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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 20% of the interest in Cement Company

On 2 April 2009, CCCG, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Sale and Purchase Agreement for the disposal of the Sale Shares by CCCG to the Purchaser at a consideration of HK\$58,000,000.

The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules which is subject to reporting and announcement requirements.

SALE AND PURCHASE AGREEMENT

1. Date

2 April 2009

2. Parties:

Vendor: CCCG, a wholly-owned subsidiary of the Company.

Purchaser: Cimpor Macau Investment Company Limited. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, (i) the principal activity of the Purchaser is investment holding and (ii) other than being a co-shareholder in Cement Company, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

3. Assets to be disposed of under the Sale and Purchase Agreement

The Sale Shares to be disposed of by CCCG comprises 20% of the issued share capital of Cement Company, being all CCCG's interest in Cement Company.

4. Consideration

The consideration of HK\$58,000,000 for the Sale Shares shall be payable by the Purchaser to CCCG in cash upon completion of the Disposal.

The Directors confirm that the consideration was arrived at after arm's length negotiations between CCCG and the Purchaser and taking account of the unaudited consolidated equity attributable to shareholders of Cement Company as at 31 December 2008 (being approximately HK\$292 million).

It is the current intention of the Group to apply the net proceeds from the Disposal as general working capital of the Group.

5. Completion of the Disposal

Completion will take place on a date to be agreed between the parties, which will be no later than the fifth business day (other than Saturday) after the date of the Sale and Purchase Agreement (unless otherwise agreed between the parties).

It is expected that the Group will record a book gain of approximately HK\$13 million as a result of the Disposal which represents the difference between the consideration and the Group's share of the aggregate unaudited consolidated equity attributable to shareholders of Cement Company as at 31 December 2008 (after adjustment of unrealised gain recorded by the Group when Cement Company was formed as a joint venture) and recognition of the Group's share of exchange reserve relating to Cement Company (previously recorded in the consolidated balance sheet of the Group) in the consolidated income statement upon disposal, but without taking into account the tax provisions (if any).

6. Non-competition undertakings

CCCG has undertaken to the Purchaser that for a period of three years after completion of the Disposal (“Non-Compete Period”), it will not (and will procure the Group and its director (other than the independent non-executive Directors) and senior management not to) start or engage in, directly or indirectly, any cement business in the provinces of Shandong and Jiangsu of PRC.

CCCG has also undertaken to the Purchaser that during the Non-Compete Period, it will not (and will procure the Group and its director (other than the independent non-executive Directors) and senior management not to) directly or indirectly, own an interest in, manage, operate, join, control, lend money or render financial or other assistance to or participate in or be connected with, as an officer, employee, partner, shareholder, consultant or otherwise, any person that competes with the business of Cement Group in the provinces of Shandong and Jiangsu of PRC.

INFORMATION ON CEMENT COMPANY

Cement Company is a company incorporated in Hong Kong with limited liability. Since the incorporation of Cement Company in July 2006, Cement Company has been owned as to 80% by the Purchaser and its associates and 20% by the Group. Cement Company is an investment holding company and Cement Group is principally engaged in the production and sale of cement and related ancillary business. As at the date of the Sale and Purchase Agreement, the entire issued share capital of Cement Company was owned as to 20% by CCCG and 80% by the Purchaser.

The Company has equity accounted the financial results of Cement Company in the financial statements of the Group. The unaudited consolidated total assets and net asset of Cement Company as at 31 December 2008 were approximately HK\$1,730 million and HK\$323 million respectively.

Based on the unaudited consolidated financial information of Cement Company prepared in accordance with accounting principles generally accepted in Hong Kong, the net profits/losses (both before and after taxation and extraordinary items) of Cement Company for the two financial years specified below are as follows:

	Year ended 31 December 2007 <i>HK\$'000</i> (unaudited)	Year ended 31 December 2008 <i>HK\$'000</i> (unaudited)
Net (losses)/profits before taxation and extraordinary items	(3,831)	35,369
Net (losses)/profits after taxation and extraordinary items	(3,832)	21,526

Since April 2007, the operation of Cement Company has been funded by the Purchaser and its associates (by way of a combination of capital contribution and loan). As at 31 December 2008, the amount of the loan advanced by the Purchaser and its associates to Cement Company amounted to approximately HK\$1,100 million whereas the Group has not made any cash contribution to Cement Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property development, property investment, land resources exploitation and strategic investment.

As represented by the Purchaser, Cement Group has increasing capital needs for expansion of its production capacity of cement products or other merger and acquisitions. The Directors consider that it is not suitable for the Group to invest further in the cement business as such business activity does not fall into the principal business activities of the Group. On the other hand, in order to fund the further expansion and development of Cement Group in the near future, it is the plan of the Purchaser to capitalise the loans that it and its associates have advanced to Cement Company and then make further capital contribution to Cement Company. However, the Purchaser has indicated that in view of the substantial amount of such loans (which amounted to approximately HK\$1,100 million as at 31 December 2008), the Purchaser will only capitalise such loans when Cement Company becomes its wholly-owned subsidiary. As such, the parties have started to negotiate for the Disposal.

Given that the Group does not wish to make any capital commitment to Cement Group and that the Disposal can bring a gain and cash to the Group, the Directors consider 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 Sale and Purchase 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.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“CCCG”	China Chengtong Cement Group Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“Cement Company”	Cimpor Chengtong Cement Corporation Limited, a company incorporated in Hong Kong with limited liability
“Cement Group”	Cement Company and its subsidiaries
“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 Shares by CCCG to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“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”	Cimpor Macau Investment Company Limited, a company incorporated in the Macau Special Administrative Region of the PRC
“Sale and Purchase Agreement”	the sale and purchase agreement dated 2 April 2009 and entered into between CCCG (as vendor) and the Purchaser (as purchaser) in relation to the Disposal
“Sale Shares”	49,076,020 shares of HK\$1 each of Cement Company, representing 20% of the issued share capital of Cement Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 3 April 2009

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.