



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)

China Chengtong Development Announces 2023 Interim Results

Steady Growth in All Businesses Profit after tax increased by 79%

FINANCIAL HIGHLIGHTS

- Revenue for the Review Period was approximately HK\$372.82 million.
- Gross profit for the Review Period was approximately HK\$138.11 million, increased 29% year-on-year.
- Consolidated profit before and after tax for the Review Period increased and amounted to approximately HK\$69.61 million and approximately HK\$38.91 million respectively.
- The financial position remained stable as at 30 June 2023 with total assets of approximately HK\$10,862.88 million. The net assets were HK\$2,781.23 million.
- Interest coverage ratio remained sound which was approximately 6 times as at 30 June 2023.
- The Board has resolved not to declare any interim dividend.

(August 29, 2023) - The board of directors of **China Chengtong Development Group Limited** (“**Chengtong Development**” or the “**Company**”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023.

In the first half of 2023, revenue of the Group was approximately HK\$372.82 million. Gross profit for the Review Period was approximately HK\$138.11 million, increased 29% year-on-year. The Group reported a consolidated profit before tax of approximately HK\$69.61 million in 1H2023, and exhibited an upthrust of 72% from approximately HK\$40.44 million in 1H2022. Profit for the period was HK\$38.91 million, increased 79% year-on-year. Profit attributable to owners of the Company was HK\$38.74 million, increased 84% year-on-year. The financial position remained stable as at 30 June 2023 with total assets of approximately HK\$10,862.88 million. The net assets were HK\$2,781.23 million. The Board has resolved not to declare any interim dividend.

Principal leasing business segment continued to be steady and solid

During the Review Period, the Group operated and derived its revenue from the core leasing business and other three business segments, including property development and investment, and marine recreation services and hotel and bulk commodity trade. Regarding the leasing business, despite continuing challenges posed by the macroeconomic and geopolitical situation in the PRC, the Group has been taking a proactive approach to meet the impacts brought by various unfavourable factors, continued to pull resources together to expand its core leasing business in all aspects and maintained a steady growth. The segment results in leasing business for 1H2023 went up by approximately 38% to approximately HK\$89.84 million.

As at 30 June 2023, the Group maintained a portfolio of leasing customers mainly from different business sectors including mainly energy saving and environmental protection, new infrastructure, logistic and warehousing, manufacturing, and public utilities. Customers of the Group were mainly state-owned enterprises and non-performing exposures were comparatively low. During the Review Period, the Group's wholly-owned subsidiary, Chengtong Financial Leasing Company Limited ("**Chengtong Financial Leasing**"), continued to expand the scale of the leasing business and synergised cooperation with other state-owned enterprises to complete a number of new leasing projects in relation to environmental protection, clean energy vehicles, manufacturing and infrastructure.

Chengtong Financial Leasing realised an increase in interest income from finance lease projects of 36% from 1H2022, to approximately HK\$209.54 million in 1H2023. The consultancy service business has steadily improved and the respective fee income increased by 31% during the Review Period. The rental income from operating lease increased in 1H2023 as more operating lease projects were in place and performing during the Review Period. The total segment revenue for 1H2023 stood at approximately HK\$297.37 million and represented an increase of 60% from 1H2022.

In 1H2023, there were 26 new projects in the leasing business with a new investment of approximately HK\$3,083.77 million. Chengtong Financial Leasing completed an independent rating in 1H2023 and was assigned "AA+" general corporate credit rating with stable outlook by Lianhe Credit Rating, indicating a significant enhancement of its financing ability and continuous reduction of financing costs. In 1H2023, the works for the issuance of the RMB1,370 million Phase II shelf ABS have been completed. Meanwhile, the Group have been granted with RMB1,648 million of banking facilities, which better assured the capital supply for business investment. Chengtong Financial Leasing participated in the preparation of China's first ESG report standard for the financial leasing industry, demonstrating its commitment to fulfill corporate social responsibility and to promote the development of a green and low-carbon industry.

Significant recovery in other business segments

For property development and investment, the Group's revenue from property development was entirely derived from its wholly owned CCT-Champs-Elysees project located in Zhucheng City of Shandong Province of the PRC. The sales increased by 7% and was attributable to the increase in floor area sold for Phase III of the project during the Review Period. The average selling price per square metre of the residential area for 1H2023 was approximately RMB5,413. As at 30 June 2023, the completed and unsold area of the project included residential area of approximately 6,433 square metres and commercial spaces of approximately 926 square metres. All the construction works of CCT-Champs-Elysees project (Phase I to III) were completed in August 2022 and the final Section 3 of Phase III is undergoing the registration and filing processes before it is available for sale. The Group plans and targets to complete the sales of the project in 2024. During the Review Period, the rental income from the property investment of the Group was generated from the leasing of the commercial properties of the CCT-Champs-Elysees project of approximately HK\$0.23 million and certain office premises of the Group of approximately HK\$1.18 million.

For marine recreation services and hotel, the Group operated its marine recreation services and hotel business in Hainan Province, the PRC, which was mainly consisted of: marine recreation services, hotel services and travel agency services. As the global economy gradually return to normal post COVID-19 pandemic, the segment's operations benefited from the uplift of travel restriction and steadily recovered during the Review Period. The segment revenue and results in 1H2023 increased by 109% and 84% respectively from 1H2022.

For bulk commodity trade, during the Review Period, the Group suspended the segment's trading activities after completing the sales orders on hand in early 2023. The segment business was carried out solely through its 51%-owned joint venture company, Chengtong World Trade Limited, and focused on international trade of steel and chemical products.

Outlook

The Group is engaged in four categories of business, namely, leasing, property development and investment, and marine recreation services and hotel services, bulk commodity trade (suspended), for the second half of this year:

Regarding the leasing business, as a core business, along with upholding the Group's bottom line of risk and strengthening business compliance, Chengtong Financial Leasing will seize the development opportunities brought by the continuous recovery and overall improvement of the national economy and favourable policies that have been continuously launched for the solid promotion of high-quality development, and

rely on the resource advantage of the controlling shareholder of the Company to explore the needs of the state-owned enterprise clients for industrial upgrading and diversified financing. Furthermore, the Group will strive to deepen the Group's business presence in market segments like green and low carbon, new energy, new infrastructure, high-end equipment, intelligent logistics, and big data center etc., and to establish the Group's industry features and market influences in specialised areas. At the same time, the Group will strengthen the Group's communications and cooperation with both domestic and overseas banks and financial institutions and completed the bookrunning works for the issuance of the RMB1,221 million Phase III shelf ABS, and will commence the preparation works for the issuance of Phase IV shelf ABS according to the progress of the Group's business investment.

In respect of property development and investment, all the construction works of the CCTChamps-Elysees project have been completed. In the next step, the Group will pay close attention to the specific measures taken by the PRC government to stabilise the housing market, seize the market opportunities, speed up the sales of the property units in Section 3 of Phase III of the CCT-Champs-Elysees project, and utilise the recovered funds for the principal business of leasing.

In respect of the marine recreation services and hotel business, 1H2023 saw a significant improvement in profitability benefiting from the recovery of tourism market in Sanya following the lifting of pandemic control. The Group will pay active attention to the government's initiatives related to the recovery and expansion of cultural and tourism consumption, so as to fully grasp the market opportunities in Hainan's tourism peak seasons which are generally in autumn and winter, continue to optimise the project operation and management mode to improve service quality, as well as accelerate the cultivation of internal impetus for market sales to expand revenue. At the same time, the Group will actively explore and promote subsequent asset restructuring to focus on the core leasing business.

In respect of the bulk commodity trade business, in view of the increasingly complex international environment and the more unstable and uncertain global supply chains, the Group will, based on the principle of prudent operation, continue to optimise resource allocation to focus on its principal business of financial leasing, and has suspended its international trading business of bulk commodity after the inventory was sold out.

The Group is the only overseas listed company platform under China Chengtong Holding Group, its ultimate controlling shareholder, and Chengtong Financial Leasing is the only controlling financial leasing company under the Group. Chengtong Financial Leasing will give full play to the resource advantages of the controlling shareholder of the Group, focus its resources on rapidly expanding the principal business of financial leasing, make pioneering efforts to make greater contributions to

the establishment of a new pattern of development and the realization of high-quality development, and to create higher value for its shareholders.

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About China Chengtong Development Group Limited

China Chengtong Development Group Limited (“CCDG” or the “Group”) is a red-chip listed company listed on the Main Board of the Hong Kong Stock Exchange (stock code: 217). The Group is engaged in four categories of business, namely, leasing, property development and investment, and marine recreation services and hotel services, bulk commodity trade (suspended). Chengtong Development is the only overseas listed company and asset securitization platform of its controlling shareholder, China Chengtong Holdings Group Limited.

This press release is issued by **Wonderful Sky Financial Group Limited** on behalf of **China Chengtong Development Group Limited**

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