In respect of the property development and investment business, the Group will continue to advance sales and inventory clearance for existing projects, accelerate capital recovery, enhance asset turnover efficiency, and optimize resource allocation in a timely manner to support the sustained development of its core leasing business.

In respect of the marine recreation services and hotel business, the Group will continue to optimize the operational management of existing businesses, enrich its product portfolio, expand diversified business models, and further enhance operational efficiency.

5. MATERIAL ADVERSE CHANGE

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 2025, 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 31 December 2025, the consolidated total assets of the Group amounted to approximately HK\$12,385 million and the consolidated total liabilities of the Group amounted to approximately HK\$9,439 million.

The Directors consider that there is no significant immediate change to the Group's net asset value upon implementation of the Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang Sale and Leaseback Arrangement. In respect of the implementation of the Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang Sale and Leaseback Arrangement, such arrangements 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 Shijiazhuang Sale and Leaseback Arrangement as additional income to the Group.

Save as disclosed above, the Kangfu Leased Assets Transfer Arrangement and the Shijiazhuang Sale and Leaseback Arrangement 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 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 held	Class of shares	Approximate percentage of the issued share capital as at the Latest Practicable Date
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 held	Class of shares	Approximate percentage of the issued share capital of the Company as at the Latest Practicable Date
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 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 a General Counsel, the general manager of the Legal and Compliance Department of CCHK and a director of several subsidiaries 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 2025, 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 Kangfu Leased Assets Transfer Agreements and the Shijiazhuang 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.