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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)

SUPPLEMENTAL AGREEMENT FOR A MAJOR ACQUISITION AND CONNECTED TRANSACTION

SUPPLEMENTAL AGREEMENT

Reference is made to the Announcement of the Company dated 27 July 2011 in relation to, among other matters, a major and connected transaction of the Company. Upon further negotiations among the parties under the Acquisition Agreement, the parties entered into the Supplemental Agreement to the Acquisition Agreement on 29 August 2011 to (i) revise the list of companies to be acquired by excluding one of the Travel Investment Companies, namely Huandao Travel Agency; (ii) revise the amount of the Consideration to reflect the exclusion of Huandao Travel Agency from the list of companies to be acquired; and (iii) amend certain adjustment mechanism of the Consideration.

Pursuant to the terms of the Supplemental Agreement, Huandao Travel Agency will not be included as one of the Travel Investment Companies which are to be held indirectly by the BVI Company pursuant to the Pre-completion Reorganisation, and therefore Huandao Travel Agency will not be one of the target companies to be acquired by the Company pursuant to the Acquisition. Accordingly, under the Acquisition Agreement (as supplemented by the Supplemental Agreement), Travel Investment Companies will only include Travel Investment, Huandao Gold, Underwater World, Underwater World Hotel and Ocean World and shall not include Huandao Travel Agency.

Pursuant to the terms of the Supplemental Agreement, subject to adjustments as set out in the Announcement, the Consideration to be payable by the Company pursuant to the Acquisition Agreement shall be RMB254,000,000 (equivalent to approximately HK\$304,800,000), which is determined with reference to the net assets value as at 31 May 2011 of the Travel Investment Companies (which shall, pursuant to the Supplemental Agreement, exclude Huandao Travel Agency) on the basis that the Pre-completion Reorganisation has been completed, after taking into account the property value of the hotels held by the Travel Investment Companies, and the future prospects of the businesses operated by the Travel Investment Companies.

IMPLICATION UNDER THE LISTING RULES

Notwithstanding the changes made by way of the Supplemental Agreement, the Acquisition remains to constitute a major acquisition and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules respectively.

Reference is made to the announcement (“**Announcement**”) of China Chengtong Development Group Limited (“**Company**”) dated 27 July 2011 in relation to, among other matters, a major and connected transaction of the Company. Unless otherwise stated, terms used in this announcement shall have the same meanings as those defined in the Announcement.

INTRODUCTION

On 27 July 2011, the Company entered into the Acquisition Agreement with CCHK and CCHG, pursuant to which the Company has agreed to purchase, and CCHK has agreed to sell, the entire issued share capital of BVI Company (which will, upon completion of the Pre-completion Reorganisation, become the indirect holding company of the Travel Investment Companies) at the Consideration of RMB262,000,000, subject to adjustment.

Upon further negotiations among the parties under the Acquisition Agreement, the parties entered into a supplemental agreement (“**Supplemental Agreement**”) to the Acquisition Agreement on 29 August 2011 to (i) revise the list of companies to be acquired by excluding one of the Travel Investment Companies, namely Huandao Travel Agency; (ii) revise the amount of the Consideration to reflect the exclusion of Huandao Travel Agency from the list of companies to be acquired; and (iii) amend certain adjustment mechanism of the Consideration. Details of the Supplemental Agreement are set out below:

THE SUPPLEMENTAL AGREEMENT

Date: 29 August 2011

Parties:

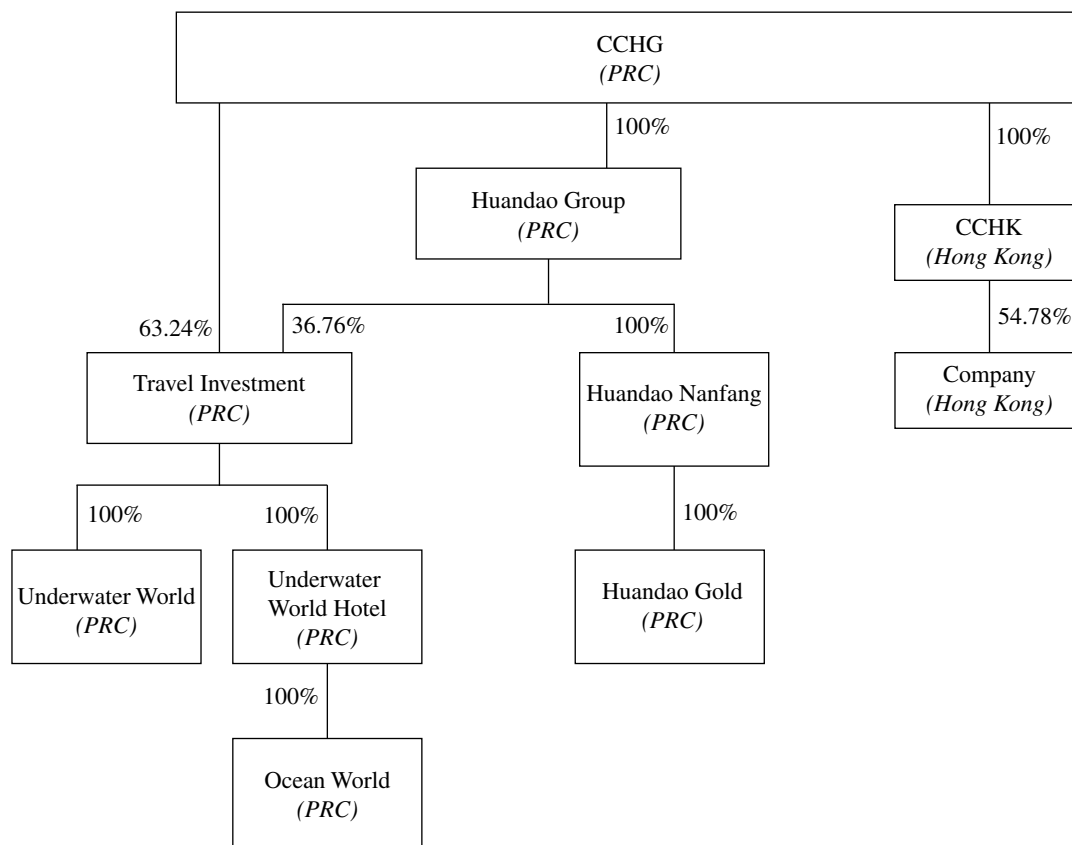
- (1) The Company, as purchaser;
- (2) CCHK, as vendor; and
- (3) CCHG, as warrantor.

Change in companies to be acquired

Pursuant to the terms of the Supplemental Agreement, Huandao Travel Agency will not be included as one of the Travel Investment Companies which are to be held indirectly by the BVI Company pursuant to the Pre-completion Reorganisation, and therefore Huandao Travel Agency will not be one of the target companies to be acquired by the Company pursuant to the Acquisition. Accordingly, under the Acquisition Agreement (as supplemented by the Supplemental Agreement), Travel Investment Companies will only include Travel Investment, Huandao Gold, Underwater World, Underwater World Hotel and Ocean World and shall not include Huandao Travel Agency.

The following corporate charts set out the simplified corporate structure of the target companies to be acquired under the Acquisition Agreement (as supplemented by the Supplemental Agreement) (i) as at the date of the Acquisition Agreement; (ii) after the completion of the Conditions Precedent Reorganisation but prior to the completion of the Pre-completion Reorganisation; and (iii) after the completion of the Pre-completion Reorganisation but prior to the completion of the Acquisition Agreement.

Chart A — Corporate structure of the target companies as at the date of the Acquisition Agreement



Under the Conditions Precedent Reorganisation to be undertaken by CCHK and CCHG pursuant to the Acquisition Agreement (as supplemented by the Supplemental Agreement), among others:

- Huandao Group will transfer its entire interest in Travel Investment to CCHG (which will then hold 100% of Travel Investment); and
- The entire equity interest in Huandao Gold will be transferred to Travel Investment.

Chart B — Corporate structure of the target companies after completion of the Conditions Precedent Reorganisation but prior to completion of the Pre-completion Reorganisation

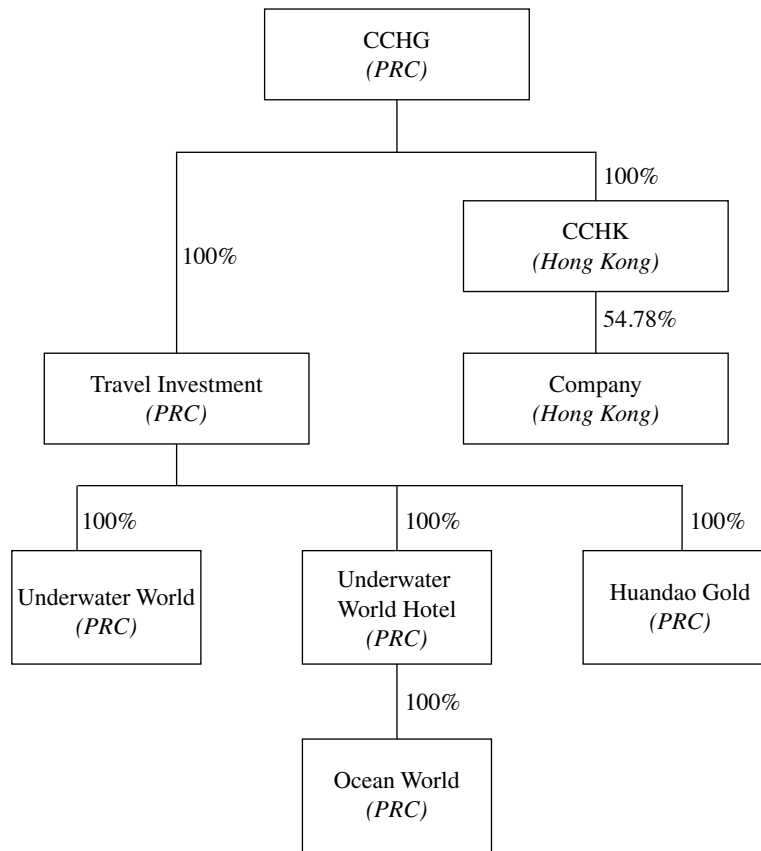
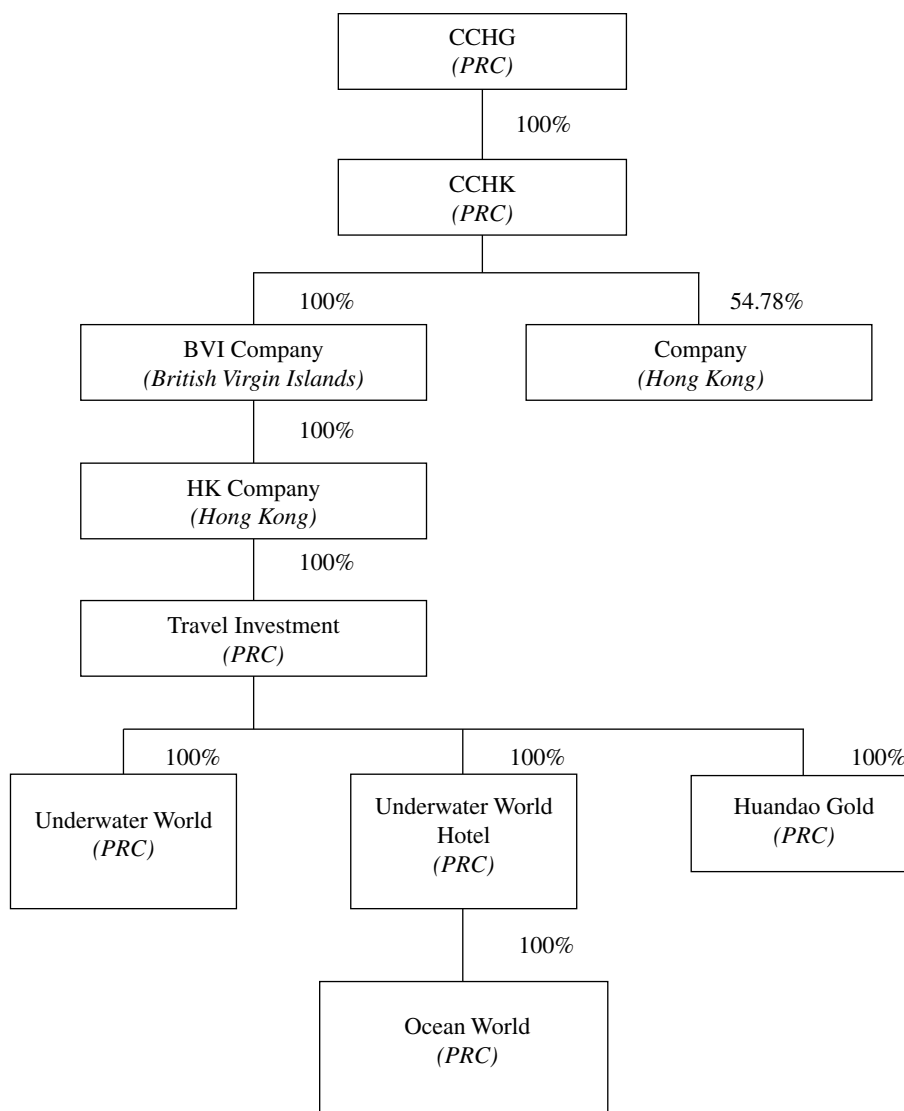


Chart C — Corporate structure of the target companies after completion of the Pre-completion Reorganisation but prior to completion of the Acquisition Agreement



The original acquisition costs of the BVI Company (including all companies to be transferred to the BVI Company pursuant to the Pre-completion Reorganisation, which shall, pursuant to the Supplemental Agreement, exclude Huandao Travel Agency) to CCHK are approximately RMB254,000,000 (subject to adjustment according to the Filed and Confirmed Price and other relevant adjustment).

Consideration for the Acquisition:

Change in amount of Consideration

Pursuant to the terms of the Supplemental Agreement, subject to adjustments as set out in the Announcement, the Consideration to be payable by the Company pursuant to the Acquisition Agreement shall be RMB254,000,000 (equivalent to approximately HK\$304,800,000), which is determined with reference to the net assets value as at 31 May 2011 of the Travel Investment Companies (which shall, pursuant to the Supplemental Agreement, exclude Huandao Travel Agency) on the basis that the Pre-completion Reorganisation has been completed, after taking into account the property value of the hotels held by the Travel Investment Companies, and the future prospects of the businesses operated by the Travel Investment Companies. The revised amount of Consideration of RMB254,000,000 was arrived at by deducting the net assets value as at 31 May 2011 of Huandao Travel Agency of approximately RMB8,000,000 from the original Consideration amount of RMB262,000,000.

Change in adjustment mechanism of the Consideration

Pursuant to the terms of the Supplemental Agreement, the Consideration may be reduced if, among others, the receivables of the Travel Investment Companies from CCHG (or any company held as to 20% or more by CCHG), (collectively the “**CCHG Related Companies**”) (instead of the receivables of the Travel Investment Companies from all of their related parties or independent third parties in general as set out in the original Acquisition Agreement) cannot be settled in full as at the date of completion of the Acquisition Agreement, and the Company shall, at its discretion, waive the condition precedent set out in paragraph (7) of the section headed “Conditions precedent” of the Announcement, the Consideration shall be adjusted downward by an amount equivalent to such unsettled receivables of the Travel Investment Companies due from the CCHG Related Companies (instead of the unsettled receivables of the Travel Investment Companies due from all of their related parties or independent third parties in general as set out in the original Acquisition Agreement) as at the date of completion of the Acquisition Agreement.

Save as disclosed above, the Consideration adjustment mechanism remains unchanged from the Announcement.

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 (as revised under the Supplemental Agreement) payable by the Company pursuant to the Acquisition Agreement was arrived at after arm's length negotiations between the Company, CCHK and CCHG.

Conditions precedent:

Pursuant to the Supplemental Agreement, the condition precedent set out in paragraph (7) of the section headed "Conditions precedent" of the Announcement shall be amended to the effect that Completion of the Acquisition Agreement is conditional on the satisfaction (or, where applicable, waiver by the Company) of, among others, settlement in full of the receivables of the Travel Investment Companies due from the CCHG Related Companies (instead of the receivables then due to the Travel Investment Companies from all of their related parties or independent third parties in general as set out in the original Acquisition Agreement) .

The rest of the conditions precedent remain unchanged from the Announcement.

The Directors (other than the independent non-executive Directors) are of the view that the terms of the Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms, fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

CHANGES IN SHAREHOLDING STRUCTURE

The changes in shareholding structure of the Company immediately after the issue of the Consideration Shares will be disclosed in the circular of the Company to be despatched to the Shareholders containing information relating to the Acquisition.

GENERAL INFORMATION

Notwithstanding the changes made by way of the Supplemental Agreement, the Acquisition remains to constitute a major acquisition and connected transaction of the Company under Chapters 14 and 14A of the Listing Rules respectively.

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

Hong Kong, 29 August 2011

As at the date of this announcement, the executive Directors are Mr. Zhang Guotong, Mr. Yuan Shaoli, Mr. Wang Hongxin and Mr. Wang Tianlin; and the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Ba Shusong.