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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)

PROFIT WARNING

This announcement is issued by China Chengtong Development Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that, based on the preliminary assessment of the unaudited consolidated management accounts of the Company for the six months ended 30 June 2024 (“**1H2024**”) and the information currently available to the Board, the Group is expected to record a consolidated profit after tax within a range from approximately HK\$25 million to HK\$27 million for 1H2024, which represented a decrease of approximately 30% as compared with the consolidated profit after tax recorded for the six months ended 30 June 2023 (“**1H2023**”).

The financial performance of the Group for 1H2024 was mainly affected by the impact of external factors such as global economic downturn, intensified competition and tightened supervision within the finance lease industry which shifted the industry from rapid growth to steady development. Amid this transition, the Group bolstered its risk management practices and became more discerning in engaging new leasing arrangements. Consequently, the Group only entered into three new sale and leaseback arrangements during 1H2024 and the revenue from the leasing segment decreased by more than 17% from 1H2023.

Hence, the overall gross profit of the Group during 1H2024 decreased by approximately HK\$19 million. In addition, the Group’s investment property valuation was impacted by the downtrend of the overall real estate market in the People’s Republic of China and recorded an increase in the fair value loss on investment properties by more than HK\$7 million. The above impact was however partially offset by the reduction in administrative expenses and impairment loss under expected credit loss model on the Group’s receivables by approximately HK\$6 million and HK\$2 million respectively.

The Company is still in the process of finalising the consolidated results of the Group for 1H2024. The information contained in this announcement is only a preliminary assessment by the management of the Company based on unaudited figures and information made available to the Board as at the date hereof and is not based on any figures or information which has been audited by the Company's auditor. Detailed financial information of the Company for 1H2024 will be disclosed in the interim results announcement of the Company, which is expected to be published on 26 August 2024.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board
China Chengtong Development Group Limited
Zhang Bin
Chairman

Hong Kong, 16 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Bin and Mr. Gu Honglin; and the independent non-executive directors of the Company are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.