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 OF 2008 FINAL RESULTS

The Board of Directors of China Chengtong Development Group Limited (the "Company") would like to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2008 together with the comparative figures for the year ended 31 December 2007 as follows:

CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2008

		2008	2007
	Notes	***HK$'000***	*HK$'000*
Continuing operations			
Turnover	3	**987,954**	25,365
Cost of sales		**(881,029)**	(20,344)
Gross profit		**106,925**	5,021
Other income	4	**6,674**	21,099
Selling expenses		**(236)**	(800)
Administrative expenses		**(42,242)**	(29,159)
Increase in fair value of an investment property		**—**	1,460
Gain on disposal of a subsidiary		**12**	19,724

CONSOLIDATED INCOME STATEMENT *(continued)*

for the year ended 31 December 2008

	Notes	**2008** **HK$'000**	2007 HK$'000
Provisions for claims	5	**(4,487)**	—
Finance costs	6	**(829)**	(1,296)
Share of results of associates		**4,188**	(697)
Share of results of a jointly controlled entity		**(668)**	(1,475)
Profits before taxation		**69,337**	13,877
Taxation charge	7	**(27,074)**	(9,109)
Profits for the year from continuing operations		**42,263**	4,768
Discontinued operation			
Profit for the year from discontinued operation	8	**—**	32,011
Profits for the year	9	**42,263**	36,779
Attributable to:			
Shareholders of the Company		**5,778**	35,945
Minority interests		**36,485**	834
		42,263	36,779
Earnings per share	11		
From continuing and discontinued operations			
— Basic		**HK0.22 cent**	HK1.39 cent
— Diluted		**HK0.22 cent**	HK1.37 cent
From continuing operations			
— Basic		**HK0.22 cent**	HK0.15 cent
— Diluted		**HK0.22 cent**	HK0.14 cent

CONSOLIDATED BALANCE SHEET

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
Non-current assets			
Property, plant and equipment		**4,338**	3,232
Investment properties		**89,270**	83,740
Interests in associates		**50,768**	41,599
Amount due from an associate		**117,415**	139,874
Interest in a jointly controlled entity		**—**	103,881
Restricted bank balance		**4,200**	4,200
		265,991	376,526
Current assets			
Properties held for sale		**25,259**	32,678
Properties held for development		**270,742**	—
Amount receivable from sale of properties	12	**376,654**	—
Trade and other receivables	13	**130,278**	7,959
Bills receivable		**—**	5,035
Amounts due from associates		**72**	9,724
Amounts due from related companies		**—**	4,741
Bank balances and cash		**95,590**	298,626
		898,595	358,763

CONSOLIDATED BALANCE SHEET *(continued)*

At 31 December 2008

	Notes	2008 HK$'000	2007 HK$'000 (Restated)
Current liabilities			
Trade and other payables	14	**119,527**	48,919
Provision for claims	5	**4,487**	—
Deposits received on sale of properties		**10,553**	11,410
Amounts due to related companies		**354**	17,084
Amounts due to minority shareholders of subsidiaries		**3,979**	3,978
Amount due to a substantial shareholder		**5,752**	—
Tax payable		**15,620**	12,505
Bank loan		**164,980**	—
Unsecured other loans		**3,260**	3,260
Loans from a minority shareholder of subsidiaries		**36,053**	—
		364,565	97,156
Net current assets		**534,030**	261,607
Total assets less current liabilities		**800,021**	638,133
Non-current liabilities			
Deferred tax liabilities		**6,846**	4,737
Net assets		**793,175**	633,396
Capital and reserves			
Share capital		**267,891**	267,202
Reserves		**395,668**	366,194
Equity attributable to shareholders of the Company		**663,559**	633,396
Minority interests		**129,616**	—
Total equity		**793,175**	633,396

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, except for investment properties which are measured at fair values.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements are presented in Hong Kong dollars and the functional currency of the Company is Renminbi. The Company uses Hong Kong dollars as its presentation currency because the Company is a public company incorporated in Hong Kong with its shares listed on the Stock Exchange.

During the current year, a subsidiary of the Company, which had been under involuntary liquidation since 2004, was found to be dissolved in October 2006. Accordingly, a prior period adjustment is made in the consolidated financial statements to recognise the gain on winding up of the subsidiary. It resulted in an adjustment to decrease the trade and other payables and unsecured other loans at 1 January 2007 by HK$5,906,000 and HK$3,936,000, respectively, and a corresponding increase in the opening balance of accumulated profits as at 1 January 2007 of HK$9,842,000. The effect of such change had no significant impact on the profit for the year ended 31 December 2007 and 2008.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Company and its subsidiaries (collectively referred to as the "Group") have applied, the following amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are or have become effective.

HKAS 39 & HKFRS 7 (Amendments)	Reclassification of financial assets
HK(IFRIC) - INT 11	HKFRS 2: Group and treasury share transactions
HK(IFRIC) - INT 12	Service concession arranagements
HK(IFRIC) - INT 14	HKAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction

The adoption of the new HKFRSs had no material effect on how the results and financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective.

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS *(continued)*

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKAS 1 (Revised)	Presentation of Financial Statements[2]
HKAS 23 (Revised)	Borrowing Costs[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 32 & IAS 1 (Amendments)	Puttable Instruments and Obligations Arising on Liquidation[2]
HKAS 39 (Amendment)	Eligible Hedged Items[3]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[2]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[2]
HKFRS 3 (Revised)	Business Combinations[3]
HKFRS 7 (Amendment)	Improving Disclosures about Financial Instruments[2]
HKFRS 8	Operating Segments[2]
HK(IFRIC) - INT 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC) - INT 13	Customer Loyalty Programmes[5]
HK(IFRIC) - INT 15	Agreements for the Construction of Real Estate[2]
HK(IFRIC) - INT 16	Hedges of a Net Investment in a Foreign Operations[6]
HK(IFRIC) - INT 17	Distributions of Non-Cash Assets to Owners[3]
HK(IFRIC) - INT 18	Transfer of Assets from Customers[7]

1 Effective for annual periods beginning on or after 1 January 2009 except the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009.

2 Effective for annual periods beginning on or after 1 January 2009.

3 Effective for annual periods beginning on or after 1 July 2009.

4 Effective for annual periods beginning on or after 30 June 2009.

5 Effective for annual periods beginning on or after 1 July 2008.

6 Effective for annual periods beginning on or after 1 October 2008.

7 Effective for transfers on or after 1 July 2009.

The application of HKFRS 3 (Revised) may affect the accounting for the Group's business combination for which the acquisition date is on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

Business segments

The Group's principal activities are property investment and property development. It was also engaged for trade and manufacture of cement in the prior years. These business segments are the basis on which the Group reports its primary segment information. During the year ended 31 December 2007, the Group discontinued its business of trade and manufacture of cement (see note 8). Segment information about the Group's businesses is presented as below:

	Property investment *HK$'000*	Property development *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
For the year ended 31 December 2008				
Turnover				
Segment turnover	**1,688**	**986,266**		**987,954**
Result				
Segment result	**300**	**86,641**		**86,941**
Gain on disposal of a subsidiary				**12**
Share of results of associates				**4,188**
Share of results of a jointly controlled entity				**(668)**
Unallocated other income				**5,917**
Unallocated corporate expenses				**(26,224)**
Finance costs				**(829)**
Profit before taxation				**69,337**
Taxation charge				**(27,074)**
Profit for the year				**42,263**
Other information				
Additions of property, plant and equipment	**—**	**2,181**	**24**	**2,205**
Gain on disposal of property plant and equipment	**—**	**67**	**—**	**67**
Depreciation of property, plant and equipment	**(280)**	**(568)**	**(376)**	**(1,224)**
Allowance for amount due from related companies	**—**	**—**	**(607)**	**(607)**
Allowance for other receivables	**(501)**	**—**	**(5)**	**(506)**

3. SEGMENT INFORMATION *(continued)*

Business segments *(continued)*

	Continuing operations				Discontinued operations		
	Property investment	Property development	Unallocated	Total	Trade and manufacture of cement	Total	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
For the year ended 31 December 2007							
Turnover							
Segment turnover	1,868	23,497		25,365	27,454	27,454	52,819
Result							
Segment result	2,185	(949)		1,236	5	5	1,241
Gain on disposal of subsidiaries				19,724		32,003	51,727
Share of results of associates				(697)		—	(697)
Share of results of a jointly controlled entity				(1,475)		—	(1,475)
Unallocated other income				18,024		3	18,027
Unallocated corporate expenses				(21,639)		—	(21,639)
Finance costs				(1,296)		—	(1,296)
Profits before taxation				13,877		32,011	45,888
Taxation charge				(9,109)		—	(9,109)
Profits for the year				4,768		32,011	36,779
Other information							
Additions of property, plant and equipment	1,038	1,694	29	2,761	75	75	2,836
Addition of investment property	33,280	—	—	33,280	—	—	33,280
Increase in fair value of investment properties	1,460	—	—	1,460	—	—	1,460
Allowance for property held for sale	—	(8,283)	—	(8,283)	—	—	(8,283)
Depreciation of property, plant and equipment	(201)	(236)	(387)	(824)	(1,047)	(1,047)	(1,871)

4. OTHER INCOME

	2008	2007
	HK$'000	*HK$'000*
Interest from bank deposits	**2,258**	4,571
Interest income from an associate	**311**	458
Gain on disposal of held for trading securities	**1,994**	8,197
Consultancy and service income from an associate	**360**	3,580
Exchange gain	**—**	3,684
Reversal of temporary receipts	**966**	—
Others	**785**	609
	6,674	21,099

5. PROVISIONS FOR CLAIMS

(a) Zhongshi Investment Company Limited ("Zhongshi") a wholly-owned subsidiary of the Company, has received a summon issued by an independent contractor against Zhongshi to recover an unpaid contract fee for a property project of Zhongshi before the Group acquired Zhongshi in 2004 and the interest accrued thereon in the aggregate sum of RMB3,761,000 (equivalent to approximately HK$4,250,000).

On 18 December 2008, the PRC local court issued a court order which stated that Zhongshi is liable to pay for the claim amounting to RMB3,064,000 (equivalent to approximately HK$3,462,000) and payable on 17 January 2009.

The directors of the Company are of the view that it is probable that Zhongshi will be liable to the payment of the claim. Accordingly, a provision for claim of HK$3,500,000 was made in the current year. However, Zhongshi would like to seek for a chance to be not liable for the claim, thus it has consulted legal advices and made a second appeal to the court on 29 December 2008.

(b) Zhongshi has also received a summon issued by an independent contractor against Zhongshi to recover an unpaid contract fee for a construction project of RMB873,000 (equivalent to approximately HK$987,000) and the interest accrued thereon of RMB88,000 (equivalent to approximately HK$99,000).

The directors of the Company are of the view that it is probable that Zhongshi should settle most of the unpaid contract fee. Accordingly, a provision for claim of HK$987,000 was made for the current year.

6. FINANCE COSTS

	2008	2007
	HK$'000	*HK$'000*
Interest on bank and other borrowings wholly repayable within five years	**8,003**	1,296
Interest paid to China Chengtong Hong Kong Company Limited ("CCHK"), the substantial shareholder of the Company	**829**	—
	8,832	1,296
Less: Amounts capitalised *(Note)*	**(8,003)**	—
	829	1,296

Note: The amount represents the borrowings costs that are directly attributable to the properties development project of a subsidiary. The completed properties were sold to the Huzhou local government during the year.

7. TAXATION CHARGE

On 26 June 2008, the Hong Kong Legislative Council passed the Revenue Bill 2008 which reduced corporate profits tax rate from 17.5% to 16.5% effective from the year of assessment 2008/09. Therefore, Hong Kong Profits Tax is provided at 16.5% (2007: 17.5%) on the estimated assessable profits for the year.

PRC Enterprise Income Tax is provided at 25% (2007: 33%) on the estimated assessable profits for the year.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profit for both years.

7. TAXATION CHARGE *(continued)*

PRC Enterprise Income Tax is provided for with reference to the applicable tax rates prevailing in the respective regions of the PRC on the estimate assessable profits of the Group's PRC subsidiaries. The taxation credit for current year represents overprovision in prior years.

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
The taxation charge comprises:						
Current tax:						
PRC Enterprise Income Tax	**25,626**	8,763	**—**	—	**25,626**	8,763
PRC land appreciation tax *(Note a)*	**—**	3,384	**—**	—	**—**	3,384
	25,626	12,147	**—**	—	**25,626**	12,147
Overprovision in prior years:						
PRC	**(317)**	(3,294)	**—**	—	**(317)**	(3,294)
	(317)	(3,294)	**—**	—	**(317)**	(3,294)
	25,309	8,853	**—**	—	**25,309**	8,853
Deferred taxation						
— Current year charge	**1,765**	327	**—**	—	**1,765**	327
— Attributable to change of PRC Enterprise income tax rate *(Note b)*	**—**	(71)	**—**	—	**—**	(71)
	1,765	256	**—**	—	**1,765**	256
Taxation charge for the year	**27,074**	9,109	**—**	—	**27,074**	9,109

7. TAXATION CHARGE *(continued)*

Notes:

(a) PRC land appreciation tax is levied at progressive rate ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land and development and construction expenditures.

(b) On 16 March 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the People's Republic of China. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 33% to 25% for all PRC subsidiaries from 1 January 2008.

8. DISCONTINUED OPERATION

Transfer of the trade and manufacture of cement business for 20% equity interest in a newly established company

On 12 October 2006, the Group entered into a conditional agreement with CIMPOR Inversions SA ("CIMPOR") to establish a company, namely, CIMPOR Chengtong Cement Corporation Limited ("CIMPOR Chengtong") pursuant to which the Group would own 20% equity interest and CIMPOR would own 80% equity interest in CIMPOR Chengtong. The Group's contribution to CIMPOR Chengtong is by way of transfer of its entire interest in a subsidiary, Sea-Land Mining Limited ("Sea-Land") and Sea-Land's subsidiary, 蘇州南達水泥有限公司 ("Suzhou Nanda") (collectively the "Sea-Land Group") to CIMPOR Chengtong while CIMPOR contributed HK$196,304,000 in cash. This transaction was completed on 20 June 2007.

The Sea-Land Group carried out all of the Group's operation on the trade and manufacture of cement.

8. DISCONTINUED OPERATION *(continued)*

The results of trade and manufacture of cement operations for the period from 1 January 2007 to 20 June 2007, which have been included in the consolidated income statement, were as follows:

	Period ended 20.6.2007 *HK$'000*
Turnover	27,454
Cost of sales	(24,621)
Other income	247
Selling expenses	(560)
Administrative expenses	(2,512)
Profit for the period	8
Gain on disposal of trade and manufacture of cement	32,003
	32,011
Attributable to:	
Shareholders of the Company	32,154
Minority interests	(143)
	32,011

9. PROFITS FOR THE YEAR

	Continuing operations		Discontinued operations		Consolidated	
	2008	2007	**2008**	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Profits for the year is arrived at after charging:						
Auditor's remuneration	**1,200**	1,200	**—**	—	**1,200**	1,200
Allowance for properties held for sale (included in cost of sales)	**—**	8,283	**—**	—	**—**	8,283
Depreciation of property, plant and equipment	**1,224**	824	**—**	1,047	**1,224**	1,871
Minimum lease payments in respect of rented premises	**2,696**	2,859	**—**	47	**2,696**	2,906
Contributions to retirement benefits schemes (including directors' emoluments)	**566**	332	**—**	237	**566**	569
Staff costs (including directors' emoluments)	**12,556**	9,276	**—**	2,124	**12,556**	11,400
Cost of inventories recognised as an expense	**880,656**	19,771	**—**	24,621	**880,656**	44,392
Allowance for amount due from related companies	**607**	—	**—**	—	**607**	—
Allowance for other receivables	**506**	—	**—**	—	**506**	—
Exchange loss	**711**	—	**—**	—	**711**	—
and after crediting:						
Gross rental income from investment properties, net of negligible outgoings	**1,688**	1,868	**—**	106	**1,688**	1,974
Gain on disposal of property, plant and equipment	**67**	—	**—**	—	**67**	—
Gain on disposal of subsidiaries	**12**	19,724	**—**	32,003	**12**	51,727
Exchange gain	**—**	3,684	**—**	—	**—**	3,684

10. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2008, nor has any dividend been proposed since the balance sheet date (2007: nil).

11. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share is based on the following data:

	2008	2007
	HK$'000	*HK$'000*
Profits for the year and earnings for the purposes of basic and diluted earnings per share	**5,778**	35,945

	Number of shares	
	2008	2007
Weighted average number of ordinary shares for the purpose of basic earnings per share	**2,676,848,753**	2,588,625,956
Effect of dilutive potential ordinary shares in respect of share options	**1,695,652**	31,227,828
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**2,678,544,405**	2,619,853,784

The weighted average number of ordinary shares for the purpose of earnings per share calculation has been adjusted for the rights issue of the Company completed in April 2007.

11. EARNINGS PER SHARE *(continued)*

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations is based on the following data:

Earnings figures are calculated as follows:

	2008	2007
	HK$'000	*HK$'000*
Profits for the year attributable to shareholders of the Company and earnings for the purposes of basic and diluted earnings per share	**5,778**	35,945
Less: Profit for the year attributable to shareholders of the Company from discontinued operation	**—**	(32,154)
Earnings for the purposes of basic and diluted earnings per share from continuing operations	**5,778**	3,791

The denominators used are the same as those detailed above for both basic and diluted earnings for share.

From discontinued operations

Basic and diluted earnings per share for discontinued operations for year ended 31 December 2007 are HK1.24 cent per share and HK1.23 cent per share respectively.

12. AMOUNT RECEIVABLE FROM SALE OF PROPERTIES

The amount represents the balance receivables in relation to the sales of completed properties to the Huzhou local government. In the directors' opinion, the amount will be fully repaid in 2009 and accordingly the amount is classified as current.

13. TRADE AND OTHER RECEIVABLES

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**3,101**	3,176
Other receivables	**124,765**	2,207
Prepayments and deposits	**2,412**	2,576
Total trade and other receivables	**130,278**	7,959

The Group allows an average credit period of 30 days to its trade customers.

The following is an aged analysis of trade receivables at the reporting date:

	2008	2007
	HK$'000	*HK$'000*
Within one month	**100**	90
One to two years	**—**	85
Over five years	**3,001**	3,001
	3,101	3,176

14. TRADE AND OTHER PAYABLES

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Trade payables	**11,509**	12,933
Other payables and accruals	**108,018**	35,986
	119,527	48,919

14. TRADE AND OTHER PAYABLES *(continued)*

The aged analysis of the trade payables at the balance sheet date is as follows:

	THE GROUP	
	2008	2007
	HK$'000	*HK$'000*
		(Restated)
Within one year	**2,278**	—
One to two years	**45**	—
Two to three years	**—**	7,149
Over three years	**9,186**	5,784
	11,509	12,933

15. POST BALANCE SHEET EVENT

The Group completed its negotiations and signed agreement with CCHK, the holding company of World Gain Holdings Limited which is a substantial shareholder of the Company and China Chengtong Holdings Group Limited ("CCHG"), the holding company of CCHK, for the acquisition of 100% interest in 誠通實業投資有限公司, 66.67% interest in 誠通大豐海港開發有限公司 and 100% interest in 連雲港中儲物流有限公司 at a consideration of approximately RMB268,000,000 (subject to adjustment), RMB201,000,000 (subject to adjustment) and RMB181,000,000 (subject to adjustment) respectively in 2008. The transaction has not yet completed on the report date. Details of the acquisition are set out in the Company's circular to the shareholders dated 29 November 2008.

On 2 April 2009, the Group entered into a sale and purchase agreement with CIMPOR Macau Investment Company Limited ("CIMPOR Macau") to dispose 20% equity interest in its associate, CIMPOR Chengtong, at a consideration of HK$58,000,000. CIMPOR Macau is the major shareholder of CIMPOR Chengtong.

DIVIDEND

The Board does not recommend any payment of dividend for the year ended 31 December 2008 (year ended 31 December 2007: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

I. Financial Results

For the year ended 31 December 2008, the Group's turnover and profit from its continuing operations significantly increased to approximately HK$988 million and HK$42.26 million respectively from approximately HK$25.37 million and HK$4.77 million for the year ended 31 December 2007. The increase was primarily attributable to the turnover and profit recorded by 湖州萬港聯合置業有限公司 (unofficial English name, Huzhou Wangang United Estate Company Limited) ("Huzhou Wangang"), a subsidiary of the Group, for the completion and delivery of its property project Qing He Jiayuan (清河嘉園) to the purchaser.

The Group recorded profit attributable to shareholders of approximately HK$5.78 million for the year ended 31 December 2008, as compared with approximately HK$35.95 million for the year ended 31 December 2007 (including the non-recurring gain of approximately HK$32 million from disposal of a subsidiary, Sea-Land Mining Limited, in 2007).

II. Business Review

1. Property development

(1) Huzhou, Zhejiang

A property development project ("Qing He Jiayuan") of Huzhou Wangang (a subsidiary which was held as to 67.08% equity interest by the Group), with a site area of approximately 214,000 square metres and gross floor area of 320,000 square metres, was completed and delivered to the Huzhou municipal government in 2008. Accordingly, Qing He Jiayuan recorded sales of approximately HK$977 million, and profit before and after taxation of approximately HK$98.72 million and HK$73.1 million respectively for 2008. The Group injected capital of approximately RMB110 million into Huzhou Wangang in 2008. However, as agreed, the profit from the project was shared in the proportion of the shareholding before the capital injection (i.e. 50% to the Group and 50% to the joint venture partner).

(2) Beijing

In 2008, the Group's property development project known as City of Mergence ("Beijing City of Mergence") located at Xicheng District of Beijing sold approximately 1,131 square metres of commercial and warehousing area, contributing approximately HK$9.42 million of sales and HK$3.53 million of gross profit to the Group; As at 31 December 2008, all residential units of Beijing City of Mergence were sold out, and only 101 parking spaces and approximately 2,070 square metres of commercial and warehousing area in aggregate remained unsold.

(3) Zhucheng, Shandong

In July and August 2008, the Group and the joint venture partner acquired 4 plots of land located at Zhucheng City of Shandong Province in the PRC by successful tenders through representing agent at consideration of approximately RMB260 million. The site areas of the 4 plots of land are 99,599 square metres, 133,333 square metres, 100,000 square metres and 12,673 square metres respectively. The Group and the joint venture partner established 3 joint venture companies each with a shareholding structure of 80% and 20% respectively for holding and the developing these four land plots. Except a certain site of 26,669 square metres in one of them which was planned for the development of a five-star hotel and will be fully responsible by the joint venture partner for its development and all the relevant costs and expenses, all of these land plots will be mainly developed into residential and commercial properties.

The Group is prudently conducting study and planning for market positioning and development strategy according to the real estate growth trend in Mainland China and the regional market of Shandong.

2. Property investment

(1) Guangzhou

In September 2006, the commercial unit of the Group with approximately 5,370 square metres which is situated in Zone C, Level 3, Li Wan Plaza, Li Wan District, Guangzhou City, the PRC has started to contribute profit for the Group. In May 2007, the Group entered into a new leasing agreement in respect of the renewal with the original tenant, with an increase of approximately 34% in monthly rental, and 5% upward adjustment every year within the term of the leasing. In 2008, it contributed rental income of approximately RMB1.04 million to the Group.

(2) Price Sales Limited

Price Sales Limited, the wholly-owned subsidiary of the Group, owns 32% interest in Goodwill (Overseas) Limited, its associated company. In 2008, Goodwill (Overseas) Limited continued to share in the cash inflow arising from the rental income from East Ocean Centre Phase II located in Shanghai of the PRC. East Ocean Centre Phase II continued to maintain its high occupancy rate, with rental income of approximately RMB64 million, and contributed cash inflow of approximately HK$22.4 million to the Group for 2008.

3. Land Resource Exploitation

Luoyang

The Group holds a piece of land together with the warehouse complex erected thereon with site area of approximately 80,000 square metres located at Luoyang City of the PRC through a wholly-owned subsidiary. They are leased to a partner for logistic centre use. The land has been zoned into commercial development area. The Group has an intention of making application at appropriate time for a change of its use from industrial to commercial in view of future market environment, resources as well as relevant laws and regulations.

4. Strategic Investment

Cement

Cimpor Chengtong Cement Corporation Limited ("Cimpor Chengtong"), a joint venture of the Company, completed the acquisition of a clinker and cement manufacturer located near the city of Changzhou, in the Province of Jiangsu, PRC, in December 2008. That company owns a clinker production line with a capacity of 900,000 tons per year. Cimpor Chengtong's 97.6% owned subsidiary, Cimpor Chengtong (Shandong) Cement Company Limited ("Cimpor Chengtong Shandong") invested approximately RMB336 million in 2008 to construct new production line, grinding plant and projects. Cimpor Chengtong Shandong and Cimpor Chengtong's 71.03% owned subsidiary, Suzhou Nanda Cement Company Limited turned loss into profit in 2008. Cimpor Chengtong recorded HK$20.94 million of consolidated profit attributable to shareholders for 2008.

Since cement business is not the Group's principal activity and the Group holds only 20% equity interest in Cimpor Chengtong, on 2 April 2009, the Group entered into a sale and purchase agreement with the joint venture partner to sell its entire equity interest in Cimpor Chengtong at a consideration of HK$58 million, so as to concentrate the resources on its principal activities.

III. OUTLOOK

1. Projects Injected

In October 2008, the Group entered into two sale and purchase agreements with its major shareholder China Chengtong Hong Kong Company Limited (CCHK), and ultimate controlling shareholder China Chengtong Holdings Group Limited ("CCHG") to indirectly acquire through CCHK plots of land from CCHG. Such plots of land include 1.3 million square metres of storage and office land located in Shenyang of Liaoning Province, Guilin of Guangxi Province, Lianyungang, Changzhou and Dafeng of Jiangsu Province, which could be zoned into commercial development area, and 480,000 square metres of residential and commercial land in Dafeng of Jiangsu Province. The consideration payable by the Group was settled by the issue of shares to CCHK. The total consideration of approximately RMB650 million (subject to adjustment) payable by the Group would be settled by the issue of shares to CCHK.

The management is of opinion that relevant capital injection is in line with the Group's strategy and business positioning, and has effectively utilized the advantage of the resources of ultimate controlling shareholder. Furthermore, the Group can increase large amount of land reserve to enhance its asset scale and future profitability without cash outflow. Furthermore, the plots of land to be injected into have greater potential for development and appreciation in value as some of them have been or are expected to be included in zoning of commercial land at such cities by the local government.

Upon completion of the two transactions, net assets value of the Group will increase dramatically. Together with existing reserves, the Group will own 1.39 million square metres of land for storage and office which could be zoned into commercial development area in respect of land resources reserve and exploitation, and approximately 800,000 square metres of residential and commercial land which could be used to construct at least 1.23 million square metres of properties in respect of property investment and development.

2. *Macro Economic Environment*

Property price in major cities of China started to fall since early 2008. Turmoil in global financial markets and credit crisis in second half of 2008 had further crippled real estate developers' fund raising capacity, and led to the drop in land and property price and fluctuating market in Mainland China. However, in view of China's long-term growth and economic prosperity, continued urbanization policy and wealth growth, the Group is optimistic about China's real estate market in the long run. PRC government unveiled RMB4 trillion stimulus package in the last quarter of 2008, covering railway, road, port and construction, and focusing on rural infrastructure. At the same time, the government offered preferential policies to real estate industry, including tax offerings for certain property transactions, lower mortgage rate for first-time homer buyers and encouragement to banks for provision of mortgage. Local governments have also launched new policies to revive local real estate markets. Such measures are helping to stabilize the real estate market in China.

The market outlook will remain grim in 2009. If the sentiment in domestic real estate market fails to recover in a continuous way, the Group's development project in Zhucheng of Shandong Province will need the pace adjustments, which will substantially drag the Group's revenue from principal activity. The Group will keep close watch on changes in economic environment and scrutinize market conditions. Leveraging on relative advantages in the changing circumstance, we are to seize opportunities to adjust asset restructure and explore investment and development possibilities. In 2009, the Group will strive to control cost, optimize process and improve operational efficiency.

Gearing Ratio

As at 31 December 2008, the Group's gearing ratio calculated on the basis of loan from minority shareholders of subsidiaries, loan from substantial shareholder, bank loan and other loans of approximately HK$214.02 million and total assets of approximately HK$1,164.59 million, was 18% (31 December 2007: 1%).

Liquidity and Capital Resources

The Group's financial position remained healthy during the period under review.

At 31 December 2008, the Group had cash and bank balances amounting to approximately HK$99.79 million (31 December 2007: approximately HK$302.83 million), and current assets and current liabilities of approximately HK$898.60 million and HK$364.57 million respectively (31 December 2007: approximately HK$358.76 million and HK$97.16 million respectively). Out of the cash and bank balances of approximately HK$99.79 million at 31 December 2008, a sum of HK$4.2 million was deposited in a segregated bank deposit account which sum is held on trust for those creditors of the Company who have not given their consents to the capital reduction of the Company as at the effective date of 21 June 2006.

At 31 December 2008, the Group's bank borrowings amounted to approximately HK$164.98 million which was secured and repayable within one year with interest at commercial rate. The amounts due to minority shareholders of subsidiaries of approximately HK$3.98 million were unsecured, interest-free and repayable on demand. The loans from a minority shareholder of subsidiaries of approximately HK$36.05 million were unsecured, interest-free and will be demanded for repayment within 3 years after the Group has obtained the certificate of the land use right for the properties held for development. The amount due to substantial shareholder of approximately HK$5.75 million is unsecured, repayable on demand and interest-bearing at 5% per annum. The other loans from third parties of approximately HK$3.26 million were unsecured, repayable on demand and interest-free, except for a loan of HK$2.1 million which carried interest at fixed interest rate. The Group anticipates that it has adequate financial resources to meet its commitments and obligations for the coming year.

The Group will continue to employ conservative and sound financial planning, ensuring a solid financial position to support its future growth.

Foreign Exchange Risk Management

The business activities and operation of the Group are mainly in Hong Kong and Mainland China, with revenue and expenditure denominated in Hong Kong dollars and Renminbi. The Group considers that the appreciation in Renminbi does not impose a significant foreign exchange risk to the Group since its PRC operations mainly use their income in Renminbi to settle their expenses.

Human Resources

At 31 December 2008, the Group employed a total of 56 employees, of which 11 were based in Hong Kong and 45 were based in Mainland China. Employee's remunerations are determined in accordance with nature of their duties, experiences and qualifications, and remain competitive under current market trend. Apart from the basic salary, discretionary bonus and other incentives are offered to employees to reward their performance and contributions. The Company has a share option scheme under which the Company may grant options to eligible employees to subscribe for shares in the Company.

Pledge of Asset

As at 31 December 2008, the bank loan is secured by the land use right of the completed properties which were sold to the Huzhou local government in the current year. As at 31 December 2007, there was no pledge of asset.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2008, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of all the directors of the Company, they confirmed that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2008.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has complied with provisions of Rules 3.10(1) and 3.10(2) of the Listing Rules that a sufficient number of independent non-executive directors shall be appointed by listed issuers and that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. For the detailed profile of the independent non-executive directors of the Company, please see the annual report of the Company for the year 2008.

CORPORATE GOVERNANCE

The Board of Directors ("the Board') appreciates that the good corporate governance is vital to the healthy and sustainable development of the Group. The directors consider that the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules throughout the year ended 31st December 2008, save as disclosed below in this paragraph:

Code Provision A.4.1

Under the Code provision A.4.1, non-executive directors should be appointed for a specific term and subject to re-election. None of the existing non-executive Directors of the Company is appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all directors of the Company (executive and non-executive) are subject to the relevant retirement provisions under Articles of Association of the Company. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporation governance practices are no less exacting than those in the Code.

Code Provision A.2.1

Managing Director of the Group is responsible for the day-to-day management and operations, and focuses on implementing objectives and strategies. The role of Managing Directors is similar to the role of Chief Executive Officer ("CEO") as defined in the Appendix 14 of the Listing Rules. Code Provision A.2.1 stipulated that the roles of Chairman and CEO should be separate and should not be performed by the same individual.

Since Mr. Ma Zhengwu resigned from the position of Chairman of the Company on 10 April 2008, Mr. Zhang Guotong, the Managing Director was elected to take the position as Chairman of the Board also. Thus there is a deviation from the code provision A.2.1 of the Code. However, in order to attain high standard of corporate governance, to separate the duties of the Chairman of the Board and the managing director of the Company clearly, to ensure a balance of power and authority and to strictly comply with the code provisions as set out in the Code on Corporate Governance Practices, the positions of Chairman and Managing Director of the Company were held by Mr. Zhang Guotong and Mr. Wang Hongxin respectively, since 13 October 2008. Their responsibilities are clearly defined and set out in writing.

Therefore, the Company has complied with the code provision A.2.1 except the period from 10 April 2008 to 13 October 2008.

AUDIT COMMITTEE

The Audit Committee of the Company comprises four independent non-executive directors, including Mr. Kwong Che Keung, Gordon (Chairman of the Audit Committee), Mr. Tsui Yiu Wa, Alec, Mr. Lao Youan and Mr. Ba Shusong and one non-executive director, Ms. Xu Zhen. The principal duties of the Audit Committee include the review of the Company's financial reporting procedures, internal controls and results of the Group. The audited consolidated financial statements of the Company for the year ended 31 December 2008 have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

Pursuant to the provisions of the Code as set out in Appendix 14 of the Listing Rules, the Board of Directors has established the remuneration committee. The committee comprises three Independent Non-executive Directors, Mr. Tsui Yiu Wa, Alec (Chairman of the Remuneration Committee), Mr. Kwong Che Keung, Gordon and Mr. Lao Youan and the Chairman of the Board, Mr. Zhang Guotong. The Remuneration Committee normally meets for reviewing the remuneration policy and structure and determination of the annual remuneration packages of the members of the Board and the senior management and other related matters.

NOMINATION COMMITTEE

The Company has established a Nomination Committee and was chaired by the Chairman of the Board, Mr. Zhang Guotong, others members of the Nomination Committee including three Independent Non-executive Directors, Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Lao Youan. Nomination Committee responsible for nominating potential candidates for directorship appointment and succession, regular review on the composition and structure of the Board and making appropriate recommendation to the Board in order to ensure the balance of expertise, skills and experience among the members of the Board.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated balance sheet, consolidated income statement and the related notes thereto for the year ended 31 December 2008 as set out in the Preliminary Announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the website of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company's website at http://www.irasia.com/listco/hk/chengtong. The 2008 Annual Report of the Company will be available on both websites and dispatched to Shareholders in due course.

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.