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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 2022 (“**1H2022**”) and the information currently available to the Board, mainly attributable to the development of the COVID-19 pandemic in the People’s Republic of China (the “**PRC**”) during 1H2022 and the substantial increase in certain operating costs, the Group is expected to record a consolidated profit after tax of approximately HK\$21.76 million for 1H2022, which represented a decrease of approximately 60% as compared with the consolidated profit after tax recorded for the six months ended 30 June 2021 (“**1H2021**”).

The financial performance of the Group for 1H2022 was mainly affected by the following factors: (i) revenue for 1H2022 only increased slightly due to the slowdown in economic activities in the PRC as a result of the changes in development of the COVID-19 pandemic during the period; (ii) a decrease in gross profit of approximately HK\$13.95 million due to the increase in the costs of revenue resulting from the increase in interest expenses recorded thereunder for the assets-backed securities issued by the Group and the general bank borrowings; (iii) an increase in administrative expenses (excluding exchange loss) of approximately HK\$10.23 million which was mainly attributable to the increase in staff costs for an increased number of employees on the back of the Group’s expanding leasing operation; and (iv) the reversal of exchange difference from a gain of approximately HK\$8.06 million in 1H2021 to a loss of approximately HK\$4.26 million in 1H2022 due to the depreciation of Renminbi against Hong Kong Dollars.

The Company is still in the process of finalising the consolidated results of the Group for 1H2022. 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 1H2022 will be disclosed in the interim results announcement of the Company, which is expected to be published on 26 August 2022.

**Shareholders of the Company 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, 18 August 2022

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Bin and Mr. Yang Tianzhou; the non-executive director of the Company is Mr. Wang Daxiong and the independent non-executive directors of the Company are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.*