



CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

China Chengtong Development Group Ltd. Announces 2024 Final Results

Risk Management Strengthened Core Leasing Business Prudently Maintained

Competitive Edge To Achieve Total Revenue Exceeding HK\$ 550 Million

Financial Highlights

- Revenue was approximately HK\$552.64 million;
- The consolidated gross profit margin was 37%, and the consolidated gross profit and net interest income was amounted to approximately HK\$204.95 million;
- The net impairment losses under ECL model in respect of Leasing Receivables decreased by about HK\$48.11 million or 99%;
- It was recorded an increase in the fair value loss on investment properties by approximately HK\$7.63 million;
- Consolidated profit after tax was amounted to approximately HK\$38.75 million;
- The Leasing Receivables was approximately HK\$6,568.84 million, and the total net assets were approximately HK\$2,769.51 million;
- Interest coverage ratio remained sound which was approximately 4 times;
- The Board has resolved to declare a final dividend of HK0.20 cent.

(5 March 2025) **China Chengtong Development Group Limited** (“**Chengtong Development**” or the “**Company**”, Stock code: 217.HK) is pleased to announce the

audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (“**FY2024**”).

In 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. Due to the uncertainties in the global economic environment, the Group bolstered its risk management practices and cautiously engaged new leasing arrangements. 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 FY2024, the consolidated revenue was amounted to approximately HK\$552.64 million; 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; the net profit attributable to the shareholders was HK\$38.63 million; the interest coverage ratio was 4 times, which suggested that the Group maintained comfortable margin to meet its interest payment obligation. 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, which accounted for 12% of the total assets. The Directors have resolved to recommend the payment of a final dividend of HK0.20 cents per ordinary share in respect of FY2024.

Core Leasing Business: Steadfastly Seizing Market Opportunities and Promoting Diversified Development

In FY2024, the Group adopted a robust strategy to capture market opportunities and was more discerning in engaging new leasing arrangements, reported the revenue of the leasing business was HK\$430.40 million, the interest income from leasing segment was approximately HK\$321.01 million.

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 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.

Meanwhile, 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.

In FY2024, Chengtong Financial Leasing had increased new sale and leaseback arrangements with total lease principal of approximately HK\$2,151.60 million to its portfolio including projects of infrastructure, logistics and warehousing industry,

energy conservation and environmental protection, traditional manufacturing industry and traditional and clean energy industry.

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.

Property Development and Investment: Increased Marketing Efforts to Accelerate the Sale

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. In FY2024, the revenue of the property development and investment was HK\$89.57 million, representing a 3% year-on-year increase; the gross profit was approximately HK\$40.78 million, reflecting a 16% rise year-on-year; and the gross profit margin stood at approximately 46%, up by 6 percentage points compared to the previous year.

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 in FY2024 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 in FY2024, 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. 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 and commercial space of approximately 682 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 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 and approximately HK\$1.69 million respectively.

Marine Recreation Services and Hotel: Implement Cost Control Measures to Address Market Competition

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.

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.

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About China Chengtong Development Group Limited

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

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

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

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