THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **China Chengtong Development Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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

21 January 2011

CONTENT

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

"Announcement"	the announcement of the Company dated 14 December 2010 in relation to the Disposal
"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 the Agreements, held 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
"Latest Practicable Date"	17 January 2011, being the last practicable date before the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
"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
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"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
"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 circular and unless the context otherwise specifies, 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 circular and their English translations, the Chinese names shall prevail.

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)

Executive Directors:
Mr. Zhang Guotong
Mr. Wang Hongxin
Mr. Wang Tianlin

Non-executive Directors:
Mr. Gu Laiyun
Ms. Xu Zhen

Independent non-executive Directors:
Mr. Kwong Che Keung, Gordon
Mr. Tsui Yiu Wa, Alec
Mr. Ba Shusong

Registered Office:
Suite 6406
64th Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

To the Shareholders

21 January 2011

Dear Sir or Madam,

MAJOR TRANSACTION
DISPOSAL OF SUBSIDIARIES

INTRODUCTION

The Board announced in the Announcement 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.

This circular is despatched to the Shareholders for information purposes only and contains, among other things, (i) details about the Agreements and the Disposal; and (ii) certain financial information of the Group.

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 of 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 were fulfilled on 14 December 2010 and completion of the CCPGL Disposal took 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 of 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 were fulfilled on 14 December 2010 and completion of the TDL Disposal took place on 14 December 2010.

INFORMATION OF CCPGL AND TDL

CCPGL is a company incorporated in Hong Kong with limited liability. As at the date of the CCPGL Agreement, CCPGL was an investment holding company holding 30% equity interest in Zhongshi. TDL is a company incorporated in the British Virgin Islands with limited liability. As at the date of the TDL Agreement, TDL was an investment holding company holding 70% equity interest in Zhongshi. Other than the equity interests in Zhongshi, each of CCPGL and TDL did not hold other assets.

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) are approximately HK$28.26 million and HK$28.26 million respectively.

Equity accounting for the results of Zhongshi has not been adopted as CCPGL is itself a wholly-owned subsidiary of the Company and the Company, being the intermediate holding company of CCPGL, has produced consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards.

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 (Unaudited) *HK$'000*	**For the year ended 31 December 2009** (Unaudited) *HK$'000*
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) are approximately HK$67.95 million and HK$67.95 million respectively.

There are no consolidated financial statements prepared for TDL as the Company, being the intermediate holding company of TDL, has produced consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards.

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 (Unaudited) *RMB'000*	**For the year ended 31 December 2009** (Unaudited) *RMB'000*
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 are 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.

FINANCIAL EFFECT OF THE DISPOSAL

Immediately after completion of the CCPGL Disposal and the TDL Disposal, the Group ceased to have any interest in each of CCPGL, TDL and Zhongshi and each of them ceased 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 (translated into approximately RMB116.67 million) (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 did not receive any cash proceeds from the Disposal. The Group is still liable to settle the outstanding amount due to Zhongshi (approximately RMB3.4 million (equivalent to approximately HK$3.96 million)) subsequent to 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 ("**Disposal Gain**").

The Disposal will not bring any material impact on the earnings of the Group, except that the Disposal Gain will be recorded upon the Disposal. It is expected that the net asset value of the Group will be increased by the Disposal Gain following the completion of the Disposal. The assets and liabilities of Disposal Group will no longer be consolidated into the Group's financial statements upon the completion of the Disposal.

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 issued share capital of the Company as at the date of the Agreements, 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.

RECOMMENDATION

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. If a general meeting were to be convened for the approval of the Disposal, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Disposal at such general meeting.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

1. INDEBTEDNESS OF THE GROUP

At the close of business on 30 November 2010, being the latest practicable date prior to the printing of this circular, the Group had outstanding bank loan of approximately RMB40,000,000 (equivalent to approximately HK$46,600,000), which was secured by the land use right of a property held for development which amounted to approximately RMB89,000,000 (equivalent to approximately HK$103,685,000).

As at 30 November 2010, the Group also had other unsecured loan of HK$600,000 and other payable of approximately RMB29,222,000 (equivalent to approximately HK$34,044,000), being the prepayment of intra-group loan by the buyer of a group company, an Independent Third Party.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at the close of business on 30 November 2010 any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

2. WORKING CAPITAL STATEMENT

Taking into account the Group's internal resources and in the absence of unforeseen circumstances, the Directors are of the opinion that the Group will have sufficient working capital to meet its present requirements for at least twelve months from the date of this circular.

3. FINANCIAL AND TRADING PROSPECTS

Property investment and land resources exploitation

In the first half of 2010, the PRC government implemented a series of macro control policies over real estate market to curb the overheated price rise and speculations on properties, aiming to maintain a stable and healthy development of the industry. The State-owned Assets Supervision and Administration Commission of the State Council also adopted measures to control investment scale of enterprises under direct administration of central government in the real estate industry. Under such circumstance, as the Group's property development projects are located in the third or fourth tier cities, where the rapid urbanization has put their real estate market on the track of healthy growth, the above policies have limited impacts on the Group. Through the disposals of assets and realization of investments, the Group has accumulated abundant cash. The Group will further seek investment opportunities in land resources exploitation and property investment, including the possibility of seeking land resources and investment projects from China Chengtong Holdings Group Limited and other enterprises under direct administration of the central government.

Financial leasing

The Group has established 誠通融資租賃有限公司 (unofficial English translation being Chengtong Financial Leasing Company Limited) ("**Chengtong Financial Leasing**") in the PRC in September 2010. The approved business scope of Chengtong Financial Leasing includes financial leasing, leasing services, purchasing of leasing properties at home country and abroad. Chengtong Financial Leasing has started the business of financial leasing in the fourth quarter of 2010. The Group plans to expand the financial leasing business in three areas: (i) satisfying finance needs of the holding company and its subsidiaries; (ii) providing financial leasing services to the fields of energy saving, emission reduction and energy performance contracting; and (iii) providing financial leasing services to municipal engineering construction projects of PRC government. Financial leasing industry plays an important role in social and economy infrastructure and the Directors believe that financial leasing business has great business potential in the PRC.

Trading of coal

The Group, through its subsidiary, 誠通大豐海港工程建設有限公司 (unofficial English translation being Chengtong Dafeng Harbour Construction Limited), has acquired 51% interest of 大豐瑞能燃料有限公司 (unofficial English translation being Dafeng Ruineng Fuel Limited) ("**Dafeng Ruineng**") in the fourth quarter of 2010. Leveraging on the well developed logistics facilities and piers in Dafeng Harbour, Dafeng Ruineng will initially be principally engaged in trading of imported coal targeting at the coal market in the eastern part of China. After the completion of the construction of coal storage facilities, Dafeng Ruineng will start the value-added business, such as coal processing and coal exchange centre.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

(a) As at the Latest Practicable Date, the interests and short positions of each Director in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Nature of interest	Number of Shares	Approximate percentage of interest
Zhang Guotong	Beneficial owner	365	0.000009%
Gu Laiyun	Beneficial owner	3,867,707	0.093%
Xu Zhen	Beneficial owner	725,196	0.017%

(b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

(a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest
World Gain Holdings Limited	Beneficial owner *(Note 2)*	2,286,343,570 (L)	54.78%
China Chengtong Hong Kong Company Limited	Controlled corporation *(Note 2)*	2,286,343,570 (L)	54.78%
	Beneficial owner	705,539,557 (L) *(Note 3)*	16.91%
China Chengtong Holdings Group Limited	Controlled corporation *(Note 2)*	2,991,883,127 (L)	71.69%

Notes:

1. The letter "L" represents the entity's interest in the Shares.

2. The entire issued share capital of World Gain Holdings Limited is beneficially owned by China Chengtong Hong Kong Company Limited, the entire issued share capital of which is beneficially owned by China Chengtong Holdings Group Limited. Both of China Chengtong Hong Kong Company Limited and China Chengtong Holdings Group Limited are deemed to be interested in all the Shares held by World Gain Holdings Limited under the SFO.

3. These Shares represent the Consideration Shares (as defined in the circular of the Company dated 29 November 2008) which may be allotted and issued to China Chengtong Hong Kong Company Limited upon completion of the Second SP Agreement (as defined in the circular of the Company dated 29 November 2008) (assuming the consideration to be payable by the Company under the Second SP Agreement is adjusted to its maximum extent).

(b) As at the Latest Practicable Date, so far as is known to the Directors, the following entities were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Name of subsidiary	Name of shareholder	Amount of registered capital	Approximate percentage of interest
誠通大豐海港開發有限公司 (Unofficial translation as Chengtong Dafeng Harbour Development Limited)	大豐市大豐港開發建設有限公司 (Unofficial translation as Dafeng City Dafeng Harbour Development Construction Limited)	Registered capital of RMB50,000,000	33.33%
大豐瑞能燃料有限公司 (Unofficial translation as Dafeng Ruineng Fuel Company Limited)	韶關市曲江旭達燃料有限公司 (Unofficial translation as Shaoguan City Qu Jiang Xu Da Fuel Limited)	Registered capital of RMB24,500,000	49.00%

(c) Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

5. DIRECTORS' INTERESTS IN ASSETS/CONTRACTS AND OTHER INTERESTS

None of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2009, being the date to which the latest published audited consolidated accounts of the Group were made up.

6. MATERIAL CONTRACTS

The following contracts, not being contracts in the ordinary course of business of the Group, were entered into by the Company or its subsidiaries during the period commencing two years preceding the date of this circular and are or may be material:

(a) the sale and purchase agreement dated 2 April 2009 and entered into between China Chengtong Cement Group Limited (as vendor) ("**CCCG**") and Cimpor Macau Investment Company Limited (as purchaser) in relation to the sale and purchase of 49,076,020 shares of HK$1 each of Cimpor Chengtong Cement Corporation Limited at the consideration of HK$58,000,000;

(b) the sale and purchase agreement dated 26 May 2009 and the supplemental agreement dated 24 August 2009 entered into between Talent Dragon Limited (as vendor) and Fantastic Era International Limited (as purchaser) in relation to the sale and purchase of 100 shares of HK$1 each of Great Royal International Limited at the consideration of HK$272,104,000;

(c) the agreement dated 3 September 2009 and entered into between Price Sales Limited (as vendor), Wise Deal Limited (as purchaser) and the Company (as the vendor's guarantor) relating to the sale and purchase of 16,000 issued shares in the capital of Goodwill (Overseas) Limited and the amounts due from Goodwill (Overseas) Limited to Price Sales Limited at the consideration of US$27,500,000;

(d) the agreement dated 18 February 2010 made between Zhongshi, 北京世紀尊博投資有限公司 (Beijing Century Zun Bo Investment Company Limited), 諸城鳳凰置地有限公司 (Zhucheng Phoenix Landmark Company Limited) ("**Phoenix Landmark**"), 諸城泰豐置地有限公司 (Zhucheng Prosperity Landmark Company Limited) ("**Prosperity Landmark**") and 諸城港龍置地有限公司 (Zhucheng Dragon Landmark Company Limited) ("**Dragon Landmark**") for the purpose of implementing the reorganisation of the shareholding structure and certain debts of Phoenix Landmark, Prosperity Landmark and Dragon Landmark as described in the paragraph headed "**Subject matter**" in the section headed "**The Agreement**" in the announcement of the Company dated 18 February 2010;

(e) the sale and purchase agreement dated 12 August 2010 and entered into between Zhongshi and 洛陽眾合置業有限公司 (unofficial English translation as Luoyang Zhonghezhiye Company Limited) in relation to the disposal of the 100% equity interest in 洛陽城南中儲物流有限公司 (unofficial translation as Luoyang Southern City CMST Logistic Limited) ("**Luoyang Logistic**") and the loan owed by Luoyang Logistic to Zhongshi at the aggregate consideration of RMB61,850,000;

(f) the CCPGL Agreement; and

(g) the TDL Agreement.

7. LITIGATION

In April 2009, the owners' committee of a property project developed by Zhongshi has commenced legal proceedings against Zhongshi for the reinstatement of certain unauthorised structure that Zhongshi has constructed on such property development project. In November 2009, the Court ordered Zhongshi to reinstate the unauthorised structure. It is estimated that the total expenses for such reinstatement and legal costs incurred would be amounting to approximately RMB450,000 (equivalent to approximately HK$524,000). Therefore, a provision for claim was made in year 2009. After completion of the Disposal, the Group ceased to hold any interest in Zhongshi. Zhongshi has confirmed to the Group that it would not make any claims against the Group for any liabilities and expenses. Under the terms of the Agreements, the Group will not be liable to any warranty claims from the Purchaser in respect of Zhongshi (including such legal proceedings) after 12 January 2011, being the 30th day from the date of completion of the Disposal.

In September 2010, a PRC subsidiary of the Company has commenced litigation in the PRC as plaintiff to sue a tenant for unauthorized use of the leased property and requested for the termination of the lease agreement due to such unauthorized use.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that save as disclosed in (i) the announcement of the Company dated 13 August 2010 in relation to the disposal of Luoyang Logistic; (ii) the interim report of the Group for the six months ended 30 June 2010, (iii) the announcement of the Company dated 14 September 2010 in relation to the establishment of Chengtong Financial Leasing Company Limited; (iv) the announcement of the Company dated 16 September 2010 in relation to the continuing connected transaction on lease arrangement; (v) the announcement of the Company dated 14 October 2010 in relation to the finance lease arrangement; (vi) the announcement of the Company dated 29 October 2010 in relation to the extension of long stop date for acquisition of companies; (vii) the Announcement; (viii) the announcement of the Company dated 4 January 2011 in relation to the finance lease arrangement ; and (ix) the announcement of the Company dated 14 January 2011 in relation to a lease renewal agreement, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the latest published financial statements of the Company were made up.

9. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

10. MISCELLANEOUS

(1) The registered and head office of the Company is located at Suite 6406, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

(2) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.

(3) The company secretary of the Company is Mr. Hui Lap Tak, a practising solicitor in Hong Kong.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at Suite 6406, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including 11 February 2011:

(a) the memorandum and articles of association of the Company;

(b) the material contracts referred to in the paragraph headed "Material contracts" in this appendix;

(c) the annual reports of the Company for the two years ended 31 December 2009; and

(d) this circular and the circular of the Company dated 11 March 2010.