



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 2024 Interim

Results

Seizing Opportunities to Strengthen Core Business, Actively

Optimizing Asset Allocation, Revenue Exceeds HK\$300 Million

Financial Highlights

- Revenue was approximately HK\$323.47 million;
- Overall gross profit margin remained around 37%;
- Total selling and administrative expenses decreased by approximately HK\$5.95 million;
- A consolidated profit before and after tax was approximately HK\$52.16 million and HK\$26.86 million, respectively;
- As of June 30, 2024, financial position remained stable, with total net assets amounting to approximately HK\$ 2.77787 billion;
- Interest coverage ratio was approximately 4 times, maintaining a stable level;
- The Board has resolved not to declare any interim dividend.

(28 August 2024) **China Chengtong Development Group Limited** (“**Chengtong Development**” or the “**Company**”, Stock Code: 217.HK) is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended June 30, 2024 (“**Review Period**” or “**1H2024**”)

In 1H2024, China's ongoing economic recovery faced challenges from risk factors such as real estate price adjustments, local government debt, and geopolitical tensions. Amid this ever-changing environment, there remains uncertainty in the shifts within the economic structure. The Group's core leasing business seized the opportunity to consolidate its market position and review its business strategy after a period of strong growth.

During the Review Period, the Group's consolidated revenue was approximately HK\$323.47 million. Consolidated gross profit and net interest income amounted to approximately HK\$118.95 million, with an overall gross profit margin of 37%, roughly the same as in 1H2023. Total selling and administrative expenses amounted to approximately HK\$52.47 million, representing a year-on-year decrease of 10%. Consolidated profit before tax was approximately HK\$52.16 million, and the interest coverage ratio was 4 times. As of June 30, 2024, the Group had cash and deposits of approximately HK\$ 946.74 million. The Board has resolved not to declare any interim dividend for the Review Period.

Core leasing business develops steadily, strengthening market position

During the Review Period, the Group's wholly-owned subsidiary, Chengtong Financial Leasing Company Limited ("Chengtong Financial Leasing"), continued to focus on its lease business and aimed to achieve a balanced and steady development on different fronts. Internally, Chengtong Financial Leasing has reviewed its business model, recruited more talents and improved its business processes in preparation for future development. Externally, Chengtong Financial Leasing has deepened its cooperation with business partners to expand its business and seek new development opportunities.

In 1H2024, Chengtong Financial Leasing proactively responded to the national "dual-carbon" policy and gave full play to the service function of "promoting production through financing" by strengthening business exchanges and interactions with LISHEN,

a company belonging to the ultimate controlling shareholder of the Group, as well as CHINA PAPER, and successfully implemented the operating lease project of 12MW/24MWh energy storage power plant of Hongta Renheng Packaging Co., Ltd., an indirectly held subsidiary of CHINA PAPER. At the same time, it signed strategic cooperation agreements on energy storage power stations with a number of enterprises, including LISHEN, YINHE PAPER and TIGER FOREST & PAPER GROUP CO.,LTD, to accelerate the layout of strategic emerging industries and help promote the development of new quality productive forces. Chengtong Financial Leasing was awarded the “2023 Best Innovative Financing Structure Design Award”(「2023 年度最佳創新融資結構設計獎」) at the first conference on the high-quality development of asset securitization for financial leasing. Chengtong Financial Leasing has done a good job in maintaining its existing ratings, proactively strengthened communication with rating agencies, and continued to maintain the AA+ main credit rating from Lianhe Credit Rating , laying a solid foundation for the stable enhancement of its self-financing ability.

During the Review Period, Chengtong Financial Leasing has entered into three new sale and leaseback arrangements with an aggregate lease principal of approximately HK\$572.4 million. The lease terms of these new leases ranged from two to four years, with floating interest rates ranging from 1.50% to 4.32% per annum. The internal approval procedures for the RMB5 billion shelf ABS and the initial issue of corporate bonds were completed, and the issuance-related work is progressing steadily. At the same time, we continued to make breakthroughs in gaining financing support from major state-owned banks, with a net increase of RMB1 billion in bank credit facilities, which better secured the supply of funds for business investment.

In 1H2024, the lease business launched four new projects, incurred new investment expenses of approximately HK\$599.97 million, and recorded a total segment revenue of approximately HK\$245.51 million and a segment result of approximately HK\$73.88

million. Interest income from finance lease projects amounted to approximately HK\$190.57 million.

Property development and investment saw surged results, and marine recreation services and hotel business experienced improvement in stability

In respect of property development and investment, the Group increased the marketing efforts for the CCT-Champs-Elysees project in 1H2024 and achieved the set target under the severe market environment. During the Review Period, the Group's revenue from property development solely stemmed from its wholly owned CCT-Champs-Elysees project situated in Zhucheng City of Shandong Province of the PRC. The sales surged by 41% in 1H2024 and was driven by the additional marketing effort to promote the sales of the project. The average selling price per square metre of the residential area of the project for 1H2024 was approximately RMB5,189. As at 30 June 2024, the completed and unsold area of the project included residential space of approximately 42,775 square metres and commercial space of approximately 926 square metres. The Group will strive to complete the sales of the project in the following years as soon as possible.

During the Review Period, among the total rental income from the property investment business of the Group, approximately HK\$0.15 million was generated from the leasing of the commercial properties of the CCT-Champs-Elysees project and approximately HK\$1.21 million was generated from the leasing of certain office premises of the Group. Due to the upward adjustment of the total construction area of the project upon its completion acceptance, the construction cost per square metre in 1H2024 reduced, leading to a rise in the gross profit per square metre and the improvement of segment gross profit margin year-on-year. Therefore, the results of property development and investment segment was HK\$14.23 million, seeing a substantial increase of 47% in 1H2024. The segment revenue was HK\$59.74 million, an increase of 40% year-on-year.

In respect of marine recreation services and hotel business, the Group operated the services in Hainan Province, the PRC. The Group's operating efficiency in 1H2024 was steady and improving through the adoption of various measures such as strengthening marketing strategies, enhancing the development of new businesses and improving the quality and efficiency of operations. The sales revenue from marine recreation services accounted for over 80% of the segment revenue. The segment revenue in 1H2024 was HK\$18.23 million.

Outlook

Currently, the Group is principally engaged in leasing, property development and investment, and marine recreation services and hotel business. In respect of the leasing business, in the face of the complicated domestic and international economic situation, the waves of standardisation brought by the stringent regulation of the industry, the continuous decline in interest rates in the PRC and the shortage of suitable leased assets in the market, the Group proactively responded to the various severe challenges, anchored in its goals, overcame the difficulties, optimised its asset structure and layout, and maintained a steady business development.

Chengtong Financial Leasing will actively expand diversified financing channels, strengthen in-depth communication and co-operation with domestic and overseas banks and other financial institutions, and continue pushing forward the preparation work for the issuance of the new tranche of shelf ABS and the first tranche of corporate bonds. It will strengthen risk control and solidify the foundation for its high-quality development by further improving the risk management mechanism for legal compliance. At the same time, it will continue to maintain strategic focus, increase efforts in transformation and development, and accelerate the return to the origin of leasing. On the basis of strictly adhering to the bottom line of risk and strengthening compliance operations, we will seize the historical opportunity to develop new quality productive forces, actively deploy strategies in emerging industries, focus on enhancing

the effectiveness of serving the real economy, persist in making progress amidst stability, and strive to achieve stable operation in the diversified and dynamic market environment.

In respect of property development and investment, the Group we will pay close attention to the industry policies, actively seize the market opportunities, speed up the sales of its property stock, and utilise the recovered funds for the principal business of leasing. In respect of the marine recreation services and hotel business, the Group will adhere to market orientation, deepen the integration of culture and tourism, and endeavor to explore new customers. At the same time, we will actively explore and promote subsequent asset restructuring.

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About China Chengtong Development Group Limited

China Chengtong Development Group Limited (“Chengtong Development” or “the Group”) is a red-chip company (stock code: 217.HK) listed on the Main Board of the Hong Kong Stock Exchange . Its ultimate controlling shareholder is “China Chengtong Holdings Group Limited,” an enterprise directly controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

The Group is principally engaged in leasing, property development and investment, and marine recreation services and hotel business. Since 2020, the Group has clearly identified leasing as the main direction of its future business development, continuously optimised resource allocation, focused on its core leasing business and promoted the Company to achieve high-quality development.

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

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