

12 November 2025

*To: The independent board committee and the independent shareholders
of China Chengtong Development Group Limited*

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTION IN RELATION TO FINANCIAL SERVICES AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Financial Services Agreement, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated 12 November 2025 issued by the Company to the Shareholders (the “**Circular**”), of which this letter of advice forms part. Capitalized terms used in this letter of advice shall have the same meanings as ascribed to them under the section headed “Definitions” in the Circular unless the context requires otherwise.

On 27 October 2025, the Company and Chengtong Finance entered into the Financial Services Agreement in relation to the provision by Chengtong Finance to the Group of a scope of financial services, including the Deposit Services, for a term of three years commencing from the Effective Date.

According to the Letter from the Board, the provision of the Deposit Services under the Financial Services Agreement constitutes a major transaction and continuing connected transactions for the Company, and is subject to the reporting, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Lee Man Chun, Tony, Professor He Jia and Mr. Liu Lei (all being the independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Deposit Services under the Financial Services Agreement (including the Deposit Cap) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the entering into of the Financial Services Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Deposit Services under the Financial Services Agreement at the GM. We, VBG Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

BASIS OF OUR OPINION

In formulating our opinion with regard to the Financial Services Agreement, we have relied on the information and facts supplied, opinions expressed and representations made to us by the management of the Group. We have assumed that the information and facts supplied, opinions expressed and representations made to us by the management of the Group were true, accurate and complete at the time they were made and continue to be true, accurate and complete in all material aspects until the date of the Circular. We have

also assumed that all statements of belief, opinions, expectation and intention made by the management of the Group in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its management and/or advisers, which have been provided to us.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent investigation into the business and affairs or future prospects of the Group, CCHG, Chengtong Finance, or their respective shareholders, subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Financial Services Agreement. Our opinion is necessarily based on the market, financial, economic and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to consider events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter of advice should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Shareholders should note that as the Deposit Cap is relating to future events and was estimated based on assumptions which may or may not remain valid for the entire period during the Term, and it does not represent forecast of revenue or cost to be recorded from the Financial Services Agreement. Consequently, we express no opinion as to how closely the actual revenue and/or cost to be incurred under the Financial Services Agreement will correspond with the Deposit Cap.

Where information in this letter of advice has been extracted from published or otherwise publicly available sources, we have ensured that such information has been correctly and fairly extracted, reproduced or presented from the relevant sources but we did not conduct any independent investigation into the accuracy and completeness of such information.

OUR INDEPENDENCE

As at the Latest Practicable Date, apart from having acted as the independent financial adviser of the Company relating to a discloseable and continuing connected transaction of which an announcement was published by the Company on 10 January 2024, we did not have any business relationship with the Company within the past two years. Save for the normal fees payable to us in connection with this appointment, no arrangement exists whereby we shall receive any fees or benefits from the Company and its subsidiaries or the Directors, chief executive or substantial shareholders (as defined in the Listing Rules) of the Company or any of their associates. We consider ourselves independent to form our opinion in respect of the Financial Services Agreement in compliance with Rule 13.84 of the Listing Rules.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Financial Services Agreement, we have taken into consideration the following principal factors and reasons:

1. Background of and reasons for the Financial Services Agreement

Business and financial overview of the Group

The Group is principally engaged in leasing, property development and investment, marine recreation services and hotel business.

Based on the Company's annual report for the year ended 31 December 2024, revenue of the Group was approximately HK\$552.6 million and the Group's profit for the year was approximately HK\$38.7 million. The Group derived almost 78% of its revenue from the leasing business, followed by the property development and investment business (around 16%) and the marine recreation services and hotel business (around 6%). As at 31 December 2024, the Group had bank balances and cash of approximately HK\$1.0 billion, representing a significant increase of approximately 47.6% as compared to that as at 31 December 2023 of approximately HK\$698.6 million. As at 30 June 2025, the Group's bank balances and cash further increased to approximately HK\$1.8 billion. Majority of the Group's cash and deposits were denominated in RMB. During the year ended 31 December 2024, the net cash generated from the Group's operating activities amounted to approximately HK\$2.4 billion. As advised by the Directors, owing to the nature of the Group's leasing business, bulk volume of cash flows are incurred during the daily operations of the Group and the Group holds substantial amount of bank balances and cash; as a result, the Group has consistent demand for financial services (including deposit services) from financial institutions to support its daily cash and treasury management.

Information on Chengtong Finance

As extracted from the Letter from the Board, Chengtong Finance is a non-banking financial institution subject to the supervision of the NFRA. It is principally engaged in the provision of a variety of financial services including deposit taking, credit facility granting, settlement services, and other types of financial services to member companies of the group of CCHG.

For our due diligence purpose, we have requested and obtained the required financial license of Chengtong Finance issued by the relevant regulatory authority in China.

For our due diligence purpose, we have also requested and obtained the latest financial information of Chengtong Finance, from which we noted that Chengtong Finance recorded total revenue and net profit of approximately RMB329.8 million and RMB179.0 million, respectively, for the year ended 31 December 2024. As at 31 December 2024, the net asset value of Chengtong Finance was approximately RMB6.7 billion.

Reasons for and possible benefits of the Financial Services Agreement

We have discussed with the Directors as regards the reasons for and possible benefits of the Financial Services Agreement:

Flexible and tailor-made, and favorable terms of services of Chengtong Finance

As represented by the Directors, for the reason that Chengtong Finance and the Group are both members of CCHG group, Chengtong Finance would be much more familiar with the Group's operations than other financial institutions. Chengtong Finance is expected to be a cost-effective financial platform providing flexible and tailor-made financial services to the Group

At the same time, as being presented in further details under the section headed "Principal terms of the

Deposit Services under the Financial Services Agreement” of this letter of advice, pursuant to the terms of the Financial Services Agreement, Chengtong Finance agreed that the interest rates for the Deposit Services to the Group shall be (i) the deposit interest rate uniformly promulgated by the PBC during the same period for the same type of deposits with an upward floating range of 10-50 basis points; (ii) not lower than the interest rates offered to the Group by the major commercial banks in the PRC during the same period for the same type of deposits; and (iii) not lower than the interest rates offered by Chengtong Finance to any third party during the same period for the same type of deposits.

Regulatory environment of Chengtong Finance

Based on our independent research, we noted that as a non-bank financial institution in the PRC, Chengtong Finance is subject to stringent regulations and is regulated by the NFRA. In accordance with the relevant provisions of the “Measures for the Administration of Finance Companies of Enterprise Groups”, Chengtong Finance is required to establish a sound corporate governance structure, improve internal controls, standardize business activities, conduct operations compliantly, and comply with multiple regulatory requirements to ensure fund safety, including but not limited to capital adequacy ratio, liquidity ratio, loan balance limits, total investment limits, net fixed asset limits, etc. Simultaneously, it must also deposit a certain proportion of statutory reserves with the PBC as stipulated by the relevant regulations.

Risk profile of Chengtong Finance

In assessing the possible credit risk involved in placing deposits with Chengtong Finance, we have taken into consideration that:

- (i) as depicted above, the operations of Chengtong Finance is subject to stringent supervision of the NFRA and is regulated by the relevant PRC financial regulations and rules;
- (ii) as depicted under the sub-section headed “Information on Chengtong Finance” of this letter of advice, Chengtong Finance has a strong financial position with total revenue and net profit of approximately RMB329.8 million and RMB179.0 million, respectively, for the year ended 31 December 2024, and net asset value of approximately RMB6.7 billion as at 31 December 2024; and
- (iii) as being presented under the section headed “Principal terms of the Deposit Services under the Financial Services Agreement” of this letter of advice, each of Chengtong Finance and CCHG has provided undertakings with an aim to protecting the Group’s interest.

In relation to the above, we have further researched for information on CCHG. Based on our research, we noted that CCHG is a state-owned enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council with registered capital of RMB21 billion, and is one of the first batch of pilot enterprises of the State-owned Assets Supervision and Administration Commission to build a standardized board of directors, the first pilot enterprise of a state-owned asset management company and a pilot unit of a state-owned capital operating company. Since becoming a pilot state-owned capital operating company in February 2016, the CCHG group's net assets and profit have expanded by approximately 6.5 times and 9.3 times, respectively, and it has entered the ranks of "double A" in the party building assessment and business performance appraisal of the State-owned Assets Supervision and Administration Commission for three consecutive years. In December 2022, CCHG was transferred from the pilot to the stage of continuous deepening reform. Besides the Company, CCHG also holds shares of a number of listed companies, namely Guangdong Guanbao High-Tech Co., Ltd. (600433.SH), Yueyang Forest & Paper Co., Ltd. (600963.SH) and MCC MeiLi Cloud Computing Industry Investment Co., Ltd. (000815.SZ). Given the solid background of CCHG, we consider that the undertakings provided by CCHG may effectively mitigate the credits risk of Chengtong Finance.

Having considered the foregoing, we concur with the Directors that the credit risk of Chengtong Finance is likely to be low and manageable.

In light of the aforesaid reasons for and possible benefits of the Financial Services Agreement, we concur with the Directors that the entering into of the Financial Services Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

2. Principal terms of the Deposit Services under the Financial Services Agreement

A summary of the principal terms of the Deposit Services under the Financial Services Agreement dated 27 October 2025 as extracted from the Letter from the Board is set out below:

Parties: (1) The Company; and
(2) Chengtong Finance

Term: Three years from the Effective Date

Key terms of the Deposit Services:

- (1) The Group can make deposits with Chengtong Finance at its discretion, such as current deposit, call deposit and time deposit.
- (2) The interest rates offered by Chengtong Finance to the Group for any deposits placed with it shall be (i) the deposit interest rate uniformly promulgated by the PBC during the same period for the same type of deposits with an upward floating range of 10-50 basis points; (ii) not lower than the interest rates offered to the Group by the major commercial banks in the PRC during the same period for the same type of deposits; and (iii) not lower than the interest rates offered by Chengtong Finance to any third party during the same period for the same type of deposits.
- (3) Chengtong Finance will ensure the security of the Group's deposits and will deposit them into commercial banks approved by the PRC government.
- (4) In case Chengtong Finance is unable to pay back the Group's deposits in full, the Company shall have the right to terminate the Financial Services Agreement and offset the amount of deposits due to the Group from Chengtong Finance against any loan repayable by the Group to Chengtong Finance.
- (5) Chengtong Finance shall indemnify the Company in full for any economic loss suffered by the Company as a result of Chengtong Finance's breach of the Financial Services Agreement.

Chengtong Finance's undertaking: Chengtong Finance undertakes to the Group that, among other things, it shall:

- (a) ensure the safety and independence of the Group's deposits whereas the Group shall have right to withdraw or use its deposits at any time, and to deposit funds into its account held with any third party at any time without restriction;
- (b) cooperate with the Group in compliance with the monitoring, approval and

disclosure requirements under the relevant rules and regulations regarding continuing connected transactions contemplated under the Financial Services Agreement;

- (c) regularly provide its annual audit report or such other financial information as requested by the Group, regularly disclose its operation and financial conditions to the Group, allow the Group's auditors to review its accounting records for the purpose of complying with the Listing Rules;
- (d) allow and cooperate with the Group to carry on stress testing on its deposits with Chengtong Finance from time to time; and
- (e) notify the Company and take measures to prevent loss from happening or further loss upon occurrence of any specified financial, operational, or regulatory risk events which may threaten the security of the deposits placed by the Group.

**CCHG's
undertaking:**

CCHG, the ultimate holding company of Chengtong Finance, has undertaken to the NFRA and the Company that it will increase its capital investment in Chengtong Finance in the event that Chengtong Finance is unable to fulfill its obligation to return the deposits to the Group upon request.

Pursuant to the Financial Services Agreement, the interest rates offered by Chengtong Finance to the Group for any deposits shall be (i) the deposit interest rate uniformly promulgated by the PBC during the same period for the same type of deposits with an upward floating range of 10-50 basis points; (ii) not lower than the interest rates offered to the Group by the major commercial banks in the PRC during the same period for the same type of deposits; and (iii) not lower than the interest rates offered by Chengtong Finance to any third party during the same period for the same type of deposits. As advised by the Directors, in assessing the interest rates offered by Chengtong Finance to the Group in respect of the Deposit Services, reference will be made with the interest rates offered by two major commercial banks in the PRC. In view of the above, these provisions could ensure a higher return to the Group from its idle cash and the pricing mechanism of interest rates under the Financial Services Agreement is no less favourable terms as compared to the terms offered by other independent third parties. Besides, the security of the deposits of the Group with Chengtong Finance is enhanced by the undertakings given by Chengtong Finance and CCHG. In particular, CCHG has undertaken to the NFRA and the Company that it will increase its capital investment in Chengtong Finance in the event that Chengtong Finance is unable to fulfill its obligation to return the deposits to the Group upon request.

Pursuant also to the Financial Services Agreement, the Group is not restricted to approach, and in fact may choose, any bank or financial institution to satisfy its business and financial service needs. That is to say, the Group may, but is not obliged to, use the services provided by Chengtong Finance. We consider that such provision could provide flexibility for the Group to decide on which financial institution(s) to place its idle cash with depending on its own circumstances.

Taking into account of the above, we are of the opinion that the terms of the Deposit Services under the Financial Services Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

The Deposit Cap

The Deposit Cap for the Deposit Services under the Financial Services Agreement is set at RMB400 million during the Term.

To assess the fairness and reasonableness of the Deposit Cap, we have considered the following factors:

- (i) as mentioned under the sub-section headed “Business and financial overview of the Group” of this letter of advice, at 31 December 2024, the Group had bank balances and cash (excluding pledged bank deposits) of approximately HK\$1.0 billion, representing a significant increase of approximately 47.6% as compared to that as at 31 December 2023 of approximately HK\$698.6 million. As at 30 June 2025, the Group’s bank balances and cash (excluding pledged bank deposits) further increased to approximately HK\$1.8 billion. That is to say, the Group’s cash on hand has been increasing significantly in a row in recent years;
- (ii) during the year ended 31 December 2024, the net cash generated from the Group’s operating activities amounted to approximately HK\$2.4 billion. Owing to the nature of the Group’s leasing business, bulk volume of cash flows are incurred during the daily operations of the Group;
- (iii) the Group’s total bank balances and cash (excluding pledged bank deposits) as at 30 June 2025 and net cash generated from operating activities for the year ended 31 December 2024 are approximately 4.4 times and 6.0 times, respectively, of the Deposit Cap;
- (iv) as represented by the Directors, the Group’s average monthly bank balances and cash (excluding pledged bank deposits) amounted to approximately HK\$871.3 million and HK\$1,069.8 million, respectively, for the year ended 31 December 2024 and the six months ended 30 June 2025. As such, the Deposit Cap represents around 50% and 41% of the Group’s average monthly bank balances and cash (excluding pledged bank deposits) for the year ended 31 December 2024 and the six months ended 30 June 2025, respectively;
- (v) points (iii) and (iv) above demonstrate that the Deposit Cap maintains substantial liquidity buffers while representing only a moderate portion of the Group’s strong cash position and robust operating cash flow generation. Moreover, the Deposit Cap is merely a maximum limit of the deposits which may be placed by the Group with Chengtong Finance. Pursuant to the Financial Services Agreement, the Group is free to withdraw and use its deposits placed with Chengtong Finance without any restriction; and
- (vi) pursuant to the Financial Services Agreement, the Group can select other financial institutions for financial services at its discretion. Moreover, the interest rates offered by Chengtong Finance to the Group for any deposits shall be (i) the deposit interest rate uniformly promulgated by the PBC during the same period for the same type of deposits with an upward floating range of 10-50 basis points; (ii) not lower than the interest rates offered to the Group by the major commercial banks in the PRC during the same period for the same type of deposits; and (iii) not lower than the interest rates offered by Chengtong Finance to any third party during the same period for the same type of deposits. The said arrangements can on one hand provide the Group with flexibility in selecting financial institutions for deposit services, and on the other hand allowing the Group to capture higher interest earnings from its idle cash.

As such, we are of the view the Deposit Cap for the Deposits Services under the Financial Services Agreement is fair and reasonable so far as the Independent Shareholders are concerned.

3. Internal control and compliance with the Listing Rules

We noted from the sub-section headed “Internal control and risk management in relation to the Deposit Services” of the Letter from the Board that the Company has established strict internal control

policies to supervise the Deposit Services under the Financial Services Agreement. Overall speaking, the finance and capital department of the Company (the “**F&C Department**”) is responsible for, amongst others, the management, risk assessment and disclosure of information in relation to the Deposit Services. A working group (the “**Working Group**”) which is led by the chairman of the Board is set up to address any risk which may arise in respect of the Deposit Services. Upon knowing there is any potential risk related to the deposits placed by the Group with Chengtong Finance, the F&C Department will report the matter to the Working Group immediately. The Working Group will then seek further information from Chengtong Finance to assess the situation. The Working Group will also be responsible to formulate and execute such measures to safeguard the Group’s interest, which may include the withdrawal or adjustment of the amount of deposits placed with Chengtong Finance.

In case of any adjustment to the benchmark interest rate by the PBC, the F&C Department will compare among the deposit interest rate from Chengtong Finance, the benchmark interest rate from the PBC, and the deposit interest rates from two independent commercial banks in respect of the same type of deposits during the same term. The F&C Department will request Chengtong Finance to make necessary adjustment to the deposit interest rate applied to the deposits placed with it by the Group in accordance with the provisions of the Financial Services Agreement.

We have studied the internal control policies of the Company as aforesaid and compared the same with the measures adopted by other Hong Kong listed companies to monitor deposit transactions under similar financial services agreements. Based on our study and comparison, we noted that the internal control policies of the Company comprehensively cover the process from execution, management to supervision, and include measures which are commonly adopted by the market for similar purposes.

Furthermore, the Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 and 14A.55 of the Listing Rules pursuant to which (i) the maximum daily balance of deposits (including accrued interest) placed by the Group with Chengtong Finance must be restricted by the Deposit Cap during the term of the Financial Services Agreement; (ii) the terms of the Financial Services Agreement (together with the Deposit Cap) must be reviewed by the independent non-executive Directors annually; and (iii) details of independent non-executive Directors’ annual review on the terms of the Financial Services Agreement (together with the Deposit Cap) must be included in the Company’s subsequent published annual reports and financial accounts. As also stipulated under Rule 14A.56 of the Listing Rules, auditors of the Company must provide annually a letter to the Board confirming, among other things, that the Deposit Services under the Financial Services Agreement are carried out in accordance with the terms under relevant agreements and the pricing policies of the Company in all material respects, and the Deposit Cap is not being exceeded. In the event that the maximum daily balance of deposits (including accrued interest) placed by the Group with Chengtong Finance exceeds the Deposit Cap, or that there is any material amendment to the terms of the Financial Services Agreement (together with the Deposit Cap), the Company, as confirmed by the Directors, shall comply with the applicable provisions of the Listing Rules governing continuing connected transaction.

With the internal control measures of the Group as well as the stipulated requirements for continuing connected transactions of the Listing Rules in place, the Deposit Services under the Financial Services Agreement will be monitored and hence the interest of the Independent Shareholders would be safeguarded.

RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Deposit Services under the Financial Services Agreement (including the Deposit Cap) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the entering into of the Financial Services Agreement is in the interests of the Company and the Shareholders as a whole and is conducted in the ordinary and usual course of business of the Group.

Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the GM to approve the Deposit Services under the Financial Services Agreement and we recommend the Independent Shareholders to vote in favour of the resolution in this regard.

**Yours faithfully,
For and on behalf of
VBG Capital Limited**

A handwritten signature in dark ink, appearing to read "SingRL", written in a cursive, stylized font.

Doris Sing
Managing Director

Ms. Doris Sing is a licensed person and responsible officer of VBG Capital Limited registered with the Securities and Futures Commission to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and has over 20 years of experience in corporate finance.