



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 Group Announces 2023 Final Results

**Optimizing Business Structure Profitability Has Improved Significantly and Gross
Margin Up 20% Year-on-year**

Financial Highlights

For the year ended 31 December 2023:

- The Group continued to focus on the development of leasing business and had suspended the bulk commodity trade business.
- Revenue therefore decreased by 42% while the revenue from leasing business for the year increased by 46% to reach approximately HK\$604 million, and accounted for 82% of the Group's consolidated revenue.
- Overall gross profit margin was 40%, representing a year-on-year increase of 20%, which was mainly due to the suspension of lower margin bulk commodity trade business.
- Profit before tax was approximately HK\$122 million, and similar to that of previous year.
- As at 31 December 2023, the consolidated total assets of the Group amounted to approximately HK\$10.6 billion, representing an increase of 6% from previous year.
- The Board has resolved to recommend the payment of a final dividend of HK0.34 cent per ordinary share, representing the fourth consecutive year of dividend payment.

(March 11, 2024) - **China Chengtong Development Group Limited** ("**Chengtong Development**" or the "**Company**", and its subsidiaries, collectively the "**Group**", Stock Code:217.HK) is pleased to announce the audited consolidated results for the year ended 31 December 2023 ("**FY2023**").

In FY2023, the Group continued its impressive expansion in the leasing business and suspended the bulk commodity trade business in early 2023. As a result, the consolidated revenue for FY2023 was approximately HK\$740.01 million, reflecting a decrease of 42% as compared to FY2022, of which, segment revenue from both finance lease and operating lease recorded a remarkable increase, which represented an overall increase of 46% as compared to the previous year.

The Group achieved a consolidated gross profit of around HK\$296.74 million, marking a significant growth of approximately HK\$44.39 million or 18% compared to approximately HK\$252.35 million in FY2022. Furthermore, the Group recorded a consolidated profit before income tax of approximately HK\$121.50 million during the year, reflecting a slight decrease of approximately HK\$0.73 million or 1% from the previous year's figure of around HK\$122.23 million. As at 31 December 2023, the consolidated total assets of the Group amounted to approximately HK\$10.6 billion, representing an increase of 6% from last year. The Board has resolved to recommend the payment of a final dividend of HK0.34 cent per ordinary share.

Significant Growth in Leasing Business

The Group's leasing business was mainly carried out through its wholly-owned subsidiary, Chengtong Financial Leasing Company Limited ("**Chengtong Financial Leasing**"). In FY2023, seizing market opportunities, Chengtong Financial Leasing is constantly seeking to develop its leasing business in specific areas such as energy saving and environmental protection, logistics and warehousing, clean energy, and infrastructure, in order to meet market demand and expand its market share. Meanwhile, Chengtong Financial Leasing carefully studied market trends and identified projects with the greatest potential, to enhance the existing profile to increase capital efficiency and returns.

During the year, Chengtong Financial Leasing had increased 42 new leasing projects to its portfolio of approximately HK\$4.39 billion, in which Chengtong Financial Leasing collaborated mostly with

other state-owned enterprises (“SOE”). As at 31 December 2023, Chengtong Financial Leasing recorded an increase in its Leasing Receivables to approximately HK\$8,867.76 million, and represented an increase of 8% compared to that of the previous year.

The interest income from leasing segment was approximately HK\$446.46 million during FY2023, indicating a year-on-year increase of 36%. Notably, the infrastructure and manufacturing sectors witnessed a remarkable surge in leasing revenue, with growth exceeding 100%. The Group diversified its leasing business into operating lease which helped spreading the risk and reliance on the finance lease market. During FY2023, the rental income from operating lease increased by three-fold from that of last year, which was attributable to the expansion of the business scale and the Group’s ability to capitalise the market demand.

Continued Recovery in Other Business Segments

The Group’s property sales were entirely derived from its wholly owned CCT-Champs-Elysees project while the rental income was generated from the leasing of the commercial properties of the CCT-Champs-Elysees project and certain office premises of the Group. The overall segmental profit for FY2023 was recorded at approximately HK\$26.74 million, and represented an increase of 11% from that of FY2022. In 2023, the property market in the PRC continued to remain stagnant, the Group’s revenue from property sales during the year was wholly derived from the sale of Phase 3 residential units, and the revenue was about the same as that of last year. The rental income generated from the leasing of the commercial properties of the CCT-Champs-Elysees project and certain office premises of the Group was approximately HK\$0.33 million and approximately HK\$2.42 million respectively.

The Group operated its marine recreation services and hotel business in Hainan Province, the PRC. In FY2023, benefited from a significant increase in the number of tourists to Hainan, the segment experienced upsurge in its total revenue post COVID-19 pandemic, and the segment results were

steadily recovered. The segment recorded a loss of HK\$3.73 million in 2023, which was decreased by 85% from that in the previous year.

Due to the inherent risks and low profitability of the commodities trading business, the Group made a strategic decision to suspend the commodities trading business in early 2023 after conducting a comprehensive assessment and risk-return analysis of the business and reallocated its resources and efforts to the leasing business.

Outlook

Looking forward to 2024, China's macroeconomic policy support is expected to continue to increase, and industrial upgrading is expected to continue to deepen. On the whole, the trend of China's economic recovery and long-term improvement will remain unchanged. The Group will proactively seize development opportunities, adhere to the principle of seeking progress while maintaining stable growth, strengthening stability based on progress, constantly optimise its asset structure, and implement various production and operation initiatives in a solid manner, with a view to promoting the Company's high-quality development in all aspects.

Regarding the leasing business, the Group will, on the premise of strict risk control, achieved stable operation on the basis of the existing business scale and continue to strengthen its self-financing capability. In terms of business expansion, the Group will continue to intensify its efforts to gradually form a professional and specialised development path based on the existing specific industries in which it has an edge. In respect of business management, the Group will actively respond to changes in regulatory policies, strive to improve business compliance standards, and promote risk prevention and control as well as transformation in all aspects.

For property development and investment, the Group will continue to intensify its efforts and speed up the sale of the remaining property units in section 3 of Phase III of the CCT-Champs-Elysees project. Regarding marine recreation services and hotel business, the Group will actively

seize the opportunity of the recovery of tourism market in Hainan to improve the efficiency level while actively exploring and promoting subsequent asset restructuring.

The Group, as the only overseas listed company platform under CCHG, its ultimate controlling shareholder, and Chengtong Leasing, as the only controlling financial leasing company under CCHG, will further leverage on the resource advantages of the controlling shareholder of the Group, focus the resources on expanding the principal business of leasing and give full play to the synergistic strengths of “industry + finance”, so as to create greater value for the shareholders.

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About China Chengtong Development Group Limited

China Chengtong Development Group Limited (“Chengtong Development” or the “Group”) is a red chip listed company traded on the Main Board of the Hong Kong Stock Exchange (stock code:217). Currently, the Group is engaged in the core business of leasing, with three other business segments, namely, property development and investment, marine tourism services and hospitality services, and commodities trading (suspended). Chengtong Development is the only overseas listed company and asset securitization platform of the 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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