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 2013

The board ("**Board**") of directors ("**Directors**") of China Chengtong Development Group Limited ("**Company**") would like to announce the unaudited consolidated results of the Company and its subsidiaries ("**Group**") for the six months ended 30 June 2013 together with the comparative figures for the six months ended 30 June 2012 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Unaudited	
		Six months ended 30 June	
		2013	2012
	Notes	***HK$'000***	*HK$'000*
Turnover	3	**8,231,871**	1,197,603
Cost of sales		**(8,280,175)**	(1,147,820)
Gross (loss)/profit		**(48,304)**	49,783
Other income	4	**199,559**	47,525
Selling expenses		**(15,949)**	(1,802)
Administrative expenses		**(68,446)**	(32,274)
Fair value gain on investment properties		**3,931**	3,746
Fair value gain/(loss) on held-for-trading securities		**6,150**	(215)
Fair value gain/(loss) on derivative financial instruments		**2,827**	(1,570)
Finance costs	5	**(139,890)**	(38,324)
(Loss)/profit before income tax		**(60,122)**	26,869
Income tax expense	6	**(22,614)**	(11,597)
(Loss)/profit for the period	7	**(82,736)**	15,272

CONDENSED CONSOLIDATED INCOME STATEMENT *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Unaudited	
		Six months ended 30 June	
		2013	2012
	Note	***HK$'000***	*HK$'000*
(Loss)/profit for the period attributable to:			
Owners of the Company		**(58,263)**	19,317
Non-controlling interests		**(24,473)**	(4,045)
		(82,736)	15,272
(Loss)/earnings per share for (loss)/profit attributable to the owners of the Company during the period	9	**HK cent**	HK cent
Basic		**(1.20)**	0.46
Diluted		**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the period	**(82,736)**	15,272
Other comprehensive income		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising during the period	**40,772**	795
Total comprehensive income for the period	**(41,964)**	16,067
Total comprehensive income attributable to:		
Owners of the Company	**(21,308)**	19,843
Non-controlling interests	**(20,656)**	(3,776)
	(41,964)	16,067

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	**Unaudited At 30 June 2013** ***HK$'000***	Audited At 31 December 2012 *HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**141,917**	145,752
Prepaid land lease payments		**54,927**	54,866
Investment properties		**183,188**	175,558
Deposits paid	10	**405,642**	338,850
		785,674	715,026
Current assets			
Properties held for sale		**130,373**	162,371
Properties under development		**234,887**	218,295
Properties held for development		**310,018**	303,601
Inventories		**6,997**	19,528
Trade and other receivables	11	**11,905,985**	6,504,106
Loan receivable under finance lease arrangement	12	**6,703**	12,552
Amount due from a non-controlling shareholder of a subsidiary		**18,840**	18,450
Loan to a related party		**50,240**	—
Prepaid land lease payments		**2,001**	1,960
Entrusted loan receivables	13	**592,361**	649,219
Held-for-trading securities		**27,672**	1,101
Derivative financial instruments		**5,402**	2,521
Short-term investments	14	**3,217,258**	104,550
Structured bank deposit		**150,720**	—
Pledged bank deposits	15	**1,341,975**	355,895
Bank balances and cash		**627,874**	1,973,076
		18,629,306	10,327,225
Non-current assets classified as held for sale		**85,094**	83,320
		18,714,400	10,410,545
Current liabilities			
Trade and other payables	16	**9,034,932**	2,943,433
Deposits received on sale of properties		**34,175**	21,051
Deposit received from disposal of an investment property		**131,880**	94,095
Taxation payable		**20,213**	21,474
Bank borrowings	17	**7,169,644**	5,194,634
Unsecured other loans		**600**	600
Notes payable	18	**276,320**	—
Corporate bonds	19	**749,582**	—
		17,417,346	8,275,287
Net current assets		**1,297,054**	2,135,258
Total assets less current liabilities		**2,082,728**	2,850,284

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

AS AT 30 JUNE 2013

	Notes	Unaudited At 30 June 2013 HK$'000	Audited At 31 December 2012 HK$'000
Non-current liabilities			
Deferred tax liabilities		**53,386**	47,327
Corporate bonds	19	**—**	731,984
		53,386	779,311
Net assets		**2,029,342**	2,070,973
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**484,074**	484,074
Share premium and reserves		**1,336,940**	1,357,915
		1,821,014	1,841,989
Non-controlling interests		**208,328**	228,984
Total equity		**2,029,342**	2,070,973

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

1 BASIS OF PREPARATION

China Chengtong Development Group Limited (the "Company") is a limited company incorporated in Hong Kong. The address of its registered office and its principal place of business is Suite 6406, 64/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong. The Company and its subsidiaries (collectively known as the "Group") is principally engaged in bulk commodity trade, trading of coal, property development, property investment, financial leasing and hotel and marine travelling services.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). As at 30 June 2013, the immediate holding company is World Gain Holdings Limited, which is incorporated in the British Virgin Islands (the "BVI") and the directors of the Company consider the Group's ultimate holding company to be China Chengtong Holdings Group Limited ("CCHG"), a company incorporated in the People's Republic of China (the "PRC").

The interim financial information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The interim financial information does not include all of the information required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012. For the six months ended 30 June 2013 and 2012, the Group entered into contracts for some of its purchases of bulk commodities in accordance with its expected purchase requirements. Accordingly, those purchases and their corresponding sales are recognised as cost of sales and gross turnover in the condensed consolidated income statement.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

2.1 Adoption of amended HKFRSs

From 1 January 2013, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2013:

HKFRSs (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
Amendments to HKFRS 1	Governments loans

HKFRS 10 — Consolidated Financial Statements

HKFRS 10 introduces a single control model for consolidation of all investee entities. An investor has control when it has power over the investee (whether or not that power is used in practice), exposure or rights to variable returns from the investee and the ability to use the power over the investee to affect those returns. HKFRS 10 contains extensive guidance on the assessment of control. For example, the standard introduces the concept of "de facto" control where an investor can control an investee while holding less than 50% of the investee's voting rights in circumstances where its voting interest is of sufficiently dominant size relative to the size and dispersion of those of other individual shareholders to give it power over the investee. Potential voting rights are considered in the analysis of control only when these are substantive, i.e. the holder has the practical ability to exercise them. The standard explicitly requires an assessment of whether an investor with decision making rights is acting as principal or agent and also whether other parties with decision making rights are acting as agents of the investor. An agent is engaged to act on behalf of and for the benefit of another party and therefore does not control the investee when it exercises its decision making authority. The accounting requirements in the existing HKAS 27 on other consolidation related matters are carried forward unchanged. As a result of the adoption of HKFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption of the standard does not change the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

HKFRS 13 — Fair Value Measurement

HKFRS 13 provides a single source of guidance on how to measure fair value when it is required or permitted by other standards. The standard applies to both financial and non-financial items measured at fair value and introduces a fair value measurement hierarchy. The definitions of the three levels in this measurement hierarchy are generally consistent with HKFRS 7 "Financial Instruments: Disclosures". HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (i.e. an exit price). The standard removes the requirement to use bid and ask prices for financial assets and liabilities quoted in an active market. Rather the price within the bid-ask spread that is most representative of fair value in the circumstances should be used. It also contains extensive disclosure requirements to allow users of the financial statements to assess the methods and inputs used in measuring fair values and the effects of fair value measurements on the financial statements. Some of the disclosures are specifically required for financial instruments in the interim financial information. The Group has provided those disclosures in the interim financial information.

Except as explained above, the adoption of the amendments has no impact on the Group's reported profit or loss, total comprehensive income or equity for any period presented.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

2.2 New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment entities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Financial Instruments: Recognition and measurement — novation of derivatives and continuation of hedge accounting[1]
HK(IFRIC) Interpretation 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014

2 Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 — Financial Instruments

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for de-recognition of financial assets and financial liabilities.

3 TURNOVER AND SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the executive directors, being the Group's chief operating decision makers, review operating results and financial information on a company by company basis. Each company is identified as an operating segment in accordance with HKFRS 8. When the group companies are operating in similar business model with similar target group of customers, the group companies are aggregated into same segments.

The Group's chief operating decision makers have identified the reportable segments of the Group as follows:

(1) Property development — holding land for property development projects;

(2) Property investment — providing rental services and holding investment properties for appreciation;

(3) Financial leasing — providing financial leasing service including arranging sales and lease back transaction;

(4) Trading of coal — trading of coal;

(5) Bulk commodity trade — trading of bulk commodity; and

(6) Hotel and marine travelling services — providing hotel and marine travelling services.

3 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results

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

Unaudited
For the six months ended 30 June 2013

	Property investment *HK$'000*	Property development *HK$'000*	Financial leasing *HK$'000*	Trading of coal *HK$'000*	Bulk commodity trade *HK$'000*	Hotel and marine travelling services *HK$'000*	Total *HK$'000*
Turnover							
Segment revenue-external sales and income	694	45,868	770	12,921	8,134,477	37,141	8,231,871
Result							
Segment result *(Note (a))*	647	2,977	(1,245)	(619)	(96,384)	10,940	(83,684)
Fair value gain on investment properties *(Note (b))*							3,931
Fair value gain on held-for-trading securities							6,150
Fair value gain on derivative financial instruments *(Note (b))*							2,827
Interest income from entrusted loan receivables							44,672
Unallocated finance costs							(22,645)
Unallocated corporate expenses							(11,803)
Unallocated other income							430
Loss before income tax							(60,122)

Notes

	Property investment *HK$'000*	Property development *HK$'000*	Financial leasing *HK$'000*	Trading of coal *HK$'000*	Bulk commodity trade *HK$'000*	Hotel and marine travelling services *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
(a) Amounts included in measurement of segment results								
Interest income from pledged bank deposits, bank deposits and short-term investments	—	101	247	62	100,118	1,075	217	101,820
Depreciation	(2)	(160)	(91)	(3)	(347)	(6,184)	(127)	(6,914)
Finance costs	—	—	—	—	(117,245)	—	(22,645)	(139,890)
(b) Amounts regularly provided to the chief operating decision maker for the analysis of the segment's performance								
Fair value gain on investment properties	3,931	—	—	—	—	—	—	3,931
Fair value gain on derivative financial instruments	—	—	—	—	2,827	—	—	2,827

3 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	Unaudited For the six months ended 30 June 2012					
	Property investment *HK$'000*	**Property development** *HK$'000*	**Financial leasing** *HK$'000*	**Trading of coal** *HK$'000*	**Bulk commodity trade** *HK$'000*	**Total** *HK$'000*
Turnover						
Segment revenue-external sales and income	854	31,079	10,077	—	1,155,593	1,197,603
Result						
Segment result *(Note (a))*	55	6,132	13,371	(4,447)	10,599	25,710
Fair value gain on investment properties (Note (b))						3,746
Fair value loss on held-for-trading securities						(215)
Fair value loss on derivative financial instruments *(Note (b))*						(1,570)
Interest income from entrusted loan receivables						23,656
Unallocated finance costs						(18,554)
Unallocated corporate expenses						(10,730)
Unallocated other income						4,826
Profit before income tax						26,869

Notes

	Property investment *HK$'000*	**Property development** *HK$'000*	**Financial leasing** *HK$'000*	**Trading of coal** *HK$'000*	**Bulk commodity trade** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
(a) Amounts included in measurement of segment results							
Interest income from pledged bank deposits, bank deposits, and short-term investments	5,558	200	5,781	130	1,013	896	13,578
Interest income from other receivables	251	—	—	—	—	—	251
Allowance for impairment of coal	—	—	—	(4,403)	—	—	(4,403)
Depreciation	(153)	(196)	(89)	(3)	(147)	(9)	(597)
Finance costs	—	—	—	—	(19,770)	(18,554)	(38,324)
(b) Amounts regularly provided to the chief operating decision maker for the analysis of the segment's performance							
Fair value gain on investment properties	3,746	—	—	—	—	—	3,746
Fair value loss on derivative financial instruments	—	—	—	—	(1,570)	—	(1,570)

Segment result does not include income tax expense.

Segment results represent the results from each segment without allocation of administration costs incurred and other income generated by head office and the inactive subsidiaries, directors' salaries, and fair value change of investment properties and held-for-trading securities and finance cost of corporate bonds. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

3 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment assets

The following is an analysis of the Group's assets by reportable segments:

	Unaudited At 30 June 2013 *HK$'000*	Audited At 31 December 2012 *HK$'000*
Segment assets		
Property investment	**272,061**	444,825
Property development	**768,545**	769,179
Financial leasing	**21,194**	22,196
Trading of coal	**50,522**	19,079
Bulk commodity trade	**17,177,392**	8,477,871
Hotel and marine travelling services	**263,888**	244,122
Total segment assets	**18,553,602**	9,977,272
Unallocated		
— entrusted loan receivables	**592,361**	649,219
— other unallocated assets	**336,405**	422,385
— bank balances and cash	**17,706**	76,695
	946,472	1,148,299
Total assets	**19,500,074**	11,125,571

4 OTHER INCOME

	Unaudited Six months ended 30 June	
	2013 *HK$'000*	2012 *HK$'000*
Interest income from pledged bank deposits, bank deposits and short-term investments	**101,820**	13,578
Interest income from other receivables	**—**	251
Interest income from entrusted loan receivables	**44,672**	23,656
Interest income from loan to a related party	**726**	—
Commission income from procurement services related to coal trading and arranging bulk commodity trade	**69**	5,987
Investment income on held-for-trading securities	**21,295**	—
Penalty income from overdue loan receivable under finance lease arrangement	**—**	1
Written back of accruals and other payables	**—**	3,913
Exchange gain	**30,956**	—
Others	**21**	139
	199,559	47,525

5 FINANCE COSTS

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
Interest on corporate bonds	**18,689**	18,554
Interest on notes payable	**2,485**	—
Interest on bank and other borrowings wholly repayable within five years	**13,900**	2,786
Interest on discounted bills with recourse	**100,908**	19,174
Interest on deposit received from a buyer in a partial disposal of a subsidiary	**3,956**	—
	139,938	40,514
Less: Amounts capitalised in properties under development	**(48)**	(2,190)
	139,890	38,324

6 INCOME TAX EXPENSE

Hong Kong profits tax is calculated at 16.5% on the estimated assessable profits arising in Hong Kong during the period. The subsidiaries established in the PRC are subject to enterprise income tax of 25%. The current tax for the period also included PRC land appreciation tax ("LAT"). The provision for LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

	Unaudited	
	Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
The income tax expenses comprises:		
Current tax	**17,486**	9,218
Under-provision in prior years	**70**	58
Deferred taxation	**5,058**	2,321
Total income tax expense for the period	**22,614**	11,597

7 (LOSS)/PROFIT FOR THE PERIOD

	Unaudited Six months ended 30 June	
	2013	2012
	HK$'000	*HK$'000*
(Loss)/profit for the period has been arrived at after charging/(crediting):		
Depreciation of property, plant and equipment (net of amount capitalised in properties under development)	**6,914**	597
Amortisation of prepaid land lease payments	**1,099**	—
Exchange (gain)/loss	**(30,956)**	1,541
Loss on disposal of property, plant and equipment	**33**	10
Allowance for impairment of coal	**—**	4,403
Interest income		
— pledged bank deposits, bank deposits and short-term investments	**(101,820)**	(13,578)
— other receivables	**—**	(251)
— entrusted loan receivables	**(44,672)**	(23,656)
— loan receivable under finance lease arrangement (included in turnover)	**(770)**	(1,842)
— loan to a related party	**(726)**	—
Expenses capitalised in properties under development:		
Depreciation	**62**	69
Finance costs	**48**	2,190
Staff costs (excluding directors' emoluments)	**750**	798

8 DIVIDENDS

During the current interim period, no final dividend in respect of the year ended 31 December 2012 and period ended 30 June 2012 was declared and paid to the owners of the Company. The directors do not declare the payment of an interim dividend for the six months ended 30 June 2013.

9 (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share is based on the loss for the period of HK$58,263,000 (for the six months ended 30 June 2012: profit of HK$19,317,000) attributable to the owners of the Company and on the weighted average number of 4,840,734,776 shares (for the six months ended 30 June 2012: 4,163,452,227 shares).

There is no diluted (loss)/earnings per share as there was no potential ordinary share outstanding for both periods.

10 DEPOSITS PAID

	Unaudited At 30 June 2013 *HK$'000*	Audited At 31 December 2012 *HK$'000*
Deposits paid for acquisition of 85% (2012: 82%) of the equity interests in Alpha Fortune Industrial Limited *(note)*	**332,840**	325,950
Deposit paid for purchase of property, plant and equipment	**72,802**	12,900
	405,642	338,850

Note:

On 13 August 2012, the Group entered into a framework agreement (the "Framework Agreement") with independent third parties (the "Vendors") in relation to the acquisition of 82% equity interests in Alpha Fortune Industrial Limited ("Alpha Fortune") at the aggregate consideration of RMB615,000,000. Alpha Fortune indirectly owns 60% of the equity interests in 廣西合山煤業有限責任公司 (the "Coal Mine Company") and its subsidiaries which principally engage in exploration and mining of coal mines resources in the PRC. The proposed acquisition of 82% equity interests in Alpha Fortune (the "Acquisition") constituted a very substantial acquisition under the Listing Rules.

Pursuant to the Framework Agreement, if the Vendors or each member of Alpha Fortune and its subsidiaries (collectively referred to as the "Target Group") breach the undertakings, warranties and exclusivity clauses of the Framework Agreement or the parties to the Framework Agreement are unable to enter into a formal sale and purchase agreement on or before 8 February 2013, the Group is entitled to terminate the Framework Agreement. Upon termination of the Framework Agreement, the deposits paid to the Vendors will be fully refundable to the Group.

To secure the performance of the refund obligations of the Vendors, the Vendors have (i) unconditionally pledges 49% of the equity interest in the Coal Mine Company in favour of the Group as security and (ii) provided joint and several guarantee in favour of the Group to secure the performance of the refund obligations of the Vendors as described above.

The Group has commenced thorough due diligence review on the assets, financial and legal aspects etc. of the Target Group upon signing of the Framework Agreement. Given that the difference between the net asset value of the Coal Mine Company as at 31 December 2011 as represented by the Vendors in the Framework Agreement and the results of the due diligence review on the Target Group up to 6 February 2013 did not comply with the relevant terms of the Framework Agreement, the Group decided to terminate the Framework Agreement in accordance with the aforementioned termination clause of the Framework Agreement. A written notice of termination has been served by the Group to the Vendors on 6 February 2013.

The Group has negotiated with the Vendors regarding (i) the refund of the deposits; and (ii) a new proposal for the Acquisition.

On 18 June 2013, the Group has finalised a new proposal for the Acquisition and entered into a sale and purchase agreement (the "Sale and Purchase Agreement") with the new vendors. Pursuant to the Sale and Purchase Agreement, the Group has conditionally agreed to acquire for, and the new vendors have conditionally agreed to dispose of 85% interests in the issued share capital of Alpha Fortune, at aggregate consideration of approximately RMB448,600,000 (equivalent to approximately HK$563,442,000).

As of 30 June 2013, the Group has paid cash of RMB265,000,000 (equivalent to approximately HK$332,840,000) to the Vendors as earnest and advance payment pursuant to the payment schedule as specified in the Framework Agreement. The consideration under the Sale and Purchase Agreement will be settled by (i) cash of approximately RMB155,332,000 (equivalent to approximately HK$195,097,000), (ii) issuance of consideration shares of approximately RMB23,586,000 (equivalent to approximately HK$29,624,000) at the issue price of HK$0.36 per share and (iii) setting off of debt of approximately RMB269,682,000 (equivalent to approximately HK$338,721,000), which includes the earnest and advance payment totalling RMB265,000,000 (equivalent to approximately HK$332,840,000).

The Acquisition has not yet been completed as of 30 June 2013 and the date of issuance of the interim financial information.

Details in relation to the Framework Agreement, the termination of the Framework Agreement and the Sale and Purchase Agreement are set out in the Company's announcements dated 21 August 2012, 6 February 2013 and 24 June 2013 respectively.

11 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2013 *HK$'000*	Audited At 31 December 2012 *HK$'000*
Trade receivables	**1,349,422**	455,316
Bill receivables from bulk commodity trade	**10,395,722**	6,004,050
Trade and bill receivables	**11,745,144**	6,459,366
Prepayments and deposits	**34,531**	6,127
Other receivables	**126,310**	38,613
	11,905,985	6,504,106

Trade and bill receivables mainly arose from sales of coal and bulk commodity trade. Bulk commodity trade is mainly settled by cash or bills issued by PRC banks which are receivable in 1 year (At 31 December 2012: 1 year) from the date of issuance. There is 1 month and 15 days to 2 months (At 31 December 2012: 7 days and 2 to 15 days) credit period granted to customers of coal trading business and bulk commodity trade business respectively.

The following is an aged analysis of trade receivables, presented based on the invoice date at the end of reporting period.

	Unaudited At 30 June 2013 *HK$'000*	Audited At 31 December 2012 *HK$'000*
Within three months	**1,349,302**	455,316
Three to twelve months	**120**	—
	1,349,422	455,316

12 LOAN RECEIVABLE UNDER FINANCE LEASE ARRANGEMENT

	Unaudited At 30 June 2013 *HK$'000*	Audited At 31 December 2012 *HK$'000*
Finance lease arrangement comprise loan receivable:		
Within one year	**6,703**	12,552

The Group entered into a finance lease agreement pursuant to which a financial leasing customer (the "lessee") sold its equipment to the Group and leased back equipment with a lease period for 3 years from the date of inception. In addition, the ownership of leased assets will be transferred to the lessee at a purchase option of RMB100 upon the settlement of the receivable and the interest accrued under the finance lease arrangement.

12 LOAN RECEIVABLE UNDER FINANCE LEASE ARRANGEMENT *(Continued)*

As at 30 June 2013, effective interest rates ranged from approximately 8.81% to 16.19% (As at 31 December 2012: 8.81% to 16.19%) per annum.

As at 30 June 2013 and 31 December 2012, the receivable under the finance lease arrangement is secured by the leased equipment and guarantees provided by the controlling shareholder of the lessee and an independent third party. The Group is not permitted to sell or re-pledge the collateral in the absence of default by the lessee. The lessee is required to pay the Group through 33 monthly lease payments from 27 February 2011 up to 27 October 2013.

The fair value of receivable under the finance lease arrangement approximates to its carrying amount.

13 ENTRUSTED LOAN RECEIVABLES

As at 30 June 2013, the Group had entered into six (At 31 December 2012: five) entrusted loan arrangements with financial institutions, it represented the loans from the Group to specified borrowers through banks in the PRC. In an entrusted loan arrangement, the bank acted as a trustee of the Group which entered into a loan agreement with a specified borrower. The borrower repaid the loan to the bank and then the bank returned the principal and accrued interest to the Group. While the bank exercises supervision over and receives repayment from the borrower, the bank does not assume any risk of default in repayment by the borrower. As at 30 June 2013 and 31 December 2012, all entrusted loan receivables carry fixed-rate interests and the contractual maturity dates are within one year from the respective date of borrowings. Effective interest rates (which are equal to contractual interest rates) of the Group's entrusted loan receivables ranged between 10% and 14% (At 31 December 2012: 10% and 18.5%) per annum.

As at 30 June 2013 and 31 December 2012, no entrusted loan receivables have been past due or impaired. The entrusted loan receivables are mainly secured by land and building/properties held for sale and personal guarantees provided by the specified borrowers or their related parties. The Group is not permitted to sell or re-pledge the collateral in the absence of default by the entrusted loan borrowers.

14 SHORT-TERM INVESTMENTS

During the period ended 30 June 2013 and the year ended 31 December 2012, the Group purchased short-term investments from major banks in the PRC.

Within the short-term investments as at 30 June 2013, balance of HK$18,840,000 (At 31 December 2012: HK$92,250,000) was not subject to maturity and balance of HK$3,198,418,000 was subject to maturity from 14 days to 1 year (At 31 December 2012: HK$12,300,000 was subject to maturity up to January 2013). For those short-term investments not subject to maturity, the Group is entitled to redeem the investments with the banks at anytime with immediate effect. The estimated return from these short-term investments ranged from 2.3% to 5.2% (At 31 December 2012: 2.1% to 2.8%) per annum. The accrued and unpaid interest will be received upon redemption of the investment from the bank. The directors of the Company consider that the carrying value of short-term investments approximate their fair value at end of the reporting period as it is highly liquid and credit risk involved is insignificant.

As at 30 June 2013, gross amount of bills payable of approximately HK$6,331,847,000 (At 31 December 2012: Nil) were secured by short-term investments of approximately HK$3,048,954,000 (At 31 December 2012: Nil).

15. PLEDGED BANK DEPOSITS

During the six months ended 30 June 2013, the Group has pledged bank deposits with gross amount of HK$4,051,027,000. The gross amounts of pledged bank deposits amounted to approximately HK$2,365,995,000, HK$1,683,697,000 and HK$1,335,000 were pledged for bills payable, bank borrowings and pledged against banking facilities granted to mortgagees respectively. (At 31 December 2012: pledged for bills payable: Nil, pledged for bank borrowings: HK$353,171,000 and pledged against banking facilities granted to mortgagees: HK$2,724,000).

Gross amount of pledged bank deposits of HK$2,713,964,000 was subject to enforceable netting arrangements. The amounts are offsetting with bills payable and bank borrowings and the net amount of pledged bank deposits of HK$4,913,000 was presented in the condensed consolidated statement of financial position.

The Group had no offsetting of pledged bank deposits as at 31 December 2012.

16 TRADE AND OTHER PAYABLES

	Unaudited At 30 June 2013 *HK$'000*	Audited At 31 December 2012 *HK$'000*
Trade payables	**30,485**	11,905
Bills payable *(note)*	**8,792,462**	2,755,038
Trade and bills payable	**8,822,947**	2,766,943
Deposits received	**-**	43,050
Receipt in advance, other payables and accruals	**180,563**	93,072
Accrual of construction costs	**31,422**	40,368
	9,034,932	2,943,433

Note:

Gross amount of bills payable of HK$1,041,990,000 was subject to enforceable netting arrangements. The amounts are offsetting with pledged bank deposits and the net amount of bills payable of HK$11,724,000 was presented in the statement of financial position. The Group had no offsetting of bills payable as at 31 December 2012.

As at 30 June 2013, gross amount of bills payable of approximately HK$6,331,847,000 (At 31 December 2012: Nil) were secured by gross bank deposits, structured bank deposit and short-term investments of approximately HK$2,365,995,000, HK$150,720,000 and HK$3,048,954,000 respectively (At 31 December 2012: Nil).

The following is an aged analysis of trade payables, presented based on the invoice date at the end of reporting period.

	Unaudited At 30 June 2013 *HK$'000*	Audited At 31 December 2012 *HK$'000*
Within one year	**27,109**	8,800
Over one year but less than two years	**3,376**	3,105
	30,485	11,905

17 BANK BORROWINGS

	Notes	**Unaudited At 30 June 2013** *HK$'000*	Audited At 31 December 2012 *HK$'000*
Secured bank borrowings			
Discounted bills with recourse repayable within one year	(a)	**7,160,595**	4,841,842
Short-term bank loans repayable within one year	(b)	**9,049**	352,792
		7,169,644	5,194,634

(a) The Group carried out bulk commodity trade business involving purchase and sale transactions. In order to monitor the credit risk, most sales are settled by bills issued by state-owned banks or commercial banks in the PRC and are receivable in 1 year (At 31 December 2012: 1 year) from the date of issuance. Most bill receivables have been discounted to banks with recourse to facilitate the operation of the bulk commodity trade. Accordingly, the Group included these discounted bills as receivables and has recognised the cash received as bank borrowings. Discounted bills with recourse are interest bearing at fixed rate with a range from 0.90% to 3.80% (At 31 December 2012: 1.11% to 3.90%) per annum. Total finance cost in relation to bulk commodity trade will be charged to profit or loss over the relevant period of the discounted bills with recourse amounted to HK$213,575,000 (At 31 December 2012: HK$175,059,000) and unrecognised portion of finance cost in relation to these discounted bills as at 30 June 2013 amounting to HK$113,645,000 (At 31 December 2012: HK$118,060,000) will be charged to profit or loss after the reporting date. The interest rate is determined at the date of inception. All borrowings in relation to discounted bills with recourse are secured by bill receivables as at 30 June 2013 and 31 December 2012.

(b) Gross amount of bank borrowings of HK$1,687,834,000 was subject to enforceable netting arrangements. The amounts are offsetting with pledged bank deposits and the net amount of bank borrowings of HK$9,049,000 was presented in the condensed consolidated statement of financial position. The Group had no offsetting of bank borrowings as at 31 December 2012.

(c) At the reporting date, short-term bank loans were secured by:

(i) As at 30 June 2013, gross amount of short-term bank loans of approximately HK$1,687,834,000 (At 31 December 2012: HK$340,492,000) were secured by pledged bank deposits with gross amounts of approximately HK$1,683,697,000 (At 31 December 2012: HK$353,171,000).

(ii) As at 31 December 2012, short-term bank loans of approximately HK$12,300,000 were secured by the land use right included in property held for development with carrying amount of approximately HK$109,470,000. The loan was repaid and the pledge was released as at 30 June 2013.

18 NOTES PAYABLE

On 22 February 2013, the Group executed a deed poll in favour of Overseas-Chinese Banking Corporation Limited ("the Bank"), a bank licensed and incorporated in Singapore, in connection with the issue of multi-currency loan notes of up to an aggregate amount of RMB1,000 million. The notes shall be issued in a minimum of RMB100 million or USD10 million and in integral multiples of RMB10 million and USD1 million. Each note shall mature on the date falling 365 days from its issue date or such other date as may be agreed between the Group and the Bank and bears interest at a rate to be determined and agreed between the Group and the Bank as specified in the certificate of such note.

During the six months ended 30 June 2013, the Group issued two notes with principal amounts of RMB110,000,000 each. The notes are fixed rate note certificates which bear interest at the rate of 2.65% and 2.90% per annum respectively, unsecured and will mature on 26 November 2013 and 12 December 2013 respectively.

19 CORPORATE BONDS

The corporate bonds are fixed rate bonds issued by the Company (the "Bonds"). The Bonds were issued on 19 May 2011 with a principal amount of RMB600,000,000 and a fixed interest at 4.5% per annum.

	Unaudited At 30 June 2013	Audited At 31 December 2012
	HK$'000	*HK$'000*
Corporate bonds	**749,582**	731,984

The Bonds will mature on 19 May 2014 but may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption), at their principal amount, together with interest accrued to the date for redemption. The redemption option of the Group will only be exercisable in the event of changes in Hong Kong or the PRC, which leading the Group to pay additional amount for the additional tax imposed to the bondholders.

Net proceeds from the issue of the Bonds were reduced by transaction cost amounted to approximately RMB10,398,000. The effective interest rate of the Bonds is approximately 5.13% per annum.

20 COMMITMENTS

(a) Capital commitments

	Unaudited At 30 June 2013	Audited At 31 December 2012
	HK$'000	*HK$'000*
Contracted but not provided for purchase of property, plant and equipment	**44,066**	39,596

(b) Other commitments

As mentioned in note 10, on 18 June 2013, the Group entered into the Sale and Purchase Agreement in relation to the acquisition of 85% equity interests in Alpha Fortune at the aggregate consideration of approximately RMB448,600,000 (equivalent to approximately HK$563,442,000). As of 30 June 2013, the Group has paid cash of RMB265,000,000 (equivalent to approximately HK$332,840,000) to the Vendors as earnest and advance payment pursuant to the payment schedule as specified in the Framework Agreement. The consideration under the Sale and Purchase Agreement will be settled by (i) cash of approximately RMB155,332,000 (equivalent to approximately HK$195,097,000), (ii) issuance of consideration shares of approximately RMB23,586,000 (equivalent to approximately HK$29,624,000) at the issue price of HK$0.36 per share and (iii) setting off of debt of approximately RMB269,682,000 (equivalent to approximately HK$338,721,000), which includes the earnest and advance payment totalling RMB265,000,000 (equivalent to approximately HK$332,840,000).

Details in relation to the Sale and Purchase Agreement are set out in the Company's announcement dated 24 June 2013.

21 GUARANTEES

As at 30 June 2013, the Group had contingent liabilities in relation to guarantees of approximately HK$76,827,000 (At 31 December 2012: HK$39,397,000) given to banks in respect of mortgage loans granted to purchasers of certain property units in the PRC.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay 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, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they are not accounted for in the interim financial information.

22 OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Group has entered into the transactions subject to enforceable netting arrangements with the banks. The Group has pledged bank deposits, bank borrowings and bills payable with the banks that meet the offsetting criteria in paragraph 42 of HKAS32. Consequently, the gross bank borrowings and bills payable are set off against the gross pledged bank deposits, resulting in the presentation of a net pledged bank deposit of HK$4,913,000, net bank borrowings of HK$9,049,000 and net bills payable of HK$11,724,000 in the Group's condensed consolidated statement of financial position.

The Group had no offsetting of financial assets and financial liabilities as at 31 December 2012.

Financial assets subject to offsetting

	Unaudited As at 30 June 2013					
				Related amounts not set in the financial position		
Description of types of financial assets	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities offset in the settlement of financial position	Net amounts of financial assets presented in the statement of financial position	Financial instruments	Cash collateral received	Net settlement
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Pledged bank deposits	2,713,964	(2,709,051)	4,913	—	—	4,913
	2,713,964	**(2,709,051)**	**4,913**	**—**	**—**	**4,913**

Financial liabilities subject to offsetting

Description of types of financial liabilities	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets offset in the settlement of financial position	Net amounts of financial liabilities presented in the statement of financial position	Related amounts not set in the financial position: Financial instruments	Related amounts not set in the financial position: Cash collateral received	Net settlement
	Unaudited As at 30 June 2013					
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Bank borrowings	1,687,834	(1,678,785)	9,049	—	—	9,049
Bills payable	1,041,990	(1,030,266)	11,724	—	—	11,724
	2,729,824	**(2,709,051)**	**20,773**	**—**	**—**	**20,773**

23 POST REPORTING DATE EVENTS

(i) On 25 July 2013, the Group entered into a memorandum and intended to sell the entire issued capital of Chengtong Enterprise Investment Limited and certain of its subsidiaries (collectively referred to as the "Chengtong Enterprise Group") at a preliminary purchase price amounted to RMB150 million. The Group has received RMB3 million as earnest money from the purchaser and the purchaser has the exclusive right to purchase Chengtong Enterprise Group. The possible disposal constituted a discloseable transaction under the Listing Rules. The formal agreement is not yet signed as of the date of issuance of the interim financial information. Details of the possible disposal of Chengtong Enterprise Group are set out in the Company's announcement dated 25 July 2013.

(ii) On 30 July 2013, the Group subscribed for the wealth management product issued by Woori Bank (China) Limited, a bank licensed and incorporated under the laws of the PRC, at the subscription amount of RMB100,000,000 (equivalent to approximately HK$125,600,000). The anticipated highest rate of return of the wealth management product is 5.70% per annum after deduction of all relevant fees. The subscription period of the wealth management product commenced on 30 July 2013 and will mature on 3 September 2013. The subscription constitutes a discloseable transaction for the Company under the Listing Rules. Details of the subscription are set out in the Company's announcement dated 30 July 2013.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (for the six months ended 30 June 2012: nil).

II. FINANCIAL RESULTS

Turnover for the period under review was approximately HK$8,231.87 million, representing a dramatic increase as compared with approximately HK$1,197.60 million for the same period last year. The increase was mainly attributable to the significant increase in turnover contribution from the Group's bulk commodity trade business.

The Group recorded loss attributable to shareholders of approximately HK$58.26 million for the period under review, as compared with profit attributable to shareholders of approximately HK$19.32 million for the same period last year, which was mainly attributable to the segment loss from bulk commodity trade business.

III. BUSINESS REVIEW

(1) Bulk Commodity Trade

Chengtong Development International Trading Limited ("Chengtong International Trading") and 杭州瑞能金屬材料有限公司 (in English, for identification purpose only, Hangzhou Ruineng Metals Company Limited) ("Hangzhou Ruineng"), being two subsidiaries of the Group established in Hong Kong and Mainland China, engage in bulk commodity trade business in Hong Kong and Mainland China respectively.

During the period under review, Chengtong International Trading and Hangzhou Ruineng achieved turnover of approximately HK$6,075.83 million and approximately HK$5,641.43 million respectively (the same period last year: approximately HK$1,293.09 million and approximately HK$76.39 million respectively), gross profit margin of approximately 1.3% and gross loss margin of approximately 2.0% respectively (the same period last year: gross profit margin of approximately 1.4% and approximately 2.2% respectively). Together with the results of bulk commodity trade business of its other wholly-owned subsidiaries, and after deducting inter-group transactions, the Group achieved consolidated turnover of HK$8,134.48 million (the same period last year: approximately HK$1,155.59 million) from bulk commodity trade business and recorded consolidated gross loss margin of approximately 1.1% (the same period last year: gross profit margin of approximately 2.9%). The gross loss was mainly attributable to price movements and decline in the market of bulk commodity and the impact of temporary factors including exchange rate and interest during the period under review.

Bill receivables in relation to bulk commodity trade were discounted to banks, and the finance cost of discounted bills with recourse is amortised to the profit and loss account over the relevant period and those without recourse is charged in full to current profit and loss according to the Hong Kong Accounting Standards. During the period under review, consolidated finance cost of bulk commodity trade business totalled approximately HK$117.24 million (including interest expenses on discounted bills amortised or charged for the current period and bank loan interest) (the same period last year: approximately HK$19.77 million).

During the period under review, the consolidated interest income from bulk commodity trade amounted to approximately HK$100.118 million (the same period last year: approximately HK$7 million). The dramatic increase was mainly attributable to the interest income from the pledged bank deposits and short-term investments of relevant bank credit lines during the period under review.

(2) Property Development

(i) Zhucheng of Shandong Province

During the period under review, residential apartments of approximately 8,760 square metres, underground ancillary apartments of approximately 273 square metres (same period last year: approximately 5,430 square metres and 294 square metres respectively), 9 underground parking spaces (same period last year: 6 underground parking spaces and 1 over ground parking space) of CCT-Champs-Elysees Phase I were sold and delivered. This project recorded total net sales revenue of approximately RMB36.52 million (equivalent to approximately HK$45.87 million) (same period last year: approximately RMB23.27 million (equivalent to approximately HK$28.39 million)) and a total gross profit of approximately RMB8.31 million (equivalent to approximately HK$10.49 million) (same period last year: approximately RMB7.72 million (equivalent to approximately HK$9.41 million)) during the period under review.

As at 30 June 2013, the remaining area of the unsold or sold-but-not-delivered spaces of CCT-Champs-Elysees Phase I included apartments of approximately 20,504 square metres and commercial spaces of approximately 2,485 square metres (same period last year: approximately 16,859 square metres and approximately 3,416 square metres respectively) (excluding the leased area of approximately 4,725 square metres (same period last year: approximately 3,794 square metres)).

The construction of CCT-Champs-Elysees Phase II has commenced in the first half of 2013.

(ii) Dafeng of Jiangsu Province

誠通大豐海港開發有限公司 (in English, for identification purpose only, Chengtong Dafeng Harbour Development Limited) ("Dafeng Development") holds a parcel of industrial land and four parcels of residential and commercial land in Dafeng City, Jiangsu Province and section I of the initial development area of "Chengtong International City". As at 30 June 2013, the residential area of section I of the initial development area of "Chengtong International City", which is located to the north of one of the aforesaid four parcels of residential and commercial land, was sold out. The remaining saleable area of serviced apartments, commercial units (along with ancillary facilities) and office buildings were approximately 392 square metres, 6,364 square metres, and 3,176 square metres respectively (same period last year: the remaining saleable area of residential buildings, serviced apartments, commercial units (along with ancillary facilities) and office buildings were approximately 379 square metres, 922 square metres, 6,364 square metres and 3,176 square metres respectively). No properties were sold during the period under review. In the same period last year, approximately 271 square metres of residential apartments and 444 square metres of serviced apartments were sold and delivered, bringing in a total net sales revenue of approximately RMB2.20 million (equivalent to approximately HK$2.69 million) and a total gross profit of RMB0.48 million (equivalent to approximately HK$0.59 million).

During the period under review, the Group has obtained the construction permit for section II of the initial development area of "Chengtong International City", and has officially commenced the construction.

(3) Property Investment

(i) Land Resources Development

誠通實業投資有限公司 (in English, for identification purpose only, Chengtong Industrial Investment Limited) ("Chengtong Industrial"), a wholly-owned subsidiary of the Group, held two parcels of land located in Changzhou of Jiangsu Province and Shenyang of Liaoning Province, with site areas of approximately 84,742 square metres and 247,759 square metres respectively, and certain buildings erected thereon.

During the period under review, no tenancy agreement was concluded for and no rental income were generated from lands and buildings erected thereon located in Changzhou and Shenyang while rental income therefrom totalled approximately HK$0.85 million during the same period last year.

In December 2012, the Group entered into an agreement with Changzhou Land Reserve Centre to dispose of the land in Changzhou, together with the buildings erected thereon, for a consideration of RMB149.99 million. Chengtong Industrial has received the first and second installment payment of approximately RMB105 million, and shall, after removal of all buildings and other immovable fixed assets attached thereto, deliver the land to Changzhou Land Reserve Centre on or before 30 November 2013. Changzhou Land Reserve Centre may pay Chengtong Industrial the remaining staged consideration earlier than the agreed date if Chengtong Industrial completes the staged relocation progress earlier than the agreed timeframe.

In July 2013, the Group and an independent third party entered into a memorandum for the possible disposal of the entire interest in Chengtong Enterprises Investment Limited ("CT Enterprises"), to sell in essence the land and buildings ("Shenyang Land") situated in Hushitai Town, Shenbei District, Shenyang City, Liaoning Province, the PRC, which were indirectly held by the Group. The preliminary purchase price is RMB150 million, and the purchaser has already paid an earnest money of RMB3 million. As at the date of this announcement, no formal purchase and sale agreement has been entered into between the two parties. Details of the possible disposal are set out in the announcement of the Company dated 25 July 2013.

(4) Financial Leasing

During the period under review, 誠通融資租賃有限公司 (in English, for identification purpose only, Chengtong Financial Leasing Company Limited) ("Chengtong Financial Leasing"), the Group's wholly-owned subsidiary, recorded turnover and gross profit of both approximately HK$0.77 million, representing a significant decrease as compared with approximately HK$10.08 million in the same period last year, which is mainly attributable to the fact that there was no new leasing business during the period under review and the incomes were mainly rentals from financial leases previously entered into but not yet completed.

(5) Hospitality and Marine Travel Services

The Group has completed the indirect acquisition of several subsidiaries of CCHG in December 2012, which are mainly engaged in hotel operation and provision of marine entertainment services in Hainan Province, the PRC. During the period under review, the turnover from the provision of marine entertainment services was approximately HK$26.72 million, with a gross profit margin of approximately 92%, while the turnover from hospitality was approximately HK$10.39 million, with a gross profit margin of approximately 79%. Such businesses generated a total turnover of approximately HK$37.14 million and pre-tax profit of approximately HK$10.94 million for the Group during the period.

(6) Trading of Coal

China's coal market started to slump at the beginning of 2012, due to the turmoil in the international financial market and the slowdown in China's economic growth. During the period under review, the Group's trading of coal business realized a turnover of approximately HK$12.92 million and a net loss of approximately HK$0.62 million, while in the same period of last year, no sale of coal was conducted and a net loss of approximately HK$4.39 million was made.

IV. ACQUISITION

In June 2013, the Group entered into a sale and purchase agreement with two independent third parties, pursuant to which the Group conditionally agreed to indirectly acquire 51% equity interest in the Coal Mine Company. The Coal Mine Company holds several coal mines, comprising the Heshan Mines, the Luocheng Mines and the Xingren Mines, which are located in three mining areas: (i) Heshan City, Guangxi, the PRC（中國廣西合山市）; (ii) Luocheng County, Hechi City, Guangxi, the PRC（中國廣西河池市羅城仫佬族自治縣）; and (iii) Xingren County, Qianxinan, Guizhou Province, the PRC（中國貴州黔西南布依族苗族自治州興仁縣）, respectively. The coals from these coal mines are mainly thermal coal for generation of energy. The aggregate consideration for the acquisition was RMB448,600,000, among which, approximately RMB23,590,000 would be paid through the issue and placement of new shares of the Company at the issue price of HK$0.36 per share on the completion date.

V. OUTLOOK

Previously in the throes of a deep crisis, the global economy bottomed out and showed a recovery trend in the first half of 2013. The American economy demonstrated robust self-recovery power and the uncertainty surrounding the European debt crisis also gradually eased, basically eliminating the possibility of another sharp dip for the world economy. As for China's economic growth momentum, the government has introduced policies to adjust economic structure, which would constrain overinvestment and short-term demand in the short run and appropriately slow down the pace of economic growth. Yet in the long term, economic structure adjustment and a shift in the growth model would help the establishment of an economic growth mechanism for durable prosperity and an economic development mold for better health of economy. A look at the price trend of commodities suggests the prices of the world's major commodities have nearly reached a two-decade low. Currently, the commodity traders are generally seeing their profit slide, while mine developers are struggling financially. In the first half of 2013, the Group increased its business scale of its commodity trade, compared with the same period of last year, a move that followed an enlarged customer base and increased demand in the second half of 2012. Yet the Group's profitability declined moderately due to the price fluctuations. But the Group considers that expanding the business scale and scope, as the Group's pre-set goal, is conducive to consolidating and broadening the customer base and helps the Group develop and strengthen long-term relationships with upstream mining operators.

In the first half of 2013, M&A opportunities emerged gradually, with sluggish coal prices in China and commodity prices globally. As the consideration for the acquisition of the Heshan Mines in Guangxi, over which the Group started negotiations in 2012, was made substantially lower, the Board decided to acquire the controlling equity interest in this coal mine company. Currently this matter is subject to the final review and approval by shareholders of the Company. The Group believes the production capacity and profitability of the Coal Mine Company would be improved after technical upgrades to the mines are completed and its investment value would be increasingly prominent. Meanwhile, the Group will keep watching for opportunities for merger and acquisition of other coal and non-ferrous metal resources.

The Group has entered into a memorandum on the disposal of Shenyang Land and is at the stage of preparing the asset restructuring plan and deal plan.

In 2012, the Group acquired from its ultimate controlling shareholder the travel business in Hainan, which would be nurtured as an important strategic investment, and would keep improving its profitability and investment value for profit contribution to the Group.

The Group's development strategy for transforming into a comprehensive trader of bulk commodity and energy has received the firm support from its ultimate controlling shareholder. In addition to relying on its own capacity for investment and M&A, the Group will leverage the unique advantage of its controlling shareholder who enjoys in operating, managing and integrating assets among central SOEs to achieve healthy and sustainable development for the Group at a quicker pace.

The management is fully confident of the improvement of results for the year and continuous improvement in the future.

GEARING RATIO

As at 30 June 2013, the Group's gearing ratio calculated on the basis of bank borrowings, other loans, notes payable and corporate bonds of approximately HK$8,196 million and total assets of approximately HK$19,500 million was approximately 42% (31 December 2012: 53%).

LIQUIDITY AND CAPITAL RESOURCES

The Group's financial position remained healthy during the period under review. As at 30 June 2013, the Group had cash and bank balances including pledged bank deposits and structured bank deposit, amounting to approximately HK$2,121 million (31 December 2012: approximately HK$2,329 million), and current assets and current liabilities of approximately HK$18,714 million and HK$17,417 million respectively (31 December 2012: approximately HK$10,411 million and HK$8,275 million respectively).

As at 30 June 2013, the Group's corporate bonds which were issued on 19 May 2011 amounted to approximately HK$749.58 million (31 December 2012: approximately HK$731.98 million) and will mature on 19 May 2014. The Group's discounted bills with recourse and short-term bank loans of approximately HK$7,161 million and approximately HK$9 million respectively (31 December 2012: approximately HK$4,842 million and HK$353 million respectively) were secured and repayable within one year with interest at commercial rate. During the period under review, the Group issued two notes. As at 30 June 2013, the two notes with principal amounts of RMB110 million each amounted to approximately HK$276.32 million (31 December 2012: Nil), and will mature on 26 November 2013 and 12 December 2013 respectively. The other loans from third parties of approximately HK$600,000 was unsecured, repayable on demand 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 transactions denominated in Hong Kong dollars, Renminbi and US dollars, which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 30 June 2013, the Group employed a total of 375 employees, of which 18 were based in Hong Kong and 357 were based in Mainland China. Employee's remunerations are determined in accordance with their experiences, competence, qualifications and nature of duties, and remain competitive under current market trend. Apart from the basic salary, discretionary bonus and other incentives are offered to employees to reward their performance and contributions. The emoluments of the Directors are decided by the remuneration committee of the Company (the "Remuneration Committee"), having regard to the Company's corporate goals, their individual performance and comparable market statistics. The Company has adopted a share option scheme under which the Company may grant options to Directors and eligible employees to subscribe for shares of the Company. The Group has also adopted a share award scheme ("Share Award Scheme") under which shares of the Company will be awarded, with the approval of the Board, to selected employees to recognise the contribution by them and to give them incentives thereto in order to retain them for the continual operation and development of the Group and attract suitable personnel for the growth and further development of the Group.

PLEDGE OF ASSET

As at 30 June 2013, gross amount of bills payable of approximately HK$6,332 million (At 31 December 2012: Nil) were secured by gross bank deposits, structured bank deposit and short-term investments of approximately HK$2,366 million, HK$151 million and HK$3,049 million respectively (At 31 December 2012: Nil).

As at 30 June 2013, discounted bills with recourse of approximately HK$7,161 million (31 December 2012: approximately HK$4,842 million) were secured by bill receivables of approximately HK$10,238 million (31 December 2012: approximately HK$4,920 million).

As at 30 June 2013, gross amount of short-term bank loans of approximately HK$1,688 million (At 31 December 2012: HK$ 340.49 million) were secured by fixed bank deposits with gross amounts of approximately HK$1,684 million (At 31 December 2012: HK$353.17 million).

As at 30 June 2013, the gross amounts of pledged bank deposits amounted to approximately HK$2,366 million, HK$1,684 million and HK$1.34 million were pledged for bills payable, bank borrowings and pledged against banking facilities granted to mortgagees respectively. (At 31 December 2012: pledged for bills payable: Nil, pledged for bank borrowings: HK$353.17 million and pledged against banking facilities granted to mortgagees: HK$2.72 million).

COMMITMENTS

(a) Capital commitments

	Unaudited At 30 June 2013 ***HK$'000***	Audited At 31 December 2012 *HK$'000*
Contracted but not provided for purchase of property, plant and equipment	**44,066**	39,596

(b) Other commitments

As mentioned in note 10, on 18 June 2013, the Group entered into the Sale and Purchase Agreement in relation to the acquisition of 85% equity interests in Alpha Fortune at the aggregate consideration of approximately RMB448,600,000 (equivalent to approximately HK$563,442,000). As of 30 June 2013, the Group has paid cash of RMB265,000,000 (equivalent to approximately HK$332,840,000) to the Vendors as earnest and advance payment pursuant to the payment schedule as specified in the Framework Agreement. The consideration under the Sale and Purchase Agreement will be settled by (i) cash of approximately RMB155,332,000 (equivalent to approximately HK$195,097,000), (ii) issuance of consideration shares of approximately RMB23,586,000 (equivalent to approximately HK$29,624,000) at the issue price of HK$0.36 per share and (iii) setting off of debt of approximately RMB269,682,000 (equivalent to approximately HK$338,721,000), which includes the earnest and advance payment totalling RMB265,000,000 (equivalent to approximately HK$332,840,000).

Details in relation to the Sale and Purchase Agreement are set out in the Company's announcement dated 24 June 2013.

GUARANTEES

As at 30 June 2013, the Group had contingent liabilities in relation to guarantees of approximately HK$76.83 million (At 31 December 2012: HK$39.40 million) given to banks in respect of mortgage loans granted to purchasers of certain property units in the PRC.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay 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, the financial impact arising from providing the above financial guarantees is insignificant and accordingly, they are not accounted for in this interim financial information.

POST REPORTING DATE EVENTS

(i) On 25 July 2013, the Group entered into a memorandum and intended to sell the entire issued capital of Chengtong Enterprise Investment Limited and certain of its subsidiaries (collectively referred to as the "Chengtong Enterprise Group") at a preliminary purchase price amounted to RMB150 million. The Group has received RMB3 million as earnest money from the purchaser and the purchaser has the exclusive right to purchase Chengtong Enterprise Group. The possible disposal constituted a discloseable transaction under the Listing Rules. The formal agreement is not yet signed as of the date of issuance of the interim financial information. Details of the possible disposal of Chengtong Enterprise Group are set out in the Company's announcement dated 25 July 2013.

(ii) On 30 July 2013, the Group subscribed for the wealth management product issued by Woori Bank (China) Limited, a bank licensed and incorporated under the laws of the PRC, at the subscription amount of RMB100,000,000 (equivalent to approximately HK$125,600,000). The anticipated highest rate of return of the wealth management product is 5.70% per annum after deduction of all relevant fees. The subscription period of the wealth management product commenced on 30 July 2013 and will mature on 3 September 2013. The subscription constitutes a discloseable transaction for the Company under the Listing Rules. Details of the subscription are set out in the Company's announcement dated 30 July 2013.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2013, 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 had 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 ("Model Code"). Having made specific enquiry to each of the Directors, the Company has received confirmations from all Directors that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2013.

CORPORATE GOVERNANCE

The Board appreciates that good corporate governance is vital to healthy and sustainable development of the Group. In the opinion of the Directors, the Company had complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules ("Code") for the six months ended 30 June 2013.

REVIEW OF ACCOUNTS

The Board is of the view that the disclosure of financial information in this announcement complies with Appendix 16 of the Listing Rules. The audit committee of the Company has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2013 in conjunction with auditor of the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/chengtong. The 2013 interim report of the Company will be available on both websites and dispatched to shareholders of the Company in due course.

By order of the Board
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

Hong Kong, 30 August 2013

As at the date of this announcement, the executive Directors are Mr. Zhang Guotong, Mr. Yuan Shaoli, Mr. Wang Hongxin and Mr. Wang Tianlin; and the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Chang Qing.