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 2010

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 2010 together with the comparative figures for the six months ended 30 June 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
	NOTE	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Turnover	3	**14,993**	4,476
Cost of sales		**(10,171)**	(6,017)
Gross profit (loss)		**4,822**	(1,541)
Other income		**3,542**	665
Selling expenses		**(835)**	(41)
Administrative expenses		**(18,709)**	(12,547)
Gain on change in fair value of investment properties		**2,622**	—

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(continued)

FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
	NOTES	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited)
Gain on change in fair value of held-for-trading securities		**1,123**	2,289
Gain on disposals of subsidiaries	8	**17,034**	4,308
Gain on disposal of an associate		**—**	1,130
Reversal of provision for claims (provision for claims)		**1,658**	(4,520)
Share of result of an associate		**—**	6,102
Finance costs		**(29)**	(1,172)
Profit (loss) before taxation		**11,228**	(5,327)
Taxation (charge) credit	4	**(656)**	34
Profit (loss) for the period	5	**10,572**	(5,293)
Profit (loss) for the period attributable to:			
Owners of the Company		**11,492**	(4,137)
Non-controlling interests		**(920)**	(1,156)
		10,572	(5,293)
Total comprehensive income and expense attributable to:			
Owners of the Company		**11,492**	(4,137)
Non-controlling interests		**(920)**	(1,156)
		10,572	(5,293)
Earnings (loss) per share	7		
— basic		**HK0.28 cent**	HK(0.15) cent
— diluted		**N/A**	HK(0.15) cent

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2010

	NOTE	**30.6.2010**	31.12.2009
		HK$'000	*HK$'000*
		(unaudited)	(audited)
Non-current assets			
Property, plant and equipment		**7,820**	8,554
Investment properties		**253,878**	251,256
Restricted bank balance		**4,200**	4,200
		265,898	264,010
Current assets			
Properties held for sale		**1,936**	11,852
Properties held for development		**348,509**	411,865
Properties under development		**219,480**	203,077
Claim recoverable		**—**	9,765
Trade and other receivables	9	**16,898**	6,564
Amount due from a non-controlling shareholder of a subsidiary		**18,278**	23,978
Amount due from an intermediate holding company		**—**	1,742
Held-for-trading securities		**6,866**	14,443
Bank balances and cash		**650,205**	617,649
		1,262,172	1,300,935
Assets classified as held for sale		**—**	40,255
		1,262,172	1,341,190

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

AT 30 JUNE 2010

	NOTE	30.6.2010 HK$'000 (unaudited)	31.12.2009 HK$'000 (audited)
Current liabilities			
Trade and other payables	10	**26,125**	37,454
Provisions for claims		**18,481**	29,923
Deposits received on sale of properties		**3,048**	7,245
Deposit received from disposal of assets held for sale		**—**	3,407
Amounts due to related companies		**469**	361
Amounts due to non-controlling shareholders of subsidiaries		**—**	3,978
Tax payable		**3,314**	3,319
Secured bank loan		**45,600**	45,600
Unsecured other loans		**600**	3,260
Loans from a non-controlling shareholder of subsidiaries		**—**	17,965
		97,637	152,512
Liabilities associated with assets classified as held for sale		**—**	7,166
		97,637	159,678
Net current assets		**1,164,535**	1,181,512
Total assets less current liabilities		**1,430,433**	1,445,522
Non-current liabilities			
Deferred tax liabilities		**1,374**	718
Net assets		**1,429,059**	1,444,804
Capital and reserves			
Share capital		**417,344**	417,344
Share premium and reserves		**886,267**	875,457
Equity attributable to owners of the Company		**1,303,611**	1,292,801
Non-controlling interests		**125,448**	152,003
Total equity		**1,429,059**	1,444,804

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 "Listing Rules") and with Hong Kong Accounting Standard 34 ("HKAS 34"), Interim Financial Reporting.

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 consolidated financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied a number of new and revised standards, amendments and interpretations ("new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Application of new and revised HKFRSs with no impact to financial statements for current or prior periods

The Group applies HKFRS 3 (Revised) Business Combinations prospectively to business combinations for which the acquisition date is on or after 1 January 2010. As there was no transaction during the current interim period in which HKFRS 3 (Revised) are applicable, the application of HKFRS 3 (Revised) and the consequential amendments to other HKFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods. Results of the Group in future periods may be affected by future transactions for which HKFRS 3 (Revised) and the consequential amendments to the other HKFRSs are applicable.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Application of new and revised HKFRSs with no impact to financial statements for current or prior periods *(continued)*

Except as described below, the application of these new and revised HKFRSs had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

HKAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of HKAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Group. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under HKAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

In respect of the increase in ownership interests during the period in subsidiaries of 諸城泰豐置地有限公司 ("**泰豐置地**") and 諸城鳳凰置地有限公司 ("**鳳凰置地**"), the impact of the change in policy has been that the difference of approximately HK$682,000 between the consideration paid and the decrease in the carrying amount of the non-controlling interests in 泰豐置地 and 鳳凰置地 has been recognised directly in equity. Had the previous accounting policy been applied, this amount would have been recognised as goodwill.

Amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations

The amendment to HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations issued in 2009 as part of the Improvements to HKFRSs clarifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It states that disclosure requirements of other HKFRSs do not apply to non-current assets (or disposal groups) classified as held for sale or discontinued operations unless those HKFRSs have specific disclosure requirement in respect of such assets (or disposal groups); or the disclosures relate to the measurement of an individual asset or assets as part of a disposal group which follows other HKFRSs and the information is not disclosed elsewhere in the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

HKAS 24 (Revised) Related party disclosures

Paragraphs 25 to 27 of HKAS 24 (Revised) Related party disclosures exempt certain disclosures in relation to the government-related entities.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Improvements to HKFRSs 2010[1]
HKAS 24 (Revised)	Related party disclosures (except for paragraphs 25 to 27)[4]
HKAS 32 (Amendment)	Classification of rights issues[2]
HKFRS 1 (Amendment)	Limited exemption from comparative HKFRS 7 disclosures for first-time adopters[3]
HKFRS 9	Financial instruments[5]
HK(IFRIC) — Int 14 (Amendment)	Prepayments of a minimum funding requirement[4]
HK(IFRIC) — Int 19	Extinguishing financial liabilities with equity instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.

2 Effective for annual periods beginning on or after 1 February 2010.

3 Effective for annual periods beginning on or after 1 July 2010.

4 Effective for annual periods beginning on or after 1 January 2011.

5 Effective for annual periods beginning on or after 1 January 2013.

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

3. TURNOVER AND SEGMENT INFORMATION

For the purpose of resources allocation and performance assessment, the chief operating decision maker reviews 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's operating segments are aggregated into property investment and property development reportable segments.

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

Six months ended 30 June 2010

	Property investment	**Property development**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Turnover			
Segment turnover — external sales	329	14,664	14,993
Result			
Segment result	(863)	(2,024)	(2,887)
Gain on change in fair value of investment properties			2,622
Gain on change in fair value of held-for-trading securities			1,123
Gain on disposals of subsidiaries			17,034
Unallocated corporate expenses			(6,947)
Unallocated other income			283
Profit before taxation			11,228

3. TURNOVER AND SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2009

	Property investment HK$'000	Property development HK$'000	Total HK$'000
Turnover			
Segment turnover — External sales	815	3,661	4,476
Result			
Segment result	214	(12,654)	(12,440)
Gain on change in fair value of held-for-trading securities			2,289
Gain on disposal of a subsidiary			4,308
Gain on disposal of an associate			1,130
Share of result of an associate			6,102
Unallocated corporate expenses			(7,331)
Unallocated other income			615
Loss before taxation			(5,327)

Segment result represents the operating result earned by each segment without allocation of administration costs incurred and other income generated by head office and the inactive subsidiaries, directors' salaries, share of result of an associate, gain on disposals of subsidiaries and an associate and fair value change of investment properties and held-for-trading securities. 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)*

The following is an analysis of the Group's assets by operating segment:

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
Property investment	**616,673**	625,913
Property development	**719,274**	737,403
Total segment assets	**1,335,947**	1,363,316

4. TAXATION CHARGE (CREDIT)

The taxation charge for the period which amounting to HK$656,000 (six months ended 30 June 2009: HK$34,000 credit) represented the deferred tax charge (credit).

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both periods.

No provision for People's Republic of China ("PRC") Enterprise Income Tax is provided as the Group has no assessable profit in the PRC for both periods.

5. PROFIT (LOSS) FOR THE PERIOD

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Profit (loss) for the period has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	**1,019**	690
Exchange (gain) loss	**(101)**	262
Loss on disposal of property, plant and equipment	**4**	—
Interest income	**(1,695)**	(58)
Expenses capitalised in properties under development:		
Depreciation	**56**	—
Finance costs	**1,413**	—
Staff costs	**390**	—

6. DIVIDEND

No dividend was paid, declared or proposed during the current period (for the six months ended 30 June 2009: nil). The directors do not recommend the payment of an interim dividend.

7. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share is based on the profit for the period of HK$11,492,000 attributable to the owners of the Company (for the six months ended 30 June 2009: loss of HK$4,137,000) and on 4,173,434,227 shares (for the six months ended 30 June 2009: 2,678,905,570 shares).

During the period ended 30 June 2010, there is no diluted earnings per share as all the Company's outstanding share options have been lapsed as at 31 December 2009 and there was no potential ordinary share outstanding during the current period.

7. EARNINGS (LOSS) PER SHARE *(continued)*

During the period ended 30 June 2009, the computation of diluted loss per share does not assume the exercise of the Company's outstanding share options since their exercise would result in a decrease in loss per share.

8. GAIN ON DISPOSALS OF SUBSIDIARIES

During the period ended 30 June 2010, there are altogether three disposal transactions entered by the Company which included the disposals of Merry World Associates Limited, 諸城港龍置地有限公司 and certain inactive subsidiaries.

9. TRADE AND OTHER RECEIVABLES

The Group allows an average credit period of 30 days (31 December 2009: 30 days) to its trade customers on open account credit terms. The following is an analysis of trade receivables by age, presented based on the invoice date.

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
Within one month	**11,128**	—
Over five years	**—**	3,001
	11,128	3,001

10. TRADE AND OTHER PAYABLES

The following is an analysis of trade payables by age, presented based on the invoice date.

	30.6.2010	31.12.2009
	HK$'000	*HK$'000*
Within one year	**243**	—
Over three years	**2,669**	8,453
	2,912	8,453

11. COMMITMENT

In October 2008, the Group has entered into a sale and purchase agreement to acquire 100% interest in 連雲港中儲物流有限公司 at a consideration of approximately RMB181,000,000 (subject to adjustment) from China Chengtong Hong Kong Company Limited ("CCHK"). On 30 April 2010, the Group agreed with CCHK that the long stop date has been extended from 30 April 2010 to 29 October 2010. The transaction is still subject to approval by relevant government authority and has not yet completed up to the date of this announcement. Details of the acquisition are set out in the Company's circular to the shareholders dated 29 November 2008.

12. EVENT AFTER THE REPORTING PERIOD

In August 2010, the Company entered into a sale and purchase agreement with a third party, for the disposal of the entire issued share capital in a subsidiary, 洛陽城南中儲物流有限公司, and the amount due to a group company at a cash consideration of RMB61,850,000 and the estimated gain on disposal is approximately RMB28,166,000 (approximately equivalent to HK$32,109,000). This transaction was not yet completed at the reporting date.

MANAGEMENT DISCUSSION AND ANALYSIS

I. INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2010 (for the six months ended 30 June 2009: nil).

II. FINANCIAL RESULTS

Turnover of the Group for the period under review was approximately HK$15 million, as compared with approximately HK$4.48 million for the same period last year. The turnover of the Group for both the period under review and for the same period last year comprised mainly of the sales revenue of the property development project in Beijing, the People's Republic of China (the "**PRC**").

During the period under review, the Group recorded profit attributable to shareholders of approximately HK$11.49 million, as compared with a loss of approximately HK$4.14 million for the same period last year. This was mainly attributable to the gain of approximately HK$17 million from disposals of equity interests in certain subsidiaries during the period under review, representing an increase of approximately HK$12.7 million as compared with the gain of approximately HK$4.3 million from disposal of a subsidiary for the same period last year.

III. BUSINESS REVIEW

Following the disposal of Merry World Associates Limited (whose major assets are properties located at Li Wan Plaza, Guangzhou), a wholly owned subsidiary of the Company, and the disposal of certain inactive subsidiaries during the period under review, the Group has disposed of nearly all of its non-core businesses and non-performing assets. Since the Group's ultimate controlling shareholder China Chengtong Holdings Group Limited ("**CCHG**") acquired the Company in 2003, the consolidated net asset value and fund held by the Group have increased from then approximately HK$100 million and HK$20 million to approximately HK$1,400 million and HK$650 million, respectively, which is mainly attributable to the encouraging results achieved by the Group in business development and asset reorganization throughout the years, as the major projects under asset reorganization have recorded remarkable return and brought abundant fund inflow for the Group.

1. Property Development

(1) Zhucheng of Shandong Province

In April 2010, the Group completed the reorganisation of shareholding structure and certain debts of three subsidiaries which had been owned previously as to 80% by the Group in Zhucheng, Shandong. Accordingly, the Group acquired 20% equity interest in Zhucheng Phoenix Landmark Company Limited ("**Phoenix Landmark**") and Zhucheng Prosperity Landmark Company Limited ("**Prosperity Landmark**") from, and disposed 80% equity interest in Zhucheng Dragon Landmark Company Limited ("**Dragon Landmark**") to the minority shareholder of such three companies, and recorded a gain on disposal of approximately HK$2.24 million. Upon completion of the reorganisation, each of Phoenix Landmark and Prosperity Landmark has become a wholly-owned subsidiary of the Company and the Group ceased to have any interest in Dragon Landmark.

"CCT-Champs-Elysees", the residential and commercial complex development project of Phoenix Landmark, is in vicinity to the scenic Dinosaur Park in the centre of Zhucheng City. It has planned construction land area of approximately 146,000 square metres and total gross floor area of approximately 305,000 square metres. The project will be developed in three phases and all development is scheduled to be completed in 2013. In particular, the phase I of "CCT- Champs - Elysees" with total gross floor area of approximately 55,000 square metres occupying a land area of approximately 52,168 square metres was developed in the first half of 2010. Presently, about 25% of the project development has been completed. The Group is expected to complete construction of the project in first half of 2011 and commence pre-sale in the second half of 2010. The Group plans to develop the remaining gross floor area of approximately 30,000 square metres for phase I and gross floor area of approximately 60,000 square metres for phase II in the second half of 2010. Phase II project is scheduled to be completed and ready for delivery in 2012. "CCT-Champs-Elysees" is positioned as the most liveable high-end property in Zhucheng.

"CCT-Phoenix City", the residential and commercial complex development project of Prosperity Landmark, has planned construction land area of approximately 99,599 square metres and total gross floor area of approximately 170,000 square metres. The project will be developed in three phases and all development is scheduled to be completed in 2013. Planning approval application, preliminary design and working drawing design for phase I had been completed in the first half of 2010. Gross floor area of approximately 58,000 square metres for phase I is planned to be developed in the second half of 2010, occupying a land area of approximately 31,516 square metres. The project is presently under foundation construction. It is planned to launch for sale in the first quarter of 2011 and is expected to contribute sales revenue to the Group in 2011.

(2) Dafeng of Jiangsu Province

During 2009, the Group obtained through indirect acquisition of 66.67% equity interest in Chengtong Dafeng Harbour Development Limited ("Chengtong Dafeng") from CCHG for five parcels of land with a total site area of approximately 1,030,000 square metres located in Dafeng City, Jiangsu Province. Four of the five parcels of land situated in the Ocean Economic Development Area of Dafeng City with a total site area of approximately 480,000 square metres can be developed into residential and commercial projects.

"Chengtong International City", a residential and commercial development project of Chengtong Dafeng, is located at the north of a parcel of land mentioned above, and close to the future administrative centre of the city. The project is blessed with convenient accessibility and outstanding natural surroundings. Initial development area of "Chengtong International City" has a planned land area of approximately 39,661 square metres, aboveground gross floor area of approximately 36,000 square metres and parking lot area of approximately 2,000 square metres. Section I of the initial development area was developed in the first half of 2010, with gross floor area of approximately16,000 square metres. By the end of June 2010, construction area of approximately 15,000 square metres had been completed accumulatively, which was roofed in July 2010.

As the State is gradually intensifying control over the real estate market, property price in major cities are impacted to a certain extent, but it has limited influence on county-level cities such as Dafeng City of Jiangsu Province. The property price of Dafeng and its surrounding areas has kept rising in the first half of 2010. Real estate market has presented healthy and positive growth. Following the development and construction of Jiangsu costal areas which are officially included in the national coastal development strategy, Dafeng Harbour has been incorporated into the Yangtze River Delta Economic Cycle with Shanghai as centre. Presently, the means of modern transportation by sea, land and air have been available or under construction in Dafeng Harbour. The convenient accessibility will help to attract external investors to buy property in the harbour zone, which brings huge upward potentials for the property price. In addition, as the new Dafeng urban area next to harbour continues to develop, new major projects spring up, and the total investment keeps increasing. Accordingly, it would give rise to increasing demand for properties. "Chengtong International City" is located in the core of the new city in harbour zone. The Group is expected to complete the construction of phase I of "Chengtong International City" in the second half of 2010 and commence the development of phase II thereafter.

(3) Beijing

In 2010, the Group's property development project located at Xicheng District of Beijing sold 93 parking spaces and approximately 508 square metres of commercial area, which contributed turnover of approximately HK$14.6 million, a significant increase by comparing with the turnover of approximately HK$3.66 million which generated from the sales of approximately 1,070 square metres of warehousing area in the same period last year. As at 30 June 2010, there were only approximately 492 square metres of commercial and warehousing area in aggregate and 8 parking spaces remained unsold for the project.

2. Property Investment

Land Resources Exploitation

Leveraging on the support from CCHG, the Group has started its land resource exploitation business for the past few years.

(1) Luoyang of Henan Province

The Group held a parcel of land located in Luoyang, Henan Province, the PRC, together with the warehouse complex erected thereon, with a site area of approximately 74,452 square metres in 2007 through acquisition of 洛陽城南中儲物流有限公司(unofficial English translation as Luoyang Southern City CMST Logistic Limited) ("**Luoyang Logistic**")from CCHG. This parcel of land has been zoned into commercial development area and its potential value has been improved significantly.

In August 2010, the Group entered into a purchase and sale agreement with an independent third party, pursuant to which the Group would dispose 100% equity interest in Luoyang Logistic and creditor's rights on a loan due by Luoyang Logistic at a consideration of RMB61.85 million. The disposal is expected to contribute a gain on disposal of approximately RMB28 million to the Group. The Group had an intention to change the use of land it held from industrial purpose to commercial purpose, so as to develop such land or realize its value at appropriate time, subject to investment returns, future market conditions as well as relevant regulations. The disposal has provided successful experience for a profiting mode of the Group's land resource exploitation business.

(2) Changzhou of Jiangsu Province, Shenyang of Liaoning Province and Guilin of Guangxi Province

In November 2009, the Group held three parcels of land located in Changzhou of Jiangsu Province, Shenyang of Liaoning Province and Guilin of Guangxi Province, together with the buildings thereon, with site area of approximately 84,742 square metres, 247,759 square metres and 55,412 square metres respectively, through acquisition of 100% equity interest in 誠通實業投資有限公司(unofficial translation as Chengtong Industrial Investment Limited) from a subsidiary of CCHG.

The Group is to hold the above three parcels of land with low operational cost and mainly by leasing out. In order to increase the rental income, the Group may consider to construct new warehouses, subject to the demand for local logistics, industrial premises and headquarter base. The Group has an intention to develop such plots of land or realise their values at the time when infrastructure and operating environment becomes mature. Given the convenient accessibility of the three parcels of land above, the actual situation in adjacent areas and city development, the Group believes that such lands have huge potential for development and investment in the long term.

IV. OUTLOOK

In the first half of 2010, the PRC government implemented a series of macro control policies over real estate market to curb the overheated price rise and speculations on properties, aiming to maintain a stable and healthy development of the industry. The State-owned Assets Supervision and Administration Commission of the State Council also adopted measures to control investment scale of enterprises under direct administration of central government in the real estate industry. Under such circumstance, as the Group's property development projects are located in the third or fourth tier cities, where the rapid urbanization has put their real estate market on the track of healthy growth, the above policies have limited impacts on the Group. Through the disposals of assets and realization of investments, the Group has accumulated abundant cash. The Group will further seek investment opportunities in land resources exploitation and strategic investment, including the possibility of seeking land resources and investment projects from CCHG and other enterprises under direct administration of the central government.

The Board has full confidence in the Group's profitability and development prospects in the year and future.

GEARING RATIO

As at 30 June 2010, the Group's gearing ratio calculated on the basis of amounts due to non-controlling shareholders of subsidiaries, loans from a non-controlling shareholder of subsidiaries, bank loan and other loans of approximately HK$46.2 million and total assets of approximately HK$1,528.1 million was 3% (31 December 2009: 4%).

LIQUIDITY AND CAPITAL RESOURCES

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

At 30 June 2010, the Group had cash and bank balances amounting to approximately HK$654.41 million (31 December 2009: approximately HK$621.85 million), and current assets and current liabilities of approximately HK$1,262.17 million and HK$97.64 million respectively (31 December 2009: approximately HK$1,341.19 million and HK$159.68 million respectively). Out of the cash and bank balances of approximately HK$654.41 million at 30 June 2010, 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 2010, the Group's bank borrowings amounted to approximately HK$45.6 million which was secured and repayable within one year with interest at commercial rate. The other loan from a third party 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 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 receipts in Renminbi to fund the operation.

HUMAN RESOURCES AND EMOLUMENT POLICY

At 30 June 2010, the Group employed a total of 70 employees, of which 11 were based in Hong Kong and 59 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 of the Company are decided by 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 the shares of the Company.

PLEDGE OF ASSET

At 30 June 2010 and 31 December 2009, the bank loan was secured by the land use right of a property held for development amounting to approximately HK$101 million.

COMMITMENT

In October 2008, the Group has entered into a sale and purchase agreement to acquire 100% interest in 連雲港中儲物流有限公司 at a consideration of approximately RMB181,000,000 (subject to adjustment) from China Chengtong Hong Kong Company Limited ("**CCHK**"). On 30 April 2010, the Group agreed with CCHK that the long stop date has been extended from 30 April 2010 to 29 October 2010. The transaction is still subject to approval by relevant government authority and has not yet completed up to the date of this announcement. Details of the acquisition are set out in the Company's circular to the shareholders dated 29 November 2008.

OTHERS

At 31 December 2009, the court restricted the rights to transfer the Group's certain properties held for sale and equity interest in a subsidiary. The restrictions have been released as at the date of this announcement.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2010, neither the Company nor any of its subsidiaries 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 of the Company (the "**Model Code**"). Having made specific enquiry to each of 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 2010.

The Company had also set written guidelines on terms no less exacting than the Model Code ("**Guidelines**") for securities transactions by employees who are likely to be in possession of unpublished price sensitive information of the Company due to their responsibilities and duties. No incident of non-compliance of the written Guidelines by relevant employees was noted by the Board during the period under review.

CORPORATE GOVERNANCE

The Board of Directors appreciates that good corporate governance is vital to the healthy and sustainable development of the Group. The directors consider that the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2010, save as disclosed below:

Code Provision E.1.2

Under the code provision E.1.2, the Chairman of the Board shall attend the annual general meeting of the Company. Due to the busy business commitment, Mr. Zhang Guotong, the Chairman of the Board was unable to attend the 2010 annual general meeting of the Company, and he authorized Mr. Wang Hongxin, the Managing Director of the Company, to preside over the annual general meeting on his behalf.

REVIEW OF ACCOUNTS

The Board is of the view that disclosure of financial information in this announcement complies with Appendix 16 of the Listing Rules. The Audit Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2010 in conjuncton with auditor of the Company.

PUBLICATION OF INTERIM RESULTS 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 http://www.irasia.com/listco/hk/chengtong. The 2010 interim report will be available on both websites and dispatched to shareholders in due course.

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

Hong Kong, 31 August 2010

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