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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 52% of the equity interest in the Xian PRC Company

On 27 September 2007, Zhongshi (a 70%-owned subsidiary of the Company) entered into the Equity Transfer Agreement with the Purchaser for the disposal 52% of the registered capital in the Xian PRC Company at a consideration of RMB43,360,000 (equivalent to approximately HK\$44,660,800).

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules which is subject to reporting and announcement requirements. A circular containing details of Disposal and the Group will be despatched to the Shareholders as soon as practicable.

EQUITY TRANSFER AGREEMENT DATED 27 SEPTEMBER 2007

1. Parties:

Vendor: Zhongshi, a 70% owned subsidiary of the Company.

Purchaser: 北京銀信興業房地產開發有限公司 (unofficial English translation as Beijing Yinxin Xingye Property Development Co., Ltd.). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the Purchaser is principally engaged in property development in the PRC and (ii) the Purchaser and its ultimate beneficial owners is an Independent Third Party.

2. Assets to be disposed of under the Equity Transfer Agreement

The Sale Equity to be disposed of by Zhongshi comprises 52% of the registered capital of Xian PRC Company owned by Zhongshi.

3. Effective date of the Equity Transfer Agreement

The Equity Transfer Agreement became effective on 27 September 2007 when it was duly executed by Zhongshi and the Purchaser.

4. Consideration

The consideration of RMB43,360,000 (equivalent to approximately HK\$44,660,800) for the Sale Equity shall be payable by the Purchaser to Zhongshi in cash within 15 days after the Equity Transfer Agreement becoming effective.

The Directors confirm that the consideration was arrived at after arm's length negotiations between Zhongshi and the Purchaser and was by reference to the original cost of purchase of the 52% interest of the registered capital of Xian PRC Company owned by Zhongshi and the current market value of the property project located at Xian City, Shannxi Province of the PRC.

5. Completion of the Disposal

Pursuant to the Equity Transfer Agreement, the Disposal shall be treated as completed when Zhongshi has received the entire amount of the consideration. After completion of the Disposal, the Group will cease to have any interest in the Xian PRC Company, and Zhongshi shall be released from all liabilities of the Xian PRC Company it has assumed and the Purchase shall take up such liabilities with effect from the completion of the Disposal.

It is expected that the Group will record a book gain of approximately HK\$19,014,000 as a result of the Disposal which represents the difference between the consideration and the Group's share of the aggregate unaudited net asset value of the Xian PRC Company (being approximately HK\$25,703,000) as at 30 June 2007 but without taking into account tax provisions (if any).

It is the current intention of the Group to apply the net proceeds from the Disposal to acquire additional land reserve and fund its own operations.

6. Information on the Xian PRC Company

The Xian PRC Company is a limited company established in the PRC with registered capital of RMB30,000,000, of which RMB15,600,000 (52% of the registered capital) was owned by Zhongshi as at the date of the Equity Transfer Agreement.

The principal activities of the Xian PRC Company are the operation and development of property and information consultation service; retail and wholesale of construction materials, decoration materials, ordinary machinery, steel and metallic materials.

The Xian PRC Company is in the course of developing a property project located at Xian City, Shannxi Province of the PRC, comprising a piece of land of site area of approximately 79,135.50 sq.m. and is intended to be developed into a commodity residential property development project known or to be known as 堤柳花園 (translated as Di Liu Garden). The land use right certificate in respect of the piece of land has been issued. It is expected that the relevant permit for the commencement of the construction works in respect of the property project will be obtained from the relevant PRC authority in the first quarter of 2008, subject to timely approval by the relevant PRC authority.

The unaudited total assets of the Xian PRC Company as at 30 June 2007 (as adjusted by a valuation of the piece of land at which the property project is situated) was approximately HK\$79,839,000.

Based on financial information of the Xian PRC Company prepared in accordance with accounting principles generally accepted in the PRC, the audited net losses (both before and after taxation and extraordinary items) of the Xian PRC Company for the two financial years immediately preceding the date of the Equity Transfer Agreement are as follows:

	Year ended 31 December 2005 RMB'000	Year ended 31 December 2006 RMB'000
Net (losses) <i>before</i> taxation and extraordinary items	(364)	(444)
Net (losses) <i>after</i> taxation and extraordinary items	(364)	(444)

REASONS FOR AND BENEFIT OF THE DISPOSAL

The principal activities of the Group are property investment, property development, trade and production of cement, and investment holding in Hong Kong and the PRC.

The Group acquired the Sale Equity from 嘉盛企業發展有限公司 (unofficial English name, Jiacheng Enterprise Development Company Limited) in June 2007 at a consideration of RMB25,600,000 (equivalent to approximately HK\$26,368,000). The consideration for the Disposal represents about 70% premium over the consideration the Group paid for the acquisition of the Sale Equity in June 2007. The Directors considered that the Disposal represents a good opportunity for the Group to realise its investment.

The Directors (including the independent non-executive Directors) believe that the terms of the Equity Transfer Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

REQUIREMENTS OF THE LISTING RULES

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules which is subject to reporting and announcement requirements. A circular containing details of Disposal and the Group will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless otherwise as defined above or as the case may be, unless the context otherwise requires:

“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of the Sale Equity by Zhongshi to the Purchaser pursuant to the terms of the Equity Transfer Agreement

“Equity Transfer Agreement”	the equity transfer agreement dated 27 September 2007 and entered into between Zhongshi (as vendor) and the Purchaser (as purchaser) in relation to the Disposal
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a party who is a third party independent of the Company and connected persons of the Company and its subsidiaries
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	北京銀信興業房地產開發有限公司 (unofficial English translation as Beijing Yinxin Xingye Property Development Co., Ltd.), an Independent Third Party
“Sale Equity”	52% of the registered capital of the Xian PRC Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xian PRC Company”	西安富祥房地產開發有限公司 (unofficial English name, Xian Fuxiang Real Estate Development Limited), a limited company established in the PRC owned as to 52% by Zhongshi as at the date of the Equity Transfer Agreement
“Zhongshi”	中實投資有限責任公司 (unofficial English name, Zhongshi Investment Company Limited), a 70%-owned subsidiary of the Company
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

Unless the context requires otherwise, translation of RMB into HK\$ are made, for illustration purpose only, at the rate of RMB1 = HK\$1.03. No representation is made that any amounts in RMB or HK\$ could have been or could be converted at the above rate or at any rates or at all.

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

By order of the board of directors of
China Chengtong Development Group Limited
Zhang Guotong
Managing Director

Hong Kong, 27 September 2007