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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)

PROFIT WARNING

The Board would like to inform the shareholders of the Company and potential investors that, based on the information currently available, the Group is expected to record an unaudited consolidated profit after tax of approximately HK\$5.49 million for the six months ended 30 June 2017 which represents a decrease of approximately 82% as compared to an unaudited consolidated profit after tax of approximately HK\$30.53 million for the corresponding period of 2016.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Chengtong Development Group Limited (“**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

The board of directors (“**Board**”) of the Company would like to inform the shareholders of the Company and potential investors that, based on the information currently available, the Group is expected to record an unaudited consolidated profit after tax of approximately HK\$5.49 million for the six months ended 30 June 2017 (“**Period**”) which represents a decrease of approximately 82% as compared to an unaudited consolidated profit after tax of approximately HK\$30.53 million for the corresponding period of 2016. The main reasons for the decrease in profit are as follows: (i) there was a significant increase in the turnover of the Group as a result of the active trading of bulk commodity which expanded to the trading in metals during the Period. However, due to the intense competition in the bulk commodity trade, sales margin was minimal and there was a year-on-year decrease in the consolidated gross profit by approximately HK\$0.7 million; (ii) due to the expansion of the bulk commodity trade and the increase in staff cost of the Group, the selling and administrative

expenses for the Period increased year-on-year by approximately HK\$7 million; (iii) an exchange loss of approximately HK\$1.5 million was recorded for the Period while an exchange gain of approximately HK\$11.3 million was recorded for the corresponding period of 2016, resulting in a year-on-year decrease in profit by approximately HK\$12.8 million; and (iv) the interest income for the Period decreased year-on-year by approximately HK\$9 million.

The Company is still in the process of finalising the unaudited consolidated interim results of the Group for the six months ended 30 June 2017. The information contained in this announcement is only a preliminary assessment by the management of the Company based on figures and information made available to the Board as at the date of this announcement and is not based on any figures or information which has been reviewed by the Company's auditors. Finalised unaudited consolidated interim results of the Group and other details will be disclosed in the 2017 interim report to be published by the Company.

By order of the Board
China Chengtong Development Group Limited
Zhang Bin
Managing Director

Hong Kong, 3 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Yuan Shaoli, Mr. Zhang Bin and Mr. Wang Tianlin; and the independent non-executive directors of the Company are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.