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CHINA CHENG TONG 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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (“**Board**”) of directors (“**Directors**”) of China Chengtong Development Group Limited (“**Company**”) would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (“**Review Period**” or “**1H2025**”) as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2025

		Unaudited	
		Six months ended 30 June	
		2025	2024
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	205,410	323,471
Cost of sales		(125,891)	(204,518)
Gross profit and net interest income		79,519	118,953
Other income and gains, net	5	7,083	11,015
Selling expenses		(9,560)	(5,608)
Impairment losses under expected credit loss model, net of reversal	8	(4,735)	(2,211)
Administrative expenses		(43,149)	(46,865)
Fair value loss on investment properties		(75)	(7,776)
Finance costs	6	(7,088)	(15,351)
Profit before tax		21,995	52,157
Income tax expense	7	(11,984)	(25,302)
Profit for the period	8	10,011	26,855

		Unaudited	
		Six months ended 30 June	
		2025	2024
<i>Notes</i>		<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period attributable to:			
Owners of the Company		9,881	26,694
Non-controlling interests		130	161
		<u>10,011</u>	<u>26,855</u>
Earnings per share			
Basic and diluted	<i>10</i>	<u>HK0.17 cent</u>	<u>HK0.45 cent</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Profit for the period	10,011	26,855
Other comprehensive income/(expense), net of tax		
<i>Item that will not be reclassified to profit or loss:</i>		
Net change in fair value of equity investments at fair value through other comprehensive income ("FVTOCI")	20,828	(7,848)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	82,014	(80,959)
Total comprehensive income/(expense) for the period	112,853	(61,952)
Total comprehensive income/(expense) attributable to:		
Owners of the Company	112,723	(62,113)
Non-controlling interests	130	161
	112,853	(61,952)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2025

		Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment		435,181	468,564
Investment properties		55,546	64,045
Finance lease receivables and loan receivables	11	3,251,068	3,313,009
Other financial assets		466	453
Loans to a related party		27,250	–
Deferred tax assets		18,895	15,696
		<u>3,788,406</u>	<u>3,861,767</u>
Current assets			
Properties held for sale		131,476	134,666
Inventories		3,777	3,724
Trade and other receivables	12	27,425	29,776
Finance lease receivables and loan receivables	11	3,352,240	3,255,832
Loans to a related party		–	26,500
Other financial assets		51,054	30,226
Tax recoverable		1,395	1,089
Pledged bank deposits		2,712	2,634
Bank balances and cash		1,772,621	1,031,160
		<u>5,342,700</u>	<u>4,515,607</u>
Current liabilities			
Trade and other payables	13	198,147	300,704
Contract liabilities		136,559	110,693
Lease liabilities		3,872	2,982
Tax payables		38,811	34,168
Bank borrowings		1,551,423	1,602,581
Asset-backed securities		999,818	1,464,538
Corporate bonds	14	4,362	–
Loans from related parties		174,400	–
		<u>3,107,392</u>	<u>3,515,666</u>
Net current assets		<u>2,235,308</u>	<u>999,941</u>
Total assets less current liabilities		<u>6,023,714</u>	<u>4,861,708</u>

		Unaudited At 30 June 2025 <i>HK\$'000</i>	Audited At 31 December 2024 <i>HK\$'000</i>
	<i>Notes</i>		
Non-current liabilities			
Bank borrowings		1,535,045	990,524
Asset-backed securities		163,873	671,746
Corporate bonds	<i>14</i>	1,090,000	–
Loans from related parties		179,850	174,900
Other payables	<i>13</i>	145,706	214,984
Deferred tax liabilities		38,806	40,044
		3,153,280	2,092,198
Net assets		2,870,434	2,769,510
Capital and reserves			
Share capital		2,214,624	2,214,624
Reserves		650,505	549,711
Equity attributable to owners of the Company		2,865,129	2,764,335
Non-controlling interests		5,305	5,175
Total equity		2,870,434	2,769,510

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as well as the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2024 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to the statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance. The Company’s auditor has reported on those financial statements. The auditor’s report was unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report, and did not contain a statement under Sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at fair values, as appropriate.

Other than change in accounting policies resulting from application of amendments to a HKFRS Accounting Standard, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group’s annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to HKFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a HKFRS Accounting Standard issued by the HKICPA, for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

The application of the amendments to a HKFRS Accounting Standard in the current interim period has had no material impact on the Group’s financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3 REVENUE

Disaggregation of the Group's revenue

	Unaudited For the six months ended 30 June 2025			
	Leasing <i>HK\$'000</i>	Properties development and investment <i>HK\$'000</i>	Marine recreation services and hotel <i>HK\$'000</i>	Total <i>HK\$'000</i>
Types of goods or services				
Sales of properties	–	9,439	–	9,439
Consultancy service income from leasing arrangements	7,621	–	–	7,621
Marine recreation and hotel services income	–	–	16,520	16,520
Revenue from contracts with customers	7,621	9,439	16,520	33,580
Rental income from investment properties	–	933	–	933
Rental income under operating lease in respect of owned machineries and equipment	43,720	–	–	43,720
Interest income from loan receivables	127,081	–	–	127,081
Finance lease income	96	–	–	96
Total revenue	178,518	10,372	16,520	205,410
Timing of revenue recognition				
A point in time	7,621	9,439	13,879	30,939
Over time	–	–	2,641	2,641
Total	7,621	9,439	16,520	33,580

3 REVENUE (CONTINUED)

Disaggregation of the Group's revenue (continued)

Unaudited				
For the six months ended 30 June 2024				
	Leasing	Properties	Marine	Total
	HK\$'000	development	recreation	
		and investment	services and	
		HK\$'000	hotel	HK\$'000
			HK\$'000	
Types of goods or services				
Sales of properties	–	58,373	–	58,373
Marine recreation and hotel services income	–	–	18,227	18,227
Revenue from contracts with customers	–	58,373	18,227	76,600
Rental income from investment properties	–	1,362	–	1,362
Rental income under operating lease in respect				
of owned machineries and equipment	54,942	–	–	54,942
Interest income from loan receivables	189,789	–	–	189,789
Finance lease income	778	–	–	778
Total revenue	245,509	59,735	18,227	323,471
Timing of revenue recognition				
A point in time	–	58,373	15,606	73,979
Over time	–	–	2,621	2,621
Total	–	58,373	18,227	76,600

4 SEGMENT INFORMATION

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

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

- (1) Leasing — providing leasing services including finance lease, sale and leaseback and operating lease services
- (2) Property development and investment — holding land for property development projects, 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

Segment revenue and results

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

Six months ended 30 June 2025 (unaudited)

	Leasing <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Marine recreation services and hotel <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue as presented in condensed consolidated statement of profit or loss	<u>178,518</u>	<u>10,372</u>	<u>16,520</u>	<u>205,410</u>
Results				
Segment results	<u>46,154</u>	<u>(2,695)</u>	<u>(2,251)</u>	41,208
Fair value loss on investment properties				(75)
Unallocated finance costs				(7,020)
Unallocated corporate expenses				(17,823)
Unallocated corporate income				<u>5,705</u>
Profit before tax				<u>21,995</u>

4 SEGMENT INFORMATION (CONTINUED)

Six months ended 30 June 2024 (unaudited)

	Leasing <i>HK\$'000</i>	Property development and investment <i>HK\$'000</i>	Marine recreation services and hotel <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue as presented in condensed consolidated statement of profit or loss	<u>245,509</u>	<u>59,735</u>	<u>18,227</u>	<u>323,471</u>
Results				
Segment results	<u>73,878</u>	<u>14,232</u>	<u>(1,950)</u>	86,160
Fair value loss on investment properties				(7,776)
Unallocated finance costs				(15,218)
Unallocated corporate expenses				(16,943)
Unallocated corporate income				<u>5,934</u>
Profit before tax				<u>52,157</u>

For the six months ended 30 June 2025 and 2024, unallocated corporate income mainly comprised interest income from deposits and related parties which are not directly attributable to the business activities of any operating segment.

For the six months ended 30 June 2025 and 2024, unallocated corporate expenses mainly comprised depreciation, staff costs, exchange differences and legal and professional expenses of the Group's headquarter which are not directly attributable to the business activities of any operating segment.

5 OTHER INCOME AND GAINS, NET

	Unaudited Six months ended 30 June	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest income from:		
— deposits and other financial assets	4,829	9,521
— related parties	1,015	1,116
Government subsidies	196	74
Gain on disposal of investment properties	140	—
Gain on disposal of property, plant and equipment	116	26
Others	787	278
	<u>7,083</u>	<u>11,015</u>

6 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Interest on bank borrowings	40,003	69,345
Interest on asset-backed securities	24,628	42,397
Interest on corporate bonds	5,612	—
Interest on loans from related parties	3,108	4,048
Interest on lease liabilities	78	166
	73,429	115,956
Less:		
Amount included in cost of sales:		
— Interest on bank borrowings	(35,143)	(54,686)
— Interest on asset-backed securities	(24,628)	(42,397)
— Interest on corporate bonds	(5,612)	—
— Interest on loans from related parties	(958)	(3,522)
	7,088	15,351

7 INCOME TAX EXPENSE

	Unaudited	
	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Current tax:		
— PRC Enterprise Income Tax	16,122	24,232
— PRC Land Appreciation Tax	893	3,099
	17,015	27,331
Deferred tax	(5,031)	(2,029)
	11,984	25,302

8 PROFIT FOR THE PERIOD

Unaudited	
Six months ended 30 June	
2025	2024
HK\$'000	HK\$'000

Profit for the period has been arrived at after charging:

Staff costs (including directors' emoluments)	22,182	22,797
Contributions to retirement benefits schemes (including directors' emoluments)	5,785	6,444
Total staff costs	27,967	29,241
Impairment losses recognised in respect of		
— trade and other receivables	—	1
— finance lease receivables and loan receivables	4,735	2,210
	4,735	2,211
Depreciation of property, plant and equipment	68,433	52,006
Cost of inventories sold (included in cost of sales)	13,042	50,717
Exchange losses, net	5,255	6,105

9 DIVIDENDS

During the current interim period, a final dividend of HK0.20 cent per share in respect of the year ended 31 December 2024 (2024: HK0.34 cent per share in respect of the year ended 31 December 2023) was declared to the owners of the Company. The aggregate amount of the final dividend declared in the current interim period amounted to approximately HK\$11,929,000 (2024: approximately HK\$20,280,000).

Subsequent to the end of current interim period, the Directors have resolved that no dividend will be declared in respect of the current interim period.

10 EARNINGS PER SHARE

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

	Unaudited Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
Earnings		
Profit for the period attributable to owners of the Company	<u>9,881</u>	<u>26,694</u>
	Unaudited Six months ended 30 June	
	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares	<u>5,952,885</u>	<u>5,952,885</u>

Diluted earnings per share were the same as the basic earnings per share as there were no potential dilutive equity instruments throughout the six months ended 30 June 2025 and 30 June 2024, respectively.

11 FINANCE LEASE RECEIVABLES AND LOAN RECEIVABLES

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
Finance lease receivables	–	10,132
Loan receivables	<u>6,672,707</u>	<u>6,621,504</u>
	6,672,707	6,631,636
Less: Allowance for credit losses	<u>(69,399)</u>	<u>(62,795)</u>
	<u>6,603,308</u>	<u>6,568,841</u>
Analysed for reporting purposes as:		
Current assets	3,352,240	3,255,832
Non-current assets	<u>3,251,068</u>	<u>3,313,009</u>
	<u>6,603,308</u>	<u>6,568,841</u>

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

11 FINANCE LEASE RECEIVABLES AND LOAN RECEIVABLES (CONTINUED)

As at 30 June 2025, loss allowance of approximately HK\$69,399,000 (31 December 2024: approximately HK\$62,795,000) was made against the gross amount of finance lease receivables and loan receivables.

There were no finance lease receivables as at 30 June 2025. The finance lease receivables outstanding as at 31 December 2024 were due as follows:

	Audited At 31 December 2024	
	Minimum lease payments <i>HK\$'000</i> (audited)	Present value of minimum lease payments <i>HK\$'000</i> (audited)
Finance lease receivables comprise:		
Within one year	10,902	10,132
Gross investment in the lease	10,902	
Less: unearned finance income	(770)	
Present value of minimum lease payment receivables	10,132	

As at 31 December 2024, the effective interest rate of finance lease receivables ranged from 3.79% to 5.43% per annum.

11 FINANCE LEASE RECEIVABLES AND LOAN RECEIVABLES (CONTINUED)

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 leased assets 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 “Financial Instruments”.

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
Fixed-rate loan receivables	641,782	833,896
Variable-rate loan receivables	6,030,925	5,787,608
	6,672,707	6,621,504
Less: Allowance for credit losses	(69,399)	(62,795)
	6,603,308	6,558,709
Analysed for reporting purposes as:		
Current assets	3,352,240	3,245,700
Non-current assets	3,251,068	3,313,009
	6,603,308	6,558,709

As at 30 June 2025, loss allowance of approximately HK\$69,399,000 (31 December 2024: approximately HK\$62,795,000) was provided against the gross amount of loan receivables.

11 FINANCE LEASE RECEIVABLES AND LOAN RECEIVABLES (CONTINUED)

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

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
Fixed-rate loan receivables (gross carrying amount):		
Within one year	480,194	653,203
More than one year but not more than two years	84,089	177,809
More than two years but not more than five years	77,499	2,884
	<u>641,782</u>	<u>833,896</u>

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

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
Variable-rate loan receivables (gross carrying amount):		
Within one year	2,941,446	2,655,292
More than one year but not more than two years	1,635,962	1,856,170
More than two years but not more than five years	1,413,266	1,172,862
More than five years	40,251	103,284
	<u>6,030,925</u>	<u>5,787,608</u>

As at 30 June 2025, effective interest rates (which are equal to contractual interest rates) of fixed-rate loan receivables and variable-rate loan receivables ranged from 3.42% to 9.40% (31 December 2024: 3.69% to 8.69%) per annum and from 3.04% to 7.84% (31 December 2024: 2.98% to 7.04%) per annum, respectively.

As at 30 June 2025, finance lease receivables and loan receivables with a carrying amount of approximately HK\$3,064,349,000 (31 December 2024: HK\$2,636,188,000) was pledged as security for bank borrowings and a carrying amount of approximately HK\$1,390,206,000 (31 December 2024: HK\$2,074,849,000) was pledged as security for the asset-backed securities.

12 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
Trade and bills receivables	2,543	2,760
Other prepayments and deposits	4,989	3,596
Other receivables	16,941	14,149
Other tax recoverable	–	7,952
Amount due from a related company	2,458	1,319
Amounts due from fellow subsidiaries	494	–
	<u>27,425</u>	<u>29,776</u>

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:

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
1–30 days	1,471	2,351
31–90 days	1,046	177
Over 90 days	26	232
	<u>2,543</u>	<u>2,760</u>

As at 30 June 2025, trade receivables with a carrying amount of approximately HK\$191,000 (2024: HK\$123,000) and HK\$1,260,000 (2024: HK\$1,188,000) have been pledged as security for bank borrowings and asset-backed securities, respectively.

13 TRADE AND OTHER PAYABLES

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
Trade and bills payables (<i>note (a)</i>)	6,868	112,448
Other payables and accruals	83,030	73,721
Deposits received (<i>note (b)</i>)	242,993	308,003
Accrual of construction costs	6,966	11,554
Amount due to ultimate holding company	2,071	8,074
Amount due to immediate holding company	11	1,691
Amounts due to fellow subsidiaries	1,914	197
	<u>343,853</u>	<u>515,688</u>
Analysed for reporting purposes as:		
Current liabilities	198,147	300,704
Non-current liabilities	145,706	214,984
	<u>343,853</u>	<u>515,688</u>

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:

	Unaudited At 30 June 2025 HK\$'000	Audited At 31 December 2024 HK\$'000
1–30 days	172	106,095
31–90 days	6,695	6,352
Over 90 days	1	1
	<u>6,868</u>	<u>112,448</u>

- (b) The amounts 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 30 June 2025, the deposits received amounting to approximately HK\$145,706,000 (31 December 2024: approximately HK\$214,984,000) 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 CORPORATE BONDS

During the current interim period, the Group issued two tranches of corporate bonds each with principal amount of RMB500,000,000 (equivalent to HK\$535,000,000) at par value (six months ended 30 June 2024: nil). The corporate bonds carry effective interest rates ranging from 2.17% to 2.18% (31 December 2024: nil) per annum.

The term of the corporate bonds is five years and the interests are repaid annually. Below is the summary of the key terms of the corporate bonds:

Early redemption option

With proper notice to the bond holders, the issuer has the right to early redeem all outstanding corporate bonds at par value plus all accrued interests at the end of the second or fourth year from the date of issue of the corporate bonds.

Put option

With proper notice to the issuer, the bond holders have the right to sell back all or part of the outstanding corporate bonds to the issuer at par value plus all accrued interests at the end of the second or fourth year from the date of issue of the corporate bonds.

Coupon rate adjustment option

The issuer reserves the right to decide, at the end of the second or fourth year from the date of issue of the corporate bonds, whether to adjust the coupon rate for subsequent years.

15 CAPITAL COMMITMENTS

	Unaudited	Audited
	At 30 June	At 31 December
	2025	2024
	HK\$'000	HK\$'000
Contracted but not provided for:		
Purchase of property, plant and equipment	–	135

16 CONTINGENT LIABILITIES

As at 30 June 2025, the Group had contingent liabilities in relation to guarantees of approximately HK\$236,040,000 (31 December 2024: approximately HK\$230,470,000) given to banks in respect of mortgage loans granted to purchasers of certain property units of the Group's CCT-Champs-Elysses 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 are not accounted for in the condensed consolidated financial statements.

As at 30 June 2025 and 31 December 2024, 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.

MANAGEMENT DISCUSSION AND ANALYSIS

I. REVIEW OF FINANCIAL RESULTS

During the Review Period, the consolidated revenue was approximately HK\$205.41 million, which represented a decrease of 36% as compared to that of the six-month period ended 30 June 2024 (“1H2024”). The consolidated gross profit and net interest income and the profit attributable to the shareholders for 1H2025 showed a decrease of 33% and 63% respectively from 1H2024.

	1H2025 HK\$'000	1H2024 HK\$'000	(Decrease)
Revenue	205,410	323,471	(36%)
Gross profit and net interest income	79,519	118,953	(33%)
Profit before tax	21,995	52,157	(58%)
Net profit attributable to the shareholders	9,881	26,694	(63%)

The breakdown of segment revenue for 1H2025 is as follows:

Business segments	1H2025 HK\$'000	1H2024 HK\$'000	(Decrease)
Leasing	178,518	245,509	(27%)
Property development and investment	10,372	59,735	(83%)
Marine recreation services and hotel	16,520	18,227	(9%)
Total	205,410	323,471	(36%)

The financial performance of the Group for 1H2025 was mainly affected by the lukewarm global economic recovery, the ongoing changes in geopolitical and economic landscape, the downward trend in the interest rates in the People’s Republic of China (the “PRC”), and the tight supply of high-quality assets in the market, which resulted in a significant decrease in revenue and gross profit contribution from the leasing segment.

Against this background, the Group's revenue from its leasing business during the Review Period recorded a decrease. The core reason of the slowdown was, while the Group is committed to expand its leasing operation, the Group's primary strategy is to establish a resilient risk control framework that aligns with the expanding size and growing complexity of the business. This approach allows the Group to navigate the market uncertainties while exploring for sustainable expansion avenues in the leasing business segment.

The consolidated cost of sales comprised mainly interest expenses for the leasing business. The consolidated cost of sales declined by 38% to approximately HK\$125.89 million (1H2024: approximately HK\$204.52 million) and was in line with the reduced business volume of the leasing business during the Review Period.

The consolidated gross profit and net interest income during the Review Period was about HK\$79.52 million which represented 33% decrease from HK\$118.95 million in the corresponding period of last year. The overall gross profit margin of 1H2025 was levelled at 39% and represented a slight increase from that of 1H2024.

Total selling and administrative expenses increased by around HK\$0.24 million to approximately HK\$52.71 million (1H2024: approximately HK\$52.47 million). This was mainly attributable to the higher market development and sales costs incurred to expand customer base and increase sales volume. The exchange loss, which was mainly brought by the appreciation of Renminbi (“**RMB**”) against Hong Kong dollars (“**HKD**”), was approximately HK\$5.26 million in 1H2025 compared with approximately HK\$6.11 million in 1H2024.

The net impairment loss under the expected credit loss (“**ECL**”) model for the Review Period was approximately HK\$4.74 million and represented an increase of 114% from 1H2024.

As the real estate market in the PRC has undergone dramatic changes in the supply and demand dynamics since 2021, the Group's investment property valuation was inevitably impacted by the downtrend of the overall real estate market in the PRC. During the Review Period, the fair value loss on investment properties was approximately HK\$75,000 (1H2024: approximately HK\$7.78 million).

During 1H2025, the decrease in RMB loan interest rates led to a decrease in finance costs by approximately HK\$8.26 million compared to 1H2024 and recorded at approximately HK\$7.09 million.

Taking into account of the foregoing, the Group therefore reported a consolidated profit before tax of approximately HK\$22.00 million in 1H2025, reflecting a reduction of 58% from approximately HK\$52.16 million in 1H2024.

The Board has resolved not to declare any interim dividend for the Review Period.

II. BUSINESS REVIEW

A. Segment Performance

During the Review Period, the Group generated its revenue primarily from the core leasing business along with the other business segments including property development and investment, as well as marine recreation services and hotel. Below are the details of the segment revenue and results:

(1) Leasing

	1H2025 HK\$'000	1H2024 HK\$'000	(Decrease)
Interest income	127,177	190,567	(33%)
Consultancy service fee	7,621	–	N/A
Rental income	43,720	54,942	(20%)
Segment revenue	178,518	245,509	(27%)
Cost of sales	(112,852)	(153,802)	(27%)
Gross profit and net interest income	65,666	91,707	(28%)
Gross profit margin	37%	37%	
Segment results	46,154	73,878	(38%)

During the Review Period, the Group's wholly-owned subsidiary, Chengtong Financial Leasing Company Limited (“**Chengtong Financial Leasing**”), continued to focus on the leasing operation and aimed to achieve balanced and steady development in different dimensions. Internally, Chengtong Financial Leasing reviewed its business models, recruited more talented people and enhanced its business processes, so to prepare for the future development. Externally, Chengtong Financial Leasing deepened cooperation with business partners, expanded its business scope and sought new development opportunities.

During the Review Period, Chengtong Financial Leasing had entered into 14 new sale and leaseback arrangements with lease principal of HK\$1,909.24 million in aggregate. These new leasing projects featured lease terms spanning from 1 to 5 years, with floating interest rates ranging from 2.85% to 3.9% per annum which were benchmarked to the loan prime rates as promulgated by the National Interbank Funding Center under the authority of the People's Bank of China (“**LPRs**”). These new leasing projects were secured by the leased assets which the ownership was vested in Chengtong Financial Leasing to safeguard any default during the lease term. Apart from these, the new leasing projects entered into during the Review Period were not secured by additional security money and/or corporate guarantees, as the customers were reputable state-owned enterprises (“**SOEs**”) and the overall risks associated with them were low.

In 2024, Chengtong Financial Leasing had added 18 new leasing projects (which comprised finance lease arrangements and sale and leaseback arrangements) with lease principal of approximately HK\$2,151.6 million to its portfolio with respective lease terms ranging from 2 to 5 years and charging floating interest rates ranging from 3.50% to 5.67% per annum which were also benchmarked to the LPR. The ownership of the leased assets under these new leasing projects was also vested in Chengtong Financial Leasing during the lease term.

The interest income from finance lease projects in 1H2025 decreased by approximately HK\$63.39 million or 33% from 1H2024 to approximately HK\$127.18 million, which was mainly due to the decrease in average interest-earning assets as a result of the year-on-year reduction in the amount invested in 2024 and the diminishing balances of finance lease receivables and loan receivables (collectively, “**Leasing Receivables**”) upon completion of the previous projects. Consultancy service fee income of approximately HK\$7.62 million was recorded during the Review Period. The rental income from operating lease recorded a decrease of 20% as compared with 1H2024 as some previous operating lease projects were completed during the Review Period.

The segment revenue for 1H2025 was approximately HK\$178.52 million and represented a decrease of 27% from 1H2024.

In 1H2025, the segment cost of sales mainly comprised interest expenses of asset-backed securities (“**ABS**”) and bank borrowings for financing the leasing business and its total decreased by 27% to approximately HK\$112.85 million (1H2024: HK\$153.80 million). Amongst the total segment cost of sales, the cost of sales from finance lease primarily included interest expenses on borrowings, interest expenses on ABS, interest expenses on corporate bonds, and guarantee fee which dropped by 34% year-on-year. The cost of sales from operating lease primarily consisted of depreciation charge of the leased assets, which was almost the same as that of last year. The decrease in total segment cost of sales was in line with the decreased balances of ABS and bank borrowings in the Review Period. As at 30 June 2025, Chengtong Financial Leasing had a total bank borrowing of approximately HK\$2,944.77 million, representing an increase of 1% year-on-year.

The overall gross profit margin of the leasing segment was steady at 37% for 1H2025 and 1H2024.

The administrative expenses of the leasing segment included manpower, office expenses, depreciation and sundry taxes etc. and decreased by approximately HK\$2.68 million in 1H2025 which was mainly resulted from the streamlining of Chengtong Financial Leasing’s office expenses structure.

The segment results of the leasing business for 1H2025 therefore declined by approximately HK\$27.73 million or 38%, which amounted to approximately HK\$46.15 million (1H2024: approximately HK\$73.88 million).

As at 30 June 2025, the net Leasing Receivables of the Group amounted to approximately HK\$6,603.31 million, which has slightly increased from that of approximately HK\$6,568.84 million as at 31 December 2024, and represented 72% of the total assets as at 30 June 2025 (as at 31 December 2024: 78%).

The net Leasing Receivables concentration breakdown is summarised below:

	As at 30 June 2025	As at 31 December 2024
Due from the five largest customers	29%	14%
Due from the largest single customer	7%	5%
Due from the largest single customer group*	7%	6%

* *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 30 June 2025, about 99% (31 December 2024: 99%) of the net Leasing Receivables were due from SOEs.

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 Review Period.

The Group’s Leasing Receivables as at 30 June 2025 were classified into 5 categories according to customers’ repayment abilities, up-to-date repayment history, profitability and carrying values of 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 provided for each category.

During the Review Period, the carrying amounts of the ECL provision for the respective categories were re-assessed and the overall movements were summarised below. The total provision for ECL has increased by 11% as at 30 June 2025 as compared to that as at 31 December 2024.

Category	30 June 2025			31 December 2024		
	Gross		Net	Gross		Net
	Leasing	Provision	Leasing	Leasing	Provision	Leasing
	Receivables	for ECL	Receivables	Receivables	for ECL	Receivables
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
I. Performing	6,296,974	2,449	6,294,525	6,268,168	1,719	6,266,449
II. Special Mention	304,870	16,954	287,916	294,555	12,739	281,816
III. Sub-standard	–	–	–	–	–	–
IV. Doubtful	52,752	31,885	20,867	51,300	30,724	20,576
V. Loss	18,111	18,111	–	17,613	17,613	–
Total	<u>6,672,707</u>	<u>69,399</u>	<u>6,603,308</u>	<u>6,631,636</u>	<u>62,795</u>	<u>6,568,841</u>

As at 30 June 2025, the Group maintained a portfolio of leasing customers from different business sectors including mainly new infrastructure, logistic and warehousing, energy saving and environmental protection, manufacturing etc. The Group's customers were mainly SOEs and non-performing exposures were comparatively low. The Group has adopted stringent risk management policies to monitor Leasing Receivables throughout their business cycle, so as to ensure that the Group has vigilant and prudent standards for credit risk taking, management and monitoring for all Leasing Receivables.

(2) *Property Development and Investment*

	1H2025	1H2024	(Decrease)
	HK\$'000	HK\$'000	
Property sales	9,439	58,373	(84%)
Rental income	<u>933</u>	<u>1,362</u>	(31%)
Segment revenue	10,372	59,735	(83%)
Cost of sales	<u>(6,711)</u>	<u>(40,561)</u>	(83%)
Gross profit	3,661	19,174	(81%)
Gross profit margin	35%	32%	
Segment results	<u>(2,695)</u>	<u>14,232</u>	(119%)

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 decreased significantly by 84% in 1H2025, primarily due to the ongoing downward adjustment in market prices and reluctance among purchasers to take possession of properties, resulting in a substantial year-on-year reduction in the actual number of properties delivered during the first half of the year. In addition, the average selling price per square metre of the residential area of the project for 1H2025 declined to approximately RMB4,800 from approximately RMB5,189 in 1H2024. As at 30 June 2025, the completed and unsold area of the project included residential and commercial space of approximately 37,286 square metres (as at 31 December 2024: approximately 38,539 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\$0.25 million (1H2024: approximately HK\$0.15 million) was generated from the leasing of the commercial properties of the CCT-Champs-Elysees project and approximately HK\$0.68 million (1H2024: approximately HK\$1.21 million) was generated from the leasing of certain office premises of the Group.

(3) *Marine Recreation Services and Hotel*

	1H2025 HK\$'000	1H2024 HK\$'000	Increase/ (Decrease)
Segment revenue	16,520	18,227	(9%)
Cost of sales	(6,331)	(10,156)	(38%)
Gross profit	10,189	8,071	26%
<i>Gross profit margin</i>	62%	44%	
Segment results	(2,251)	(1,950)	15%

The Group operated its marine recreation services and hotel business in Hainan Province, the PRC. The sales revenue from hotel business accounted for nearly 80% of the segment revenue. The overall segment revenue and results in 1H2025 decreased by 9% and 15% respectively from 1H2024.

B. Other Income and Gains

The Group's other income and gains mainly comprised interest income of approximately HK\$5.84 million (1H2024: approximately HK\$10.64 million) from deposits and other financial assets as well as from loans to a related party during the Review Period. The total other income and gains recorded in 1H2025 was approximately HK\$7.08 million, and represented a decrease of 36% from 1H2024.

C. Selling and Administrative Expenses

	1H2025 HK\$'000	1H2024 HK\$'000	Increase/ (Decrease)
Selling expenses	<u>9,560</u>	<u>5,608</u>	70%
Administrative expenses	<u>43,149</u>	<u>46,865</u>	(8%)

During the Review Period, the selling expenses increased year-on-year by 70% to approximately HK\$9.56 million (1H2024: approximately HK\$5.61 million), which was mainly attributable to the Group's higher marketing expenses to promote the sales of the CCT-Champs-Elysees project.

The administrative expenses decreased by 8% year-on-year to approximately HK\$43.15 million (1H2024: approximately HK\$46.87 million) which was mainly attributable to the decrease in office expenses in different business segments as well as the decrease in amortisation and depreciation expenses and was offset by a slight increase in manpower cost.

D. Finance Costs

	1H2025 HK\$'000	1H2024 HK\$'000	(Decrease)
Total interest expenses	73,429	115,956	(37%)
Less: Interest expenses transferred to cost of sales	<u>(66,341)</u>	<u>(100,605)</u>	(34%)
	<u>7,088</u>	<u>15,351</u>	(54%)

In 1H2025, the gross finance costs comprised principally interest expenses on ABS of approximately HK\$24.63 million (1H2024: approximately HK\$42.40 million), interest expenses on bank borrowings of approximately HK\$40.00 million (1H2024: approximately HK\$69.35 million), interest on corporate bonds of approximately HK\$5.61 million (1H2024: nil), and interest expenses on loans from related parties of approximately HK\$3.10 million (1H2024: approximately HK\$4.05 million). Total gross finance costs amounted to approximately HK\$73.43 million (1H2024: approximately HK\$115.96 million), representing a year-on-year decline of 37% which was mainly due to the reduction in ABS balances upon maturity and repayment of certain bank loans. Having transferred the finance costs of the leasing business of approximately HK\$66.34 million to the cost of sales, the net finance costs during the Review Period represented mainly the interest expenses on bank borrowings in Hong Kong and recorded at approximately HK\$7.09 million (1H2024: approximately HK\$15.35 million), representing a decrease of 54% from the corresponding period of last year because of the decrease in interest rate in Hong Kong during the Review Period.

III. 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, during 1H2025, the Group still faced the persistent changes in the international geopolitical and economic landscape, an increasingly stringent industry regulatory environment, as well as the broader context of domestic interest rate declines and a scarcity of marketable assets. Notwithstanding these challenges, the Group proactively implemented measures to respond to the various severe challenges. Through targeted strategies and focused initiatives, it continued to optimise its asset portfolio mix, thereby achieving steady development of the leasing business.

During 1H2025, the leasing business achieved notable breakthroughs in newly launched projects, successfully executing several projects including the first Airbus A321-200 aircraft leasing order placed with China Aircraft Leasing Group Holdings Limited (“CALC”) (中國飛機租賃), a member of China Everbright Group. The aircraft was delivered to Indonesia’s TransNusa Aviation Mandiri (印尼翎亞航空) (a company controlled by CALC) for operation under a finance lease model, which not only marked the successful execution of the Group’s inaugural aircraft leasing business but also further diversified the types of its portfolio of leased asset. Concurrently, the leasing business continued to fully implement national policies, actively supporting the strengthening and complementing of specialised industrial chains such as high-end equipment and green energy. This demonstrates the Group’s steadfast commitment to sustainable development and its social responsibilities. In terms of industry influence and qualification enhancement, Chengtong Financial Leasing was awarded the “Beijing AAA Credit Enterprise” and the “2025 Beijing Credit Commitment Enterprise” honours by the Beijing Leasing Industry Association. These honours represent high recognition of Chengtong Financial Leasing’s exceptional performance and its adherence to integrity and sound business practices.

Regarding the expansion of funding channels, in January 2025, Chengtong Financial Leasing successfully issued its 2025 Private Placement Corporate Bonds (First Tranche) targeting professional investors. The issuance size was RMB500 million with a term of 2+2+1 years. The coupon rate set a new record low for bonds of comparable term issued by AA+-rated leasing companies. This issuance not only marked Chengtong Financial Leasing's inaugural attempt to tap into the credit bond financing channel following its attainment of an AA+ issuer credit rating, but also significantly enhanced its competitiveness and brand image in the bond market, laying a solid foundation for subsequent financing activities. In June 2025, Chengtong Financial Leasing further successfully issued its 2025 Private Placement Corporate Bonds (Second Tranche) targeting professional investors, further consolidating its credit bond funding channels and optimising its yield curve.

In the second half of the year, the leasing business will maintain its strategic focus on business layout, diligently advancing its efforts in the “Five Major Initiatives” (五篇大文章), increase investment in nationally prioritised sectors and accelerate the pace of its professional transformation. Chengtong Financial Leasing will actively diversify its funding channels and continue to strengthen in-depth communication and cooperation with financial institutions, including domestic and international banks. This aims to optimise the funding structure, enhance capital utilisation efficiency, and reduce financing costs. Meanwhile, Chengtong Financial Leasing will further strengthen its legal and compliance management mechanisms and reinforce comprehensive risk management across all processes. It will strictly adhere to risk thresholds to ensure all operations are conducted in compliance and operate on a stable and sound track. In response to dynamic market changes, Chengtong Financial Leasing will closely monitor industry trends and adopt a market demand-oriented approach to precisely capture market opportunities. Chengtong Financial Leasing will actively explore innovative business models and specialised sectors, fully leveraging its distinctive strengths in “financing and asset facilitation” to enhance service efficiency and quality, striving to achieve sustained and stable operations within the diverse and evolving market environment, with an aim to contribute more substantially to the high-quality development of the real economy.

In respect of the property development and investment business, the Group increased the marketing efforts for the CCT-Champs-Elysees project in 1H2025 and achieved the set target under the severe market environment. In the next step, we will pay close attention to the industry policies, actively seize the market opportunities, speed up the sales of our property stock, and utilise the recovered funds for the principal business of leasing.

In respect of the marine recreation services and hotel business, the Company's subsidiaries in Hainan Province (“**Hainan Companies**”) actively promoted their businesses, with initial success in attracting customers through multiple channels in 1H2025. The Hainan Companies deepened its business cooperation with government departments and integrated resources to expand its business. The Hainan Companies implemented precise management of their proprietary products and sales channels, optimising their Douyin store collaboration model, resulting in year-on-year growth in product exposure and revenue. However, impacted by the accelerating trend towards independent travel (FIT) in the Hainan tourism market, traditional group tours have declined due to their lack of flexibility and personalization. The substitution effect from new channel operations has not fully materialised. Moreover, intense competition from comparable products within the industry has diverted market share, leading to revenue falling short of expectations. For the second half of the year, the Hainan Companies will focus on key initiatives of restructuring customer source channels, strengthening customer lifecycle management, and leveraging platforms to enhance online traffic generation.

IV. ASSET STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group remained to have a solid financial position in terms of its asset quality and capital liquidity. The equity attributable to owners of the Company amounted to approximately HK\$2,865.13 million, representing a increase of 4% from approximately HK\$2,764.34 million as at 31 December 2024, which was chiefly due to the appreciation of RMB against HKD during the Review Period.

The respective total assets and liabilities of the Group as at 30 June 2025 and 31 December 2024 are as follows:

	At 30 June 2025 HK\$'000	At 31 December 2024 HK\$'000	Increase/ (Decrease)
Non-current assets	3,788,406	3,861,767	(2%)
Current assets	5,342,700	4,515,607	18%
Total assets	9,131,106	8,377,374	9%
Current liabilities	(3,107,392)	(3,515,666)	(12%)
Non-current liabilities	(3,153,280)	(2,092,198)	51%
Total liabilities	(6,260,672)	(5,607,864)	12%
Total net assets	2,870,434	2,769,510	4%

As at 30 June 2025, the total assets of the Group stood at approximately HK\$9,131.11 million, with 59% representing current portion. The figure increased by approximately HK\$753.73 million or 9% compared to that of 31 December 2024. Leasing Receivables remained as the largest component, constituting 72% of the total assets. Concurrently, the Group's total liabilities increased by approximately HK\$652.81 million from that of 31 December 2024 to approximately HK\$6,260.67 million as at 30 June 2025, and the Group's gearing level increased. The current and non-current portions of total liabilities were 50% and 50% respectively as at 30 June 2025.

The current ratios (calculated as total current assets divided by total current liabilities) as at 30 June 2025 and 31 December 2024 were approximately 1.72 times and 1.28 times respectively. The Group's leasing business has a strong customer base with low default risk and stable cash flow which enables the Group to meet its short-term payment obligations. Furthermore, the Group had ample of standby credit facilities of more than HK\$13.6 billion in place as at 30 June 2025 and will enable the Group to steadily grow its businesses while preserving its liquidity.

As at 30 June 2025, the Group had cash and deposits (including pledged bank deposits, and bank balances and cash) of approximately HK\$1,775.33 million, which were primarily denominated in RMB with a minority portion denominated in HKD and the United States dollars (“USD”). The cash and deposits accounted for 33% and 19% of the current assets and total assets respectively.

As at 30 June 2025, the Group’s total borrowings increased by approximately HK\$794.48 million to approximately HK\$5,698.77 million when compared with approximately HK\$4,904.29 million as at 31 December 2024. The total borrowings as at 30 June 2025 comprised (i) bank borrowings of approximately HK\$3,086.47 million; (ii) outstanding balance of the priority class of ABS of approximately HK\$1,163.69 million; (iii) outstanding balance of corporate bonds of approximately HK\$1,094.36 million; and (iv) loans from related parties of approximately HK\$354.25 million. All the Group’s borrowings were denominated in RMB.

As at 30 June 2025, the bank borrowings bore effective annual interest rates ranging from 2.15% to 3.90% and repayment due dates ranged from 2025 to 2030. The priority class ABS had coupon rates ranging from 2.4% to 4% per annum and the expected maturity dates ranged from August 2025 to March 2029. The corporate bonds carried effective interest rates ranging from 2.17% to 2.18% per annum and were of a term of five years subject to early redemption option and put option. The loans from related parties bore fixed interest rate, of which approximately HK\$174.40 million was repayable in March 2026 and approximately HK\$179.85 million was repayable in November 2026.

V. FINANCIAL LEVERAGE RATIOS

	As at 30 June 2025 <i>Time(s)</i>	As at 31 December 2024 <i>Time(s)</i>
Total debts/Total equity	1.99	1.77
Total debts/Total assets	0.62	0.59
Total debts/EBITDA	58	23
Interest coverage	<u>4</u>	<u>4</u>

As the Group increased bank borrowings to finance its leasing business, the total debts increased during the Review Period, thus increased the debt to equity ratio (calculated as dividing total interest-bearing loans by total equity) and debt to asset ratio (calculated as dividing total interest-bearing loans by total assets) accordingly. During the Review Period, the interest coverage ratio (calculated as dividing consolidated profit before tax and finance costs (EBIT) by finance costs) was 4 times which indicated that the Group had a comfortable buffer to meet its interest payment obligation securely.

VI. SIGNIFICANT INVESTMENTS

The Group had no significant investment exceeding 5% of the total asset value of the Group as at 30 June 2025.

The Group will remain focused on and continue to invest in its core leasing business, while it will be prudent when investing 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, with transactions denominated in RMB, HKD and USD, which exposed the Group to foreign currency risks. As at 30 June 2025, the Group had borrowings denominated in RMB, thereby exposing the Group to interest rate risk and foreign exchange risk.

(a) Interest Rate Risk

As at 30 June 2025, the Group's bank borrowings comprised RMB-denominated bank borrowings of approximately HK\$3,086.47 million. Among the bank borrowings, approximately HK\$1,812.07 million were based on floating interest rates and approximately HK\$1,274.40 million were based on fixed interest rates. The floating interest rates for the RMB-denominated bank loans were based on LPRs in the PRC and borrowing cost of offshore Chinese Yuan in Hong Kong. The Group's ABS have different fixed coupon rates for different classes in the priority tranche. There were approximately HK\$1,094 million corporate bonds based on fixed coupon rates (subject to the coupon rate adjustment option exercisable in the Group).

In addition, as at 30 June 2025, the Group had borrowings from related parties denominated in RMB of HK\$354.25 million respectively, all of which were based on fixed interest rates.

Most of the Group's Leasing Receivables were carried at floating interest rates with reference to the prevailing LPRs and effectively hedged against the interest rate risks arising from bank borrowings in the PRC.

(b) Foreign Exchange Risk

During the Review Period, 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 30 June 2025, the net assets of the Group's business in the PRC were approximately RMB2,846.91 million and were converted into HKD at the exchange rate applicable as at the end of the Review Period. As RMB appreciated against HKD during the Review Period, the Group's foreign exchange reserve increased by approximately HK\$81.42 million as at 30 June 2025.

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 30 June 2025, the Group's pledged bank deposits amounted to approximately HK\$2.71 million (as at 31 December 2024: HK\$2.63 million). HK\$2.54 million of the said pledged bank deposits represented the security for banking facilities granted to mortgagors of the CCT-Champs-Elysees project (as at 31 December 2024: HK\$2.47 million).

As at 30 June 2025, Leasing Receivables with an aggregate carrying value of approximately HK\$3,064.35 million (as at 31 December 2024: approximately HK\$2,636.19 million) and trade receivables under operating lease business with carrying amount of approximately HK\$191,000 (as at 31 December 2024: HK\$123,000) were charged as security for the Group's bank borrowings with carrying amount of approximately HK\$2,944.78 million (as at 31 December 2024: approximately HK\$2,286.12 million).

Leasing Receivables with an aggregate carrying value of approximately HK\$1,390.21 million (as at 31 December 2024: approximately HK\$2,074.85 million) and trade receivables under operating lease business with carrying amount of approximately HK\$1.26 million (as at 31 December 2024: approximately HK\$1.19 million) were charged as security for the Group's ABS with carrying amount of approximately HK\$1,163.69 million (as at 31 December 2024: approximately HK\$2,136.28 million).

IX. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 June 2025, the Group did not have any capital commitment. Please refer to notes 18 and 19 to the financial statements in this announcement for details of the Group's capital commitments and contingent liabilities 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. HUMAN RESOURCES AND EMOLUMENT POLICY

As at 30 June 2025, the Group had 202 incumbent employees (as at 31 December 2024: 230), of whom 8 (as at 31 December 2024: 8) were based in Hong Kong and 194 (as at 31 December 2024: 222) were based in Mainland China. During the Review Period, the total staff costs of the Group (including directors' emoluments and provident funds) were approximately HK\$28 million. Employees' remunerations are determined in accordance with the employees' experiences, competence, qualifications, nature of duties, and current market trend. Apart from basic salary, discretionary bonus and other incentives may be offered to the employees of the Group as a reward for 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 subsidizes various training programs and courses to its employees according to business needs, to ensure that its employees are kept updated with relevant laws, regulations and guidelines, such as the Rules ("**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**"), accounting standards, risk management knowledge, labour regulations and the employees' code of conduct.

XII. EVENT AFTER THE REPORTING PERIOD

No significant event has occurred after the end of the Review Period.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the Review Period, 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 standard 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 the Directors that they have complied with the required standards as set out in the Code of Conduct and the Model Code during the Review Period.

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**") set out in Appendix C1 to the Listing Rules during the Review Period, save as disclosed below:

During the Review Period, Mr. Li Qian was the Chairman of the Board. The role of Managing Director, which is equivalent to chief executive, has become vacant since the resignation of Mr. Gu Honglin on 25 December 2024 as the Company has not identified a suitable candidate to take up the role. As an interim measure, Mr. Li Qian has also been overseeing 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 and/or chief executive in order to re-comply with Code Provision C.2.1 of the CG Code.

REVIEW OF ACCOUNTS

The Board is of the view that the disclosure of financial information in this announcement complies with Appendix D2 to the Listing Rules. The audit committee of the Company has reviewed the Group's unaudited interim financial information for the Review Period, which has also been reviewed by the Company's auditor, Baker Tilly Hong Kong Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.hk217.com. The 2025 interim report of the Company will be available on both websites in due course.

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

Hong Kong, 25 August 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 Mr. Lee Man Chun, Tony, Professor He Jia and Mr. Liu Lei.