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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO MAJOR TRANSACTION – SALE AND LEASEBACK ARRANGEMENT

Reference is made to the announcement of China Chengtong Development Group Limited (the “**Company**”) dated 10 April 2024 in relation to the Sale and Leaseback Arrangement (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to supplement the following information in relation to the valuation methodology adopted by the independent PRC valuer (the “**Valuer**”) in assessing the value of the Leased Assets.

The cost method, being adopted by the Valuer for the valuation of the Leased Assets, is a method determining the value of an appraised asset by multiplying the replacement cost of the appraised asset by its newness rate. The value of the appraised asset is first to be obtained by estimating the replacement cost of the appraised asset, followed by deducting various estimated depreciation factors that currently exist in the appraised asset. The replacement cost is determined on the basis of the current market value of the appraised asset on the appraisal date, while the newness rate is determined through an on-site inspection and calculation and analysis based on technical and economic factors.

Based on the valuation, the total appraised replacement cost of the Leased Assets is approximately RMB64.41 million (equivalent to approximately HK\$69.56 million). The aggregate replacement cost was determined by aggregating the replacement cost of each of the Leased Assets. The replacement cost of each individual Leased Assets is composed of construction fees, construction-related expenses and capital costs. The construction fees are mainly determined by referencing the construction drawings provided by the Lessee and conducting an on-site inspection to calculate the construction and installation costs of the Leased Assets based on the relevant quotes and prices of local construction material as at the date of appraisal. The construction-related expenses included survey and design fees, bidding agency service fees, construction unit management fees, project construction supervision fees, etc. incurred by the Lessee for the construction of the Leased Assets. Capital costs

refer to the interest cost incurred for the investment in the construction of the Leased Asset. The construction fees of the Leased Assets range from approximately RMB16.31 million to approximately RMB27.84 million and account for an average of approximately 97.6% of the replacement cost of the respective Leased Assets. The construction-related expenses and the capital costs only constitute an insignificant portion of the replacement cost in the calculation of such replacement cost.

The newness rate of the appraised asset is determined after taking into account the economic life of the appraised asset, the remaining service life of the appraised asset and the status of the appraised asset through an on-site inspection. The Valuer evaluated the newness rate for each of the Leased Assets (comprising three kinds of ducts and pipelines with a total length of 2,141 meters) as 48%.

Based on the above-mentioned, the total appraised value of the Leased Assets is approximately RMB30.92 million (equivalent to approximately HK\$33.39 million), which is calculated by multiplying the individual replacement cost of the Leased Assets by the relevant newness rate of the Leased Assets.

Saved as disclosed above, all other information as set out in the Announcement remains unchanged and shall continue to be valid for all purposes. This announcement is supplemental to and should be read in conjunction with the Announcement.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.08. 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.

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

Hong Kong, 17 April 2024

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