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)

ANNOUNCEMENT OF 2024 FINAL RESULTS

FINANCIAL HIGHLIGHTS

- Revenue for FY2024 decreased by 25% to approximately HK$552.64 million as the Group has adopted a more prudent approach in the development of new leasing business in light of the external economic uncertainties.

- The consolidated gross profit margin for FY2024 slightly decreased to 37% from 40% in FY2023. The consolidated gross profit and net interest income for FY2024 amounted to approximately HK$204.95 million, which represented a decrease of 31% from FY2023.

- The net impairment losses under ECL model in respect of Leasing Receivables decreased by about HK$48.11 million or 99% in FY2024 primarily due to the reversal of certain ECL provision following the settlement of customer accounts.

- The value of the Group's investment properties was impacted by the downtrend of the overall real estate market in the PRC and recorded an increase in the fair value loss on investment properties by approximately HK$7.63 million.

- Consolidated profit after tax for FY2024 decreased by 43% and amounted to approximately HK$38.75 million.

- The Group's Leasing Receivables decreased by 26% to approximately HK$6,568.84 million. The total net assets were slightly reduced by 3% from 31 December 2023 to approximately HK$2,769.51 million which was mainly due to the impact of RMB depreciation against HKD. However, the financial position of the Group as at 31 December 2024 remained healthy.

- Interest coverage ratio (calculated by dividing consolidated profit before tax and finance costs (EBIT) by finance costs) remained sound which was approximately 4 times during FY2024.

- The Board has resolved to declare a final dividend of HK0.20 cent.

The board ("**Board**") of directors ("**Directors**") of China Chengtong Development Group Limited ("**Company**") would like to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	3	**552,637**	740,011
Cost of sales		**(347,685)**	(443,275)
Gross profit and net interest income		**204,952**	296,736
Other income and gains, net	5	**21,685**	22,281
Selling expenses		**(10,360)**	(12,112)
Administrative expenses		**(98,156)**	(101,202)
Impairment losses under expected credit loss model, net of reversal		**(479)**	(48,584)
Fair value loss on investment properties		**(12,172)**	(4,541)
Finance costs	6	**(25,594)**	(31,077)
Profit before tax		**79,876**	121,501
Income tax expense	7	**(41,128)**	(53,084)
Profit for the year	8	**38,748**	68,417
Profit for the year attributable to:			
Owners of the Company		**38,633**	68,003
Non-controlling interests		**115**	414
		38,748	68,417
Earnings per share			
– Basic and diluted	10	**HK0.65 cent**	HK1.14 cents

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	HK$'000	*HK$'000*
Profit for the year	**38,748**	68,417
Other comprehensive (expense)/income, net of tax		
Items that will not be reclassified to profit or loss:		
Net change in fair value of equity investments at fair value through other comprehensive income	**(771)**	(35,866)
Revaluation surplus upon transfer of owner-occupied properties to investment properties	**–**	1,049
Item that may be reclassified to profit or loss:		
Exchange differences arising on translation of foreign operations	**(108,290)**	(81,810)
Total comprehensive expense for the year	**(70,313)**	(48,210)
Total comprehensive (expense)/income attributable to:		
Owners of the Company	**(70,428)**	(48,624)
Non-controlling interests	**115**	414
	(70,313)	(48,210)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment		**468,564**	577,482
Investment properties		**64,045**	80,993
Finance lease receivables and loan receivables	12	**3,313,009**	4,904,640
Other financial assets		**453**	4,656
Loans to a related party		**–**	27,500
Deferred tax assets		**15,696**	16,136
		3,861,767	5,611,407
Current assets			
Properties held for sale		**134,666**	198,869
Inventories		**3,724**	3,848
Trade and other receivables	11	**29,776**	52,899
Finance lease receivables and loan receivables	12	**3,255,832**	3,963,122
Loans to a related party		**26,500**	–
Other financial assets		**30,226**	27,686
Tax recoverable		**1,089**	1,814
Pledged bank deposits		**2,634**	11,972
Bank balances and cash		**1,031,160**	698,579
		4,515,607	4,958,789
Current liabilities			
Trade and other payables	13	**300,704**	239,374
Contract liabilities		**110,693**	136,065
Lease liabilities		**2,982**	3,767
Tax payables		**34,168**	31,589
Bank borrowings		**1,602,581**	2,018,666
Asset-backed securities	14	**1,464,538**	1,510,200
Loans from related parties		**–**	165,000
		3,515,666	4,104,661
Net current assets		**999,941**	854,128
Total assets less current liabilities		**4,861,708**	6,465,535

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Lease liabilities		**–**	3,227
Bank borrowings		**990,524**	1,729,237
Asset-backed securities	14	**671,746**	1,496,017
Loans from related parties		**174,900**	–
Other payables	13	**214,984**	333,191
Deferred tax liabilities		**40,044**	43,760
		2,092,198	3,605,432
Net assets		**2,769,510**	2,860,103
Capital and reserves			
Share capital		**2,214,624**	2,214,624
Reserves		**549,711**	640,419
Equity attributable to owners of the Company		**2,764,335**	2,855,043
Non-controlling interests		**5,175**	5,060
Total equity		**2,769,510**	2,860,103

NOTES

For the year ended 31 December 2024

1 GENERAL AND BASIS OF PREPARATION

China Chengtong Development Group Limited (the "**Company**") is a public limited company incorporated in Hong Kong. The address of its registered office and its principal place of business is Suite 6406, 64/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (hereinafter referred to as the "**Group**") are principally engaged in investment holding, leasing, property development and investment, marine recreation services and hotel business.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). As at 31 December 2024, the Company's immediate holding company is China Chengtong Hong Kong Company Limited, which is incorporated in Hong Kong and the directors of the Company consider the Group's ultimate holding company to be China Chengtong Holdings Group Limited ("**CCHG**"), a company incorporated in the People's Republic of China (the "**PRC**").

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations (hereinafter collectively referred to as the "**HKFRS**") and the provisions of the Hong Kong Companies Ordinance (Cap. 622) which concern the preparation of financial statements. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The consolidated financial statements are presented in Hong Kong Dollar ("**HK$**"), which is also the functional currency of the Company.

The financial information relating to the years ended 31 December 2024 and 2023 included in this preliminary announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those consolidated financial statements in accordance with section 436 of the Hong Kong Companies Ordinance.

The Company has delivered the consolidated financial statements for the year ended 31 December 2023 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance and will deliver the consolidated financial statements for the year ended 31 December 2024 in due course.

The Company's auditor has reported on the consolidated financial statements for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2 APPLICATION OF NEW AND AMENDMENTS TO HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sales and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

3 REVENUE

Disaggregation of the Group's revenue from contracts with customers

	For the year ended 31 December 2024			
Segments	**Leasing**	**Property development and investment**	**Marine recreation services and hotel**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Types of goods or services				
Sales of properties	–	**87,476**	–	**87,476**
Marine recreation and hotel services income	–	–	**32,666**	**32,666**
Revenue from contracts with customers	–	**87,476**	**32,666**	**120,142**
Rental income from investment properties	–	**2,094**	–	**2,094**
Rental income under operating lease in respect of owned machineries and equipment	**109,387**	–	–	**109,387**
Interest income from loan receivables	**319,772**	–	–	**319,772**
Finance lease income	**1,242**	–	–	**1,242**
Total	**430,401**	**89,570**	**32,666**	**552,637**
Timing of revenue recognition:				
A point in time	–	**87,476**	**27,004**	**114,480**
Over time	–	–	**5,662**	**5,662**
Total revenue from contracts with customers	–	**87,476**	**32,666**	**120,142**

	For the year ended 31 December 2023				
Segments	Leasing *HK$'000*	Property development and investment *HK$'000*	Marine recreation services and hotel *HK$'000*	Bulk commodity trade *HK$'000*	Total *HK$'000*
Types of goods or services					
Sales of:					
– properties	–	84,067	–	–	84,067
– steel and chemical products	–	–	–	13,641	13,641
Consultancy service income from leasing arrangements	29,065	–	–	–	29,065
Marine recreation, hotel and travel agency services income	–	–	35,531	–	35,531
Revenue from contracts with customers	29,065	84,067	35,531	13,641	162,304
Rental income from investment properties	–	2,752	–	–	2,752
Rental income under operating lease in respect of owned machineries and equipment	128,494	–	–	–	128,494
Interest income from loan receivables	442,086	–	–	–	442,086
Finance lease income	4,375	–	–	–	4,375
Total	604,020	86,819	35,531	13,641	740,011
Timing of revenue recognition:					
A point in time	29,065	84,067	29,764	13,641	156,537
Over time	–	–	5,767	–	5,767
Total revenue from contracts with customers	29,065	84,067	35,531	13,641	162,304

4 OPERATING SEGMENTS

Information reported to the executive directors of the Company, being the chief operating decision makers ("**CODM**"), for the purpose of resources allocation and assessment of segment performance, focuses on types of goods delivered or services provided.

The Group's reportable segments under HKFRS 8 are as follows:

(1) Leasing – providing leasing services including finance lease, sale and leaseback and operating lease services

(2) Property development and investment – sales of properties and holding investment properties for appreciation and/or providing rental services

(3) Marine recreation services and hotel – providing marine recreation and hotel services

The bulk commodity trade segment did not generate any revenue during the year. Therefore, to reflect the Group's future business development, the bulk commodity trade segment was no longer separately assessed or reviewed. Instead, the information reviewed by the CODM as at the end of the reporting period analyses the performance of the remaining business segments. Comparative figures have been re-presented to reflect the changes.

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segments:

For the year ended 31 December 2024

	Leasing *HK$'000*	**Property development and investment** *HK$'000*	**Marine recreation services and hotel** *HK$'000*	**Total** *HK$'000*
Revenue as presented in the consolidated statement of profit or loss	**430,401**	**89,570**	**32,666**	**552,637**
Segment results	**105,936**	**29,279**	**(5,856)**	**129,359**
Fair value loss on investment properties				**(12,172)**
Unallocated finance costs				**(25,385)**
Unallocated corporate expenses				**(23,837)**
Unallocated corporate income				**11,911**
Profit before tax				**79,876**

For the year ended 31 December 2023

	Leasing *HK$'000*	Property development and investment *HK$'000*	Marine recreation services and hotel *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Revenue as presented in the consolidated statement of profit or loss	604,020	86,819	35,531	13,641	740,011
Segment results	155,192	26,742	(3,732)	–	178,202
Fair value loss on investment properties					(4,541)
Unallocated finance costs					(29,352)
Unallocated corporate expenses					(29,323)
Unallocated corporate income					6,515
Profit before tax					121,501

5 OTHER INCOME AND GAINS, NET

	2024	2023
	HK$'000	*HK$'000*
Interest income from:		
– deposits and other financial assets	**15,004**	16,380
– related parties	**2,072**	2,248
Dividend from equity instruments at fair value through other comprehensive income	**40**	46
Government subsidies *(note)*	**816**	442
Gain on disposal of investment properties	**–**	255
Exchange gain, net	**1,602**	–
Others	**2,151**	2,910
	21,685	22,281

Note: For the year ended 31 December 2024, HK$816,000 (2023: HK$442,000) are government grants obtained from the PRC local government to support the tourism business. The Group has complied with the requirements set out by the local government for both years.

6 FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on bank borrowings	**131,194**	158,797
Interest on asset-backed securities	**70,149**	120,121
Interest on loans from related parties	**8,503**	9,389
Interest on lease liabilities	**267**	263
	210,113	288,570
Less:		
Amounts included in cost of sales:		
– Interest on bank borrowings	**(109,658)**	(129,532)
– Interest on asset-backed securities	**(70,149)**	(120,121)
– Interest on loans from related parties	**(4,712)**	(7,840)
	25,594	31,077

7 INCOME TAX EXPENSE

	2024 *HK$'000*	2023 *HK$'000*
Current tax:		
Hong Kong Profits Tax	**–**	27
PRC Enterprise Income Tax ("**EIT**")	**33,955**	61,552
PRC Land Appreciation Tax ("**LAT**")	**9,450**	7,936
	43,405	69,515
(Over)/under-provision in prior years:		
Hong Kong Profits Tax	**3**	4
EIT	**(762)**	–
	(759)	4
Deferred tax	**(1,518)**	(16,435)
	41,128	53,084

8 PROFIT FOR THE YEAR

	2024 *HK$'000*	2023 *HK$'000*
Profit for the year has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment	**104,567**	106,054
Less: Amounts capitalised on properties under development	**–**	(1)
	104,567	106,053
Staff costs (including directors' emoluments)	**52,953**	59,851
Contributions to retirement benefits schemes (including directors' emoluments)	**12,474**	12,765
Total staff costs	**65,427**	72,616
Less: Amounts capitalised on properties under development	**–**	(1,123)
	65,427	71,493
Impairment losses under expected credit loss model, net of reversal		
– trade and other receivables	**(1)**	(18)
– finance lease receivables and loan receivables	**480**	48,602
	479	48,584
Auditor's remuneration	**2,029**	2,510
Cost of commodities sold (included in cost of sales)	**–**	13,442
Cost of properties sold (included in cost of sales)	**48,786**	51,689
Exchange loss, net	**–**	2,374
Impairment loss recognised on property, plant and equipment	**2,057**	–
Loss on disposal of property, plant and equipment, net	**2,107**	123
Loss on disposal of investment properties	**99**	–
Gross rental income from investment properties	**(2,094)**	(2,752)

9 DIVIDENDS

	2024	2023
	HK$'000	*HK$'000*
Dividends proposed:		
Proposed final dividend of HK0.20 cent (2023: HK0.34 cent) per ordinary share in respect of the current financial year	**11,929**	20,280
Dividends paid in cash:		
Final dividend of HK0.34 cent (2022: HK0.39 cent) per ordinary share in respect of the previous financial year	**20,280**	23,262

The final dividend of HK0.20 cent per ordinary share proposed after the reporting date for the year ended 31 December 2024 were not recognised as a liability at the end of the reporting date. In addition, the final dividend is subject to the shareholders' approval at the forthcoming annual general meeting.

10 EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2024	2023
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**38,633**	68,003

	2024	2023
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share *(Note)*	**5,952,885**	5,952,885

Note: The weighted average number of ordinary shares is adjusted for 11,750,000 shares of the Company, which were purchased for the purpose of the share award scheme held by trustee as at 31 December 2024 and 2023. Details of the share award scheme are set out in the Company's announcement dated 30 June 2017.

Diluted earnings per share for the years ended 31 December 2024 and 2023 are not presented as there were no dilutive potential ordinary shares in issue during both years.

11 TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade and bills receivables	**2,760**	4,067
Less: Allowance for credit losses	**–**	(1)
	2,760	4,066
Other prepayments and deposits	**3,596**	3,220
Other receivables	**14,149**	15,604
Other tax recoverable	**7,952**	28,338
Amount due from a related company	**1,319**	1,671
	29,776	52,899

The following is an ageing analysis of trade and bills receivables, net of allowance for credit losses presented based on the invoice date at the end of the reporting period:

	2024	2023
	HK$'000	*HK$'000*
1–30 days	**2,351**	2,447
31–90 days	**177**	1,619
Over 90 days	**232**	–
	2,760	4,066

12 FINANCE LEASE RECEIVABLES AND LOAN RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Finance lease receivables	**10,132**	44,612
Loan receivables	**6,621,504**	8,887,820
	6,631,636	8,932,432
Less: Allowance for credit losses	**(62,795)**	(64,670)
	6,568,841	8,867,762
Analysed for reporting purposes as:		
Current assets	**3,255,832**	3,963,122
Non-current assets	**3,313,009**	4,904,640
	6,568,841	8,867,762

The Group is engaged in finance lease arrangements and sale and leaseback arrangements.

For finance lease arrangements, the ownership of the leased assets will be transferred to the lessees at a purchase option price upon settlement of the principal of finance lease receivables and the interest accrued under the finance lease arrangements.

The terms of finance lease entered into usually range from 2 to 5 years (2023: 2 to 5 years).

The finance lease receivables are due as follows:

	2024		2023	
	Undiscounted minimum lease payments *HK$'000*	**Present value of minimum lease payments** *HK$'000*	Undiscounted minimum lease payments *HK$'000*	Present value of minimum lease payments *HK$'000*
Finance lease receivables comprise:				
Within one year	**10,902**	**10,132**	35,569	34,038
In the second year	**–**	**–**	11,326	10,574
	10,902	**10,132**	46,895	44,612
Gross investment in the lease	**10,902**		46,895	
Less: Unearned finance income	**(770)**		(2,283)	
Present value of minimum lease payment	**10,132**		44,612	
Analysed for reporting purposes as:				
Current assets		**10,132**		34,038
Non-current assets		**–**		10,574
		10,132		44,612

Loan receivables arose from the sale and leaseback arrangements. Under these arrangements, customers (i.e. lessees) disposed of their equipment and facilities to the Group and leased back the equipment and facilities. In addition, the ownership of the leased assets will be transferred back to the lessees at a purchase option price upon settlement of the principal of the loan receivables and the interest accrued under the sale and leaseback arrangements. The lessees retain control of the equipment and facilities before and after entering into the sale and leaseback arrangements, which do not therefore constitute a lease for accounting purposes. As such, the sale and leaseback arrangements have been accounted for as a secured loan and recognised in accordance with HKFRS 9.

	2024 *HK$'000*	2023 *HK$'000*
Fixed-rate loan receivables	**833,896**	1,834,789
Variable-rate loan receivables	**5,787,608**	7,053,031
	6,621,504	8,887,820
Less: Allowance for credit losses	**(62,795)**	(64,670)
	6,558,709	8,823,150
Analysed for reporting purposes as:		
Current assets	**3,245,700**	3,929,084
Non-current assets	**3,313,009**	4,894,066
	6,558,709	8,823,150

The exposure of the Group's fixed-rate loan receivables to fair value interest rate risk and their contractual maturity dates are as follows:

	2024	2023
	HK$'000	*HK$'000*
Fixed-rate loan receivables (gross carrying amount):		
Within one year	**653,203**	1,065,013
In more than one year but not more than two years	**177,809**	662,321
In more than two years but not more than five years	**2,884**	107,455
	833,896	1,834,789

The exposure of the Group's variable-rate loan receivables to cash flow interest rate risk and their contractual maturity dates are as follows:

	2024	2023
	HK$'000	*HK$'000*
Variable-rate loan receivables (gross carrying amount):		
Within one year	**2,655,292**	2,928,742
In more than one year but not more than two years	**1,856,170**	2,541,316
In more than two years but not more than five years	**1,172,862**	1,582,973
In more than five years	**103,284**	–
	5,787,608	7,053,031

13 TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade and bills payables *(note (a))*	**112,448**	70,492
Other payables and accruals	**73,721**	74,904
Deposits received *(note (b))*	**308,003**	391,345
Accrual of construction costs	**11,554**	22,782
Amount due to ultimate holding company	**8,074**	11,043
Amount due to immediate holding company	**1,691**	1,766
Amounts due to fellow subsidiaries	**197**	233
	515,688	572,565
Analysed for reporting purposes as:		
Current liabilities	**300,704**	239,374
Non-current liabilities	**214,984**	333,191
	515,688	572,565

Notes:

(a) The ageing analysis of the trade and bills payables presented based on the invoice date at the end of the reporting period is as follows:

	2024	2023
	HK$'000	*HK$'000*
1–30 days	**106,095**	70,377
31–90 days	**6,352**	115
Over 90 days	**1**	–
	112,448	70,492

(b) The amounts mainly represent deposits received from customers under operating lease, finance lease and sale and leaseback arrangements which will be returned to the customers at the end of the lease terms. As at 31 December 2024, the deposits received amounting to approximately HK$214,984,000 (31 December 2023: approximately HK$333,191,000) are presented as non-current liabilities based on the final lease instalment due date stipulated in the finance lease and sale and leaseback agreements, which are beyond twelve months at the end of the reporting period.

14 ASSET-BACKED SECURITIES

	2024	2023
	HK$'000	*HK$'000*
Secured	**2,136,284**	3,006,217
Carrying amount of above asset-backed securities are repayable:		
Within one year	**1,464,538**	1,510,200
After one year but within two years	**671,746**	1,149,742
After two years but within five years	**–**	346,275
	2,136,284	3,006,217
Less: Amounts shown under current liabilities	**(1,464,538)**	(1,510,200)
Amounts shown under non-current liabilities	**671,746**	1,496,017

During the year ended 31 December 2024, the Group publicly launched one asset-backed securities scheme (2023: two asset-backed securities scheme) on the Shanghai Stock Exchange. The purpose of launching the asset-backed securities schemes is to securitise certain loan receivables and trade receivables under operating lease arrangement of the Group and to fund the expansion of the leasing business of the Group. Details of the asset-back securities schemes launched during the years ended 31 December 2023 and 31 December 2024 are as follows:

On 16 February 2023, the Group publicly launched an asset-backed securities scheme. The total issuance of the scheme was RMB1,370,000,000 (equivalent to HK$1,548,100,000) and the asset-backed securities are divided into (i) priority class with a total principal of RMB1,322,000,000 (equivalent to HK$1,493,860,000) which are listed and traded on the Shanghai Stock Exchange with maturity date ranging from 26 November 2023 to 26 August 2026 and with coupon rate ranging from 3.95% to 4.26% per annum. The principal and interest of the priority class asset-backed securities shall be repaid quarterly; and (ii) subordinated class with a total principal of RMB48,000,000 (equivalent to HK$54,240,000) with no coupon rate and with maturity date on 26 November 2027. The subordinated class asset-backed securities are not listed. As at 31 December 2024 and 2023, the Group held all the subordinated class asset-backed securities.

On 6 July 2023, the Group publicly launched another asset-backed securities scheme. The total issuance of the scheme was RMB1,221,000,000 (equivalent to HK$1,318,680,000) and the asset-backed securities are divided into (i) priority class with a total principal of RMB1,160,000,000 (equivalent to HK$1,252,800,000) which are listed and traded on the Shanghai Stock Exchange with maturity date ranging from 26 June 2024 to 26 September 2027 and with coupon rate ranging from 2.85% to 3.30% per annum. The principal and interest of the priority class asset-backed securities shall be repaid quarterly; and (ii) subordinated class with a total principal of RMB61,000,000 (equivalent to HK$65,880,000) with no coupon rate and with maturity date on 26 March 2029. The subordinated class asset-backed securities are not listed. As at 31 December 2024 and 2023, the Group held all the subordinated class asset-backed securities.

On 17 December 2024, the Group publicly launched another asset-backed securities scheme. The total issuance of the scheme was RMB1,052,000,000 (equivalent to HK$1,115,120,000) and the asset-backed securities are divided into (i) priority class with a total principal of RMB997,000,000 (equivalent to HK$1,056,820,000) which are listed and traded on the Shanghai Stock Exchange with maturity date ranging from 26 May 2025 to 26 May 2027 and with coupon rate ranging from 2.00% to 2.98% per annum. The principal and interest of the priority class asset-backed securities shall be repaid quarterly; and (ii) subordinated class with a total principal of RMB55,000,000 (equivalent to HK$58,300,000) with no coupon rate and with maturity date on 26 May 2029. The subordinated class asset-backed securities are not listed. As at 31 December 2024, the Group held all the subordinated class asset-backed securities.

The effective interest rate of the asset-backed securities ranged from 2.00% to 4.00% (as at 31 December 2023: 2.85% to 4.30%) per annum at 31 December 2024.

15 CONTINGENT LIABILITIES

As at 31 December 2024, the Group had contingent liabilities in relation to guarantees of approximately HK$230,470,000 (2023: HK$233,118,000) given to banks in respect of mortgage loans granted to purchasers of certain property units of CCT-Champs-Elysees project.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with any accrued interest and penalty owed by the defaulted purchasers to the banks, and the Group is entitled to take over the legal title and possession of the related properties.

In the opinion of the directors of the Company, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they were not accounted for in these financial statements.

As at 31 December 2024 and 2023, the Group was not involved in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the directors of the Company to be pending or threatened against the Group.

16 CAPITAL COMMITMENTS

	2024	2023
	HK$'000	*HK$'000*
Contracted but not provided for:		
Purchase of property, plant and equipment	**135**	140

MANAGEMENT DISCUSSION AND ANALYSIS

I. RESULTS AND DIVIDEND

The Group is principally engaged in leasing, property development and investment, and marine recreation services and hotel business. During the year ended 31 December 2024 ("**FY2024**"), the Group has adopted a prudent strategy in the operation of its core leasing business to mitigate the overall risk associated with fluctuating interest rates, rising concerns on global inflation, geopolitical tensions and economic growth. The consolidated revenue and profit for FY2024 and the year ended 31 December 2023 ("**FY2023**") are outlined below:

	2024	2023	**(Decrease)**
	HK$'000	*HK$'000*	
Revenue	**552,637**	740,011	(25%)
Gross profit and net interest income	**204,952**	296,736	(31%)
Profit before tax	**79,876**	121,501	(34%)
Net profit attributable to the shareholders	**38,633**	68,003	(43%)

The consolidated revenue for FY2024 amounted to approximately HK$552.64 million, representing a decrease of 25% as compared to the consolidated revenue for FY2023. The breakdown of the segmental revenue is outlined as follows:

Business segments	**2024**	2023	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
Leasing	**430,401**	604,020	(29%)
Property development and investment	**89,570**	86,819	3%
Marine recreation services and hotel	**32,666**	35,531	(8%)
Other	**–**	13,641	(100%)
Total	**552,637**	740,011	(25%)

The Group is committed to the growth and development of its leasing business. However, the Group's financial results in FY2024 were affected by the strategic adjustments made to the leasing business, leading to the decreases in the revenue, the consolidated gross profit and net interest income and profit before tax.

Due to the uncertainties in the global economic environment, the Group bolstered its risk management practices and cautiously engaged new leasing arrangements in FY2024. The Group's leasing operation arm, Chengtong Financial Leasing Company Limited ("**Chengtong Financial Leasing**"), adopted several strategies including enhanced risk assessment to identify potential threats and vulnerabilities, closely monitored the cash flow of both existing customers and potential new customers to optimise the interest spread while also strived to strengthen its cash reserves. This strategic move allows the Group to consolidate its business portfolio, strengthen its control over its core operations and enhance profitability and stability moving forward.

In light of the above, the segmental revenue from the Group's leasing business decreased by 29% from FY2023 and accounted for approximately 78% (FY2023: 82%) of the consolidated revenue while the revenue from the other two business segments showed little fluctuation and was maintained approximately at the same level over the two consecutive financial years.

On the other hand, the consolidated cost of sales declined by 22% to approximately HK$347.69 million from approximately HK$443.28 million in FY2023. In particular, the interest expenses for the leasing business also saw a significant decrease following the decline in the financing activities for the Group's leasing business in the People's Republic of China ('**PRC**") during FY2024.

Hence, the Group reported a consolidated gross profit and net interest income of around HK$204.95 million and a consolidated profit before tax of around HK$79.88 million in FY2024, marking a decrease of approximately HK$41.63 million. The changes were primarily attributed to the following factors:

(i) a decrease in the consolidated revenue which led to a decrease in consolidated gross profit and net interest income of approximately HK$91.78 million or 31%;

(ii) a decrease in net impairment losses under expected credit loss ("**ECL**") model of about HK$48.11 million or 99%, which was mainly in relation to finance lease receivables and loan receivables (collectively "**Leasing Receivables**") of leasing business, resulted from a decrease in Leasing Receivables and the reversal of certain ECL provision following the settlement of customer accounts during FY2024 (please refer to the analysis in respect of the leasing business in the "Business Review" section below);

(iii) an increase in the fair value loss on investment properties in the PRC by approximately HK$7.63 million or 168%;

(iv) a decrease of approximately HK$4.80 million or 4% of total selling and administrative expenses in FY2024; and

(v) a decrease in finance costs of approximately HK$5.48 million or 18%, which was mainly driven by the decrease in interest expenses on bank borrowings in Hong Kong.

The Directors have resolved to recommend the payment of a final dividend of HK0.20 cent per ordinary share in respect of FY2024 to the shareholders whose names appear on the register of members of the Company on Friday, 4 July 2025, subject to the approval of the shareholders on the declaration of final dividend at the forthcoming annual general meeting ("**AGM**") of the Company. The final dividend is expected to be paid on Friday, 18 July 2025.

II. BUSINESS REVIEW

A. Segment Performance

The Group derived its revenue in FY2024 from three business segments: leasing, property development and investment, as well as marine recreation services and hotel. The breakdown of revenue and results from each segment are detailed as follows:

(1) Leasing

	2024	2023	**(Decrease)**
	HK$'000	*HK$'000*	
Interest income	**321,014**	446,461	(28%)
Rental income	**109,387**	128,494	(15%)
Consultancy service fee	**–**	29,065	(100%)
Segment revenue	**430,401**	604,020	(29%)
Cost of sales	**(283,023)**	(362,935)	(22%)
Gross profit	**147,378**	241,085	(39%)
Gross profit margin	**34%**	40%	
Segment results	**105,936**	155,192	(32%)

During the year, the Group adopted a robust strategy to capture market opportunities and was more discerning in engaging new leasing arrangements. The segmental revenue therefore decreased by 29% year-on-year due to the reduced new leasing business activities.

In 2024, the leasing industry in the PRC was steady but the overall growth rate had decelerated. Chengtong Financial Leasing sought to collaborate with credit-worthy state-owned enterprises ("**SOE**") to broaden its leasing business in targeted sectors, such as energy conservation, environmental protection, logistics and warehousing, clean energy and infrastructure etc. It explored potential leasing opportunities across diverse business domains and locations to address market demand and grow its market presence. Chengtong Financial Leasing carefully analysed market trends and identified the most promising projects to optimise its existing portfolio, enhance capital efficiency, and boost returns.

Revenue

The interest income from leasing segment was approximately HK$321.01 million during FY2024, reflecting a decrease of 28% compared to the previous year. The interest income was derived from various sectors as outlined below:

	2024	2023	**(Decrease)**
	HK$'000	*HK$'000*	
Infrastructure	**118,572**	139,931	(15%)
Energy conservation and environmental protection	**63,727**	84,092	(24%)
Logistics and warehousing	**63,023**	98,863	(36%)
Manufacturing	**43,881**	72,458	(39%)
Clean energy	**6,672**	21,443	(69%)
Others	**25,139**	29,674	(15%)
Total	**321,014**	446,461	(28%)

The overall interest yield was as follows:

	2024	2023	**(Decrease)**
	HK$'000	*HK$'000*	
Interest income	**321,014**	446,461	(28%)
Average Leasing Receivables balance*	**7,102,222**	9,011,237	(21%)
Yield	**4.52%**	4.95%	(0.43%)

* Being the average of 12 months' balances of net Leasing Receivables

The Group primarily earned interest income from leasing services based on variable interest rates benchmarked to the loan prime rate(s) as promulgated by the National Interbank Funding Center in the PRC ("**LPR**"), with a portion also derived from leasing services based on fixed interest rate. Throughout the year, there was a 35–40 basis points reduction for both applicable one-year LPR and five-year LPR. Consequently, the Group experienced a slight decline in the overall interest yield from Leasing Receivables.

The Group has diversified its leasing business to include operating lease, which has helped to spread its risk and reduce reliance on the finance lease market. Operating lease provides increased flexibility and resilience, ensuring the Group's leasing operations remain responsive and competitive within the dynamic business environment.

By expanding into operating leases alongside its finance lease services, the Group has enhanced the adaptability of its overall leasing portfolio. This diversification strategy allows the Group to better navigate changing market conditions and customer preferences, maintaining a competitive edge in the evolving leasing landscape.

During FY2024, the operating lease business was stable. However, the rental income decreased by 15% from FY2023, which was mainly due to the recognition and amortisation of a lump sum service income to a customer in FY2023 and yet there was no such income in FY2024.

The Group may provide advisory services to our customers encompassing management and business consulting. However, during FY2024, as the Group focused on the business development with target customers, which were mostly SOE and did not generally opt for consultancy service, there was no consultancy service fee income recorded for the leasing business during FY2024 (FY2023: approximately HK$29.07 million).

Cost of Sales

The following table shows the breakdown of the cost of sales by its components:

	2024	2023	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
Interest expenses	**184,519**	257,493	(28%)
Depreciation of leased assets	**88,568**	89,271	(1%)
Guarantee fees	**7,613**	5,258	45%
Others	**2,323**	10,913	(79%)
Total	**283,023**	362,935	(22%)

In FY2024, the cost of sales for the leasing segment stood at approximately HK$283.02 million, marking a decrease of approximately HK$79.91 million or 22% compared to that of the previous year, which was primarily influenced by the reduction in interest expenses. The Group financed its leasing operation mainly through short-term and medium-term bank borrowings and issuance of asset-backed securities ("**ABS**"). The reduction in the scale of leasing transactions in FY2024 had led to lower financing needs, which brought a year-on-year decrease of 28% in interest expenses to approximately HK$184.52 million, which accounted for approximately 65% of the cost of sales for the segment.

As of 31 December 2024, Chengtong Financial Leasing had successfully launched six ABS schemes, with two schemes fully repaid. The outstanding amount of the remaining schemes was approximately HK$2,136.28 million as at 31 December 2024 (as at 31 December 2023: approximately HK$3,006.22 million), of which the respective priority tranches are listed and traded on the Shanghai Stock Exchange. In addition, the total outstanding bank loans of Chengtong Financial Leasing as at 31 December 2024 were approximately HK$2,286.12 million (as at 31 December 2023: approximately HK$3,247.90 million). While the total interest expenses and average total borrowings balance decreased in FY2024, as shown in the table below, the effective annual borrowing rate for the leasing segment slightly rose due to the change in financing structure. This shift was primarily due to the repayment of matured ABS, which reduced its balance and consequently increased the proportion of bank borrowings, which carried higher interest rates.

	2024	2023	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
Interest expenses	**184,519**	257,493	(28%)
Average total borrowings balance*	**4,992,077**	7,147,546	(30%)
Effective annual borrowing rate	**3.70%**	3.60%	0.1%

* Being the average of 12 months' aggregate balances of bank loans, ABS and other loans

Guarantee fees were paid to the Company's ultimate holding company, China Chengtong Holdings Group Limited ("**CCHG**"), which undertakes the obligation to pay the shortfall if the funds of the relevant ABS schemes and Chengtong Financial Leasing are insufficient to settle the principal and other payable amounts for certain priority tranches in the relevant ABS schemes. The guarantee fees were calculated at a pre-determined rate and based on the outstanding balances of the guaranteed ABS. During FY2024, the guarantee fees expense increased by approximately HK$2.36 million or 45% from approximately HK$5.26 million in FY2023 as there was a one-off reversal adjustment in FY2023.

The depreciation charge of leased assets in FY2024 almost levelled with that in FY2023 as Chengtong Financial Leasing did not have significant addition to the leased assets for operating lease services.

Expenses

In FY2024, the administrative expenses of leasing segment decreased by about HK$1.61 million primarily due to a reduction in staff salaries and benefits amounting to approximately HK$3.68 million, which was partially offset by an increase in the loss on disposal of certain operating leased equipment of approximately HK$1.88 million.

The provision of net impairment losses under ECL model during the year was assessed and the net charge to the profit and loss account for FY2024 dropped by approximately HK$48.11 million. Please refer to the paragraph headed "*Leasing Receivables*" below for more details.

Segment Results

The segment results in leasing business for the year were therefore approximately HK$105.94 million which represented a decrease of 32% (FY2023: approximately HK$155.19 million).

Leasing Receivables

During the year, Chengtong Financial Leasing had increased 18 new sale and leaseback arrangements with total lease principal of approximately HK$2,151.60 million to its portfolio, whereas in FY2023, Chengtong Financial Leasing had entered into 42 new leasing projects (which comprised finance lease arrangements and sale and leaseback arrangements) with total lease principal of approximately HK$4,385.48 million.

The major terms of the new leasing projects entered into during FY2024 and the preceding year is tabulated below:

	2024	2023
Number of new leasing projects	**18**	42
Principal amount	**HK$2,151.60 million**	HK$4,385.48 million
Number of new leasing projects with securities	**1**	11
Security money received	**–**	HK$86.72 million
Corporate guarantee received	**HK$227.63 million**	HK$1,299.44 million
Range of lease term	**2–5 years**	1–5 years
Interest rate and range per annum	**Variable* 3.50%–5.67%**	Variable* 3.66%–5.90%

* Benchmarked to the LPR

The ownership of the leased assets under the new leasing projects in both FY2024 and FY2023 was vested in Chengtong Financial Leasing during the lease term.

In terms of industry segmentation, the new projects mainly relate as to: (i) 34% to infrastructure projects; (ii) 10% to the logistics and warehousing industry; (iii) 9% to the field of energy conservation and environmental protection; (iv) 18% to traditional manufacturing industry; and (v) 25% to traditional and clean energy industry.

The following table shows a breakdown of the Group's net Leasing Receivables by industry sectors:

	As at 31 December 2024 *HK$'000*	As at 31 December 2023 *HK$'000*	**Increase/ (decrease)**
Infrastructure	**1,981,438**	2,794,316	(29%)
Logistics and warehousing	**1,223,594**	1,894,091	(35%)
Energy conservation and environmental protection	**1,236,384**	1,919,906	(36%)
Manufacturing	**1,055,649**	1,291,151	(18%)
Clean energy	**162,140**	322,229	(50%)
Others	**909,636**	646,069	41%
Total	**6,568,841**	8,867,762	(26%)

As at 31 December 2024, the Group had approximately HK$6,568.84 million of net Leasing Receivables, which were lowered by 26% from last year (as at 31 December 2023: approximately HK$8,867.76 million), and represented 78% of the total assets as at 31 December 2024 (as at 31 December 2023: 84%). The decrease was mainly attributed to the higher number of projects completed during the year compared to the number of new projects added during the year. Please refer to Note 12 to the Consolidated Financial Statement of this announcement for more details.

The Group adopts international accounting standard to assess impairment of its Leasing Receivables. The Group uses a 3-stage impairment model as well as the risk modelling approach which incorporates key parameters, including probability of default, loss given default and exposure at default to calculate ECL:

Stage 1: After initial recognition, Leasing Receivables without significant increase in credit risk were classified in this stage. ECL will be assessed and recognised in the next 12 months;

Stage 2: After initial recognition, Leasing Receivables with significant increase in credit risk but without objective evidence of impairment were classified in this stage. ECL will be measured over the whole period;

Stage 3: Leasing Receivables with objective evidence of impairment were classified in this stage. For such Leasing Receivables, ECL will be measured over the whole period.

There has been no significant change in the ECL assessment process during the year.

The Group's Leasing Receivables as at 31 December 2024 were classified into 5 categories according to customers' repayment abilities, up-to-date repayment history, profitability and carrying values of the underlying leasing projects, relevant security and enforcement measures against customers, with Category I being the lowest risk and Category V being the highest risk. Specific ECL provision was made for each category.

	31 December 2024			31 December 2023		
(Expressed in HK$'000) **Category**	**Gross Leasing Receivables**	**Provision for ECL**	**Net Leasing Receivables**	Gross Leasing Receivables	Provision for ECL	Net Leasing Receivables
I. Performing	**6,268,168**	**1,719**	**6,266,449**	8,418,034	2,589	8,415,445
II. Special Mention	**294,555**	**12,739**	**281,816**	442,885	16,909	425,976
III. Sub-standard	**–**	**–**	**–**	–	–	–
IV. Doubtful	**51,300**	**30,724**	**20,576**	53,236	26,895	26,341
V. Loss	**17,613**	**17,613**	**–**	18,277	18,277	–
Total	**6,631,636**	**62,795**	**6,568,841**	8,932,432	64,670	8,867,762

There was no significant movement of the balance of provision for ECL during FY2024. As at 31 December 2024, the Group's provision for ECL amounted to approximately HK$62.80 million which represented a decrease of approximately HK$1.88 million as compared with the provision as at 31 December 2023 after taking into account additional impairment losses and reversal recognised during FY2024, as well as the exchange difference arose from the translation of the provision for ECL as at 31 December 2024. The reversal was made mainly due to the settlement by one of the customers in the "Special Mention" category during the year, resulting in a reduction in the relevant category of credit provision. The ECL provision rate (as calculated by dividing provision for ECL by the gross Leasing Receivables) increased to 0.95% in FY2024 from 0.72% in FY2023.

The Group does not have material reliance on customers. The net Leasing Receivables' concentration breakdown is summarised below:

	As at 31 December 2024	As at 31 December 2023
Due from the five largest customers	**14%**	20%
Due from the largest single customer	**5%**	4%
Due from the largest single customer group*	**6%**	9%

* Customers are regarded as a "group" if one or more than one of them are subsidiaries, holding companies or fellow subsidiaries of the other.

As of 31 December 2024, about 99% (31 December 2023: 99%) of the net Leasing Receivables were due from SOE, which made regular timely repayment and the non-performing exposure were comparably low.

The Group has implemented rigorous risk management policies to monitor Leasing Receivables at every stage of the business cycle, so as to ensure that the Group has robust and prudent standards for credit risk taking, management and monitoring for all Leasing Receivables which involves the following key steps:

Review and Approval of Leasing Arrangements

The respective business department of Chengtong Financial Leasing conducts thorough due diligence on potential lessees, scrutinizing their backgrounds, business profiles, financial standings, credit ratings, compliance records, and loan repayment histories. Additionally, they assess the intended use of the principal amount by the proposed lessee. Simultaneously, the legal department verifies the titles of the proposed leased assets to ensure their tradability and the proposed lessee's clear ownership rights over them.

Following these assessments, the review and appraisal department of Chengtong Financial Leasing further evaluates each transaction, focusing on risk assessment. Factors such as the proposed lessee's funding sources for repayment, profitability, equity position, and cash flow status are considered. Moreover, the valuation of the proposed leased assets in secondary markets, as well as the proposed lessee's business outlook and prevailing market conditions, are scrutinized before submission to the management's approval.

Monitoring and Risk Management

The risk management department of Chengtong Financial Leasing conducts sampling inspections of the leasing arrangements at timely intervals to evaluate the effectiveness of the Group's internal control measures and assess the progress of these transactions. In terms of credit risk assessment for various leasing arrangements, the review department conducts continuous evaluations of credit risk control measures, enhances scrutiny of the financial conditions of the customers, focusing on various critical areas such as asset quality, debt structure, debt repayment capabilities, and financial ratios to ensure a comprehensive assessment of potential risks.

(2) Property Development and Investment

	2024 *HK$'000*	2023 *HK$'000*	Increase/ (decrease)
Property sales	**87,476**	84,067	4%
Rental income	**2,094**	2,752	(24%)
Segment revenue	**89,570**	86,819	3%
Cost of sales	**(48,786)**	(51,689)	(6%)
Gross profit	**40,784**	35,130	16%
Gross profit margin	**46%**	40%	
Segment results	**29,279**	26,742	9%

The Group derived its revenue from this segment by means of property sales and rental income. The 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 CCT-Champs-Elysees project is wholly owned by the Group, and is located in the Zhucheng City of Shandong Province of the PRC. The project had a total site area of approximately 146,006 square metres and was developed in three phases. All the construction works had been completed and the relevant sales permit for the final phase was granted in FY2023.

In 2024, the property market in the PRC continued to show adjustment trend. The Group's revenue from property sales during the year was wholly derived from the sale of the residential and commercial units of the CCT-Champs-Elysees project. With additional marketing effort, more units were sold during the year, the revenue from property sales slightly increased by 4% from FY2023 notwithstanding that the average selling price per square metre of the residential area for FY2024 dropped by 7% to approximately RMB4,998 (FY2023: approximately RMB5,387). As at 31 December 2024, the unsold area of the project under properties held for sale included residential area of approximately 37,857 square metres (as at 31 December 2023: approximately 53,161 square metres) and commercial space of approximately 682 square metres (as at 31 December 2023: approximately 926 square metres). The Group will strive to complete the sale of the remaining area of the project expeditiously in the following years.

In 2024, the property rental market in the PRC was also under pressure and the Group faced challenge of retaining tenants and finding new tenants. The Group's rental income from properties leasing dropped by 24% year-on-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$0.40 million (FY2023: approximately HK$0.33 million) and approximately HK$1.69 million (FY2023: approximately HK$2.42 million) respectively.

The segmental gross profit margin for FY2024 improved mainly due to certain cost adjustment upon the completion acceptance of the CCT-Champs-Elysees project which reduced the construction cost per square metre.

The segment's selling expenses increased by approximately HK$1.52 million to approximately HK$6.03 million (FY2023: approximately HK$4.51 million) for marketing and promotion purposes. The administrative expenses also increased by approximately HK$1.29 million in FY2024 as no further expense was capitalised upon completion of the construction. The overall segmental results for FY2024 were recorded at approximately HK$29.28 million, and represented an increase of 9% from that of FY2023.

(3) Marine Recreation Services and Hotel

	2024	2023	**Increase/ (decrease)**
	HK$'000	*HK$'000*	
Marine recreation services	**26,508**	27,183	(2%)
Hotel operation and others	**6,158**	8,348	(26%)
Segment revenue	**32,666**	35,531	(8%)
Cost of sales	**(15,876)**	(15,208)	4%
Gross profit	**16,790**	20,323	(17%)
Gross profit margin			
– Marine recreation services	**56%**	59%	
– Hotel operation and others	**34%**	52%	
Segment results	**(5,856)**	(3,732)	57%

The Group operated its marine recreation services and hotel business in Hainan Province, the PRC, which was mainly consisted of: (i) marine recreation services; and (ii) hotel operation. During FY2024, the tourism sector in Hainan Province diversified, providing tourists with a broader range of options including ecotourism, cultural tourism, and health tourism, alongside marine recreation. This diversification brought about increased competition and posed challenges to the Group's operation. The Group exercised cost control measures, so the segment's total selling and administrative expenses saw a slight decrease of 2% from FY2023 to approximately HK$24.66 million in FY2024. The segment recorded a loss of approximately HK$5.86 million for FY2024, marking a 57% increase from that in the previous year (FY2023: loss of approximately HK$3.73 million).

B. Other Income and Gains, Net

	2024 HK$'000	2023 HK$'000	Increase/ (decrease)
Interest income	**17,076**	18,628	(8%)
Exchange gain, net	**1,602**	–	n/a
Government subsidies	**816**	442	85%
Gain on disposal of investment properties	**–**	255	(100%)
Others	**2,191**	2,956	(26%)
Total	**21,685**	22,281	(3%)

The Group's other income mainly consisted of interest income from bank deposits and other financial assets and from loans to related parties of approximately HK$17.08 million (FY2023: approximately HK$18.63 million) which decreased by 8% from that of FY2023 due to the fact that the deposit interest rates dwindled both in Hong Kong and the PRC during 2024. In 2024, the Group recorded a favourable exchange gain of approximately HK$1.60 million as Renminbi ("**RMB**") had depreciated against Hong Kong dollars ("**HKD**"). The Group disposed of 2 commercial units at CCT-Champs-Elysees during the year. Due to the downturn of property market in the PRC, the Group suffered a loss of approximately HK$0.10 million, and no gain on disposal of investment properties was recorded for FY2024. As a result, the total other income for FY2024 decreased by 3% from last year.

C. Selling and Administrative Expenses

	2024 HK$'000	2023 HK$'000	Increase/ (decrease)
Selling expenses	**10,360**	12,112	(14%)
Administrative expenses	**98,156**	101,202	(3%)

In FY2024, the Group's overall selling expenses decreased by approximately HK$1.75 million or 14% to approximately HK$10.36 million (FY2023: approximately HK$12.11 million). During the year, the Group's sales staff salaries and benefits, and marine equipment maintenance expenses reduced by approximately HK$1.41 million and approximately HK$1.40 million in the marine recreation services and hotel segment respectively, but was partially offset by the increased marketing expenses for the sale of the CCT-Champs-Elysees project of approximately HK$1.62 million.

Total administrative expenses decreased by approximately HK$3.05 million or 3% year-on-year to approximately HK$98.16 million (FY2023: approximately HK$101.20 million), which was mainly due to the reduction of administrative staff salaries and benefits of approximately HK$5.81 million and exchange loss of approximately HK$2.37 million, which were partly neutralised by the increase in loss on disposal of operating lease equipment and other fixed assets and the increase in office expenses of approximately HK$1.98 million and approximately HK$1.64 million respectively.

D. Finance Costs

	2024	2023	**(Decrease)**
	HK$'000	*HK$'000*	
Total interest expenses	**210,113**	288,570	(27%)
Less:			
Amounts included in the cost of sales	**(184,519)**	(257,493)	(28%)
	25,594	31,077	(18%)

The total interest expenses for FY2024 fell to approximately HK$210.11 million (FY2023: approximately HK$288.57 million), marking a year-on-year decrease of 27%. This drop was principally attributed to the reduction of the leasing business volume during the year, which was largely financed by external financing, thereby leading to the decrease in interest expenses.

In FY2024, the total interest expenses primarily consisted of interest on bank borrowings of approximately HK$131.19 million (FY2023: approximately HK$158.80 million), interest on ABS of approximately HK$70.15 million (FY2023: approximately HK$120.12 million), and interest on loans from related parties of approximately HK$8.50 million (FY2023: approximately HK$9.39 million). After deducting the finance costs of approximately HK$184.52 million (FY2023: approximately HK$257.49 million) included in the cost of sales, the net finance costs during the year were approximately HK$25.59 million (FY2023: approximately HK$31.08 million), which represented for a year-on-year decrease of 18%. Out of the total interest expenses, the interest expenses for a bank loan in Hong Kong amounted to approximately HK$21.54 million (FY2023: approximately HK$29.27 million), which accounted for 84% of the net finance costs for FY2024 (FY2023: 94%).

III. OUTLOOK

Looking ahead to 2025, the PRC economy will continue to face multiple challenges, such as deep adjustments in the property market, adjustments in domestic demand, and the impact of the trade war. However, with the continuous deepening of reform and opening up, steady development of new-quality productivity, increasing support from macroeconomic policies as well as orderly and effective resolution of risks in key areas, the long-term positive trend of the PRC economy has remained unchanged. New growth momentum will be nurtured in emerging areas such as green transformation, digital economy and artificial intelligence. The Group will maintain its strategies, intensify its transformation and development efforts, accelerate its return to its leasing focus, proactively seize the historical opportunities for the development of new-quality productivity on the basis of strict adherence to the risk bottom line and enhanced compliance. The Group will proactively plan for strategic emerging industries, focus on improving the effectiveness of its services to the real economy, and insist on making progress amidst stability in order to achieve steady operation in a diversified and dynamic market environment.

Regarding the leasing business, firstly, the Group will maintain and stabilise Chengtong Financial Leasing's existing credit rating, so as to consolidate its credit foundation and position in the market. At the same time, we will strengthen fund-raising efforts, continue to issue ABS, try to issue short-term bonds, medium-term notes, corporate bonds and other credit bonds, and continue to expand bank financing so as to promote the diversification of the financing structure. Secondly, we will continue to improve our risk management system, unwaveringly prevent and resolve business risks, and enhance asset quality and operational efficiency by fine-tuning and optimising the allocation structure of existing assets. Thirdly, we will closely focus on strategic emerging industries such as integrated circuits, biomedicine and new energy to develop in-depth specialised operations and strive to achieve strategic breakthroughs. Fourthly, we will actively promote the integration of 'Leasing + AI', strive to achieve a two-way breakthrough in corporate management enhancement and digital transformation, and comprehensively enhance the application capabilities in such important scenarios as precise business marketing, digital process control, and intelligent risk assessment, and endeavor to provide customers with more professional, efficient, and high-quality finance lease services.

In respect of the property development and investment business, the Group will closely monitor industry policies, continue to expand marketing channels, and step up sales of property units of CCT-Champs-Elysees project.

In respect of the marine recreation services and hotel business, the Group will further promote business diversification and continuously improve its efficiency. At the same time, the Group will actively explore the implementation of subsequent asset restructuring.

As the only overseas listed company platform of CCHG, the controlling shareholder, the Group will further tap into the resource advantages of the Group's controlling shareholder, focus the resources on expanding the principal business of leasing and give full play to the synergy advantage of "AI + finance", so as to create greater value for the shareholders. The Board is full of confidence in the future development of the Group.

IV. ASSET STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As the Group's leasing business slowed down during the year, both the Group's total assets and liabilities declined. Notwithstanding this, the Group continued to maintain sound financial position. As at 31 December 2024, the equity attributable to owners of the Company amounted to approximately HK$2,764.34 million and represented a decrease of 3% from approximately HK$2,855.04 million recorded as at 31 December 2023. The decline was primarily caused by the depreciation of RMB against HKD during the year.

The total assets and liabilities of the Group as at 31 December 2024 were detailed as follows:

	As at 31 December 2024 *HK$'000*	As at 31 December 2023 *HK$'000*	**(Decrease)**
Non-current assets	**3,861,767**	5,611,407	(31%)
Current assets	**4,515,607**	4,958,789	(9%)
Total assets	**8,377,374**	10,570,196	(21%)
Current liabilities	**(3,515,666)**	(4,104,661)	(14%)
Non-current liabilities	**(2,092,198)**	(3,605,432)	(42%)
Total liabilities	**(5,607,864)**	(7,710,093)	(27%)
Total net assets	**2,769,510**	2,860,103	(3%)

The Group's total net assets were slightly reduced by 3% from 31 December 2023 to approximately HK$2,769.51 million which was mainly due to the impact of RMB depreciation against HKD.

As at 31 December 2024, the Group's total assets stood at approximately HK$8,377.37 million, representing a decrease of 21% as compared to the total assets of approximately HK$10.57 billion as at 31 December 2023. Current assets constituted 54% of the total assets, while Leasing Receivables remained the largest component of the assets, constituting 78% of the total assets.

At the same time, the Group's total liabilities also shrank to approximately HK$5,607.86 million, decreased by 27% as at 31 December 2024 from approximately HK$7,710.09 million as at 31 December 2023. During the year, the Group recovered the matured Leasing Receivables and applied the proceeds to repay external financing such as ABS and bank borrowings. The current and non-current portion of the total liabilities was 63% and 37% respectively.

The current ratio (calculated as total current assets divided by total current liabilities) as at 31 December 2024 was 1.28 times (as at 31 December 2023: 1.21 times), indicating the Group had sufficient liquidity and healthy solvency position. In addition, the Group had ample of standby credit facilities in place as at 31 December 2024 to enhance the liquidity when needed.

As at 31 December 2024, the Group had cash and deposits (including pledged bank deposits, and bank balances and cash) of approximately HK$1,033.80 million (as at 31 December 2023: approximately HK$710.55 million), which accounted for 12% of the total assets. The majority of the Group's cash and deposits were denominated in RMB, while the rest were denominated in HKD and United States dollars ("**USD**").

As at 31 December 2024, the bank borrowings of the Group reduced by 31% from that of last year and amounted to approximately HK$2,593.11 million (as at 31 December 2023: approximately HK$3,747.90 million). All of the Group's bank borrowings were denominated in RMB with repayment due dates ranging from 2025 to 2028. The effective annual interest rates of the bank borrowings in FY2024 ranged from approximately 2.65% to 4.70%.

As at 31 December 2024, the total outstanding balance of the ABS were approximately HK$2,136.28 million (as at 31 December 2023: approximately HK$3,006.22 million). Please refer to note 14 to the financial statements in this announcement for more details.

V. FINANCIAL LEVERAGE RATIOS

	2024	2023
	Times	*Times*
Total debts/Total equity	**1.77**	2.42
Total debts/Total assets	**0.59**	0.66
Total debts/EBITDA	**23**	27
Interest coverage	**4**	5

As the Group diligently optimised and fine-tuned its leasing business scale, the Group's financial structure was changed and resulted in a decrease in leverage in FY2024.

The debt to equity ratio (calculated by dividing total interest bearing loans by total equity) and debt to asset ratio were 1.77 times and 0.59 times respectively as at 31 December 2024. Despite the Group's revenue decreased in FY2024, the interest coverage ratio (as calculated by dividing consolidated profit before tax and finance costs by finance costs) was slightly reduced to 4 times which suggested that the Group maintained comfortable margin to meet its interest payment obligation. The change in the above set of ratios showcased that the Group's financial position was enhanced and reflect its ability to manage debt levels.

VI. SIGNIFICANT INVESTMENTS

The Group had no significant investment exceeding 5% of the total asset value of the Group as at 31 December 2024.

Looking forward, the Group is committed to the development of leasing business and will be prudent to invest in other financial assets to maximise shareholders' value.

VII. TREASURY POLICIES

The business activities and operation of the Group were mainly carried out in Mainland China and Hong Kong, involving transactions denominated in RMB, HKD and USD, which exposed the Group to foreign currency risks. Moreover, as at 31 December 2024, the Group had borrowings denominated in RMB, which were based on fixed interest rates and/or floating interest rates, thereby exposed the Group to interest rate risks.

(a) Foreign Currency Risks

During FY2024, the Group's businesses were principally conducted in RMB, while most of the Group's assets and liabilities were denominated in HKD and RMB. Any fluctuation in the exchange rate of HKD against RMB may have an impact on the Group's results. As at 31 December 2024, the net assets of the Group's business in the PRC were approximately RMB2,950.81 million and were converted into HKD at the exchange rate applicable as at the end of the reporting period. As RMB depreciated against HKD during FY2024, the Group's foreign exchange reserve decreased by approximately HK$108.29 million as at 31 December 2024.

(b) Interest Rate Risks

As at 31 December 2024, the Group had RMB-denominated bank borrowings of approximately HK$2,593.11 million. Among the bank borrowings, approximately HK$2,466.09 million were based on floating interest rates and approximately HK$127.02 million were based on fixed interest rates. The floating borrowing rates of the RMB-denominated bank loans in the PRC and Hong Kong varied according to the change in LPRs and the Hong Kong Interbank Offered Rate for RMB ("**CNH HIBOR**") in Hong Kong respectively. In FY2024, the LPRs showed a downward trend and benefited the Group. Though the CNH HIBOR exhibited fluctuations within a range of 300 basis points throughout the year, the impacts were not substantial as the respective borrowing amount was relatively small.

The Group's ABS have different fixed coupon rates for different classes in the priority tranche. In addition, as at 31 December 2024, the Group had borrowings from related parties denominated in RMB of HK$174.90 million and was based on fixed interest rates. The Group is therefore exposed to fair value interest rate risk in relation to the aforesaid ABS and borrowings.

Most of the Group's Leasing Receivables were accounted for using floating interest rates which were benchmarked to the prevailing LPR and effectively hedged against the interest rate risks arising from the Group's bank borrowings in the PRC.

Currently, the Group does not take out any hedging measures against the fore-mentioned risks but will closely monitor the movements of interest rate and foreign currency exchange rate, and will use interest rate and foreign currency swaps and forward foreign exchange contracts for risk management and hedging purposes, where appropriate, with a view to managing the Group's exposure to those risks. The Group has adopted a conservative treasury policy not to enter into derivative financing transactions for speculative purposes. It is also the Group's policy not to invest in financial products with significant underlying leverage or derivative exposure, including hedge funds or similar instruments.

VIII. PLEDGE OF ASSETS

As at 31 December 2024, the Group's pledged bank deposits amounted to approximately HK$2.63 million, while it amounted to approximately HK$11.97 million as at 31 December 2023. The pledged bank deposits as at 31 December 2024 mainly included approximately HK$2.47 million (as at 31 December 2023: approximately HK$2.56 million) pledged as security for banking facilities granted to mortgagors of the CCT-Champs-Elysees project. While as at 31 December 2023, approximately HK$9.31 million bank deposit was pledged as security for certain bills payables for leasing business, no bank deposit was pledged for such purpose as at 31 December 2024.

As at 31 December 2024, the Leasing Receivables of the Group with an aggregate carrying value of approximately HK$4,721.72 million (as at 31 December 2023: approximately HK$6,776.88 million) were charged as security for the Group's ABS and bank borrowings with carrying amounts of approximately HK$2,136.28 million (as at 31 December 2023: approximately HK$3,006.22 million) and HK$2,286.12 million respectively (as at 31 December 2023: approximately HK$2,915.40 million).

IX. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 December 2024, the Group's capital commitments consisted of purchase of property, plant and equipment, which will be funded by its internal resources. Please refer to notes 15 and 16 to the financial statements in this announcement for details of the Group's contingent liabilities and capital commitments, respectively.

X. FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group does not have any future plans for other material investments or capital assets in the coming year.

XI. EVENT AFTER REPORTING PERIOD

No significant event has occurred after the end of the year under review.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 31 December 2024, the Group employed a total of 230 full-time and part-time employees (as at 31 December 2023: 253), of which 8 (as at 31 December 2023: 8) were based in Hong Kong and 222 (as at 31 December 2023: 245) were based in the PRC. During the year, the total staff costs of the Group (including directors' emoluments and provident funds) were approximately HK$65.43 million. Employees' remunerations are determined in accordance with their experiences, competence, qualifications, nature of duties, and current market trend. Apart from basic salary, discretionary bonus and other incentives may be offered to employees of the Group to reward their performance and contributions. The emoluments of the Directors are determined having regard to the Company's corporate goals, the roles and duties of the Directors in the Group as well as in the group members of the Company's ultimate holding company.

In addition, the Group provides or subsidises various training programmes and courses to its employees according to business needs, to ensure that its employees are kept abreast of the updates in the relevant laws, regulations and guidelines, such as the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"), accounting standards, risk management knowledge, labour regulations and employees' code of conduct.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During FY2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct ("**Code of Conduct**") regarding Directors' securities transactions on terms no less exacting than the required standards set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix C3 to the Listing Rules. Having made specific enquiry to each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Code of Conduct and the Model Code during FY2024.

CORPORATE GOVERNANCE

The Board considers that good corporate governance is vital to the healthy and sustainable development of the Group. In the opinion of the Directors, the Company has complied with all the code provisions of the Corporate Governance Code ("**CG Code**") as set out in Appendix C1 to the Listing Rules for FY2024, save as disclosed below:

During the year, the position of the Chairman of the Board was held by Mr. Zhang Bin and the position of Managing Director was held by Mr. Gu Honglin until their resignations effective from 25 December 2024. Mr. Li Qian was appointed as an executive Director and has taken the chair of the Board on even date. On the other hand, the role of Managing Director became vacant since the resignation of Mr. Gu as the Company has not identified a suitable candidate to take up the role. As an interim measure, Mr. Li Qian also oversees the day-to-day management of the Group's business with the support of the management staff.

The above constituted a deviation from Code Provision C.2.1 of the CG Code which provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Despite the aforesaid deviation, under the supervision of other existing members of the Board, which comprised mainly independent non-executive directors, the Board was appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

Meanwhile, the Company is identifying suitable candidate for the position of Managing Director in order to re-comply with Code Provision C.2.1 of the CG Code.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Company ("**Audit Committee**") which comprises three independent non-executive Directors, namely Mr. Lee Man Chun, Tony (chairman of the Audit Committee), Professor Chang Qing and Professor He Jia, has reviewed the audited consolidated financial statements of the Company for FY2024.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to the final dividend for FY2024, the register of members of the Company will be closed on Friday, 4 July 2025, on which day no transfer of shares of the Company will be registered. In order to qualify for the final dividend, all completed share transfer documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 3 July 2025.

SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED ON THE PRELIMINARY RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2024 as set out in this preliminary results announcement have been agreed by the Group's auditor, Baker Tilly Hong Kong Limited ("**Baker Tilly**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Baker Tilly on the preliminary results announcement.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.hk217.com. The annual report of the Company for FY2024 will be available on both websites in due course.

By order of the Board
China Chengtong Development Group Limited
Li Qian
Chairman

Hong Kong, 3 March 2025

As at the date of this announcement, the executive Directors are Mr. Li Qian and Ms. Sun Jie; and the independent non-executive Directors are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.