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CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

DISCLOSEABLE TRANSACTION DISPOSAL OF LAND

The Board is pleased to announce that on 10 December 2012, CT Industrial entered into the Disposal Agreement with Changzhou Land Reserve Centre to dispose of the Land for a consideration of RMB149,993,000 (equivalent to HK\$184,491,390).

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

THE DISPOSAL AGREEMENT

Summary of the major terms of the Disposal Agreement

Date:

10 December 2012

Parties:

- (i) CT Industrial is a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of the Company; and

- (ii) Changzhou Land Reserve Centre is a PRC government entity and is principally engaged in administration of reserve land acquisition plan, holding of reserve land on behalf of government, management of pre-development work on land, management of urban land resources and coordination of tenders and auctions of land use rights.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Changzhou Land Reserve Centre and its ultimate beneficial owner is a third party independent of the Company and its connected persons.

Subject assets:

Pursuant to the Disposal Agreement, Changzhou Land Reserve Centre agreed to acquire, and CT Industrial agreed to dispose of, the Land.

Consideration:

The consideration for the Disposal in the amount of RMB149,993,000 (equivalent to HK\$184,491,390) in cash shall be payable by Changzhou Land Reserve Centre in the following manner:

- (i) RMB76,500,000 (equivalent to HK\$94,095,000) shall be payable within 10 days upon signing of the Disposal Agreement;
- (ii) RMB28,500,000 (equivalent to HK\$35,055,000) shall be payable on or before 31 May 2013 upon Changzhou Land Reserve Centre confirming that CT Industrial has completed the relocation plan; and
- (iii) RMB44,993,000 (equivalent to HK\$55,341,390) shall be payable on or before 30 November 2013 upon completion of all necessary documentations between the parties.

Changzhou Land Reserve Centre may pay to CT Industrial the staged consideration earlier than the agreed date if CT Industrial completes the staged relocation progress earlier than the agreed timeframe.

The consideration for the Disposal was arrived at by the parties after arm's length negotiation with reference to the market price of other similar lands in the vicinity of the Land taking into account the value of the Land and the related relocation costs and compensation of approximately RMB143.2 million as indicated in the evaluation report issued by an independent registered valuer in the PRC.

Other terms:

CT Industrial shall, after removal of all buildings and other immovable fixed assets attached thereto, deliver the Land to Changzhou Land Reserve Centre on or before 30 November 2013.

CT Industrial shall also pay to Changzhou Land Reserve Centre a total sum of RMB858,900 (equivalent to HK\$1,056,447) as residual payment for demolished buildings on or before 30 November 2013.

INFORMATION ON THE LAND

The Land is situated at No. 77 Qinglong West Road, Tianning District, Changzhou City, Jiangsu Province, the PRC with approximate site area of 84,742 sq.m.

As at the date of this announcement, the Land is subject to tenancy with a term from 1 November 2012 to 31 December 2012 for a total rental of approximately RMB343,000 (equivalent to HK\$421,890). During the years ended 31 December 2010 and 31 December 2011, the rental income generated from the Land amounted to approximately HK\$420,000 and approximately HK\$750,000 respectively. The carrying value of the Land as at 31 December 2010 and 31 December 2011 were approximately HK\$68,440,000 and approximately HK\$81,691,000 respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group holds the Land as investment property. The Directors consider that the Disposal represents a good opportunity for the Group to realise its investment with a reasonable return. The Directors (including the independent non-executive Directors) also consider that the terms of the Disposal Agreement are fair and reasonable. Taking into account the expected gain to be realised from the Disposal, the Directors (including the independent non-executive Directors) consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

POSSIBLE FINANCIAL EFFECTS OF THE DISPOSAL

Based on the carrying value of the Land of approximately RMB67,110,000 (equivalent to HK\$82,545,300) as at 30 June 2012, it is estimated that the Group will realise a gain from the Disposal of approximately HK\$101,946,090 (before tax and expenses) (subject to audit), being the difference between the consideration for the Disposal and the carrying value of the Land as at 30 June 2012.

USE OF PROCEEDS

The Group intends to apply the proceeds from the Disposal, after deduction of expenses directly attributable thereto, towards the Group's general working capital.

IMPLICATION UNDER THE LISTING RULES

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

INFORMATION OF THE COMPANY

The principal activities of the Group are bulk commodity trading, trading of coal, property development, property investment in industrial and logistic land resources development and financial leasing.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“Changzhou Land Reserve Centre”	常州市土地收購儲備中心 (unofficial English translation being Changzhou Land Reserve Centre)
“Company”	China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CT Industrial”	誠通實業投資有限公司 (unofficial English translation being Chengtong Industrial Investment Limited), a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Disposal”	the arrangement in respect of the disposal of the Land pursuant to the Disposal Agreement
“Disposal Agreement”	the agreement in relation to the Disposal entered into between CT Industrial and Changzhou Land Reserve Centre on 10 December 2012
“Group”	the Company and its subsidiaries from time to time

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land, together with the buildings and other immovable fixed assets attached thereto, situated at No. 77 Qinglong West Road, Tianning District, Changzhou City, Jiangsu Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Shareholders”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.23. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

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

Hong Kong, 10 December 2012

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