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 2016

FINANCIAL HIGHLIGHTS

- Turnover for the six months ended 30 June 2016 amounted to approximately HK$288.52 million, representing an increase of approximately 11% as compared with that for the same period last year.
- Profit before tax amounted to HK$45.35 million, representing a decrease of approximately 38% as compared with that for the same period last year.
- Consolidated gross profit margin for core business was approximately 23%, representing an increase of approximately 1% as compared with that for the same period last year.
- Earnings per share was approximately HK0.55 cent, representing a decrease of approximately HK0.40 cent as compared with that for the same period last year.
- As at 30 June 2016, the cash (including structured bank deposits, pledged bank deposits, deposits in other financial institutions, bank balances and cash) held by the Group amounted to approximately HK$1,115.05 million.
- As at 30 June 2016, the debt to equity ratio (expressed as interest-bearing corporate bonds divided by total equity) was approximately 24%, which remained the same as that as at 31 December 2015.
- The Board has resolved not to declare any interim dividends.

The board ("**Board**") of directors ("**Directors**") of China Chengtong Development Group Limited ("**Company**") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "**Group**") for the six months ended 30 June 2016 together with the comparative figures for the six months ended 30 June 2015.

CONDENSED CONSOLIDATED INCOME STATEMENT
For the six months ended 30 June 2016

		Unaudited Six months ended 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Turnover	3	**288,522**	259,637
Cost of sales		**(221,913)**	(201,670)
Gross profit		**66,609**	57,967
Other income	4	**46,363**	105,127
Selling expenses		**(6,424)**	(7,337)
Administrative expenses		**(44,301)**	(60,659)
Fair value gain on investment properties		**345**	–
Fair value gain on held-for-trading securities		**121**	116
Finance costs	5	**(17,361)**	(21,727)
Profit before income tax	7	**45,352**	73,487
Income tax expense	6	**(14,819)**	(27,511)
Profit for the period		**30,533**	45,976
Profit for the period attributable to:			
Owners of the Company		**31,968**	46,704
Non-controlling interests		**(1,435)**	(728)
		30,533	45,976
Earnings per share for profit attributable to owners of the Company during the period	9	**HK cent**	HK cent
Basic and diluted		**0.55**	0.95

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2016

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Profit for the period	**30,533**	45,976
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising from translation of financial statements of foreign operations	**(45,115)**	5,882
Change in fair value of available-for-sale financial assets	**7,857**	–
Total comprehensive income for the period	**(6,725)**	51,858
Total comprehensive income attributable to:		
Owners of the Company	**(2,891)**	52,212
Non-controlling interests	**(3,834)**	(354)
	(6,725)	51,858

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2016

	Notes	Unaudited At 30 June 2016 HK$'000	Audited At 31 December 2015 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**170,219**	179,059
Prepaid land lease payments		**200,346**	206,579
Investment properties		**61,495**	58,468
Deposits paid		**38,680**	39,341
Loans receivable	10	**314,518**	261,493
		785,258	744,940
Current assets			
Properties held for sale		**205,774**	242,917
Properties under development		**191,767**	169,581
Properties held for development		**288,791**	293,728
Inventories		**61,083**	22,922
Trade and other receivables	11	**67,061**	73,492
Loans receivable	10	**253,440**	162,969
Amount due from a non-controlling shareholder of a subsidiary		**21,766**	21,641
Loans to a related party		**36,853**	38,888
Prepaid land lease payments		**5,323**	5,414
Entrusted loan receivables		**–**	59,140
Available-for-sale financial assets	12	**560,187**	410,136
Held-for-trading securities		**1,355**	1,234
Short-term investments	13	**210,600**	16,660
Structured bank deposits		**–**	167,790
Pledged bank deposits		**1,712**	1,737
Deposits in other financial institution		**283,043**	355,650
Bank balances and cash		**830,291**	1,048,218
		3,019,046	3,092,117
Current liabilities			
Trade and other payables	14	**100,623**	107,333
Deposits received on sale of properties		**46,247**	53,294
Taxation payable		**325**	2,218
Unsecured other loans		**600**	600
Corporate bonds	15	**689,858**	–
		837,653	163,445
Net current assets		**2,181,393**	2,928,672
Total assets less current liabilities		**2,966,651**	3,673,612

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at 30 June 2016

	Notes	Unaudited At 30 June 2016 HK$'000	Audited At 31 December 2015 HK$'000
Non-current liabilities			
Deferred tax liabilities		**73,624**	74,608
Corporate bonds	15	**–**	694,757
		73,624	769,365
Net assets		**2,893,027**	2,904,247
EQUITY			
Equity attributable to owners of the Company			
Share capital	16	**2,185,876**	2,185,876
Reserves		**567,606**	574,992
		2,753,482	2,760,868
Non-controlling interests		**139,545**	143,379
Total equity		**2,893,027**	2,904,247

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six months ended 30 June 2016

1 CORPORATE INFORMATION AND 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 trading of coal, property development, property investment, finance 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 "**HKEX**"). As at 30 June 2016, the immediate holding company is World Gain Holdings Limited, which is incorporated in the British Virgin Islands 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 ("**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 HKEX (the "**Listing Rules**") and the 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 2015.

The financial information relating to the year ended 31 December 2015 that is included in the condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436, Chapter 622 of the laws of Hong Kong (the "**Companies Ordinance**") is as follows:

The Company has delivered the financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's independent auditor has reported on those financial statements. The independent auditor's report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

2 ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

2.1 Adoption of amended HKFRSs

From 1 January 2016, 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 2016:

Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 27	Equity Method in Separate Financial Statements
HKFRS 14	Regulatory Deferral Accounts
HKFRSs (Amendments)	Annual Improvements 2012–2014 Cycle
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception

The adoption of these amendments has no material impact on the Group’s financial statements.

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.

HKFRS 9 (2014)	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[1]
HKFRS 16	Lease[2]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for annual periods beginning on or after 1 January 2019
[3] No mandatory effective date yet determined but is available for adoption

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

2.2 New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("**FVTOCI**") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit or loss ("**FVTPL**").

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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

2.2 New/revised HKFRSs that have been issued but are not yet effective *(Continued)*

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group is in the process of making an assessment of the potential impact of these pronouncements in the period of initial application and the directors anticipate that more disclosures would be made but are not yet in a position to state whether they would have material financial impact on the Group's financial statements.

HKFRS 16 – Lease

HKFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. For lessee accounting, the standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. For lessor accounting, the standard substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its lease as operating leases or finance leases, and to account for these two types of leases differently.

The directors of the Company anticipate that the application of HKFRS 16 in the future may have a certain impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of effect of HKFRS 16 until the Group performs a detailed review.

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 for the six months ended 30 June 2016 as follows:

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

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

(3) Finance leasing – providing finance leasing service including arranging sales and lease back transaction;

(4) Trading of coal – trading of coal; and

(5) Hotel and marine travelling services – providing hotel and marine travelling services.

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 2016					
	Property investment *HK$'000*	**Property development** *HK$'000*	**Finance leasing** *HK$'000*	**Trading of coal** *HK$'000*	**Hotel and marine travelling services** *HK$'000*	**Total** *HK$'000*
Turnover						
Segment revenue – external sales and income	**1,070**	**47,141**	**31,035**	**181,604**	**27,672**	**288,522**
Results						
Segment results *(note (a))*	**976**	**9,942**	**29,507**	**(25)**	**6,044**	**46,444**
Fair value gain on held-for-trading securities						**121**
Fair value gain on investment properties *(note (b))*						**345**
Interest income from entrusted loan receivables						**2,495**
Unallocated finance costs						**(17,361)**
Unallocated corporate expenses						**(27,281)**
Unallocated other income						**40,589**
Profit before income tax						**45,352**

3 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Notes:

	Property investment *HK$'000*	Property development *HK$'000*	Finance leasing *HK$'000*	Trading of coal *HK$'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 deposits, short-term investments and available-for-sale financial assets	–	79	1,523	153	245	27,143	29,143
Depreciation	–	(71)	(56)	–	(4,427)	(2,032)	(6,586)
Finance costs	–	–	–	–	–	(17,361)	(17,361)
(b) Amounts regularly provided to the chief operating decision maker for the analysis of the segment's performance							
Fair value gain on investment properties	345	–	–	–	–	–	345

3 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

	Unaudited For the six months ended 30 June 2015						
	Property investment	**Property development**	**Finance leasing**	**Trading of coal**	**Bulk commodity trade**	**Hotel and marine travelling services**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Turnover							
Segment revenue – external sales and income	946	51,515	14,384	157,859	–	34,933	259,637
Results							
Segment results *(note (a))*	697	10,023	11,180	1,736	52,930	5,456	82,022
Fair value gain on held-for-trading securities							116
Interest income from entrusted loan receivables							6,060
Unallocated finance costs							(20,729)
Unallocated corporate expenses							(11,495)
Unallocated other income							17,513
Profit before income tax							73,487

3 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Notes:

	Property investment HK$'000	Property development HK$'000	Finance 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 deposits, short-term investments and available-for-sale financial assets	–	123	268	40	45,594	398	1,050	47,473
Depreciation	–	(82)	(48)	(1)	(1,835)	(5,907)	(150)	(8,023)
Finance costs	–	–	–	–	(998)	–	(20,729)	(21,727)
Reversal of impairment of prepayment	–	–	–	–	17,167	–	–	17,167

The following is the details of unallocated other income and unallocated corporate expenses:

	Unaudited Six months ended 30 June 2016 HK$'000	2015 HK$'000
Unallocated other income mainly comprised:		
Interest income from deposits, short-term investments and available-for-sale financial assets	**27,143**	1,050
Interest income from a related party	**1,783**	3,549
Reversal of other payables	**–**	5,055
Others	**11,663**	7,859
Total unallocated other income	**40,589**	17,513
Unallocated corporate expenses mainly comprised expenses which are not directly attributable to the business activities of any operating segment:		
Staff costs of the Group's headquarter	**14,610**	6,749
Depreciation	**2,032**	150
Amortisation	**1,759**	–
Others	**8,880**	4,596
Total unallocated corporate expenses	**27,281**	11,495

3 TURNOVER AND SEGMENT INFORMATION *(Continued)*

Segment revenue and results *(Continued)*

Segment results do not include income tax expense, while segment liabilities include the current and deferred taxation except for those recognised by the head office and the inactive subsidiaries.

Segment assets

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

	Unaudited At 30 June 2016 *HK$'000*	Audited At 31 December 2015 *HK$'000*
Segment assets		
Property investment	**61,495**	58,468
Property development	**745,883**	761,279
Finance leasing	**658,201**	646,170
Trading of coal	**111,922**	105,538
Hotel and marine travelling services	**212,587**	234,341
Total segment assets	**1,790,088**	1,805,796
Unallocated		
– Held-for-trading securities	**1,355**	1,234
– Prepaid land lease payments	**158,838**	163,313
– Entrusted loan receivables	**–**	59,140
– Available-for-sale financial assets	**542,637**	410,136
– Short-term investments	**210,600**	–
– Structured bank deposits	**–**	13,090
– Deposits in other financial institution	**245,259**	355,650
– Bank balances and cash	**726,421**	896,501
– Other unallocated assets	**129,106**	132,197
Total assets	**3,804,304**	3,837,057

4 OTHER INCOME

	Unaudited Six months ended 30 June 2016 HK$'000	2015 HK$'000
Interest income from:		
– deposits, short-term investments and available-for-sale financial assets	**29,143**	47,473
– entrusted loan receivables	**2,495**	6,060
– consideration receivable from disposal of a subsidiary	**–**	4,317
– a non-controlling shareholder of a subsidiary	**497**	649
– a related party	**1,783**	3,549
	33,918	62,048
Reversal of impairment of prepayment	**–**	17,167
Reversal of other payables *(note)*	**–**	5,055
Compensation income	**–**	6,887
Exchange gain, net	**11,298**	13,572
Others	**1,147**	398
	46,363	105,127

Note:

The disposal of Chengtong Development International Trading Limited ("**CDIT**") and 杭州瑞能金屬材料有限公司 ("**杭州瑞能**") was completed on 22 December 2014 and 19 December 2014 respectively. The profit or loss of CDIT and 杭州瑞能 during the period from the valuation date (being 31 May 2014) up to the date of completion (the "**post agreement date**") should be borne by the Group. As at 31 December 2014 and up to the date that the board of directors approved the Group's annual financial statements for the year ended 31 December 2014 for issue, the Group had not signed any supplemental agreement with the buyer yet. As at 31 December 2014, the Group accrued the amount of approximately HK$31,746,000 for the amounts to the buyer regarding the post agreement date results borne by the Group based on the directors' best estimation.

On 30 April 2015, the Group entered into a supplemental agreement with the buyer of CDIT and 杭州瑞能 and confirmed that the post agreement date loss in the aggregate amount of approximately HK$26,691,000 from CDIT and 杭州瑞能 would be borne by the Group. Since the supplemental agreement was signed during the six months ended 30 June 2015, reversal of payable to the buyer regarding the post agreement date results borne by the Group of approximately HK$5,055,000 was credited to other income. Details of the supplemental agreement were set out in the Company's announcement dated 30 April 2015.

5 FINANCE COSTS

	Unaudited Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Interest on corporate bonds	**21,130**	21,903
Interest on bank and other borrowings wholly repayable within five years	**–**	290
Interest on discounted bills with recourse	**–**	708
	21,130	22,901
Less: Amounts capitalised on properties under development	**(3,769)**	(1,174)
	17,361	21,727

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	
	2016	2015
	HK$'000	*HK$'000*
The income tax expense comprises:		
Current tax	**14,690**	19,279
Under-provision in prior years	**129**	8,232
Total income tax expense for the period	**14,819**	27,511

7 PROFIT BEFORE INCOME TAX

	Unaudited	
	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment (net of amount capitalised on properties under development)	**6,586**	8,023
Amortisation of prepaid land lease payments	**2,809**	1,114
Loss on disposal of property, plant and equipment	**–**	12,644
Expenses capitalised on properties under development:		
Depreciation	**56**	60
Finance costs	**3,769**	1,174
Staff costs	**702**	820

8 DIVIDENDS

The directors do not declare any interim dividend for the six months ended 30 June 2016 and 2015 and the Company did not recommend the payment of a dividend for the year ended 31 December 2015.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period of HK$31,968,000 (for the six months ended 30 June 2015: HK$46,704,000) attributable to the owners of the Company and on the weighted average number of 5,808,735,000 shares (for the six months ended 30 June 2015: 4,904,912,000 shares).

There was no potential dilutive ordinary share outstanding for both periods and therefore the dilutive earnings per share is the same as basic earnings per share.

10 LOANS RECEIVABLE

As at 30 June 2016, the Group entered into seven (31 December 2015: five) sale and leaseback agreements pursuant to which the customers (the "**lessees**") sold their equipment and facilities to the Group and leased back the equipment and facilities with the lease period ranged from 2.5 years to 3 years from the date of inception. In addition, the ownership of leased assets will be transferred to the lessees at a purchase option of RMB1 upon the settlement of the receivable and the interest accrued under the sale and leaseback arrangements. The lessees retain control of the equipment and facilities before and after entering into the sale and leaseback arrangements which do not therefore constitute a lease for accounting purposes. Rather, the arrangements have been accounted for as a secured loan in accordance with HKAS 39 Financial Instruments: Recognition and Measurement.

	Unaudited At 30 June 2016	Audited At 31 December 2015
Analysed for reporting purposes as:		
Current assets	**253,440**	162,969
Non-current assets	**314,518**	261,493
	567,958	424,462

As at 30 June 2016, effective interest rates ranged from approximately 7.99% to 10.87% (31 December 2015: 8.20% to 10.87%) per annum.

As at 30 June 2016 and 31 December 2015, no loans receivable have been past due or impaired. The loans receivable under the sale and leaseback arrangements are secured by the leased equipment and facilities and the Group has obtained guarantees provided by the controlling shareholders of the lessees and independent third parties. The Group is not permitted to sell or re-pledge the collateral in absence of default by the lessees. The lessees are obliged to settle the amounts according to the terms set out in the relevant contracts.

As at 30 June 2016 and 31 December 2015, the fair value of loans receivable approximates to its carrying amount.

11 TRADE AND OTHER RECEIVABLES

	Unaudited At 30 June 2016 *HK$'000*	Audited At 31 December 2015 *HK$'000*
Trade receivables *(note (a))*	**27,816**	48,979
Prepayments and deposits	**18,002**	10,017
Other receivables	**21,243**	14,496
	67,061	73,492

Note:

(a) As at 30 June 2016 and 31 December 2015, trade receivables mainly arose from sales of coal. There is 0 to 45 days credit period granted to certain customers of coal trading business for both 30 June 2016 and 31 December 2015.

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

	Unaudited At 30 June 2016 *HK$'000*	Audited At 31 December 2015 *HK$'000*
Within three months	**27,816**	48,979

12 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Unaudited At 30 June 2016 *HK$'000*	Audited At 31 December 2015 *HK$'000*
Listed securities, at fair value:		
– Term note with interest of 8.125% (31 December 2015: 8.125%) per annum, dual-listed in Singapore and Ireland	**239,493**	231,636
Unlisted investments, at cost		
– Investment with interest ranging from 4% to 9.6% (31 December 2015: 8.3% to 9.6%) per annum	**320,694**	178,500
	560,187	410,136

Within the available-for-sale financial assets, the listed securities with balance of HK$239,493,000 (31 December 2015: HK$267,336,000) was subject to maturity over 1 year. Unlisted investments amounted to HK$320,694,000 (31 December 2015: HK$142,800,000) were subject to maturity within 1 year and do not have quoted market prices in an active market that those fair value cannot be reliably measured. Therefore such available-for-sale financial assets are measured at cost less identified impairment losses (if any) at the end of the reporting period.

None of the available-for-sale financial assets is either past due or impaired as at 30 June 2016 and 31 December 2015.

13 SHORT-TERM INVESTMENTS

As at 30 June 2016 and 31 December 2015, the Group purchased short-term investments from major banks in the PRC.

As at 30 June 2016, the Group can redeem the investments with the banks at anytime with immediate effect except for the investments with balances of HK$58,500,000 which were subject to maturity of 180 days (31 December 2015: HK$16,660,000 was subject to maturity of 1 month). The estimated return from these short-term investments ranged from 3.0% to 4.05% (31 December 2015: 3.6%) 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 approximates their fair value at end of the reporting period.

14 TRADE AND OTHER PAYABLES

	Unaudited At 30 June 2016 *HK$'000*	Audited At 31 December 2015 *HK$'000*
Trade payables *(note (a))*	**24,445**	13,669
Other payables and accruals *(note (b))*	**50,320**	49,450
Accrual of construction costs	**25,858**	44,214
	100,623	107,333

Notes:

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

	Unaudited At 30 June 2016 *HK$'000*	Audited At 31 December 2015 *HK$'000*
Within 1 year	**20,586**	9,232
Over 1 year but less than 2 years	**3,207**	4,088
Over 2 years but less than 3 years	**652**	349
	24,445	13,669

(b) As at 30 June 2016, included in other payables and accruals, an amount of HK$4,129,000 (31 December 2015: HK$3,371,000) was due to 中國寰島(集團)公司, a wholly-owned subsidiary of CCHG. The balance was unsecured, interest-free and repayable on demand.

15 CORPORATE BONDS

	Unaudited At 30 June 2016 *HK$'000*	Audited At 31 December 2015 *HK$'000*
Corporate bonds	**689,858**	694,757

The corporate bonds are fixed rate bonds issued by the Company (the "**Bonds**") on 9 May 2014 with a principal amount of RMB600,000,000 and a fixed interest at 4.0% per annum.

The Bonds will mature on 9 May 2017 and are guaranteed by an irrevocable standby letter of credit denominated in RMB issued by Agricultural Bank of China Limited, Beijing Branch. The Bonds are subject to redemption, in whole but not in part, at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting taxes of Hong Kong or the PRC. At any time following the occurrence of a change of control, the holder of any Bonds will have the right, at such holder's option, to require the Company to redeem all, but not some, of that holder's Bonds at their principal amount plus accrued interest to the change of control put date. Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their principal amount on the maturity date.

Net proceeds from the issue of the Bonds was reduced by transaction costs amounted to approximately RMB34,248,000. The effective interest rate of the Bonds is approximately 6.11% per annum.

16 SHARE CAPITAL

	Unaudited At 30 June 2016		Audited At 31 December 2015	
	Number of shares	**Share capital**	Number of shares	Share capital
	'000	***HK$'000***	*'000*	*HK$'000*
Issued and fully paid				
At 1 January (audited)	**5,808,735**	**2,185,876**	4,840,735	1,224,214
Subscription of shares during the period *(note)*	**–**	**–**	968,000	977,680
Share issuance expenses	**–**	**–**	–	(16,018)
At period (unaudited)/year ended (audited)	**5,808,735**	**2,185,876**	5,808,735	2,185,876

Note:

On 13 June 2015, (1) the Company, the Company's immediate holding company and the placing agent entered into a placing agreement pursuant to which the immediate holding company of the Company appointed the placing agent to procure placees for a maximum of 968,000,000 existing shares at the placing price of HK$1.01 per placing share; and (2) the Company and the Company's immediate holding company entered into a subscription agreement pursuant to which the immediate holding company of the Company conditionally agreed to subscribe for a maximum of 968,000,000 new shares at the subscription price of HK$1.01 per subscription share. The placing of shares was completed on 17 June 2015 and the subscription of shares was completed on 19 June 2015. A total of 968,000,000 existing shares have been placed at the placing price of HK$1.01 per share and a total of 968,000,000 new shares were subscribed by the immediate holding company of the Company at HK$1.01 per subscription share. Net cash proceeds of HK$961,662,000 have been received by the Company.

17 COMMITMENTS

Capital commitments

	Unaudited At 30 June 2016	Audited At 31 December 2015
	HK$'000	*HK$'000*
Contracted but not provided for		
Purchase of property, plant and equipment	**5,546**	5,912

18 GUARANTEE

(a) As at 30 June 2016, the Group had contingent liabilities in relation to guarantees of approximately HK$159,934,000 (At 31 December 2015: HK$157,478,000) 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.

(b) On 29 March 2016, the Group entered into a guarantee agreement with China Chengtong Coal Investment Limited ("**Chengtong Coal**"), a subsidiary of the ultimate holding company of the Company, pursuant to which the Group has provided a guarantee by pledging its buildings with net book value of HK$54,711,000 as at 30 June 2016 and issuing a guarantee letter to Supreme People's Court of Guangxi Zhuang Autonomous Region to extent of approximately RMB53,540,000 (approximately HK$63,713,000) for a period of three years (or such shorter period as may be approved by the court). The guarantee was for the purpose of supporting a property preservation order on certain subject assets under a litigation between Chengtong Coal and its debtors.

On 29 March 2016, the Group also entered into an indemnity deed with China Chengtong Hong Kong Company Limited ("**CCHK**") pursuant to which CCHK agreed to indemnify the Group in full for its liabilities and loss, if any, which may arise from the above guarantee provided by the Group.

Details in relation to the guarantee agreement and the indemnity deed are set out in the Company's announcement dated 29 March 2016.

In the opinion of the directors, the financial impact arising from providing the above financial guarantee is insignificant and accordingly, they are not accounted for in the interim financial information.

MANAGEMENT DISCUSSION AND ANALYSIS

I. RESULTS AND DIVIDEND

For the six months ended 30 June 2016, the Group had four core businesses and concentrated within the territory of the PRC, including hotel and marine travelling services, property development and property investment, finance leasing and trading of coal. Despite the on-going downturn in the coal market in general leading to insignificant loss incurred in the trading of coal business; the impact of bad weather and keen competition in the industry leading to a decrease in turnover from the hotel and marine travelling services business; and the policy of "reduction in inventory" in the property development business leading to a decrease in average unit selling price for residential apartments as compared with that for the same period last year, the Group had expanded its finance leasing business, resulting in a profit during the period.

During the period under review, the Group recorded a turnover of approximately HK$288.52 million (same period of last year: approximately HK$259.64 million), representing an increase of approximately HK$28.88 million or approximately 11% as compared with that for the same period last year. The increase in the turnover was mainly due to the additional efforts devoted to the expansion of the finance leasing business of the Group which led to an increase of approximately HK$16.65 million in the turnover from the finance leasing business, and the continuous rebound of the demand for coal resulted from the national policies such as "elimination of excess production capacity" and "reduction of inventory" in the first half of the year which led to an increase of approximately HK$23.75 million in the turnover from the coal trading business of the Group as compared with that for the same period last year.

During the period under review, profit before tax of the Group amounted to approximately HK$45.35 million (same period of last year: approximately HK$73.49 million), representing a decrease of approximately HK$28.14 million or approximately 38% as compared with that for the same period last year. This is mainly attributable to several one-off items of other income and expenses with a net income amount of approximately HK$36.42 million recorded in the same period last year, including (i) a prepayment in the amount of approximately HK$17.17 million that had been impaired in previous years was reversed; (ii) reversal of other payables amounting to approximately HK$5.06 million of CDIT and 杭州瑞能, which were the subsidiaries disposed by the Group in the previous year; (iii) interest income of approximately HK$4.32 million from the consideration receivable from disposal of a subsidiary, Chengtong Coal, in the previous year; (iv) interest income of approximately HK$15.64 million generated from the financing arrangements for the bulk commodity trade business as recorded in the same period of last year; and (v) the loss of approximately HK$5.77 million on disposal of a marine platform destroyed by typhoon in the same period of last year, net of the insurance compensation, was recorded in the expenses in the same period of last year. None of the above one-off items of other income and expenses were recorded during the period under review and hence resulting in a decrease in the profit before tax. The profit after tax of the Group amounted to approximately HK$30.53 million (same period of last year: approximately HK$45.98 million), representing a decrease of approximately HK$15.45 million or approximately 34% as compared with that for the same period last year.

The Board does not recommend the declaration of an interim dividend for the six months ended 30 June 2016 (same period of last year: nil).

II. BUSINESS REVIEW

Segment revenue and results

During the period under review, the Group was principally engaged in hotel and marine travelling services, property development and property investment, finance leasing and trading of coal.

(1) Hotel and Marine Travelling Services

The Group was principally engaged in (i) marine travelling business; (ii) hotel business, in Yalong Bay Tourism Development Zone, Jiyang Town, Sanya City, Hainan Province, the PRC and (iii) travelling agency business in Hainan Province, the PRC.

(i) Marine Travelling Business

During the period under review, the turnover from the marine travelling business amounted to approximately HK$24.19 million (same period of last year: approximately HK$28.61 million), representing a decrease of approximately HK$4.42 million or approximately 15% as compared with that for the same period last year, as was mainly impacted by factors such as the reduced number of business days due to bad weather, enhanced efforts of the government in the travelling environmental governance and the increasingly fierce market competition. The profit margin was approximately 69%, representing a decrease of approximately 2% as compared with that for the same period last year. Operating profit before tax amounted to approximately HK$9.25 million (same period of last year: approximately HK$10.58 million), representing a decrease of approximately HK$1.33 million or approximately 13% as compared with that for the same period last year. Such decrease was mainly due to the decrease of approximately 15% in the turnover as compared with that for the same period last year. However, due to the loss of approximately HK$5.77 million on disposal of a marine platform destroyed by typhoon in the same period of last year, net of the insurance compensation, which was recorded as expenses in the same period of last year, the profit before tax for the same period last year decreased to approximately HK$4.81 million. Accordingly, the profit before tax during the period under review of approximately HK$9.25 million represented a significant increase of approximately HK$4.44 million or approximately 92% as compared with that for the same period last year.

(ii) Hotel Business

During the period under review, the turnover from the hotel business amounted to approximately HK$3.44 million (same period of last year: approximately HK$6.32 million), representing a significant decrease of approximately HK$2.88 million or approximately 46% as compared with that for the same period last year. The main reasons included: (i) the decrease in the number of guests due to the ageing of hotel equipment and facilities with an average occupancy rate of only 38% during the period under review, representing a decrease of 17% as compared with the average occupancy rate of 55% in the same period of last year; (ii) a decrease of approximately 9% in the average price of hotel rooms during the period arising from the fierce peer competition; and (iii) the decrease in the rental income due to the termination of the leases for all the stores along the sea by the Group in February this year as a result of the large-scale removal of all operation projects within 200 meters of the seashore, as part of the enhanced efforts in travelling environmental governance by the government since last year. The profit margin was approximately 82%, representing a decrease of approximately 6% as compared with that for the same period last year as a result of the decrease of approximately 46% in the turnover as compared with that for the same period last year. As a result of the significant decrease in the turnover, the loss before tax of approximately HK$2.91 million was recorded, whilst the profit before tax for the same period last year amounted to approximately HK$650,000.

(iii) Travelling Agency Business

Currently, the travelling agency business mainly involves online sales services for travel products for Hainan via the operations of 椰殼旅行網 (unofficial English translation being Yeke Trip website) and 椰殼微商城 (unofficial English translation being Yeke Micro Mart). Since Yeke Trip Website and Yeke Micro Mart were launched in December last year and February this year respectively and they are still in the stage of market exploration, the turnover for the period amounted to approximately HK$40,000, with a gross profit of approximately HK$10,000 and a loss before tax of approximately HK$290,000. The business has not commenced in the same period last year.

The total segment turnover of the Group from the three businesses above amounted to approximately HK$27.67 million (same period of last year: approximately HK$34.93 million) and the segment profit before tax amounted to approximately HK$6.04 million (same period of last year: approximately HK$5.46 million), representing a decrease of approximately 21% and an increase of approximately 11% as compared with those for the same period last year, respectively.

(2) Property Development and Property Investment

Property Development

During the period under review, the turnover and profit before tax from the property development segment amounted to approximately HK$47.14 million (same period of last year: approximately HK$51.52 million) and approximately HK$9.94 million (same period of last year: approximately HK$10.02 million) respectively, representing a decrease of only approximately 9% and 1% respectively as compared with those for the same period last year.

The sales income from property development of the Group was from CCT-Champs-Elysees project in Weifang of Shandong Province as follows:

(i) Zhucheng of Shandong Province – CCT-Champs-Elysees

The CCT-Champs-Elysees project which is wholly-owned by the Group is situated as part of a parcel of land located at the northern side of Eastern Section of Mizhou West Road No. 1, Zhucheng City, Shandong Province, the PRC (Lot No. 01213003). Such project had a total site area of approximately 146,006 square metres and was developed in three phases. The project was situated in a typical fourth-tier city where there were over-supply and saturated demand in the real estate market. During the period under review, residential apartments of approximately 7,775 square metres, commercial space of 0 square metres and underground ancillary apartments of approximately 310 square metres (same period of last year: residential apartments of approximately 8,277 square metres, commercial space of approximately 384 square metres and underground ancillary apartments of approximately 279 square metres respectively) and 18 underground parking spaces and 18 ground parking spaces (same period of last year: 1 underground parking spaces) of phase I and phase II of the project were sold and delivered. The average unit selling price per square metre for residential apartments of the project is approximately HK$5,754 (same period of last year: approximately HK$5,768), representing a decrease of approximately 0.2% as compared to the average unit selling price of residential apartments for the same period last year. During the period under review, this project recorded a sales income of approximately HK$47.14 million (same period of last year: approximately HK$51.51 million), representing a decrease of approximately HK$4.37 million or approximately 8% as compared with that for the same period last year, and a profit before tax of approximately HK$10.80 million (same period of last year: approximately HK$11.24 million), representing a decrease of approximately HK$440,000 or approximately 4% as compared with that for the same period last year.

As at 30 June 2016, the unsold or sold-but-not-delivered area of phase I and phase II of CCT-Champs-Elysees project included residential apartments of approximately 29,683 square metres (as at 31 December 2015: approximately 37,458 square metres) and commercial spaces of approximately 1,652 square metres (as at 31 December 2015: approximately 1,652 square metres) (excluding the leased area of approximately 4,849 square metres (as at 31 December 2015: approximately 4,849 square metres)).

Construction works of phase III of CCT-Champs-Elysees project have started and are expected to be completed and delivered during the period from 2017 to 2020.

(ii) Dafeng of Jiangsu Province – Chengtong International City

The initial development area of "Chengtong International City" which is located at North Portion of Lot No. 2, Port Serviced Area, Dafeng Ocean Economic Development Area, Dafeng City, Jiangsu Province, the PRC, 66.67% equity interests of which were held by the Group and with a total site area of approximately 118,974 square metres, was developed in two sections. During the period under review, as no sales revenue was recorded for this project, loss before tax of approximately HK$0.86 million (same period of last year: approximately HK$1.22 million) was recorded, representing a decrease of approximately HK$0.36 million as compared with that for the same period last year.

Property Investment

The rental income from property investment of the Group came from CCT-Champs-Elysees project in Zhucheng of Shandong Province as follows:

Zhucheng of Shandong Province – CCT-Champs-Elysees

As at 30 June 2016, the leased area was approximately 4,849 square metres, which was the same as compared with that for the same period last year. As six existing leases were renewed in the second half of last year and an average rental increment of approximately 20% was made for new leases, the rental income and profit before tax for the period amounted to approximately HK$1.07 million and HK$0.98 million respectively, representing an increase of approximately 13% and 40% respectively as compared with those for the same period last year. All leased properties were for commercial use.

Land Resources Development

The Group will continue to exit the property development business in certain third-tier and fourth-tier cities with lower profitability as opportunities arise. During the first half of 2016, the Group proposed to dispose of the following land resources:

Land in Dafeng of Jiangsu Province

誠通大豐海港開發有限公司 (unofficial English translation being Chengtong Dafeng Harbour Development Limited), a non-wholly owned subsidiary of the Company and 66.67% equity interests of which were held by the Company, held a parcel of industrial land situated in the south of Shugang Highway, Dafeng City, Jiangsu Province, the PRC and three parcels of residential and commercial land situated at lot number 1 to 3 in the Port Serviced Area, Ocean Economic Development Zone, Dafeng City, Jiangsu Province. On 3 July 2014, the Group entered into two resumption agreements with Dafeng Land Reserve Center and Management Committee of the Jiangsu Dafeng Harbour Economic Development Zone (the "**Dafeng Harbour Committee**") and two compensation agreements with the Dafeng Harbour Committee and 江蘇大豐海港控股集團有限公司 (unofficial

English translation being Jiangsu Dafeng Harbour Holdings Group Limited) in relation to the resumption of two plots of land in Dafeng of Jiangsu Province at the total compensation amount of RMB219.92 million (equivalent to approximately HK$257.31 million). Details of the resumption of land are set out in the Company's announcement dated 3 July 2014. However, the compensation amount has not been finalised and the resumption of land has not been completed as of 30 June 2016 and the date of this announcement.

(3) Finance Leasing

During the period under review, the income and profit before tax of the Group from the finance leasing business were approximately HK$31.03 million (same period of last year: approximately HK$14.38 million) and HK$29.51 million (same period of last year: approximately HK$11.18 million) respectively, representing a sharp increase of approximately HK$16.65 million and HK$18.33 million respectively as compared with those for the same period last year. The main reasons were: (i) two finance leasing transactions amounted to HK$234 million were completed during the period under review, resulting in the increase in the balance of loan receivables under the finance leasing as at 30 June 2016 to approximately HK$567.96 million, representing a significant increment of approximately HK$329.21 million or approximately 138% as compared with that of approximately HK$238.75 million for the same period last year. The amortised handling fees and interest of approximately HK$23.18 million were included in the profit and loss for the period, representing a significant increment of approximately HK$8.80 million or approximately 61% as compared with that of approximately HK$14.38 million for the same period last year; and (ii) two finance leasing project consultancy services were completed during the period under review which led to a one-off service income of approximately HK$7.86 million during the period.

(4) Trading of Coal

In the first half of 2016, resulted from the effectiveness of national policies such as "elimination of excess production capacity" and "reduction of inventory", the coal demand continuously rebounded, leading to an increase in the sales volume of and the turnover from the coal trading business of the Group. The sales volume of coal trading business was approximately 440,000 tons (same period of last year: approximately 300,000 tons) and the turnover from the coal trading business was approximately HK$181.60 million (same period of last year: approximately HK$157.86 million) during the period, representing an increase of approximately 140,000 tons and approximately HK$23.74 million respectively as compared with those for the same period last year. Although the coal prices continued rising during the period, the unit selling price was still lower than that of the same period last year. The unit selling price was approximately HK$417 per ton during the period (same period of last year: approximately HK$520 per ton), representing a decrease of approximately 20% as compared with that for the same period last year, and the profit margin decreased to approximately 0.8% during the period (same period of last year: approximately 2.2%), representing a decrease of 64% as compared with that for the same period last year. This in turn led to a loss before tax of approximately HK$25,000 (profit before tax for the same period last year: approximately HK$1.74 million), going from profit to loss.

Other income

During the period under review, other income mainly included interest income from deposits, short-term investments and available-for-sale financial assets of approximately HK$29.14 million (same period of last year: approximately HK$47.47 million), net exchange gains of approximately HK$11.30 million (same period of last year: approximately HK$13.57 million), and interest income from entrusted loan receivables of approximately HK$2.50 million (same period of last year: approximately HK$6.06 million). The Group utilized certain internal idle cash to invest in several available-for-sale domestic trust investment schemes with an aggregate principal amount of approximately HK$320.69 million with an annualized return of 4% to 9.6%. The investment will not affect the normal operation of the Group and will generate impressive returns. Other income amounted to approximately HK$46.36 million (same period of last year: approximately HK$105.13 million) in total, representing a decrease of approximately HK$58.77 million as compared with that for the same period last year, which was mainly attributable to several one-off items of other income of approximately HK$26.55 million in total recorded in the same period of last year, including (i) prepayment impaired in previous years of approximately HK$17.17 million was reversed; (ii) reversal of other payables amounting to approximately HK$5.06 million of CDIT and 杭州瑞能, which were the subsidiaries disposed by the Group in the previous year; and (iii) interest income of approximately HK$4.32 million from the consideration receivable from disposal of a subsidiary, Chengtong Coal in the previous year, whereas none of the above one-off items of other income were recorded in the period under review, resulting in a decrease in other income.

Selling and administrative expenses

During the period under review, the selling expenses amounted to approximately HK$6.42 million (same period of last year: approximately HK$7.34 million), representing a decrease of approximately HK$0.92 million as compared with that for the same period last year, which was mainly attributable to the decrease of approximately HK$1.11 million in the depreciation and equipment maintenance fees for the marine platform of the Group during the period as a result of the disposal thereof in the same period of last year.

Administrative expenses amounted to approximately HK$44.30 million (same period of last year: approximately HK$60.66 million), representing a decrease of approximately HK$16.36 million or approximately 27% as compared with that for the same period last year, which was mainly attributable to the fact that (i) a loss of approximately HK$12.66 million was incurred for the disposal of the marine platform destroyed by the typhoon in the same period of last year, whilst no such expense was recorded during the period under review, and (ii) bulk commodity trade was temporarily suspended during the period under review, leading to the significant decrease of approximately HK$3.90 million in bank charges on the financing for bulk commodity trade as compared with that for the same period last year.

Finance costs

During the period under review, finance costs only included interest expenses and amortisation costs in respect of the RMB-denominated bonds issued by the Company which amounted to approximately HK$21.13 million, whereas for the same period of last year, finance costs mainly included interest on discounted bill with recourse which amounted to approximately HK$0.71 million, interest on bank borrowings which amounted to approximately HK$0.29 million and interest expenses and amortisation costs in respect of the RMB-denominated bonds issued by the Company which amounted to approximately HK$21.91 million. Finance costs for the period amounted to approximately HK$17.36 million (same period of last year: approximately HK$21.73 million), representing a decrease of approximately HK$4.37 million as compared with that for the same period last year, which was mainly due to a drastic drop in interests on discounted bills and bank borrowings as compared with that for the same period last year as a result of the temporary suspension of the Group's bulk commodity trade business and the absence of bank loans during the period under review.

III. OUTLOOK

Currently, the Group is primarily engaged in hotel and marine travelling services, property development and property investment, finance leasing as well as trading of coal.

In terms of hotel and marine travelling services, 海南亞龍灣海底世界旅游有限公司 (unoffical English translation being Hainan Yalong Bay Underwater World Travel Co., Ltd.) will actively carry forward the enhancement of products for the marine travelling business by introducing entertainment activities including Adrenaline-inducing Speedboat Ride (動感快艇), Water Motorcycles (水上自行車) and Clear Bottom Boats (透明手划船). The application for the relevant administrative permission and qualification for Huandao Jiaolong, the transparent sightseeing submarine, is on-going and the cruise is expected to commence operation in the second half of the year. 海南寰島海底世界酒店有限公司 (unoffical English translation being Hainan Huandao Underwater World Hotel Co., Ltd.) will actively verify the business positioning and the feasibility of redevelopment of the hotel and it intends to improve the profit level of the hotel assets and the synergic effect with the marine business. Yeke Trip Website (www.yeketrip.com) and Yeke Micro Mart under 海南寰島國際旅行社有限公司 (unofficial English translation being Hainan Huandao International Travel Agency Co., Ltd.) have been officially launched in the first half of the year, and have been attempting to offer customised services to travellers for trips to Hainan. Looking forward, the Group will continue to make greater efforts in its marine travelling business and proactively identify new travelling resources in Hainan and other districts. It also intends to steadily expand the size of the travelling business, and constantly improve the profitability of the travelling business.

In terms of property development and property investment, the overall strategy of the Group will transform in a gradual manner, which will be integrated with the elderly healthcare investment business that is intended to be the key area for expansion. Considering the prospective outlook and market potential for the development of the elderly healthcare industry in China, the Group has conducted in-depth research and exploration of the elderly healthcare industry and intends to tap into this field by seizing the opportunities via mergers and acquisitions as they arise in order to deploy resources to the elderly healthcare industry in a swift fashion and benefit from the market opportunities brought about by the rapid industry development. The property resources of the Group which are suitable for the development of the elderly healthcare industry will be prioritized to be renovated for the development of the elderly healthcare industry.

In terms of finance leasing, the Group has been conducting in-depth research on key business areas including governmental infrastructure and public utilities and carrying out finance leasing and project-based consultancy business in a number of regions across China ever since the resumption of the business, in turn materialising the strategy of operating finance lease business in major cities, gaining extensive experience in project operations and generating a majority of its profit in the first half of the year. Currently, the Group carries out the finance leasing business mostly as a financial services provider. Going forward, the Group will continue to refine its existing businesses while opening up opportunities of equity investment in the fields of infrastructure and public utilities.

In terms of coal trading, the coal demand continued to rebound attributable to the effectiveness of national policies in the first half of the year such as the "elimination of excess production capacity" and "reduction of inventory", setting ground for the year-on-year increase in the turnover of the coal trading business of the Group. Going forward, the Company will, with the foundation of the existing coal trading business, strive for seizing opportunities derived from electricity reform as they arise, consider to apply for the qualification of electricity sales and gradually transform towards energy management contracting.

It is pleasant to be informed that CCHG, the controlling shareholder of the Group, has become the pioneer in this round of the reform for central state-owned enterprises. As one of the only two pilot state-owned capital operation companies, CCHG is initiating the national structural adjustment fund for state-owned enterprises and seeking to promote the integration and optimization of central state-owned enterprises and strategic assets from the capital level in order to accelerate the capitalization of state-owned assets and optimize the state-owned asset allocation structure. The Group will closely monitor the progress of capital operation of the controlling shareholder and grasp the opportunity to timely participate in the relevant asset restructuring and capital operation to create greater value for the shareholders.

The Board is full of confidence in the future development of the Group.

IV. ASSET STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2016, equity attributable to the shareholders of the Company amounted to approximately HK$2,753.48 million (as at 31 December 2015: approximately HK$2,760.87 million), representing a decrease of approximately HK$7.39 million as compared with that as at 31 December 2015, which was mainly attributable to the depreciation of RMB during the period under review and a reduction of the exchange reserve of approximately HK$42.72 million as recorded by the Group, which offset the profit attributable to shareholders of the Company during the period.

The total assets of the Group amounted to approximately HK$3,804.30 million (as at 31 December 2015: approximately HK$3,837.06 million), representing a decrease of approximately HK$32.75 million as compared with that as at 31 December 2015, which is mainly due to a drop in the total assets as a result of the depreciation of RMB during the period under review. The amount of total current assets as at 30 June 2016 was approximately HK$3,019.05 million (as at 31 December 2015: approximately HK$3,092.12 million), accounting for approximately 79% of total assets which reflected the strong liquidity of the Group and representing a decrease of approximately HK$73.07 million as compared with that as at 31 December 2015. The total non-current assets amounted to approximately HK$785.26 million (as at 31 December 2015: approximately HK$744.94 million), accounting for approximately 21% of total assets and representing an increase of approximately HK$40.32 million as compared with that as at 31 December 2015, which was mainly due to the increase in non-current loans receivable from the finance leasing upon completion of two finance leasing transactions with a total financing amount of approximately HK$234 million during the period under review.

As at 30 June 2016, total liabilities of the Group amounted to approximately HK$911.28 million (as at 31 December 2015: approximately HK$932.81 million), representing a decrease of approximately HK$21.53 million as compared with that as at 31 December 2015. The total non-current liabilities of the Group amounted to approximately HK$73.62 million (as at 31 December 2015: approximately HK$769.37 million), accounting for approximately 8% of the total liabilities and representing a decrease of approximately HK$695.75 million as compared with that as at 31 December 2015. This was mainly attributable to the fact that the bonds of RMB600 million issued by the Company will be due within one year on 9 May 2017, which, in accordance with the HKFRSs, was disclosed as non-current liabilities as at 31 December 2015 but as current liabilities as at 30 June 2016. The total current liabilities of the Group amounted to approximately HK$837.65 million (as at 31 December 2015: approximately HK$163.45 million), accounting for approximately 92% of total liabilities and representing an increase of approximately HK$674.20 million as compared with that as at 31 December 2015.

The Group had cash and deposits (including structured bank deposits, pledged bank deposits, deposits in other financial institutions, bank balances and cash) of approximately HK$1,115.05 million (as at 31 December 2015: approximately HK$1,573.40 million), accounting for approximately 29% and 39% of total assets and net assets respectively and representing a decrease of approximately HK$458.35 million as compared with those as at 31 December 2015, which was mainly attributable to an increase in the purchases by way of cash of additional available-for-sale financial assets of approximately HK$150.05 million and short-term investment of approximately HK$193.94 million and an increase in loans receivable under the finance leasing of approximately HK$143.50 million during the period.

V. DEBT TO EQUITY RATIO

As at 30 June 2016, the interest-bearing corporate bonds and other interest-free loans of the Group were HK$689.86 million (as at 31 December 2015: approximately HK$694.76 million) and HK$0.60 million (as at 31 December 2015: approximately HK$0.60 million) respectively, representing a decrease of approximately 0.7% in corporate bonds while other loans remained the same as compared with that as at 31 December 2015. As at 30 June 2016, the total borrowings amounted to approximately HK$690.46 million (as at 31 December 2015: approximately HK$695.36 million), representing a decrease of approximately HK$4.90 million as compared with the total borrowings as at 31 December 2015. The corporate bonds were denominated in RMB at the fixed interest rate of 4% per annum; whereas the other loans were denominated in HKD and non-interest bearing. The debt to equity ratio (expressed as interest-bearing corporate bonds divided by total equity) as at 30 June 2016 was approximately 24%, the same as that as at 31 December 2015, which indicated a low liability level and a stable financial position of the Group.

VI. EXPOSURE IN EXCHANGE RATE FLUCTUATIONS

The Group's businesses were principally conducted in RMB, while most of the Group's assets and liabilities were denominated in HKD and RMB. As RMB is not a freely convertible currency, any fluctuation in the exchange rate of HKD against RMB may have an impact on the Group's results. As at 30 June 2016, net assets of the Group's business within the territory of the PRC were approximately RMB2,123.79 million. According to HKASs, such amount should be converted at the exchange rate applicable at the end of the reporting period. Due to the depreciation of RMB during the period, there were exchange losses of approximately HK$45.12 million arising from the RMB-denominated net assets. Such exchange losses were recognized in other comprehensive income, thereby reducing the exchange reserve by approximately HK$42.72 million and the net assets of the Group. Although foreign currency exposure does not pose significant risks to the Group and currently, the Group does not have any hedging measures against such exchange risks, the Group will continue to take proactive measures and closely monitor the risks arising from such currency movements.

VII. TREASURY POLICIES

The business activities and operation of the Group are mainly carried out in Mainland China and Hong Kong, with transactions denominated in HKD, RMB and US dollars, which expose the Group to foreign currency risks. The Group currently does not have a foreign currency hedging policy but maintains a conservative approach on foreign exchange exposure management and ensures that its exposure to fluctuations in foreign exchange rates is minimised. At times of interest rate or exchange rate uncertainty or volatility and where appropriate, hedging instruments including swap and forward contracts are used by the Group against the exposure to interest rate and foreign exchange rate fluctuations.

As at 30 June 2016, the Group's RMB-denominated corporate bonds were principally on a fixed interest rate basis, and the Group did not have any borrowings based on floating interest rates.

VIII. PLEDGE OF ASSETS

As at 30 June 2016, bank deposits of approximately HK$1.71 million of the Group were pledged for banking facilities granted to mortgagees (as at 31 December 2015: bank deposits of approximately HK$1.74 million of the Group were pledged for banking facilities granted to mortgagees).

IX. COMMITMENTS AND GUARANTEE

Please refer to notes 17 and 18 to financial statements in this announcement.

HUMAN RESOURCES AND EMOLUMENT POLICY

As at 30 June 2016, the Group employed a total of 332 employees (as at 31 December 2015: 316), of which 14 (as at 31 December 2015: 13) were based in Hong Kong and 318 (as at 31 December 2015: 303) 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, 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 Company 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 their contributions 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.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2016, the trustee of the Share Award Scheme purchased an aggregate of 7,670,000 existing shares of the Company on the HKEX for the purpose of the Share Award Scheme at an aggregate consideration of approximately HK$4.48 million.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct ("**Code of Conduct**") regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers ("**Model Code**") as set out in Appendix 10 to the Listing Rules. 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 Code of Conduct and the Model Code during the six months ended 30 June 2016.

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 for the six months ended 30 June 2016.

REVIEW OF ACCOUNTS

The Board is of the view that the disclosure of financial information in this announcement complies with Appendix 16 to the Listing Rules. The audit committee of the Company has reviewed the Group's unaudited interim financial information for the six months ended 30 June 2016, which has also been reviewed by the Company's auditor, BDO Limited, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This results announcement is published on the website of the HKEX at www.hkexnews.hk and the Company's website at www.irasia.com/listco/hk/chengtong. The 2016 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, 25 August 2016

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