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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

The Board of Directors of China Chengtong Development Group Limited (the "Company") would like to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 together with the comparative figures for the six months ended 30 June 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2007

	Notes	Six months ended 30 June 2007 HK$'000 (Unaudited)	2006 HK$'000 (Unaudited)
Continuing operations			
Turnover	3	**17,860**	231,001
Cost of sales		**(6,250)**	(175,194)
Gross profit		**11,610**	55,807
Other income		**3,086**	1,965
Distribution costs		**(613)**	(6,350)
Administrative expenses		**(12,118)**	(7,827)
Share of result of a jointly controlled entity		**(823)**	–
Share of results of associates		**(174)**	–
Finance costs	4	**(113)**	(37)
Profit before taxation	5	**855**	43,558
Taxation charge	6	**(2,457)**	(16,096)
(Loss) profit for the period from continuing operations		**(1,602)**	27,462
Discontinued operations			
Profit (loss) for the period from discontinued operation	7	**32,011**	(301)
Profit for the period		**30,409**	27,161
Attributable to:			
Shareholders of the Company		**29,125**	17,270
Minority interests		**1,284**	9,891
		30,409	27,161
Earnings (loss) per share	8		
From continuing and discontinued operations:			
Basic		**HK1.080 cent**	HK0.847 cent
Diluted		**HK1.064 cent**	HK0.845 cent
From continuing operations:			
Basic		**HK(0.112) cent**	HK0.858 cent
Diluted		**N/A**	HK0.856 cent

CONDENSED CONSOLIDATED BALANCE SHEET

at 30 June 2007

	Notes	30.6.2007 HK$'000 (Unaudited)	31.12.2006 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**3,214**	1,404
Investment properties		**78,602**	45,000
Interest in a jointly controlled entity		**101,791**	99,740
Interests in associates		**41,478**	264
Amounts due from associates		**157,528**	148,605
Deposit		**16,800**	–
		399,413	295,013
Current assets			
Properties under development		**78,850**	–
Properties held for sale		**48,609**	50,415
Trade and other receivables	9	**7,883**	7,769
Amounts due from related companies		**4,624**	4,507
Restricted bank balance		**4,200**	4,200
Investments held for trading		**1,588**	–
Short term deposits		**99,918**	–
Bank balances and cash		**143,084**	117,372
		388,756	184,263
Assets classified as held for sale		**–**	50,483
		388,756	234,746
Current liabilities			
Trade and other payables	10	**50,443**	59,470
Deposits received on sale of properties		**5,253**	1,055
Loan from a related company		**16,583**	–
Amount due to a related company		**15,735**	–
Amount due to a minority shareholder of a subsidiary		**3,978**	3,978
Taxation payable		**20,382**	17,347
Unsecured other loans		**7,196**	7,196
Unsecured bank loan		**11,330**	–
		130,900	89,046

CONDENSED CONSOLIDATED BALANCE SHEET *(Continued)*

at 30 June 2007

	30.6.2007	31.12.2006
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Liabilities associated with assets classified as held for sale	**–**	35,721
	130,900	124,767
Net current assets	**257,856**	109,979
Total assets less current liabilities	**657,269**	404,992
Non-current liabilities		
Deferred tax liabilities	**3,916**	3,937
Net assets	**653,353**	401,055
Capital and reserves		
Share capital	**263,405**	202,350
Reserves	**339,638**	170,462
Equity attributable to shareholders of the Company	**603,043**	372,812
Minority interests	**50,310**	28,243
Total equity	**653,353**	401,055

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the six months ended 30 June 2007

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with Hong Kong Accounting Standard (the "HKAS") 34 Interim Financial Reporting.

The condensed consolidated financial statements are presented in Hong Kong dollars and the functional currency of the Company is Renminbi. The Company uses Hong Kong dollars as its presentation currency because the Company is a public company incorporated in Hong Kong with its shares listed on the Stock Exchange.

2. SIGNIFICANT ACCOUNTING POLICIES

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

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006. In the current interim period, the Group has applied, for the first time, the following new standard, amendment and interpretations ("new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning on 1 January 2007.

HKAS 1 (Amendment)	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-INT 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-INT 8	Scope of HKFRS 2
HK(IFRIC)-INT 9	Reassessment of Embedded Derivatives
HK(IFRIC)-INT 10	Interim Financial Reporting and Impairment

2. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

The adoption of these new HKFRSs had no material effect on the results or financial position of the Group for the current or prior accounting periods. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new and revised standards and interpretations that have been issued but are not yet effective.

HKAS 23 (Revised)	Borrowing Costs [1]
HKFRS 8	Operating Segments [1]
HK(IFRIC)-INT 11	HKFRS 2: Group and Treasury Share Transactions [2]
HK(IFRIC)-INT 12	Service Concession Arrangements [3]

[1] Effective for annual periods beginning on or after 1 January 2009.
[2] Effective for annual periods beginning on or after 1 March 2007.
[3] Effective for annual periods beginning on or after 1 January 2008.

The directors of the Company anticipate that the application of these standards or interpretations will have no material impact on the results and the financial position of the Group.

3. TURNOVER AND SEGMENT INFORMATION

Business segments

The Group's principal activities are trade and manufacture of cement, property investment and property development. These business segments are the basis on which the Group reports its primary segment information. During the period ended 30 June 2007, the Group discontinued its business of trade and manufacture of cement. During the period ended 30 June 2006, the Group discontinued its trade of goods business. Segment information about these businesses is presented as below:

30 June 2007

	Continuing operations				Discontinued operations			
	Property investment *HK$'000*	Property development *HK$'000*	Unallocated *HK$'000*	Sub total *HK$'000*	Trade and manufacturing of cement *HK$'000*	Unallocated *HK$'000*	Sub total *HK$'000*	Consolidated *HK$'000*
Turnover								
Segment turnover	611	17,249	-	17,860	27,454	-	27,454	45,314
Result								
Segment result	358	7,543	-	7,901	32,008	-	32,008	39,909
Unallocated corporate expenses	-	-	(8,979)	(8,979)	-	-	-	(8,979)
Unallocated other income	-	-	3,043	3,043	-	3	3	3,046
Share of result of a jointly controlled entity	-	-	(823)	(823)	-	-	-	(823)
Share of result of associates	-	-	(174)	(174)	-	-	-	(174)
Finance costs				(113)			-	(113)
Profit before taxation				855			32,011	32,866
Taxation charge				(2,457)			-	(2,457)
Net (loss) profit for the period				(1,602)			32,011	30,409

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Business segments *(Continued)*

30 June 2006

	Continuing operations				Discontinued operations				
	Property investment	Property development	Unallocated	Sub total	Trade of goods	Trade and manufacturing of cement	Unallocated	Sub total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover									
Segment turnover	–	231,001	–	231,001	–	16,738	–	16,738	247,739
Result									
Segment result	820	49,107	–	49,927	(3)	400	–	397	50,324
Unallocated corporate expenses	–	–	(8,277)	(8,277)	–	–	–	–	(8,277)
Unallocated other income	–	–	1,945	1,945	–	–	2	2	1,947
Finance costs				(37)				(700)	(737)
Profit (loss) before taxation				43,558				(301)	43,257
Taxation charge				(16,096)				–	(16,096)
Net profit (loss) for the period				27,462				(301)	27,161

4. FINANCE COSTS

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Consolidated Six months ended 30 June	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Interest on bank borrowings wholly repayable within five years	**(113)**	(37)	**–**	(700)	**(113)**	(737)

5. PROFIT BEFORE TAXATION

	Continuing operations Six months ended 30 June		Discontinued operations Six months ended 30 June		Consolidated Six months ended 30 June	
	2007	2006	**2007**	2006	**2007**	2006
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profit before taxation has been arrived at after charging:						
Depreciation of property, plant and equipment	**334**	170	**1,047**	720	**1,381**	890
and after crediting:						
Interest income	**1,810**	1,185	**3**	2	**1,813**	1,187
Gain on disposal of property, plant and equipment	**–**	–	**–**	335	**–**	335
Gain on disposal of investment held for trading	**1,225**	210	**–**	–	**1,225**	210

6. TAXATION CHARGE

	Continuing operations Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
The charge comprises:		
Continuing operations		
Current tax (charge) credit		
Hong Kong	**–**	284
People's Republic of China ("PRC")	**(2,478)**	(16,834)
Deferred tax credit	**21**	454
Taxation charge for the period	**(2,457)**	(16,096)

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both periods. The tax charge in prior period represented overprovision in previous years.

PRC Enterprise Income Tax is provided for with reference to the applicable tax rates prevailing in the respective regions of the Mainland China on the estimated assessable profits of the Group's PRC subsidiaries.

On 16 March 2007, the Enterprise Income Tax Law (the "new EIT law") was passed at the Fifth Session of the Tenth National People's Congress of the PRC. The new EIT law will be effective as of 1 January 2008. The directors of the Company anticipate that the application of the new EIT law had no material impact on the results and the financial position of the Group.

7. DISCONTINUED OPERATIONS

The results of business of trade of goods and trade and manufacture of cement for the period, which have been included in the condensed consolidated income statements, were as follows:

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000*
Turnover	**27,454**	16,738
Other income	**247**	505
Gain on disposal of subsidiaries	**32,003**	–
Cost of sales	**(24,621)**	(15,196)
Selling expenses	**(560)**	(398)
Administrative expenses	**(2,512)**	(1,250)
Finance cost	**–**	(700)
Profit (loss) for the period from discontinued operations	**32,011**	(301)
Attributable to:		
Shareholders of the Company	**32,154**	(215)
Minority interests	**(143)**	(86)
	32,011	(301)

8. EARNINGS (LOSS) PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings/(loss) per share is based on the following data:

	Six months ended 30 June	
	2007	2006
	HK$'000	*HK$'000* (restated)
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**29,125**	17,270
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**2,697,610,900**	2,038,022,801
Effect of dilutive potential ordinary shares in respect of share options	**40,811,078**	4,837,242
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**2,738,421,978**	2,042,860,043

The weighted average number of ordinary shares for the purpose of earnings/(loss) per share calculation has been adjusted for the rights issue on 16 April 2007.

8. **EARNINGS (LOSS) PER SHARE** *(Continued)*

From continuing operations

The calculation of the basic and diluted (loss) earnings per share from continuing operations is based on the following data:

(Loss) earnings figures are calculated as follows:

	2007	2006
	HK$'000	*HK$'000*
Profit for the period and earnings for the purposes of basic and diluted (loss) earnings per share	**29,125**	17,270
Less: (Profit) loss for the period from discontinued operations	**(32,154)**	215
(Loss) profit for the period and (loss) earnings for the purposes of basic and diluted (loss) earnings per share from continuing operations	**(3,029)**	17,485

The denominators used are the same as those detailed above for both basic and diluted earnings (loss) per share. No diluted loss per share for continuing operations for the period ended 30 June 2007 has been presented because the exercise of share options will be anti-dilutive.

From discontinued operations

Basic and diluted earnings per share for discontinued operations for the period are HK1.192 cent per share and HK$1.176 cent per share respectively (2006: HK0.011 cent per share for basic loss per share). No diluted loss per share for discontinued operations for the period ended 30 June 2006 has been presented because the exercise of share options will be anti-dilutive.

9. TRADE AND OTHER RECEIVABLES

	30.6.2007	31.12.2006
	HK$'000	*HK$'000*
Trade receivables	**3,182**	3,207
Prepayments and deposits	**2,350**	3,184
Other receivables	**2,351**	1,378
	7,883	7,769

The Group allows an average credit period of 30 days (31 December 2006: 30 days) to its trade customers on open account credit terms. The aged analysis of the trade receivables is as follows:

	30.6.2007	31.12.2006
	HK$'000	*HK$'000*
Within one year	**184**	–
Over three years	**2,998**	3,207
	3,182	3,207

10. TRADE AND OTHER PAYABLES

	30.6.2007	31.12.2006
	HK$'000	*HK$'000*
Trade payables	**17,736**	30,103
Other deposits received, other payables and accruals	**32,707**	29,367
	50,443	59,470

The aged analysis of the trade payables is as follows:

	30.6.2007	31.12.2006
	HK$'000	*HK$'000*
Between one and three years	**10,080**	–
Over three years	**7,656**	30,103
	17,736	30,103

INTERIM DIVIDEND

The Board does not recommend any payment of interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group made solid progress in enhancing the growth and quality of its assets. It completed a rights issue to raise fund of approximately HK$200 million for working capital and business development. It acquired 52% interest in a residential development project in Xian, and the entire equity interest in Luoyang Southern City CMST Logistics Limited. In order to leverage on the property investment platform of Zhongshi Investment Company Limited ("Zhongshi"), its 70% owned subsidiary, for its property development business in Mainland China, it entered into an agreement for an acquisition of 30% interests of Zhongshi from its minority shareholder during the period under review. In addition, it lined up with an international leading cement company to form a joint venture Cimpor Chengtong Cement Corporation Limited ("CCCC") for the furtherance of the cement business in Mainland China. Through the group's dedicated efforts in all the moves, its net assets value has not only achieved an increase of 63% from approximately HK$401 million at 31 December 2006 to approximately HK$653 million at 30 June 2007, such efforts also broaden its assets base and future income sources.

Financial Results

Turnover from the Group's continuing operation for the period under review was approximately HK$17.9 million, representing a significant decrease of approximately 92% when compared with the last corresponding period. The turnover of the Group for both the period under review and the corresponding last period comprised mainly of the sale revenue of the property development project known as City of Mergence in Beijing, the People's Republic of China (the "PRC") of Zhongshi. As at the end of 2006, nearly all the residential units of City of Mergence had been disposed of.

Nonetheless, the Group still managed to record a net profit attributable to shareholders of approximately HK$29.1 million, an increase of approximately 69% when compared with the corresponding last period. It was mainly attributable to the gain on disposal of Sea-Land Mining Limited, its wholly-owned subsidiary, which holds 71.03% interests in Suzhou Nanda Cement Company Limited, to CCCC.

Property Development

Beijing

The Group's property development project City of Mergence located at Xicheng District, Beijing, comprises a total of 292 residential units, 228 car parks, commercial units of a total gross area of approximately 3,400 square metres and storage area of approximately 700 square metres. As at the end of 2006, 290 residential units and 115 car parks had been disposed of. It disposed of the commercial units of approximately 850 square metres and 4 car parks in the first half of 2007.

Huzhou

The Group acquired 50% indirect interest in a sino-foreign joint venture which is solely engaged in the development of a property development project with site area of approximately 214,000 square metres and gross floor area of approximately 320,000 square metres located in Huzhou City, Zhejiang Province of the PRC at a consideration of RMB27.5 million in 2006. It had also made the remaining capital contribution of approximately RMB73.2 million in 2006. As at 30 June 2007, the project's total investment of approximately RMB500 million and the construction work of the main structure of the majority of its 92 blocks of the buildings had been completed. The construction work of the whole project is expected to be completed by the end of 2007 and delivered for use in May 2008. Its whole development will be purchased by Huzhou People's Government at an agreed consideration.

Xian

During the period under review, Zhongshi has completed the acquisition of 52% interest in a joint venture established in the PRC which is solely engaged in developing a commodity residential development project located at Xian City, the PRC with a site area of approximately 79,000 square metres at a consideration of RMB25.6 million.

Property Investments

Guangzhou

The property located at Zone C, level 3, Li Wan Plaza, No. 9 Dexing Lu, Li Wan District, Guangzhou contributed net rental income to the Group of approximately RMB400,000 for the six months ended 30 June 2007.

Price Sales Limited

Price Sales Limited owns 32% interest in Goodwill (Overseas) Limited. Through advancing a loan to Kingdom Land Investment & Development Co. Limited for the purpose of development of East Ocean Centre Phase 2 located in Shanghai, Goodwill (Overseas) Limited shared in its rental income. The occupancy rate of East Ocean Centre Phase 2 continued to maintain high. It contributed a net cash inflow of approximately HK$8.7 million to the Group in the first half of 2007.

Land Reserve Exploitation

Luoyang

During the period under review, Zhongshi has completed the acquisition of the entire interest in Luoyang Southern City CMST Logistics Limited at a consideration of RMB26.7 million. It owns a piece of land together with the warehouse complex erected thereon with site area of approximately 80,000 square metres located at Luoyang City, Henan Province of the PRC. Its principal activities are currently storage, transportation and logistics. The land is currently used for industrial use but it has been zoned into the new commercial development area by the local government. Application will be made to the local government for conducting commercial exploitation when appropriate. Before that, the Group will identify a partner such that the piece of land and whole logistic assets will be leased to it.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Cement

The Group has lined up with Cimpor – Cimentos de Portugal, SGPS, S.A. ("Cimpor"), which is an international leading cement group listed on the Euronext exchange in Lisbon, to form CCCC in the furtherance of cement business in Mainland China. The subscription of the shares in CCCC was completed in June 2007. The subscription price HK$49,076,000 paid by the Group for its 20% shares in CCCC was satisfied by the transfer of its entire interest in Sea-Land Mining Limited which solely holds 71.03% interest in Suzhou Nanda Cement Company Limited. CCCC had completed the acquisition of 60% interest in a company established in Shandong, the PRC which is engaged in clinker and cement production and related businesses, in the first half of 2007. It will endeavour to enhance the profitability of its subsidiaries (cement companies) and continued to identify appropriate investment targets in cement industry in Mainland China.

Outlook

In the first half of 2007, GDP of the PRC grew at 11.5% by comparing to the same period last year, consumer price index rose by 3.2%, the price indices for assets (the price index for real estate and stock market index etc.) also continued to rise. In order to prevent the economy from developing too rapidly towards overheating, the relevant departments of the PRC government implemented the concept of scientific development and continued to roll out various macroeconomic measures and further reform the open policy. We believed that these polices would enable the economy of the PRC to maintain healthy and quicker development such that it will not become too volatile. This will have positive impact on the Group's businesses of property and land development, and strategic investment in cement industry etc. The appreciation of Reminbi continued to accelerate in the first half of 2007. Its future trend will also help to enhance the value of land resources and properties of the group.

According to the recent approval from the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") on the strategy of the development of the Group's ultimate controlling shareholder China Chengtong Holdings Group Limited ("CCHG"), its development target in the next five years will be: According to the requirements from SASAC, it will play a special role in the restructuring and reorganisation of the enterprises under the supervision of the Central Government ("Central Enterprises"). It will take over and reorganise the assets from a larger number of Central Enterprises in 2012, and become an asset operating company with strong competitive power to provide service for adjusting the distribution of Central Enterprises. The Company is the only company of CCHG that is listed in the international capital market. This process will bring substantial development business opportunities. In the first half of 2007, the Group has conducted a lot of investigation, verification work in view of different types of land resources exploitation, property development and strategic investment in cement industry etc, with emphasis on the system of CCHG and local state-owned enterprises and also the integration with the assets operating business. With this foundation, it will endeavour to identify appropriate investment targets in the second half of 2007. The board is confident of the rapid growth of its assets and continued enhancement of its profitability.

MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

Gearing Ratio

As at 30 June 2007, the Group's gearing ratio calculated on the basis of total bank loans, loans from minority interests and other loans of approximately HK$39 million and total assets of approximately HK$788 million, was 0.05 (31 December 2006: 0.04).

Liquidity and Capital Resources

The Group's financial position remained healthy during the period under review.

At 30 June 2007, the Group had cash and bank balances amounting to HK$247 million (31 December 2006: HK$122 million), and current assets and current liabilities of HK$389 million and HK$131 million respectively (31 December 2006: HK$235 million and HK$125 million respectively). Out of the cash and bank balances of HK$247 million at 30 June 2007, a sum of HK$4.2 million was deposited in a segregated bank deposit account which sum is held on trust for those creditors of the Company who have not given their consents to the capital reduction of the Company as at the effective date of 21 June 2006.

At 30 June 2007, the Group's bank borrowings amounted to approximately HK$11 million which was unsecured and repayable within one year with interest at commercial rate. The loans due to a related company and a minority shareholder of approximately HK$21 million were unsecured and bears interest at commercial rate, all the other loans due by the Group are unsecured and interest free. The Group anticipates that it has adequate financial resources to meet its commitments and obligations for the coming year.

The Group will continue to employ conservative and sound financial planning, ensuring a solid financial position to support its future growth.

Foreign Exchange Risk Management

The business activities and operation of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Group considers that the appreciation in Renminbi does not impose a significant foreign exchange risk to the Group since its PRC operations mainly use their income in Renminbi to settle their expenses.

Human Resources

At 30 June 2007, the Group employed a total of 62 employees, of which 12 were based in Hong Kong and 50 were based in Mainland China. Employee's remunerations are determined in accordance with nature of their duties and remain competitive under current market trend.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2007, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of all the directors of the Company, they confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2007.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with provisions of Rules 3.10(1) and 3.10(2) of the Listing Rules that a sufficient number of independent non-executive directors shall be appointed by listed issuers and that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. For the detailed profile of the independent non-executive directors of the Company, please see the annual report of the Company for the year 2006.

CORPORATE GOVERNANCE

The directors consider that the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2007, with deviations from the code provision A.4.1 of the Code in respect of the service term and rotation of directors.

Under the Code provision A.4.1 non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all directors of the Company (executive and non-executive) are subject to the retirement provisions under Article 105 of the Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporation governance practices are no less exacting than those in the Code.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four independent non-executive directors, including Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec, Mr. Lao Youan and Mr. Ba Shusong and two non-executive directors, including Mr. Hong Shuikun and Ms. Xu Zhen. The principal duties of the Audit Committee include the review of the Company's financial reporting procedures, internal controls and results of the Group. The unaudited condensed consolidated interim financial statements have been reviewed by the Audit Committee and Deloitte Touche Tohmatsu, the auditors of the Company.

REMUNERATION COMMITTEE

Pursuant to the provisions of the Code as set out in Appendix 14 of the Listing Rules, the Board of Directors has established the remuneration committee. The committee comprises the non-executive Chairman, Mr. Ma Zhengwu, the Managing Director, Mr. Zhang Guotong, and three Independent Non-executive Directors, Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Lao Youan. Mr. Tsui is the Chairman of the committee. The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the members of the Board and the senior management and other related matters.

NOMINATION COMMITTEE

The Company has established a Nomination Committee and was chaired by the Chairman of the Board, members of the Nomination Committee including the managing director and all of the three Independent Non-executive Directors. Nomination Committee responsible for nominating potential candidates for directorship appointment and succession, regular review on the composition and structure of the Board and making appropriate recommendation to the Board in order to ensure the balance of expertise, skills and experience among the members of the Board.

By Order of the Board
China Chengtong Development Group Limited
Zhang Guotong
Vice Chairman and Managing Director

Hong Kong, 17 September 2007

As at the date of this announcement, the executive Directors are Mr. Zhang Guotong and Mr. Wang Hongxin; the non-executive Directors are Mr. Ma Zhengwu, Mr. Hong Shuikun, Mr. Gu Laiyun and Ms. Xu Zhen; and the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec, Mr. Lao Youan and Mr. Ba Shusong.