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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)

(1) MAJOR ACQUISITION AND CONNECTED TRANSACTION; (2) WHITEWASH WAIVER; AND (3) RESUMPTION OF TRADING

THE ACQUISITION

On 15 October 2008, the Company entered into the Original First SP Agreement and the Original Second SP Agreement with CCHG and CCHK (which were supplemented by the First Supplemental Agreement to the First SP Agreement and the First Supplemental Agreement to the Second SP Agreement entered into by the same parties on 27 October 2008), details of the First SP Agreement and the Second SP Agreement are set out below.

WHITEWASH WAIVER

Under Rule 26 of the Takeovers Code, the issue of the Consideration Shares to CCHK as a result of the Acquisition will trigger a mandatory offer by CCHK, for all the securities of the Company other than those already owned by the Concert Group. Application will be made by CCHK to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

REQUIREMENTS OF THE LISTING RULES

The transactions contemplated under the First SP Agreement and the Second SP Agreement (when aggregate) constitute a major acquisition for the Company under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules which is subject to reporting, announcement and independent shareholders' approval requirements. The Acquisition will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

GENERAL

An independent board committee, comprising all independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec, Mr. Lao Youan and Mr. Ba Shusong, who have no direct or indirect interest in the Whitewash Waiver, has been formed to advise the Independent Shareholders on the terms of the Acquisition and the Whitewash Waiver. Mr. Gu Laiyun is a member of senior management of CCHG and Ms. Xu Zhen is the chief accountant of CCHG. Accordingly, they are considered not sufficiently independent to become member of the independent board committee. CIMB-GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the independent board committee on the terms of the Acquisition and the Whitewash Waiver. Such appointment has been approved by the independent board committee.

A circular containing, among other things, information relating to the Acquisition and the Whitewash Waiver, a letter from the independent board committee and a letter of advice from the independent financial adviser together with a notice convening the EGM will be despatched to the Shareholders in due course.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 2:30 p.m. on 15 October 2008 pending the release of this announcement.

Application has been made by the Company for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 31 October 2008.

INTRODUCTION

On 15 October 2008, the Company entered into the Original First SP Agreement and the Original Second SP Agreement with CCHK and CCHG. On 27 October 2008, the Company, CCHK and CCHG also entered into the First Supplemental Agreement to the First SP Agreement and the First Supplemental Agreement to the Second SP Agreement. Details of the First SP Agreement and the Second SP Agreement are set out below.

THE FIRST SP AGREEMENT

Date: 15 October 2008 (date of the Original First SP Agreement)

Parties:

- (1) The Company, as purchaser;
- (2) CCHK, as vendor; and
- (3) CCHG, as warrantor.

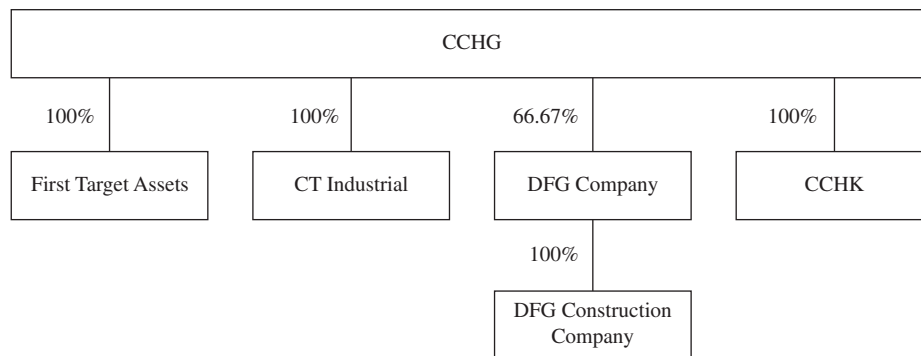
CCHK is an investment holding company and is the holding company of World Gain, the substantial shareholder (as defined in the Listing Rules) of the Company, and is therefore a connected person of the Company. CCHG beneficially owns the entire issued share capital of CCHK, and is therefore a connected person of the Company. CCHG is principally engaged in operation of state-owned assets and investment holding.

Assets to be acquired:

The Company has agreed to purchase, and CCHK has agreed to sell, the entire issued share capital of BVI-1 and BVI-2.

CCHK and CCHG have agreed to undertake a series of reorganisation involving BVI-1 and BVI-2 (particulars of which are set out below) prior to the completion of the First SP Agreement. The following corporate charts set out the simplified corporate structure of the assets to be acquired under the First SP Agreement (i) as at the date of the First SP Agreement; and (ii) after the completion of the reorganisation but prior to the completion of the First SP Agreement.

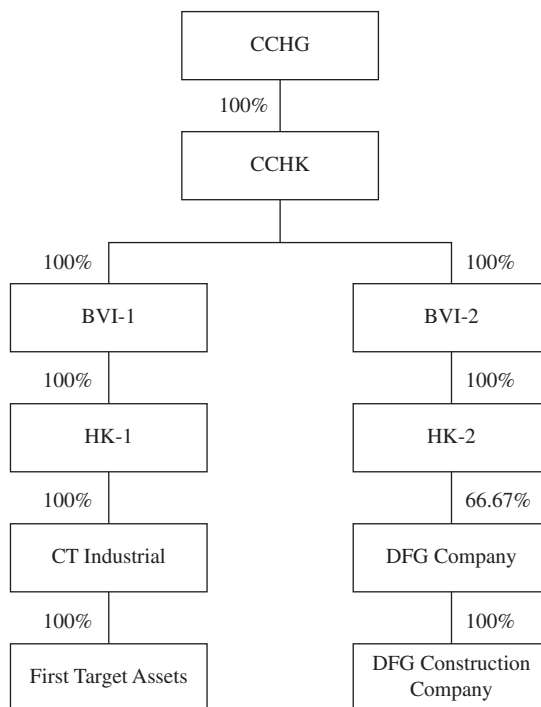
Chart A — corporate structure as at the date of the First SP Agreement



Particulars of the reorganisation to be undertaken by CCHK and CCHG are as follows:

- BVI-1 and BVI-2 will be incorporated in the British Virgin Islands by CCHK to act as the holding company of HK-1 and HK-2 respectively;
- HK-1 will be incorporated in Hong Kong as a wholly owned subsidiary of BVI-1 to act as the holding company of CT Industrial;
- CCHG will transfer the First Target Assets to CT Industrial;
- CCHG will transfer its entire interest in CT Industrial (which will then hold the First Target assets) to HK-1;
- HK-2 will be incorporated in Hong Kong as a wholly owned subsidiary of BVI-2 to act as the holding company of DFG Company; and
- CCHG will transfer its entire interest in DFG Company (66.67%) to HK-2.

Chart B — corporate structure after completion of the reorganisation but prior to completion of the First SP Agreement



The above reorganisation are subject to PRC governmental approvals.

The original acquisition costs of BVI-1 (including all assets and companies to be transferred to BVI-1 pursuant to the reorganisation) and BVI-2 (including all assets and companies to be transferred to BVI-2 pursuant to the reorganisation) to CCHK are approximately RMB268,000,000 and approximately RMB201,000,000 respectively.

Further details of the assets to be acquired pursuant to the First SP Agreement are set out in the paragraph headed “Further details of the assets to be acquired under the First SP Agreement” below.

Consideration:

For the purpose of this paragraph, the following expressions shall have the following meanings:

“**Filed and Confirmed Price (A)**” shall mean the value of 100% of the equity attributable to shareholder of CT Industrial and approximately 66.67% of the equity attributable to shareholders of DFG Company based on the PRC Valuation (A) and filed with and confirmed by the State-owned Assets Supervision and Administration Commission of the State Council. It is expected that Filed and Confirmed Price (A) could be obtained on or around 31 January 2009.

“**International Valuation (A)**” shall mean the valuation report on the Land and Buildings (A) (as at the same date of valuation of the PRC Valuation (A)) prepared by a qualified valuer in accordance with international valuation standards.

“**Land and Buildings (A)**” shall mean the land and buildings to be injected to CT Industrial pursuant to the reorganisation and those currently held by DFG but excluding railway.

“**P(A)**” shall mean the consideration to be payable by the Company pursuant to the First SP Agreement (subject to adjustment).

“**PRC Valuation (A)**” shall mean the valuation report on 100% interests of CT Industrial and approximately 66.67% interest of DFG Company after completion of the reorganisation prepared in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council. PRC Valuation (A) will adopt the depreciated replacement cost method in the valuation of 100% interests of CT Industrial and approximately 66.67% interest of DFG Company. Depreciated replacement cost method is one type of cost approach which is defined as the current cost of replacement (reproduction) of the subject asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation.

“**Price Determination Valuation (A)**” shall mean the valuation as at 31 August 2008 of the Land and Buildings (A) and railway to be injected to CT Industrial pursuant to the reorganisation and 66.67% of the equity attributable to shareholder (including all the assets and liabilities) of DFG as shown in the report prepared by a PRC qualified valuer which amounted to RMB384,881,400.

Since the reorganisation of the First Target Assets has not been completed as at 31 August 2008, the scope of valuation of Price Determination Valuation (A) includes only the First Target Assets but not 100% of the equity attributable to shareholder of CT Industrial. At the time when the PRC Valuation (A) is issued, the reorganisation in respect of the First Target Assets shall have been completed and CT Industrial should have held the First Target Assets. Therefore, the scope of PRC Valuation (A) will include 100% of the equity attributable to shareholder of CT Industrial.

The scope of International Valuation (A) covers Land and Buildings (A) but not 100% interests of CT Industrial and approximately 66.67% interest of DFG Company after completion of the reorganisation as those included in the PRC Valuation (A). Given that the major assets to be injected to BVI-1 and BVI-2 after completion of the reorganisation are Land and Buildings (A), the Directors consider that it would be sufficient that the scope of the International Valuation (A) covers Land and Buildings (A) only.

Subject to the adjustment mechanism as stated below, the consideration to be payable by the Company pursuant to the First SP Agreement shall be P(A) which is determined with reference to (i) the Price Determination Valuation (A), (ii) the net assets value of CT Industrial as at 31 August 2008 (approximately RMB4,600,000) and (iii) the amount of cash to be injected to CT Industrial by CCHG pursuant to the reorganisation (approximately RMB79,200,000).

P(A) shall be RMB469,000,000 (equivalent to HK\$533,215,094). If any of the assets cannot be transferred to CT Industrial pursuant to the reorganisation (“**Asset Adjustment Event**”), P(A) shall be adjusted downward by deducting an equivalent amount of the value of such assets based on the Price Determination Valuation (A) and the consideration payable by the Company pursuant to the First SP Agreement shall be reduced accordingly.

P(A) shall be further subject to the following adjustment mechanism:

- (1) if the Filed and Confirmed Price (A) is less than P(A), the consideration payable by the Company pursuant to the First SP Agreement shall be adjusted downward to the Filed and Confirmed Price (A);

- (2) if the Filed and Confirmed Price (A) shall be an amount equal to P(A) or more and up to (and inclusive of) P(A) x 110% (i.e. RMB515,900,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)), the consideration payable by the Company pursuant to the First SP Agreement shall not be adjusted and shall be equal to P(A);
- (3) if the Filed and Confirmed Price (A) shall be an amount higher than P(A) x 110% (i.e. RMB515,900,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)) and up to (and inclusive of) P(A) x 120% (i.e. RMB562,800,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)), CCHK shall procure the International Valuation (A) to be commissioned, and
 - (i) if the valuation of Land and Buildings (A) in the International Valuation (A) equals to or is higher than that in the PRC Valuation (A) and the valuation of Land and Buildings (A) in the International Valuation (A) together with the value of other assets in the PRC Valuation (A) is not higher than P(A) x 120% (i.e. RMB562,800,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)), the consideration payable by the Company pursuant to the First SP Agreement shall be adjusted upward to the Filed and Confirmed Price (A); or
 - (ii) if the valuation of Land and Buildings (A) in the International Valuation (A) shall be lower than that in the PRC Valuation (A) by 10% or less than 10%, the consideration payable by the Company pursuant to the First SP Agreement shall be adjusted to an amount equals the Filed and Confirmed Price (A) minus the difference between the valuation of Land and Buildings (A) in International Valuation (A) and that in the PRC Valuation (A).

The Company, CCHK and CCHG agreed that they will negotiate on the revised consideration to be payable by the Company pursuant to the First SP Agreement upon the occurrence of any of the following events (“**Relevant Events**”):

- (1) (i) the Filed and Confirmed Price (A) shall be an amount higher than P(A) x 110% (i.e. RMB515,900,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)) and up to (and inclusive of) P(A) x 120% (i.e. RMB562,800,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)) and (ii) the valuation of Land and Buildings (A) in the International Valuation (A) shall be lower than that in the PRC Valuation (A) by more than 10%; or
- (2) the Filed and Confirmed Price (A) is an amount higher than P(A) x 110% (i.e. RMB515,900,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)) and up to (and inclusive of) P(A) x 120% (i.e. RMB562,800,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)); and
 - (i) the valuation of Land and Buildings (A) in the International Valuation (A) is higher than that in the PRC Valuation (A); and
 - (ii) the valuation of Land and Buildings (A) in the International Valuation (A) together with the value of other assets in the PRC Valuation (A) is higher than P(A) x 120% (i.e. RMB562,800,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)), or
- (3) the Filed and Confirmed Price (A) shall be higher than P(A) x 120% (i.e. RMB562,800,000 (if P(A) is not adjusted downward by reason of the Asset Adjustment Event)).

The negotiation on the revised consideration to be payable by the Company, if required, will be based on fresh negotiation among the parties taking into account of the valuation of the assets at that time. Shareholders should note that the parties may or may not be able to reach an agreement on the revised consideration. If the revised consideration is not agreed by the parties, the First SP Agreement will lapse. If the revised consideration is agreed by the parties, the parties will enter into another supplemental agreement in respect of the revised consideration which shall be subject to Independent Shareholders' approval at another general meeting to be convened by the Company (if the EGM has been held at that time). If approval from the Independent Shareholders on such supplemental agreement on the revised consideration cannot be obtained on or before 30 April 2009 (or such other date as agreed by the parties), the First SP Agreement will lapse immediately.

Further announcement will be made by the Company on whether a supplemental agreement on the revised consideration is signed by the parties after occurrence of the Relevant Events.

The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser) confirm that the consideration payable by the Company pursuant to the First SP Agreement was arrived at after arm's length negotiations between the Company, CCHK and CCHG and was determined with reference to (i) the Price Determination Valuation (A), (ii) the net assets value of CT Industrial as at 31 August 2008 (approximately RMB4,600,000) and (iii) the amount of cash to be injected to CT Industrial by CCHG pursuant to the reorganisation (approximately RMB79,200,000). The adjustment mechanism to the consideration is incorporated to the First SP Agreement because it is a requirement under the PRC laws that the price for the transfer of interest in CT Industrial and DFG shall be filed and confirmed by the State-owned Assets Supervision and Administration Commission of the State Council. As at the date of this announcement, CCHK and CCHG are in the course of preparation of the application to the State-owned Assets Supervision and Administration Commission of the State Council.

Consideration Shares

The consideration payable by the Company pursuant to the First SP Agreement shall be settled by the issue of the Consideration Shares to CCHK at an issue price of HK\$0.35 per Consideration Share. There is no restriction on the subsequent disposal of the Consideration Shares by CCHK.

The issue price of HK\$0.35 represents:

- a discount of approximately 2.78% to the closing price of HK\$0.36 per Share as quoted on the Stock Exchange on the Last Trading Day;
- a premium of approximately 0.86% over the average closing price of approximately HK\$0.347 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- a premium of approximately 0.07% over the average closing price of approximately HK\$0.34975 per Share as quoted on the Stock Exchange for the last 20 trading days up to and including the Last Trading Day; and
- a premium of approximately 45.83% to the latest published consolidated equity attributable to shareholder of HK\$0.24 per Share (based on the latest published financial statements of the Company).

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent:

Completion of the First SP Agreement is conditional on the satisfaction (or, where applicable, waiver by the Company) of the following conditions:

- (1) the Independent Shareholders have passed an ordinary resolution to approve the transactions contemplated by the First SP Agreement and the issue of the Consideration Shares at the EGM;
- (2) if a supplemental agreement to the First SP Agreement in relation to the consideration is entered into by the parties, such supplemental agreement has been approved by the Independent Shareholders at a general meeting to be convened by the Company;
- (3) the Stock Exchange have granted the listing of and permission to deal in the Consideration Shares to be issued under the First SP Agreement on the Stock Exchange;
- (4) the Independent Shareholders have passed an ordinary resolution to approve the Whitewash Waiver at the EGM;
- (5) the Executive have granted the Whitewash Waiver and the satisfaction of any condition attached to such Whitewash Waiver;
- (6) each of BVI-1 and BVI-2 have been incorporated in accordance with the laws of the British Virgin Islands;
- (7) the pre-completion reorganisation in relation to BVI-1 and BVI-2 has been completed; and
- (8) the issue of legal opinions by a firm of PRC lawyers approved by the Company, confirming, among other matters, the pre-completion reorganisation has been completed in accordance with the PRC laws and regulations and other matters which the Company considers necessary, contents of which must be accepted by the Company.

None of the above conditions (other than conditions (6), (7) and (8)) can be waived by the parties. The Company may at its absolute discretion waive conditions (6), (7) and (8) above at any time on or before 30 April 2009 (or such other date as agreed by the parties).

If the conditions precedents set out above have not been satisfied (or, where applicable, waived by the Company) on or before 30 April 2009 (or such other date as agreed by the parties), the First SP Agreement shall cease and terminate and none of the parties shall have any obligations and liabilities under the First SP Agreement, save for any prior breaches of the terms of the First SP Agreement.

Completion of the First SP Agreement

Completion of the First SP Agreement shall take place on the fifth business day after the fulfillment or waiver (as the case may be) of all conditions referred to above (or such other date as agreed by the parties).

After completion of the Acquisition, each of BVI-1 and BVI-2 will become wholly owned subsidiaries of the Company.

Completion of the First SP Agreement and completion of the Second SP Agreement is not conditional upon each other.

Undertakings by CCHG

Pursuant to the First SP Agreement, CCHG has undertaken to indemnify the Company for any loss and costs incurred in connection with any breaches or non-compliance of any terms of the First SP Agreement (save and except those relating to the matters described in the paragraph headed “Arrangement for the period between the date of valuation to completion of the First SP Agreement” below) by CCHK.

Arrangement for the period between the date of valuation to completion of the First SP Agreement

CT Industrial and DFG are inactive companies. CCHK and the Company agreed that any loss incurred by CT Industrial (inclusive of the First Target Assets) and DFG during the period from the date of valuation as shown in the PRC Valuation (A) and the date of completion of the First SP Agreement (the “**Relevant Period**”) shall be borne by CCHK and CCHK shall reimburse the Company for such loss (if any) in cash on a dollar-to-dollar basis. If CT Industrial (inclusive of the First Target Assets) and DFG record any profits during the Relevant Period, the Company shall reimburse CCHK for such profits (if any) in cash on a dollar-to-dollar basis.

For the above purposes, CCHK and the Company agreed to prepare income statements for CT Industrial (inclusive of the First Target Assets) and DFG for the Relevant Period and balance sheets for CT Industrial (inclusive of the First Target Assets) and DFG as at the date of completion of the First SP Agreement. CCHK and the Company agreed that no depreciation on the value of the land and buildings will be made to the income statements. Such income statements and balance sheets will be audited by an independent auditor and shall be issued within 90 days from the date of completion of the First SP Agreement.

Further details of the assets to be acquired under the First SP Agreement

As at the date of First SP Agreement, each of BVI-1, BVI-2, HK-1 and HK-2 has not been incorporated.

CT Industrial is a limited liability company established in the PRC on 15 June 2007 with a registered capital of RMB5,000,000 (all of which has been paid up) as at the date hereof. The approved business scope of CT Industrial include investment and management of assets. CT Industrial has not carried on any business since its establishment and it did not record any turnover since its establishment.

Based on financial information of the CT Industrial 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 CT Industrial for the period from 15 June 2007 (date of establishment) to 31 August 2008 are as follows:

	From 15 June 2007 (date of establishment) to 31 August 2008
	<i>RMB'000</i>
Net losses <i>before</i> taxation and extraordinary items	(402)
Net losses <i>after</i> taxation and extraordinary items	(402)

The net losses of CT Industrial for the period from 15 June 2007 (date of establishment) to 31 August 2008 represented mainly the administrative expenses incurred by CT Industrial during such period.

The audited net assets value and total assets value of CT Industrial as at 31 August 2008 (prepared in accordance with accounting principles generally accepted in the PRC) were approximately RMB4,599,000 and RMB63,759,000 respectively. The total assets of RMB63,759,000 mainly consisted of cash of approximately RMB33.3 million and other accounts receivables of approximately RMB30.5 million. The other accounts receivable were advances made to related parties of CT Industrial and CCHG. Based on the audited financial statements of CT Industrial as at 31 August 2008, other accounts payable of CT Industrial amounted to approximately RMB59.2 million which represented the advances from CCHG. These accounts receivables and accounts payable are non-trade related and were one-off transactions.

The First Target Assets mainly comprise various land and buildings, particulars of which are set out below:

Location	Approximate site area (sq.m.)	Buildings erected thereon	Approximate total gross floor area (sq.m.)	Current usage	Approximate value based on the Price Determination Valuation (A)
West of railway in Hushitai Town, Shenbeixinqu, Shenyang City, Liaoning Province, The PRC 中國遼寧省瀋陽市瀋北新區虎石台鎮鐵道西	247,759	Several storage and ancillary buildings	29,017	The storage portions are currently occupied as industrial and storage factory.	RMB87,204,000 (note)
No. 77 Qinglong West Road, Changzhou City, Jiangsu Province, The PRC 中國江蘇省常州市青龍西路77號	89,614	Several storage, office and ancillary buildings	25,309	Currently occupied for warehousing and office use	RMB59,488,000
No. 10, Kaifeng Road, Xiangshan District, Guilin City, Guangxi SAR, The PRC 中國廣西壯族自治區桂林市象山區凱風路10號	55,412	Industrial buildings	22,283	Partially occupied as ancillary office and industrial use, and the rest is vacant	RMB37,116,000
Total:	392,785		76,609		RMB183,808,000

Note: Inclusive of the value of the railway constructed on the land which amounted to approximately RMB2,867,200.

The value of the First Target Assets as at 31 August 2008 based on the Price Determination Valuation (A) is approximately RMB183,808,000. No financial information on the profits or losses of the First

Target Assets (both before and after taxation and extraordinary items) are available as no revenue could be generated solely by the First Target Assets and no separate books and records were kept for the First Target Assets solely. The First Target Assets mainly comprise various land and buildings which were originally designed for logistic business. The First Target Assets, which are standalone, could not generate revenue for logistic business without other ancillary equipment and facility.

DFG Company is a limited liability company established in the PRC on 29 December 2005. Its current registered capital is RMB150,000,001, all of which have been fully paid up. In 2006, DFG Company was engaged in the provision of construction work. In 2007, DFG Company has recorded a one-off other income of RMB4,760,000 for the provision of construction management services. Other than that, DFG Company has not carried on any business throughout 2007.

The audited consolidated net assets value and total assets value of the DFG Company as at 31 December 2007 were approximately RMB154,422,000 and RMB180,760,000.

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

	Year ended 31 December 2006 <i>RMB'000</i>	Year ended 31 December 2007 <i>RMB'000</i>
Net profits <i>before</i> taxation and extraordinary items	3,021	3,624
Net profits <i>after</i> taxation and extraordinary items	2,765	2,284

DFG Construction Company is a limited liability company established in the PRC on 28 March 2006. Its current registered capital is RMB2,040,000, all of which have been fully paid up. In 2006, DFG Construction Company was engaged in the provision of construction work. DFG Construction Company has not carried on any business throughout 2007.

The audited net assets value and total assets value of DFG Construction Company as at 31 December 2007 were approximately RMB2,365,000 and RMB7,031,000.

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

	Year ended 31 December 2006 <i>RMB'000</i>	Year ended 31 December 2007 <i>RMB'000</i>
Net profits/(losses) <i>before</i> taxation and extraordinary items	2,599	(887)
Net profits/(losses) <i>after</i> taxation and extraordinary items	2,492	(887)

The net losses of DFG Construction Company for the year ended 31 December 2007 represented mainly the administrative expenses incurred by DFG Construction Company during the year.

The principal assets of DFG comprise various land, details of which are set out below:

Location	Approximate site area (sq.m.)	Current usage	Approximate value based on the Price Determination Valuation (A)
A piece of land situated at south of Shugang Highway, Dafeng City, Jiangsu Province, The PRC 中國江蘇省大豐市疏港公路南側的地塊	549,600	Site to be developed	RMB86,287,000
Four pieces of land situated at Port Serviced Area, Dafeng Ocean Economic Development Area, Dafeng City, Jiangsu Province, The PRC 中國江蘇省大豐市海洋經濟開發區口岸服務區的四幅土地	476,826	Site to be developed	RMB170,267,000
Total:	1,026,426		RMB256,554,000

THE SECOND SP AGREEMENT

Date: 15 October 2008 (date of the Original Second SP Agreement)

Parties:

- (1) The Company, as purchaser;
- (2) CCHK, as vendor; and
- (3) CCHG, as warrantor.

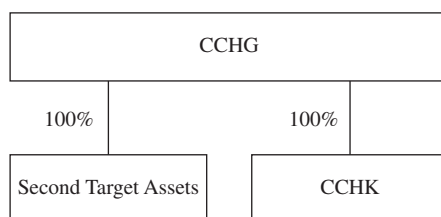
CCHK is an investment holding company and is the holding company of World Gain, the substantial shareholder (as defined in the Listing Rules) of the Company, and is therefore a connected person of the Company. CCHG beneficially owns the entire issued share capital of CCHK, and is therefore a connected person of the Company. CCHG is principally engaged in operation of state-owned assets and investment holding.

Assets to be acquired:

The Company has agreed to purchase, and CCHK has agreed to sell, the entire issued share capital of BVI-3.

CCHK and CCHG have agreed to undertake a series of reorganisation involving BVI-3 (particulars of which are set out below) prior to the completion of the Second SP Agreement. The following corporate charts set out the simplified corporate structure of the assets to be acquired under the Second SP Agreement (i) as at the date of the Second SP Agreement; and (ii) after the completion of the reorganisation but prior to completion of the Second SP Agreement.

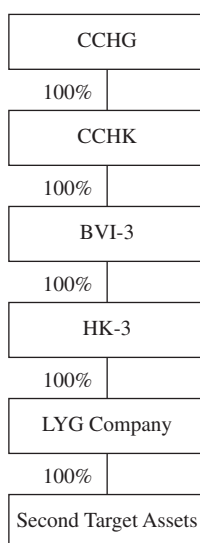
Chart A — corporate structure as at the date of the Second SP Agreement



Particulars of the reorganisation to be undertaken by CCHK and CCHG are as follows:

- BVI-3 will be incorporated in the British Virgin Islands by CCHK to act as the holding company of HK-3;
- HK-3 will be incorporated in Hong Kong as a wholly owned subsidiary of BVI-3 to act as the holding company of LYG Company;
- LYG Company will be established in the PRC by CCHG to act as the holding company of the Second Target Assets; and
- CCHG will transfer its entire interest in LYG Company (which will then hold the Second Target assets) to HK-3.

Chart B — corporate structure after completion of the reorganisation but prior to completion of the Second SP Agreement



The above reorganisation are subject to PRC governmental approvals.

The original acquisition costs of BVI-3 (including all assets and companies to be transferred to BVI-3 pursuant to the reorganisation) to CCHK is approximately RMB181,000,000.

Further details of the assets to be acquired pursuant to the Second SP Agreement are set out in the paragraph headed “Further details of the assets to be acquired under the Second SP Agreement” below.

Consideration:

For the purpose of this paragraph, the following expressions shall have the following meanings:

“**Filed and Confirmed Price (B)**” shall mean the value of 100% of the equity attributable to shareholder of LYG Company based on the PRC Valuation (B) and filed with and confirmed by the State-owned Assets Supervision and Administration Commission of the State Council. It is expected that Filed and Confirmed Price (B) could be obtained on or around 31 January 2009.

“**International Valuation (B)**” shall mean the valuation report on the Land and Buildings (B) (as at the same date of valuation of the PRC Valuation (B)) prepared by a qualified valuer in accordance with international valuation standards.

“**Land and Buildings (B)**” shall mean the land and buildings to be injected to LYG Company pursuant to the reorganisation but excluding railway.

“**P(B)**” shall mean the consideration to be payable by the Company pursuant to the Second SP Agreement (subject to adjustment).

“**PRC Valuation (B)**” shall mean the valuation report on 100% interests of LYG Company after completion of the reorganisation prepared in accordance with the requirements of the State-owned Assets Supervision and Administration Commission of the State Council. PRC Valuation (B) will adopt the depreciated replacement cost method in the valuation of 100% interests of LYG Company. Depreciated replacement cost method is one type of cost approach which is defined as the current cost of replacement (reproduction) of the subject asset less deduction for physical deterioration and all relevant forms of obsolescence and optimisation.

“**Price Determination Valuation (B)**” shall mean the valuation as at 31 August 2008 of the Second Target Assets to be injected to LYG Company pursuant to the reorganisation as shown in the report prepared by a PRC qualified valuer.

Since the reorganisation of the Second Target Assets has not been completed as at 31 August 2008, the scope of valuation of Price Determination Valuation (B) includes only the Second Target Assets but not 100% of the equity attributable to shareholder of LYG Company. At the time when the PRC Valuation (B) is issued, the reorganisation in respect of the Second Target Assets shall have been completed and LYG Company should have held the Second Target Assets. Therefore, the scope of PRC Valuation (B) will include 100% of the equity attributable to shareholder of LYG Company.

The scope of International Valuation (B) covers Land and Buildings (B) but not 100% interests of LYG Company after completion of the reorganisation as those included in the PRC Valuation (B). Given that the major assets to be injected to BVI-3 pursuant to the reorganisation are Land and Buildings (B), the Directors consider that it would be sufficient that the scope of the International Valuation (B) covers Land and Buildings (B) only.

Subject to the adjustment mechanism as stated below, the consideration payable by the Company pursuant to the Second SP Agreement shall be P(B) which is determined with reference to the Price Determination Valuation (B).

P(B) shall be RMB181,000,000 (equivalent to approximately HK\$205,782,371). If any of the assets cannot be transferred to LYG Company pursuant to the reorganisation (“**Asset Adjustment Event**”), P(B) shall be adjusted downward by deducting an equivalent amount of the value of such assets based on the Price Determination Valuation (B) and the consideration payable by the Company pursuant to the Second SP Agreement shall be reduced accordingly.

P(B) shall be further subject to the following adjustment mechanism:

- (1) if the Filed and Confirmed Price (B) is less than P(B), the consideration payable by the Company pursuant to the Second SP Agreement shall be adjusted downward to the Filed and Confirmed Price (B);
- (2) if the Filed and Confirmed Price (B) shall be an amount equal to P(B) or more and up to (and inclusive of) P(B) x 110% (i.e. RMB199,100,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)), the consideration payable by the Company pursuant to the Second SP Agreement shall not be adjusted and shall be equal to P(B);
- (3) if the Filed and Confirmed Price (B) shall be an amount higher than P(B) x 110% (i.e. RMB199,100,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)) and up to (and inclusive of) P(B) x 120% (i.e. RMB217,200,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)), CCHK shall procure the International Valuation (B) to be commissioned, and
 - (i) if the valuation of Land and Buildings (B) in the International Valuation (B) equals to or is higher than that in the PRC Valuation (B) and the valuation of Land and Buildings (B) in the International Valuation (B) together with the value of other assets in the PRC Valuation (B) is not higher than P(B) x 120% (i.e. RMB217,200,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)), the consideration payable by the Company pursuant to the Second SP Agreement shall be adjusted upward to the Filed and Confirmed Price (B); or
 - (ii) if the valuation of Land and Buildings (B) in the International Valuation (B) shall be lower than that in the PRC Valuation (B) by 10% or less than 10%, the consideration payable by the Company pursuant to the Second SP Agreement shall be adjusted to an amount equals the Filed and Confirmed Price (B) minus the difference between the valuation of Land and Buildings (B) in International Valuation (B) and that in the PRC Valuation (B).

The Company, CCHK and CCHG agreed that they will negotiate on the revised consideration to be payable by the Company pursuant to the Second SP Agreement upon the occurrence of any of the following events (“**Relevant Events**”):

- (1) (i) the Filed and Confirmed Price (B) shall be an amount higher than P(B) x 110% (i.e. RMB199,100,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)) and up to (and inclusive of) P(B) x 120% (i.e. RMB217,200,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)) and (ii) the valuation of Land and Buildings (B) in the International Valuation (B) shall be lower than that in the PRC Valuation (B) by more than 10%; or
- (2) the Filed and Confirmed Price (B) is an amount higher than P(B) x 110% (i.e. RMB199,100,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)) and up to (and inclusive of) P(B) x 120% (i.e. RMB217,200,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)); and

- (i) the valuation of Land and Buildings (B) in the International Valuation (B) is higher than that in the PRC Valuation (B); and
 - (ii) the valuation of Land and Buildings (B) in the International Valuation (B) together with the value of other assets in the PRC Valuation (B) is higher than $P(B) \times 120\%$ (i.e. RMB217,200,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)), or
- (3) the Filed and Confirmed Price (B) shall be higher than $P(B) \times 120\%$ (i.e. RMB217,200,000 (if P(B) is not adjusted downward by reason of the Asset Adjustment Event)).

The negotiation on the revised consideration to be payable by the Company, if required, will be based on fresh negotiation among the parties taking into account of the valuation of the assets at that time. Shareholders should note that the parties may or may not be able to reach an agreement on the revised consideration. If the revised consideration is not agreed by the parties, the Second SP Agreement will lapse. If the revised consideration is agreed by the parties, the parties will enter into another supplemental agreement in respect of the revised consideration which shall be subject to Independent Shareholders' approval at another general meeting to be convened by the Company (if the EGM has been held at that time). If approval from the Independent Shareholders on such supplemental agreement on the revised consideration cannot be obtained on or before 30 April 2009 (or such other date as agreed by the parties), the Second SP Agreement will lapse immediately.

Further announcement will be made by the Company on whether a supplemental agreement on the revised consideration is signed by the parties after occurrence of the Relevant Events.

The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser) confirm that the consideration payable by the Company pursuant to the Second SP Agreement was arrived at after arm's length negotiations between the Company, CCHK and CCHG and was determined with reference to the Price Determination Valuation (B). The adjustment mechanism to the consideration is incorporated to the Second SP Agreement because it is a requirement under the PRC laws that the price for the transfer of interest in LYG Company shall be filed and confirmed by the State-owned Assets Supervision and Administration Commission of the State Council. As at the date of this announcement, CCHK and CCHG are in the course of preparation of the application to the State-owned Assets Supervision and Administration Commission of the State Council.

Consideration Shares

The consideration payable by the Company pursuant to the Second SP Agreement shall be settled by the issue of the Consideration Shares to CCHK at an issue price of HK\$0.35 per Consideration Share which is the same as the issue price per Consideration Share under the First SP Agreement. There is no restriction on the subsequent disposal of the Consideration Shares by CCHK.

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

Conditions precedent:

Completion of the Second SP Agreement is conditional on the satisfaction (or, where applicable, waiver by the Company) of the following conditions:

- (1) the Independent Shareholders have passed an ordinary resolution to approve the transactions contemplated by the Second SP Agreement and the issue of the Consideration Shares at the EGM;
- (2) if a supplemental agreement to the Second SP Agreement in relation to the consideration is entered into by the parties, such supplemental agreement has been approved by the Independent Shareholders at a general meeting to be convened by the Company;
- (3) the Stock Exchange have granted the listing of and permission to deal in the Consideration Shares to be issued pursuant to the Second SP Agreement on the Stock Exchange;
- (4) the Independent Shareholders have passed an ordinary resolution to approve the Whitewash Waiver at the EGM;
- (5) the Executive have granted the Whitewash Waiver and the satisfaction of any condition attached to such Whitewash Waiver;
- (6) BVI-3 have been incorporated in accordance with the laws of the British Virgin Islands;
- (7) the pre-completion reorganisation in relation to BVI-3 has been completed; and
- (8) the issue of legal opinions by a firm of PRC lawyers approved by the Company, confirming, among other matters, the pre-completion reorganisation has been completed in accordance with the PRC laws and regulations and other matters which the Company considers necessary, contents of which must be accepted by the Company.

None of the above conditions (other than conditions (6), (7) and (8)) can be waived by the parties. The Company may at its absolute discretion waive conditions (6), (7) and (8) above at any time on or before 30 April 2009 (or such other date as agreed by the parties).

If the conditions precedents set out above have not been satisfied (or, where applicable, waived by the Company) on or before 30 April 2009 (or such other date as agreed by the parties), the Second SP Agreement shall cease and terminate and none of the parties shall have any obligations and liabilities under the Second SP Agreement, save for any prior breaches of the terms of the Second SP Agreement.

Completion of the Second SP Agreement

Completion of the Second SP Agreement shall take place on the fifth business day after the fulfillment or waiver (as the case may be) of all conditions referred to above (or such other date as agreed by the parties).

After completion of the Acquisition, BVI-3 will become a wholly owned subsidiary of the Company.

Completion of the Second SP Agreement and completion of the First SP Agreement is not conditional upon each other.

Undertakings by CCHG

Pursuant to the Second SP Agreement, CCHG has undertaken to indemnify the Company for any loss and costs incurred in connection with any breaches or non-compliance of any terms of the Second SP Agreement (save and except those relating to the matters described in the paragraph headed “Arrangement for the period between the date of valuation to completion of the Second SP Agreement” below) by CCHK.

Arrangement for the period between the date of valuation to completion of the Second SP Agreement

LYG Company will be an inactive company before completion of the Second SP Agreement. CCHK and the Company agreed that any loss incurred by LYG Company (inclusive of the Second Target Assets) during the period from the date of valuation as shown in the PRC Valuation (B) and the date of completion of the Second SP Agreement (the “**Relevant Period**”) shall be borne by CCHK and CCHK shall reimburse the Company for such loss (if any) in cash on a dollar-to-dollar basis. If LYG Company (inclusive of the Second Target Assets) records any profits during the Relevant Period, the Company shall reimburse CCHK for such profits (if any) in cash on a dollar-to-dollar basis.

For the above purposes, CCHK and the Company agreed to prepare income statements for LYG Company (inclusive of the Second Target Assets) for the Relevant Period and balance sheets for LYG Company (inclusive of the Second Target Assets) as at the date of completion of the Second SP Agreement. CCHK and the Company agreed that no depreciation on the value of the land and buildings will be made to the income statements. Such income statements and balance sheets will be audited by an independent auditor and shall be issued within 90 days from the date of completion of the Second SP Agreement.

Further details of the assets to be acquired under the Second SP Agreement

As at the date of Second SP Agreement, each of BVI-3, HK-3 and LYG Company has not been incorporated.

The Second Target Assets mainly comprises various land and buildings, particulars of which are set out below:

Location	Approximate site area (sq.m.)	Buildings erected thereon	Approximate gross floor area (sq.m.)	Current usage	Approximate value based on the Price Determination Valuation (B)
No. 147 Hailian East Road, Xinpu District, Lianyungang City, Jiangsu Province, The PRC 中國江蘇省連雲港市新浦區海連東路147號	363,705	Storage, office and ancillary buildings.	32,481	Occupied for warehousing and office use	RMB171,583,000 (note)
Total:	363,705		32,481		RMB171,583,000

Note: Inclusive of the value of the railway constructed on the land which amounted to approximately RMB2,916,000.

The value of the Second Target Assets as at 31 August 2008 based on the Price Determination Valuation (B) is approximately RMB180,417,000. No financial information on the profits or losses of the Second Target Assets (both before and after taxation and extraordinary items) are available as no revenue could be generated solely by the Second Target Assets and no separate books and records were kept for the Second Target Assets solely. The Second Target Assets mainly comprise various land and buildings which were originally designed for logistic and trading businesses. The Second Target Assets, which are standalone, could not generate revenue for logistic or trading business without other ancillary equipment and facility.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The principal activities of the Group are property development, property investment, land resources exploitation and strategic investment.

One of the Group's development strategy is to invest in quality industrial land with development potential so as to expand the land resources exploitation business of the Group. The Directors consider that the Acquisition could increase substantially the land reserves for the Group which could strengthen the future earning capacity of the Group. The Directors believe that the plots of land to be injected into each of BVI-1, BVI-2 and BVI-3 have greater potential for development and appreciation in value as they are located in the second or third tier cities of the PRC and some of them have been or are expected to be included in zoning of commercial land at such cities by the local government. CCHG is the pilot enterprise for state-owned assets operation and management companies under the State-owned Assets Supervision and Administration Commission of the State Council and is one of the groups in the PRC who owns large amount of land for warehouses and industrial use. The Directors believe that the capability of seeking quality land resources from CCHG is one of the competitive advantages of the Group. In addition, the cashflow of the Group will not be adversely affected by issuing the Consideration Shares to CCHK pursuant to the Acquisition.

The Directors (excluding the independent non-executive Directors whose view will be formed after taking into account the advice of the independent financial adviser) believe that the terms of each of the First SP Agreement and the Second SP Agreement are fair and reasonable and in the interests of the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

The following table sets out the existing shareholding structure of the Company and the shareholding structure of the Company immediately after the issue of the Consideration Shares (assuming no adjustment to the consideration payable by the Company under the First SP Agreement and the Second SP Agreement):

	Existing shareholding		Immediately after issue of the Consideration Shares under the First SP Agreement only		Immediately after issue of the Consideration Shares under the Second SP Agreement only		Immediately after issue of the Consideration under the First SP Agreement and the Second SP Agreement	
	Shares	%	Shares	%	Shares	%	Shares	%
Concert Group								
World Gain	791,814,913	29.56%	791,814,913	18.84%	791,814,913	24.24%	791,814,913	16.53%
CCHK	0	0.00%	1,523,471,697	36.25%	587,949,631	18.00%	2,111,421,328	44.08%
Zhang Guotong <i>(Note 1)</i>	365	0.00%	365	0.00%	365	0.00%	365	0.00%
Ma Zhengwu <i>(Note 2)</i>	1,450,390	0.05%	1,450,390	0.03%	1,450,390	0.04%	1,450,390	0.03%
Hong Shuikun <i>(Note 2)</i>	1,450,390	0.05%	1,450,390	0.03%	1,450,390	0.04%	1,450,390	0.03%
Sub-total	794,716,058	29.67%	2,318,187,755	55.16%	1,382,665,689	42.32%	2,906,137,386	60.67%
Directors								
Gu Laiyun	3,867,707	0.14%	3,867,707	0.09%	3,867,707	0.12%	3,867,707	0.08%
Xu Zhen	725,196	0.03%	725,196	0.02%	725,196	0.02%	725,196	0.02%
Sub-total	4,592,903	0.17%	4,592,903	0.11%	4,592,903	0.14%	4,592,903	0.10%
Public	1,879,596,609	70.16%	1,879,596,609	44.73%	1,879,596,609	57.54%	1,879,596,609	39.24%
Total	2,678,905,570	100.00%	4,202,377,267	100.00%	3,266,855,201	100.00%	4,790,326,898	100.00%

Notes:

1. Mr. Zhang Guotong is a director of each of CCHK and the Company and is a member of the Concert Group.
2. Each of Mr. Ma Zhengwu and Mr. Hong Shuikun is a director of CCHK and is a member of the Concert Group.

The following table sets out the existing shareholding structure of the Company and the shareholding structure of the Company immediately after the issue of the Consideration Shares (assuming the consideration payable by the Company under the First SP Agreement and the Second SP Agreement is adjusted to its maximum extent (i.e. RMB562,800,000 for the First SP Agreement and RMB217,200,000 for the Second SP Agreement) in accordance with the terms thereof):

	Existing shareholding		Immediately after issue of the Consideration Shares under the First SP Agreement only		Immediately after issue of the Consideration Shares under the Second SP Agreement only		Immediately after issue of the Consideration under the First SP Agreement and the Second SP Agreement	
	Shares	%	Shares	%	Shares	%	Shares	%
Concert Group								
World Gain	791,814,913	29.56%	791,814,913	17.57%	791,814,913	23.40%	791,814,913	15.19%
CCHK	0	0.00%	1,828,166,034	40.56%	705,539,557	20.85%	2,533,705,591	48.61%
Zhang Guotong (Note 1)	365	0.00%	365	0.00%	365	0.00%	365	0.00%
Ma Zhengwu (Note 2)	1,450,390	0.05%	1,450,390	0.03%	1,450,390	0.04%	1,450,390	0.03%
Hong Shuikun (Note 2)	1,450,390	0.05%	1,450,390	0.03%	1,450,390	0.04%	1,450,390	0.03%
Sub-total	794,716,058	29.67%	2,622,882,092	58.19%	1,500,255,615	44.33%	3,328,421,649	63.85%
Directors								
Gu Laiyun	3,867,707	0.14%	3,867,707	0.09%	3,867,707	0.11%	3,867,707	0.07%
Xu Zhen	725,196	0.03%	725,196	0.02%	725,196	0.02%	725,196	0.01%
Sub-total	4,592,903	0.17%	4,592,903	0.10%	4,592,903	0.14%	4,592,903	0.09%
Public	1,879,596,609	70.16%	1,879,596,609	41.70%	1,879,596,609	55.54%	1,879,596,609	36.06%
Total	2,678,905,570	100.00%	4,507,071,604	100.00%	3,384,445,127	100.00%	5,212,611,161	100.00%

Notes:

1. Mr. Zhang Guotong is a director of each of CCHK and the Company and is a member of the Concert Group.
2. Each of Mr. Ma Zhengwu and Mr. Hong Shuikun is a director of CCHG and is a member of the Concert Group.
3. According to the terms of the First SP Agreement and the Second SP Agreement, the consideration, if adjusted to its maximum extent, will be 120% of P(A) or P(B). Therefore, P(A), if adjusted to its maximum extent, is RMB562,800,000 and P(B), if adjusted to its maximum extent, is RMB217,200,000.

As at the date of this announcement, other than the share options granted pursuant to the share option scheme of the Company entitling the holders thereof to subscribe for 125,196 Shares, the Company did not have other outstanding options, derivatives, warrants or securities which are convertible or exchangeable into Shares. As at the date of this announcement, none of the members of the Concert Group had any share options granted by the Company nor any other outstanding derivatives in respect of the securities of the Company.

WHITEWASH WAIVER

None of the members in the Concert Group has acquired any voting rights of the Company for the period from 30 April 2008 (being six months prior to the date of this announcement) to the date of this announcement.

Upon issue of the Consideration Shares, the shareholding of the Concert Group will be increased as follows:

- (i) from approximately 29.67% to approximately 55.16% (assuming no adjustment to the consideration to be payable by the Company under the First SP Agreement and if completion has only taken place for the First SP Agreement);
- (ii) from approximately 29.67% to approximately 42.32% (assuming no adjustment to the consideration to be payable by the Company under the Second SP Agreement and if completion has only taken place for the Second SP Agreement);
- (iii) from approximately 29.67% to approximately 60.67% (assuming no adjustment to the consideration to be payable by the Company under the First SP Agreement and the Second SP Agreement and if completion for the First SP Agreement and the Second SP Agreement have been taken place);
- (iv) from approximately 29.67% to approximately 58.19% (assuming the consideration to be payable by the Company under the First SP Agreement is adjusted to its maximum extent in accordance with the terms thereof and if completion has only taken place for the First SP Agreement);
- (v) from approximately 29.67% to approximately 44.33% (assuming the consideration to be payable by the Company under the Second SP Agreement is adjusted to its maximum extent in accordance with the terms thereof and if completion has only taken place for the Second SP Agreement); and
- (vi) from approximately 29.67% to approximately 63.85% (assuming the consideration to be payable by the Company under the First SP Agreement and the Second SP Agreement is adjusted to their respective maximum extent in accordance with the terms thereof and completion of the First SP Agreement and the Second SP Agreement have taken place).

Under Rule 26 of the Takeovers Code, the issue of the Consideration Shares to CCHK as a result of the Acquisition will trigger a mandatory offer by CCHK, for all the securities of the Company other than those already owned by the Concert Group. Application will be made by CCHK to the Executive for the Whitewash Waiver pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code. The Whitewash Waiver, if granted by the Executive, will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

All members of the Concert Group and those who are involved or interested in the Acquisition will abstain from voting on the resolution to approve the Whitewash Waiver at the EGM.

Save for the First SP Agreement and the Second SP Agreement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the CCHK and which might be material to the Whitewash Waiver. Other than the First SP Agreement and the Second SP Agreement, there are no agreements or arrangements to which CCHK is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Whitewash Waiver.

None of the members of the Concert Group has borrowed or lent any securities of the Company.

REQUIREMENTS OF THE LISTING RULES

The transactions contemplated under the First SP Agreement and the Second SP Agreement (when aggregate) constitutes a major acquisition for the Company under Chapter 14 of the Listing Rules and a connected transaction under Chapter 14A of the Listing Rules which is subject to reporting, announcement and independent shareholders' approval requirements. The Acquisition will be subject to the approval of the Independent Shareholders taken on a poll at the EGM.

As at the date of this announcement, the Concert Group owns approximately 29.67% of the entire issued share capital of the Company and all members of the Concert Group and those who are involved or interested in the Acquisition are required to abstain from voting of the resolutions to approve the First SP Agreement and the Second SP Agreement.

GENERAL

An independent board committee, comprising all independent non-executive Directors, namely Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec, Mr. Lao Youan and Mr. Ba Shusong, who have no direct or indirect interest in the Whitewash Waiver, has been formed to advise the Independent Shareholders on the terms of the Acquisition and the Whitewash Waiver. Mr. Gu Laiyun is a member of senior management of CCHG and Ms. Xu Zhen is the chief accountant of CCHG. Accordingly, they are considered not sufficiently independent to become member of the independent board committee. CIMB-GK Securities (HK) Limited has been appointed as the independent financial adviser to advise the independent board committee on the terms of the Acquisition and the Whitewash Waiver. Such appointment has been approved by the independent board committee.

A circular containing, among other things, information relating to the Acquisition and the Whitewash Waiver, a letter from the independent board committee and a letter of advice from the independent financial adviser together with a notice convening the EGM will be despatched to the Shareholders in due course.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Main Board of the Stock Exchange was suspended with effect from 2:30 p.m. on 15 October 2008 pending the release of this announcement.

Application has been made by the Company for the resumption of trading in the Shares on the Main Board of the Stock Exchange with effect from 9:30 a.m. on 31 October 2008.

UNUSUAL INCREASE IN SHARE PRICE

This statement is made at the request of the Stock Exchange.

The Directors have noted recent increase in share price of the Shares and wish to state that save as disclosed in this announcement of the Company, the Directors are not aware of any reasons for such change.

The Directors also confirm that there are no other negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be a price-sensitive nature.

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:

“Acquisition”	the transactions contemplated under the First SP Agreement and the Second SP Agreement
“Board”	the board of Directors
“BVI-1”	a company to be incorporated in the British Virgin Islands prior to the completion of the First SP Agreement and to act as the holding company of HK-1
“BVI-2”	a company to be incorporated in the British Virgin Islands prior to the completion of the First SP Agreement and to act as the holding company of HK-2
“BVI-3”	a company to be incorporated in the British Virgin Islands prior to the completion of the Second SP Agreement and to act as the holding company of HK-3
“CCHG”	China Chengtong Holdings Group Limited, the holding company of CCHK, is a state-owned enterprise established in the PRC and directly supervised and owned by the State-owned Assets Supervision and Administration Commission of the State Council on behalf of the Central People’s Government of the PRC
“CCHK”	China Chengtong Hong Kong Company Limited, the holding company of World Gain, a substantial Shareholder (as defined in the Listing Rules) of the Company
“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
“Concert Group”	CCHK, CCHG and parties acting in concert with any one of them
“Consideration Shares”	the Shares to be allotted and issued, credited as fully paid, to CCHK upon completion of the First SP Agreement, or as the case may be, the Second SP Agreement
“CT Industrial”	誠通實業投資有限公司 (unofficial translation as Chengtong Industrial Investment Limited), a company established in the PRC on 15 June 2007 and is wholly owned by CCHG as at the date of this announcement
“DFG”	collectively, DFG Company and DFG Construction Company

“DFG Company”	誠通大豐海港開發有限公司 (unofficial translation as Chengtong Dafeng Harbour Development Limited), a company established in the PRC on 29 December 2005 and is owned as to approximately 66.67% by CCHG as at the date of this announcement
“DFG Construction Company”	誠通大豐海港工程建設有限公司 (unofficial translation as Chengtong Dafeng Harbour Construction Limited), a company established in the PRC on 28 March 2006 and is wholly owned by DFG Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened by the Company for the purposes of considering, if thought fit, approving the Acquisition and the Whitewash Waiver
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong or any of his delegates
“First SP Agreement”	the Original First SP Agreement, as supplemented by the First Supplemental Agreement to the First SP Agreement
“First Target Assets”	the assets to be injected into CT Industrial at or prior to completion of the First SP Agreement
“First Supplemental Agreement to the First SP Agreement”	the supplemental agreement dated 27 October 2008 and entered into between the Company, CCHK and CCHG to vary and supplement certain terms of the Original First SP Agreement
“First Supplemental Agreement to the Second SP Agreement”	the supplemental agreement dated 27 October 2008 and entered into between the Company, CCHK and CCHG to vary and supplement certain terms of the Original Second SP Agreement
“Group”	the Company and its subsidiaries from time to time
“HK-1”	a company to be incorporated in Hong Kong prior to the completion of the First SP Agreement and to act as the holding company of CT Industrial
“HK-2”	a company to be incorporated in Hong Kong prior to the completion of the First SP Agreement and to act as the holding company of DFG Company
“HK-3”	a company to be incorporated in Hong Kong prior to the completion of the Second SP Agreement and to act as the holding company of LYG Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Shareholders”	Shareholders who are not involved or interested in the Acquisition, being Shareholders other than the Concert Group
“Last Trading Day”	14 October 2008, being the last full trading day before the release of this announcement
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange
“LYG Company”	連雲港中儲物流有限公司 (unofficial translation as Lianyungang CMST Logistics Limited) (proposed name), a company to be established in the PRC to act as the holding company of the Second Target Assets
“Original First SP Agreement”	the sale and purchase agreement dated 15 October 2008 and entered into between the Company, CCHK and CCHG in relation to the acquisition by the Company of the entire issued share capital of BVI-1 and BVI-2
“Original Second SP Agreement”	the sale and purchase agreement dated 15 October 2008 and entered into between the Company, CCHK and CCHG in relation to the acquisition by the Company of the entire issued share capital of BVI-3
“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
“Whitewash Waiver”	a waiver, from the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code, in respect of the obligations of the Concert Group to make a mandatory general offer for all the securities of the Company not already owned by the Concert Group which would otherwise arise as a result of the issue of the Consideration Shares to the CCHK upon completion of (i) the First SP Agreement; (ii) the Second SP Agreement and (iii) the First SP Agreement and the Second SP Agreement
“World Gain”	World Gain Holdings Limited, the substantial Shareholder (as defined in the Listing Rules) of the Company
“Second SP Agreement”	the Original Second SP Agreement, as supplemented by the First Supplemental Agreement to the Second SP Agreement
“Second Target Assets”	the assets to be injected into LYG Company at or prior to completion of the Second SP Agreement
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code of Takeovers and Mergers

“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\$1.13. 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. 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
Wang Hongxin
Managing Director

Hong Kong, 30 October 2008

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to CCHK and CCHG) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

The directors of CCHK jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group and CCHG) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.

The directors of CCHG jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than information relating to the Group and CCHK) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.