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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)

MAJOR TRANSACTION DISPOSAL OF SUBSIDIARIES

The Board is pleased to announce that on 14 December 2010:

- Shine Ocean, a wholly-owned subsidiary of the Company, entered into CCPGL Agreement with the Purchaser in relation to the sale and purchase of the entire issued share capital of CCPGL at the consideration of HK\$40,910,000; and
- Ocean-Land, a wholly-owned subsidiary of the Company, entered into the TDL Agreement with the Purchaser in relation to the sale and purchase of the entire issued share capital of TDL at the consideration of HK\$95,250,000.

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, written shareholder's approval has been obtained in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Controlling Shareholder, holding approximately 54.8% of the existing issued share capital of the Company as at the date of this announcement, has given its written approval in respect of the Disposal. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Disposal.

A circular containing, among others, details of the Agreements and other financial information of the Group is expected to be despatched to the Shareholders on or before 21 January 2011, taking into account the time expected to be required for the preparation of the financial information of the Group for inclusion in the circular.

The Board is pleased to announce that on 14 December 2010, (i) Shine Ocean, a wholly-owned subsidiary of the Company, and the Purchaser entered into the CCPGL Agreement and (ii) Ocean-Land, a wholly-owned subsidiary of the Company, and the Purchaser entered into the TDL Agreement.

Principal terms of the Agreements are set out below:

CCPGL AGREEMENT

Date:

14 December 2010

Parties:

Vendor : Shine Ocean, a wholly-owned subsidiary of the Company

Purchaser : The Purchaser

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties, and the Purchaser is an investment holding company.

Assets to be disposed

Shine Ocean agreed to sell, and the Purchaser agreed to purchase, the CCPGL Sale Shares. The CCPGL Sale Shares represent the entire issued share capital of CCPGL.

Consideration

The consideration for the CCPGL Sale Shares is HK\$40,910,000, which has been settled in the manner more particularly set out in the paragraph headed "Financial effect on the Disposal" below.

The consideration for the CCPGL Sale Shares was arrived at after arm's length negotiations between the parties with reference to the unaudited net assets value of Zhongshi as at 30 November 2010.

Conditions precedent and completion

Completion of the CCPGL Disposal shall be conditional upon:

- (a) the obtaining of all the necessary consent and approval by Shine Ocean in relation to the sale and purchase of the CCPGL Sale Shares, including the approval from the board of directors of Shine Ocean and the approval from the shareholders of the Company; and

(b) the Purchaser has settled the consideration in full.

The above conditions have been fulfilled on 14 December 2010 and completion of the CCPGL Disposal has taken place on 14 December 2010.

TDL AGREEMENT

Date:

14 December 2010

Parties:

Vendor : Ocean-Land, a wholly-owned subsidiary of the Company

Purchaser : The Purchaser

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Purchaser and its ultimate beneficial owner are Independent Third Parties, and the Purchaser is an investment holding company.

Assets to be disposed

Ocean-Land agreed to sell, and the Purchaser agreed to purchase, the TDL Sale Share. The TDL Sale Share represents the entire issued share capital of TDL.

Consideration

The consideration for the TDL Sale Share is HK\$95,250,000, which has been settled in the manner more particularly set out in the paragraph headed "Financial effect on the Disposal" below.

The consideration for the TDL Sale Share was arrived at after arm's length negotiations between the parties with reference to the unaudited net assets value of Zhongshi as at 30 November 2010.

Conditions precedent and completion

Completion of the TDL Disposal shall be conditional upon:

- (a) the obtaining of all the necessary consent and approval by Ocean-Land in relation to the sale and purchase of the TDL Sale Share, including the approval from the board of directors of Ocean-Land and the approval from the shareholders of the Company; and
- (b) the Purchaser has settled the consideration in full.

The above conditions have been fulfilled on 14 December 2010 and completion of the TDL Disposal has taken place on 14 December 2010.

INFORMATION OF CCPGL AND TDL

CCPGL is a company incorporated in Hong Kong with limited liability. CCPGL is an investment holding company holding 30% equity interest in Zhongshi.

TDL is a company incorporated in the British Virgin Islands with limited liability. TDL is an investment holding company holding 70% equity interest in Zhongshi.

Zhongshi is a wholly foreign enterprise established in the PRC and is principally engaged in property development. Zhongshi is the developer of a residential/commercial development project known as 融城 (City of Mergence) at nos. 9 and 11, Baiwanzhuang Dajie, Xicheng District, Beijing, the PRC (北京西城區百萬莊大街9#、11#苑) (“**City of Mergence Project**”). The sale of the City of Mergence Project has been almost completed and Zhongshi has not commenced other property project after that.

Set out below is some financial information of CCPGL (prepared based on the accounting principles applicable in Hong Kong):

	For the year ended 31 December 2008 (Audited) HK\$'000	For the year ended 31 December 2009 (Audited) HK\$'000
Net (loss) before tax	(1,847)	(37,788)
Net (loss) after tax	(1,847)	(37,788)

As at 30 November 2010, the unaudited total asset value and net asset value of CCPGL (which represent CCPGL's investment in 30% equity interest in Zhongshi) is approximately HK\$28.26 million and HK\$28.26 million respectively.

Set out below is some financial information of TDL (prepared based on the accounting principles applicable in Hong Kong):

	For the year ended 31 December 2008	For the year ended 31 December 2009
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net (loss)/profit before tax	(5)	52,775
Net (loss)/profit after tax	(5)	52,775

As at 30 November 2010, the unaudited total asset value and net asset value of TDL (which represent TDL's investment in 70% equity interest in Zhongshi) is approximately HK\$67.95 million and HK\$67.95 million respectively.

Set out below is some financial information of Zhongshi (prepared based on the accounting principles applicable in Hong Kong):

	For the year ended 31 December 2008	For the year ended 31 December 2009
	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>
Net (loss) before tax	(10,660)	(26,922)
Net (loss) after tax	(10,336)	(26,792)

As at 30 November 2010, the unaudited total asset value and net asset value of Zhongshi is approximately RMB126.92 million (equivalent to approximately HK\$147.86 million) and RMB114.45 million (equivalent to approximately HK\$133.34 million) respectively.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are property development, property investment including land resources exploitation, strategic investment and financial leasing. In November 2010, the Group also commenced trading of coal as one of its principal activities.

The Group, in essence, is disposing its entire interest in Zhongshi through the Disposal. Given that the sale of the City of Mergence Project has been almost completed and the Group does not intend to commence other property project through Zhongshi, the Group wishes to dispose of Zhongshi in order to simplify the corporate structure of the Group, reduce administrative expenses and enhance the efficiencies of the Group.

The Directors are of the view that the terms of each of the CCPGL Agreement and the TDL Agreement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

FINANCIAL EFFECT ON THE DISPOSAL

Immediately upon completion of the CCPGL Disposal and the TDL Disposal, the Group will cease to have any interest in each of CCPGL, TDL and Zhongshi and each of them will cease to be a subsidiary of the Company.

As at 30 November 2010, an aggregate amount of approximately RMB120.07 million (equivalent to approximately HK\$139.88 million) was owing by the Group to Zhongshi. Immediately upon signing of the Agreements, Shine Ocean and Ocean-Land have directed the Purchaser to pay an amount of HK\$136,160,000 (or equivalent amount of RMB) (being the aggregate consideration payable by the Purchaser under the CCPGL Agreement and the TDL Agreement) to Zhongshi for the repayment of the equivalent amount of the balances owed by the Group to Zhongshi. As such, the Group will not receive any cash proceeds from the Disposal.

The gain, before transaction costs, arising from the Disposal is estimated to be approximately HK\$2.82 million, being the difference between the aggregate consideration for the Disposal and the net assets value of the Disposal Group of approximately HK\$133.34 million as at 30 November 2010.

IMPLICATION UNDER THE LISTING RULES

The Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal, written shareholders' approval has been obtained in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Controlling Shareholder, holding approximately 54.8% of the existing issued share capital of the Company as at the date of this announcement, has given its written approval in respect of the Disposal. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Disposal.

A circular containing, among others, details of the Agreements and other financial information of the Group is expected to be despatched to the Shareholders on or before 21 January 2011, taking into account the time expected to be required for the preparation of the financial information of the Group for inclusion in the circular.

DEFINITIONS

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

“Agreements”	collectively the CCPGL Agreement and the TDL Agreement
“Board”	the board of Directors
“CCPGL”	China Chengtong Properties Group Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company immediately before completion of the CCPGL Disposal
“CCPGL Agreement”	the agreement dated 14 December 2010 and entered into between Shine Ocean and the Purchaser in respect of the sale and purchase of the CCPGL Sale Shares
“CCPGL Disposal”	the disposal of the CCPGL Sale Shares by the Group in accordance with the terms of the CCPGL Agreement
“CCPGL Sale Shares”	10,000 ordinary share of nominal value of HK\$1.00 each in the issued share capital of CCPGL, representing the entire issued share capital of CCPGL
“Company”	China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	World Gain Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which, as at the date of this announcement, holds 2,286,343,570 Shares, representing approximately 54.8% of the issued share capital of the Company. World Gain Holdings Limited is a controlling shareholder of the Company within the meaning of the Listing Rules

“Director(s)”	the director(s) of the Company
“Disposal”	collectively, the CCPGL Disposal and the TDL Disposal
“Disposal Group”	collectively, CCPGL, TDL and Zhongshi
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Part(ies)”	any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Purchaser”	Hongkong Flying Swallow Group Co. Ltd., a company incorporated in the British Virgin Islands with limited liability
“Ocean-Land”	Ocean-Land (China Investments) Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company as at the date of this announcement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Shine Ocean”	Shine Ocean Limited, a company incorporated in Hong Kong with limited liability, and a wholly-owned subsidiary of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TDL”	Talent Dragon Limited, a company incorporated in British Virgin Islands with limited liability, and a wholly-owned subsidiary of the Company immediately before completion of the TDL Disposal
“TDL Agreement”	the agreement dated 14 December 2010 and entered into between Ocean-Land and the Purchaser in respect of the sale and purchase of the TDL Sale Share
“TDL Disposal”	the disposal of the TDL Sale Share by the Group in accordance with the terms of the TDL Agreement
“TDL Sale Share”	1 ordinary share of nominal value of US\$1.00 in the issued share capital of TDL, representing the entire issued share capital of TDL
“Zhongshi”	中實投資有限責任公司 (Zhongshi Investment Company Limited), a company incorporated in the PRC and a wholly-owned subsidiary of the Company immediately before completion of the Disposal
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.165. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.

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

Hong Kong, 14 December 2010

As at the date of this announcement, the executive Directors are Mr. Zhang Guotong, Mr. Wang Hongxin and Mr. Wang Tianlin; 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 and Mr. Ba Shusong.