



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)

Announcement

An Acquisition related to Cement Business

The board of directors (“Board”) of China Chengtong Development Group Limited (“Company”) announces that, Cimpor Chengtong Cement Corporation Limited (“CC Cement”) which the Company holds 20% equity interest, entered into an acquisition agreement with an independent third party on 29 October 2008 (“Agreement”), through obtaining the ownership of East Advantage International Limited, to acquire 100% equity interest of Liyang Dongfang Cement Company Limited, a PRC incorporated company which principally engaged in the production and sale of clinker and cement. Further details of the Agreement are set out below:

Background

East Advantage International Limited (“East Advantage”), a company incorporated under the laws of in the British Virgin Islands, is solely an investment holding company. As at the date of this announcement, East Advantage has acquired all the equity interests in Liyang (as defined below) from its previous shareholders and has become the sole legal and beneficial shareholder of Liyang (“Reorganization”).

Liyang Dongfang Cement Company limited (“Liyang”), a sino-foreign joint venture company incorporated under the laws of the PRC, is principally engaged in the production and sale of clinker and cement. It owns a clinker production line with a capacity of 900,000 tons per year, located near the city of Changzhou, in the Province of Jiangshu, PRC.

Vendor and Purchaser

1. Purchaser: CC Cement;
2. Vendor: An independent third party. He is a natural person and is the legal and beneficial owner of the entire issued share capital of East Advantage.

The Vendor wishes to sell and CC Cement wishes to acquire the legal and beneficial interest in the entire issued share capital of East Advantage in accordance with the terms and conditions of the Agreement. After completion of the acquisition, CC Cement will hold 100% equity interest of Liyang through East Advantage.

The Vendor, East Advantage and Liyang are all independent third parties in relation to the Company and CC Cement, as defined in the Listing Rules.

Condition Precedent

Completion of the Agreement is conditional on the satisfaction of a number of conditions which include, among other matters, completion of the Reorganization and completion by Liyang of certain additional tasks.

Consideration:

Renminbi 210,000,000 (equivalent to HK\$ 237,300,000), which shall be adjusted based on the net profit/(loss) of Liyang in the current year up to time of completion of the transaction.

The principal activities of the Group are property development, property investment, land resources exploitation and strategic investment in cement business. Liyang, operated at its full capacity in 2007, reached a turnover close to Renminbi 120,000,000 (equivalent to HK\$135,600,000). Liyang's natural market covers the cities of Changzhou, Wuxi, Suzhou and Shanghai, in one of the most developed areas of the Yangtze delta. The Board believes such strategic acquisition will improve CC Cement's production capacity, expand its long term earning capability and in turn increase its market share in the PRC cement industry.

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

Hong Kong, 14 November 2008.

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 presentation is made by 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.