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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)

VERY SUBSTANTIAL ACQUISITION – SALE AND LEASEBACK ARRANGEMENT

SALE AND LEASEBACK ARRANGEMENT

On 20 October 2026, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Dundee Agreements with Dundee, pursuant to which Chengtong Financial Leasing has agreed to purchase the Dundee Leased Assets from Dundee and to lease the Dundee Leased Assets back to Dundee for a period of six (6) years from the date on which the purchase price in respect of the Dundee Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the Dundee Agreements.

IMPLICATIONS UNDER THE LISTING RULES

Since (i) the Previous Baosteel Transactions and the Previous Yili Transaction were still subsisting when the Dundee Agreements were entered into; and (ii) Dundee and the lessees under each of the Previous Baosteel Transactions and the Previous Yili Transaction are all subsidiaries of China Baowu, the Dundee Arrangement is aggregated with the Previous Baosteel Transactions and the Previous Yili Transaction for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

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

THE GENERAL MEETING

The GM will be convened and held by the Company for the purpose of considering and, if thought fit, approving the Dundee Arrangement.

A circular containing, among other things, (i) information on the Dundee Arrangement; (ii) other information required under the Listing Rules; and (iii) the notice of the GM will be despatched to the Shareholders on or before 24 November 2026 as additional time is needed to finalise the circular.

On 20 October 2026, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Dundee Agreements with Dundee in respect of the Dundee Arrangement, the major terms of which are set out below.

SALE AND LEASEBACK ARRANGEMENT

Date of the Dundee Agreements

20 October 2026

Parties

Lessor: Chengtong Financial Leasing

Lessee: Dundee

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, and based on the information publicly available as of the date of this announcement, (i) Dundee is owned as to approximately 95.20% by Xinjiang Bayi Iron and Steel Group Co., Ltd., which is ultimately controlled by China Baowu, which is wholly owned by SASAC of the State Council; (ii) Dundee and its ultimate beneficial owner are Independent Third Parties; and (iii) Dundee is principally engaged in the business of metal ore sales, mineral processing and mining machinery sales, etc.

Subject matter

Conditional upon the approval by the Shareholders of the Dundee Arrangement and subject to the fulfilment of all the conditions as set out in the relevant Dundee Agreements, Chengtong Financial Leasing has agreed to purchase the Dundee Leased Assets from Dundee at a total purchase price of RMB250 million (equivalent to HK\$290 million), and the Dundee Leased Assets will be leased back to Dundee for a period of six (6) years from the date on which the purchase price in respect of the relevant Dundee Leased Assets is paid by Chengtong Financial Leasing, subject to early termination in accordance with the terms and conditions of the Dundee Agreements.

The conditions as stipulated in the Dundee Agreements include the following:

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

If any of the conditions under the relevant Dundee Agreements is not satisfied on or before 31 December 2026, Chengtong Financial Leasing shall have the right to unilaterally terminate the Dundee Agreements.

Purchase price

The purchase price payable by Chengtong Financial Leasing for the Dundee Leased Assets is RMB250 million (equivalent to HK\$290 million) and was agreed between Chengtong Financial Leasing and Dundee with reference to the net book value of the Dundee Leased Assets as at 31 March 2026 of approximately RMB284.02 million (equivalent to approximately HK\$329.46 million). The Dundee Leased Assets are not revenue generating assets with identifiable income stream. The purchase price represents approximately 88.02% of the net book value, which was determined after arm's length negotiation between the parties with reference to age and condition of the Dundee Leased Assets.

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

Legal title

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

Lease payment

The total amount of lease payment is estimated to be approximately RMB276.85 million (equivalent to approximately HK\$321.15 million) which represents the sum of lease principal amount (being the total amount of the purchase price to be paid by Chengtong Financial Leasing) and the lease interest. Subject to the then applicable interest rate, the lease interest is estimated to be approximately RMB26.85 million (equivalent to approximately HK\$31.15 million), and shall be payable by Dundee to Chengtong Financial Leasing in twelve (12) semi-annual instalments during the lease term.

The lease interests are calculated based on the then prevailing interest rate and the then outstanding lease principal amount. The interest rate under the Dundee Arrangement is a floating interest rate calculated at a fixed discount to the five-year LPR at the lease commencement date, subject to adjustment based on the five-year LPR on 1 January every year during the lease term.

If on any interest rate adjustment date, Dundee 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 interest was determined on an arm's length basis with reference to a comprehensive assessment of the Dundee Arrangement, taking into consideration (i) the target return of the Group and the financing cost to Dundee; and (ii) the credit profile of Dundee.

(i) Target return of the Group and the financing cost to Dundee

The lease interest rate applied to the Dundee Arrangement, including the discount to the five-year LPR from time to time, is a commercial term agreed among the parties. It is structured to deliver an expected satisfactory return for the Group while ensuring the overall financing cost remains competitive for Dundee.

(ii) Credit profile of Dundee

Prior to executing the Dundee Agreements, the relevant business department of Chengtong Financial Leasing conducted a comprehensive due diligence on Dundee, including evaluating Dundee's background, business profile and financial standing, and verifying the legal titles of Dundee Leased Assets to ensure their tradability. The evaluation primarily considered Dundee's market recognition, stable downstream supply, competitive advantage of the multi-metal product mix and the strong support from its ultimate controlling shareholder, namely China Baowu. A recent review of the financial information of Dundee demonstrated that there has been continuous growth in its operating revenue and its operating performance is solid and is improving steadily. Therefore, it is confirmed that Dundee has sufficient financial capacity to meet its financial obligations under the Dundee Arrangement.

By virtue of the abovementioned and taking into account that (i) the terms of the Dundee Arrangement were negotiated between Chengtong Financial Leasing and Dundee on an arm's length basis; (ii) after having conducted credit assessment on Dundee, it is believed that Dundee would have the financial ability to repay the lease payments; and (iii) the Dundee Arrangement would yield an expected satisfactory return that is within the Group's profitability benchmark for finance lease arrangements, the Directors consider that the terms of the Dundee Arrangement (including the lease interest rate) are fair and reasonable and on normal commercial terms.

Lessee's right to repurchase the Dundee Leased Assets

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

Termination

Pursuant to the terms of the Dundee Agreements, the Dundee Arrangement may be terminated prior to the expiration of the lease term upon mutual agreement in writing of the parties thereto. Upon receipt of Dundee's request for early termination, the relevant department of Chengtong Financial Leasing will assess the internal rate of return with reference to the amount of outstanding lease principal and the accrued interest payable by Dundee ("**Final Payment**") as at the proposed date for early repayment. If the internal rate of return achievable upon early termination of the Dundee Arrangement is no less favourable than that under the full lease term, Chengtong Financial Leasing will approve Dundee's request for early termination. A confirmation will then be signed by the parties to acknowledge and confirm that (i) the Final Payment and the nominal repurchase price have been received by Chengtong Financial Leasing in full and final settlement of all payment obligations of Dundee under the Dundee Arrangement; and (ii) the Dundee Agreements shall be terminated.

Taking into consideration that, in the event of early termination of the Dundee Arrangement, (i) the internal rate of return achievable will be compared against, and ensured to be no less favourable than, that under the full lease term; and (ii) the funds recovered from Dundee can be utilised by the Group for other potential projects, the Directors are of the view that the terms in respect of early termination of the Dundee Arrangement are on normal commercial terms and are fair and reasonable.

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 Group also has post-lease management measures in place and as part of these measures, following the execution of a sale and leaseback arrangement, relevant department of Chengtong Financial Leasing is responsible for reviewing the financial information of the lessee(s) and any security provider(s) and conducting telephone calls or video conference or site inspection (where appropriate) of not less than twice a year to ascertain any changes in the business information and financial condition of the lessee(s) and security provider(s), use of funds by the lessee(s) and source of funds for lease payments, condition of the leased assets and operating conditions of the lessee(s) and any security provider(s).

Regular review of financial information of the lessee(s) enables the Group to track the operating condition and cash flow position of the lessee(s) and therefore their ongoing repayment ability. Site inspection allows the Group to monitor the physical condition and value of the leased assets. Through review and inspection being conducted on a basis of not less than twice a year, it enables the Group to identify risks at an early stage and impose appropriate credit enhancement measure(s) in a timely manner to protect the interests of the Group and the Shareholders.

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

REASONS FOR AND BENEFITS OF THE DUNDE ARRANGEMENT

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

The entering into of the Dundee 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 RMB26.85 million (equivalent to approximately HK\$31.15 million), being the lease interest under the Dundee Arrangement.

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

IMPLICATIONS UNDER THE LISTING RULES

Since (i) the Previous Baosteel Transactions and the Previous Yili Transaction were still subsisting when the Dundee Agreements were entered into; and (ii) Dundee and the lessees under each of the Previous Baosteel Transactions and the Previous Yili Transaction are all subsidiaries of China Baowu, the Dundee Arrangement is aggregated with the Previous Baosteel Transactions and the Previous Yili Transaction for the purpose of calculating the relevant percentage ratios (as defined in the Listing Rules).

Reference is made to the announcement of the Company dated 23 April 2025. Pursuant to the terms of the Sinosteel Agreements, Sinosteel may, after one (1) year from the lease commencement date, terminate the Sinosteel Arrangement prior to the expiration of the lease term by serving at least three (3) months' prior notice. In accordance with the terms of the Sinosteel Agreements, Sinosteel served notice on Chengtong Financial Leasing, and early repaid the outstanding lease principal, accrued lease interest due and the nominal repurchase price on 27 April 2026. After due consideration and on the basis that the internal rate of return achievable upon the early termination of the Sinosteel Arrangement is no less favourable than that under the full lease term, the Board is of the view that the early termination of the Sinosteel Arrangement by way of early repayment of Sinosteel in accordance with the terms of the Sinosteel Agreements is on normal commercial term and is fair and reasonable.

As Sinosteel has early repaid the outstanding lease principal, accrued lease interest due and the nominal repurchase price pursuant to the terms of the Sinosteel Agreements on 27 April 2026, the Sinosteel Arrangement is not aggregated with the Dundee Arrangement, the Previous Baosteel Transactions and the Previous Yili Transaction for the purpose of calculating the relevant percentage ratios of the Dundee Arrangement.

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

THE GENERAL MEETING

The GM will be convened and held by the Company for the purpose of considering and, if thought fit, approving the Dundee Arrangement.

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) has any material interest in the Dundee Arrangement. Thus, no Shareholder is required to abstain from voting on the resolutions approving the Dundee Arrangement.

A circular containing, among other things, (i) information on the Dundee Arrangement; (ii) other information required under the Listing Rules; and (iii) the notice of the GM will be despatched to the Shareholders on or before 24 November 2026 as additional time is needed to finalise the circular.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	means the board of Directors
“Chengtong Financial Leasing”	means Chengtong Financial Leasing Company Limited, a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“China Baowu”	means China Baowu Steel Group Co., Ltd., a state-owned enterprise established in the PRC with limited liability which is wholly owned by SASAC of the State Council
“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
“Director(s)”	means the director(s) of the Company
“Dunde Agreements”	means, collectively, two (2) sets of the following agreements in respect of the Dundee Leased Assets all dated 20 October 2026 and signed between Chengtong Financial Leasing and Dundee: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)
“Dunde Arrangement”	means the sale and leaseback arrangement under the Dundee Agreements
“Dunde”	means Bazhou Dundee Mining Co., Ltd., a state-owned enterprise established in the PRC with limited liability

“Dunde Leased Assets”	means a total of 27 asset items located in a mining plant of Dunde in Xinjiang of the PRC and can be categorised into ore grinding and crushing equipment, supporting lighting and drainage equipment, and power infrastructure, which included roller mill, vertical mill cyclone, mine intrinsically safe transient electromagnetic instrument, power transformer and rectifier, high pressure grinding tolls, wet overflow ball mill, cone crusher, jaw crusher, mine increased safety electric heater, belt conveyer, bottom-side dump mine vehicle, high and low voltage switch gear, underground smart lighting, power supply expansion and modification equipment, power transmission equipment, water inflow transmission equipment, power supply equipment and substation
“GM”	means the general meeting of the Company to be convened and held for the purpose of considering and, if thought fit, approving the Dunde Arrangement
“Group”	means the Company and its subsidiaries as at the date of this announcement
“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)
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“LPR”	means the loan prime rate as promulgated by the National Interbank Funding Center under the authority of the People’s Bank of China
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Previous Baosteel Transactions”	means, collectively, the following transactions previously entered into between Chengtong Financial Leasing and Baosteel Desheng Stainless Steel Co., Ltd.: (1) the sale and leaseback arrangement entered into on 16 December 2024, the details of which are set out in the announcement of the Company dated 16 December 2024 and the circular of the Company dated 24 January 2025; (2) the sale and leaseback arrangement entered into on 8 July 2025, the details of which are set out in the announcement of the Company dated 8 July 2025 and the circular of the Company dated 15 August 2025; (3) the sale and leaseback arrangement entered into on 16 July 2025, the details of which are set out in the announcement of the Company dated 16 July 2025 and the circular of the Company dated 15 August 2025
“Previous Yili Transaction”	means the sale and leaseback arrangement previously entered into between Chengtong Financial Leasing and Xinjiang Yili Iron and Steel Co., Ltd., the details of which are set out in the announcement of the Company dated 3 November 2025 and the circular of the Company dated 12 November 2025
“RMB”	means Renminbi, the lawful currency of the PRC
“SASAC”	means The State-owned Assets Supervision and Administration Commission
“Shareholder(s)”	means the shareholder(s) of the Company
“Sinosteel”	means Sinosteel Xingtai Machinery & Mill Roll Co., Ltd., a state-owned enterprise established in the PRC with limited liability
“Sinosteel Agreements”	means, collectively, the following agreements in respect of the Sinosteel Leased Assets dated 23 April 2025 and signed between Chengtong Financial Leasing and Sinosteel: (1) leaseback assets transfer agreement; and (2) finance lease agreement (sale and leaseback)

“Sinosteel Arrangement”	means the sale and leaseback arrangement under the Sinosteel Agreements, the details of which are set out in the announcement of the Company dated 23 April 2025 and the circular of the Company dated 13 May 2025
“Sinosteel Leased Assets”	means certain core ring molds, cold processing equipment, connection boxes, end cover connection boxes and ingot mold equipment, etc.
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent.

In this announcement, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.16. 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 entities established in the PRC in this announcement are for identification purpose only.

By order of the Board
China Chengtong Development Group Limited
Zhao Peng
Chairman

Hong Kong, 20 October 2026

As at the date of this announcement, the executive Directors are Mr. Zhao Peng (Chairman), Mr. Chen Jianying and Ms. Bai Chunrui; and the independent non-executive Directors are Mr. Lee Man Chun, Tony, Professor He Jia and Mr. Liu Lei.