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**CHINA CHENGTONG DEVELOPMENT GROUP LIMITED**

**中國誠通發展集團有限公司**

*(Incorporated in Hong Kong with limited liability)*

(Stock Code: 217)

**DISCLOSEABLE TRANSACTION:  
DISPOSAL OF 32% INTEREST IN GOODWILL OVERSEAS**

The Board is pleased to announce that the Vendor, the Purchaser and the Company (as the Vendor's guarantor) has entered into the Disposal Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loan at US\$27,500,000 (equivalent to approximately HK\$214,500,000). The Disposal is on terms and conditions set out in the Disposal Agreement, the principal terms of which are set out in this announcement.

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

The Board is pleased to announce that on 3 September 2009, the Vendor, the Purchaser and the Company (as the Vendor's guarantor) entered into the Disposal Agreement pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Sale Shares and the Sale Loan. The Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The principal terms of the Disposal Agreement are set out below.

# THE DISPOSAL AGREEMENT

## 1. Date

3 September 2009

## 2. Parties

1. Wise Deal Limited, a company incorporated in the British Virgin Islands, as the Purchaser;
2. Price Sales Limited, an indirect wholly-owned subsidiary of the Company, as the Vendor;  
and
3. the Company as the Vendor's guarantor.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the principal activity of the Purchaser is investment holding and its ultimate beneficial owners are independent third parties.

## 3. Assets to be disposed of

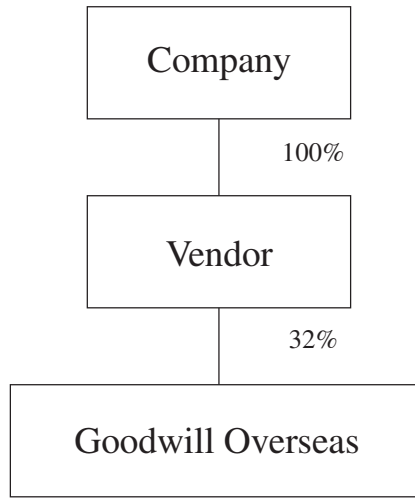
The Sale Shares, representing 32% of the entire issued share capital of Goodwill Overseas, and the Sale Loan.

The Vendor is an indirect wholly-owned subsidiary of the Company and the registered owner of 32% interest of Goodwill Overseas, which is owned as to the balance of 68% interests by the other shareholders of Goodwill Overseas who are independent third parties.

Following completion of the Disposal, the Company will cease to hold any equity interest in Goodwill Overseas and any interest in the Sale Loan.

The shareholding structure before and immediately after the Disposal is as shown in the charts below:

*Before Disposal*



*Immediately after the Disposal (not taking into account any interest in Goodwill Overseas that may be acquired by the Purchaser as mentioned in paragraph 6 below)*



#### **4. Consideration**

The Consideration is US\$27,500,000 (equivalent to approximately HK\$214,500,000) and is to be satisfied by the Purchaser in the manner below:

- (1) a deposit of US\$1,375,000 (equivalent to approximately HK\$10,725,000) is to be paid upon the signing of the Disposal Agreement and to be held by the Escrow Agent;
- (2) a further sum of US\$6,125,000 (equivalent to approximately HK\$47,775,000) as part payment of the Consideration is to be paid within 2 months of the date of the Disposal Agreement (but in any event no later than Completion) and to be held by the Escrow Agent; and
- (3) the balance of the Consideration in the sum of US\$20,000,000 (equivalent to approximately HK\$156,000,000) (or such equivalent amount in any other currency as agreed between the Purchaser and the Vendor) is to be paid to the Vendor (or as it may direct) upon Completion.

As at the date of this announcement, the deposit mentioned above has been paid by the Purchaser.

The deposit and the part payment mentioned above to be held in escrow shall be released to the Vendor as part of the Consideration upon Completion, and the interest accrued thereon shall also be released to the Vendor or the nominee it may direct upon Completion.

The Directors confirm that the Consideration was determined after arm's length negotiation between the parties to the Disposal Agreement with reference to the unaudited net liability of Goodwill Overseas of approximately HK\$3,418,000 as at 31 August 2009 as shown on the management accounts of Goodwill Overseas prepared in accordance with the HKAS and HKFRS.

#### **5. Conditions of the Disposal**

Completion of the Disposal Agreement is conditional on the satisfaction (or, where applicable, waiver by the Purchaser) of the following conditions:

- (1) satisfactory due diligence investigation on Goodwill Overseas by the Purchaser;
- (2) execution by the Vendor and delivery to the Purchaser of a deed of release and waiver, pursuant to which the Vendor, with effect from the Completion, (a) waives any interests in and rights to Kingdom Land, Xing Tai and East Ocean Centre Phase 2 and any claims which it may have against the Purchaser (save and except any rights and claims under the Disposal Agreement), Kingdom Land, Xing Tai and East Ocean Centre Phase 2 and (b) releases Kingdom Land and Xing Tai from all obligations and liabilities to it under or in relation to any agreement, arrangement or otherwise;
- (3) completion of the sale and purchase of all the shares in Kingdom Land under the share purchase agreement entered into among the parties referred therein;

- (4) the Vendor having used its reasonable endeavour to procure that:
- (i) between the date of the Disposal Agreement and Completion, Goodwill Overseas, Kingdom Land and Xing Tai carry on their respective businesses in the normal course and shall not do anything which is not of a routine unimportant nature without the prior written consent of the Purchaser; and
  - (ii) as from the date of the Disposal Agreement, the Purchaser and any persons authorised by it will be given reasonable access to the premises and all the books and records and title documents of Goodwill Overseas proprietary to the Vendor and the Vendor shall instruct the directors of Goodwill Overseas nominated by the Vendor to give promptly all information and explanations to the Purchaser as it may request; and
- (5) all representations and warranties under the Share Purchase Documents remain true in all material respects and the Vendor and the Company (being the Vendor's guarantor) having complied with their respective obligations under the Share Purchase Documents.

The Purchaser may waive in writing in whole or in part all or any of the above conditions or, with written consent of the Vendor, extend the period in which those conditions are to be satisfied.

If the conditions set out above have not been satisfied (or, where applicable, waived by the Purchaser) on or before 31 March 2010 (or such other date as agreed between the parties in writing), the Disposal Agreement shall terminate and none of the parties shall have any claim against or liability to the other parties under the Disposal Agreement, save in respect of any antecedent breaches of the Disposal Agreement.

As far as the Directors are aware, other than condition (2), none of the above conditions have been fulfilled as at the date of this announcement.

## 6. Completion

Completion shall take place on or before 7 April 2010, being the fifth Business Day after 31 March 2010 (or such later date as the Vendor and the Purchaser may agree in writing).

To the best knowledge of the Directors, the other shareholders of Goodwill Overseas have entered into respective sale and purchase agreements (“**Additional Disposal Agreements**”) in respect of their respective shareholding interests in the capital of Goodwill Overseas and the respective shareholders' loans owing by Goodwill Overseas to each of them. Under the Disposal Agreement, the Purchaser shall not be obliged to proceed to Completion unless the Disposal Agreement and the Additional Disposal Agreements are completed simultaneously.

## INFORMATION OF THE VENDOR AND GOODWILL OVERSEAS

The Vendor, an indirect wholly-owned subsidiary of the Company, is principally engaged in investment holding. The only investment of the Vendor is its 32% interest in Goodwill Overseas.

Other than the loan to Kingdom Land as mentioned below, Goodwill Overseas is not currently engaged in any business.

Kingdom Land, the 95% ultimate beneficial owner of East Ocean Centre Phase 2, is indebted to Goodwill Overseas in the principal amount of approximately USD44,173,000 (equivalent to approximately HK\$344,549,000) as at 31 August 2009 which is unsecured and interest free. The remaining 5% ultimate beneficial owner of East Ocean Centre Phase 2 is an independent third party. Kingdom Land is one of the beneficial owners of Goodwill Overseas holding 10% interest in Goodwill Overseas. The registered owner of East Ocean Centre Phase 2 is Xing Tai, which is beneficially owned as to 95% by Kingdom Land and as to the remaining 5% by the independent third party as mentioned above.

As at 31 August 2009, the unaudited net liability value of Goodwill Overseas (prepared in accordance with the HKAS and HKFRS is approximately HK\$3,418,000.

Based on the unaudited financial information of Goodwill Overseas prepared in accordance with the HKAS and HKFRS, the unaudited net losses (both before and after taxation and extraordinary items) of Goodwill Overseas for the two financial years immediately preceding the date of the Disposal Agreement are as follows:

	<b>Year ended 31 December 2007 HK\$'000</b>	<b>Year ended 31 December 2008 HK\$'000</b>
Net losses before taxation and extraordinary items	(5)	(5)
Net losses after taxation and extraordinary items	(5)	(5)

## **FINANCIAL EFFECT OF THE DISPOSAL**

Subject to audit, it is presently estimated that the Group will record a profit of approximately of HK\$96,064,000 arising from the Disposal as calculated by the net proceeds of approximately HK\$212,927,000 from the Disposal less net value (after provision) of the Sale Shares and the Sale Loan of approximately HK\$116,863,000 as at 31 December 2008. After the Disposal, the Company will no longer be interested in any shares of Goodwill Overseas.

## **REASONS FOR THE DISPOSAL AND USE OF PROCEEDS**

The Directors consider that the Disposal represents a good opportunity for the Company to realize its investment at a price which is reasonable to the Company in view of the fact that Goodwill Overseas is not engaged in any business other than the loan to Kingdom Land.

The Directors (including the independent non-executive Directors) are of the view that the Disposal is on normal commercial terms to the Company and the terms of the Disposal are fair and reasonable to and in the interests of the shareholders of the Company as a whole.

The Group intends to apply the net proceeds of approximately HK\$212.9 million from the Disposal as general working capital of the Group. As at the date of this announcement, no investment targets have been identified by the Group for the application of the net proceeds of the Disposal.

## **GENERAL**

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

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

## **DEFINITIONS**

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or a Sunday) on which banks are open for business in Hong Kong
“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

“Completion”	the completion of the Disposal in accordance with the Disposal Agreement
“Consideration”	the consideration that the Purchaser has to pay for the purchase of the Sale Shares and the Sale Loan
“Directors”	the directors of the Company
“Disposal”	the sale of the Sale Shares and the Sale Loan to the Purchaser on the terms and conditions of the Disposal Agreement
“Disposal Agreement”	The agreement dated 3 September 2009 and entered into between the Vendor, the Purchaser and the Company (as the Vendor’s guarantor) relating to the Disposal
“East Ocean Centre Phase 2”	East Ocean Centre Phase 2, No. 600, 618 Yan’An Road East, Huangpu District, Shanghai, the PRC
“Escrow Agent”	the Vendor’s solicitors, or any successor escrow agent appointed pursuant to the provisions of the escrow letter dated 3 September 2009 and entered into by the Vendor, the Purchaser and the Vendor’s solicitors upon signing of the Disposal Agreement
“Goodwill Overseas”	Goodwill (Overseas) Limited, a company incorporated in the British Virgin Islands and is owned as to 32% by the Vendor and as to the balance of 68% by various independent third parties
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKAS”	Hong Kong Accounting Standards
“HKFRS”	Hong Kong Financial Reporting Standards



“independent third party(ies)”	such person(s) who is/are independent of and not connected nor acting in concert with the directors, chief executive, management, shareholders or substantial shareholders of the Company or its subsidiaries, or any of their respective associates
“Kingdom Land”	Kingdom Land Investment and Development Company Limited, a company incorporated in the Macau Special Administrative Region of the PRC and is the 95% ultimate beneficial owner of East Ocean Centre Phase 2
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Purchaser”	Wise Deal Limited, a company incorporated in the British Virgin Islands
“Sale Loan”	the amounts due from Goodwill Overseas to the Vendor in respect of the loans made by the Vendor to Goodwill Overseas, the face amount of which, as of the date of Completion (the face amount of the Sale Loan as of the date of the Disposal Agreement is approximately US\$14,477,000 (equivalent to approximately HK\$112,921,000)
“Sale Shares”	the 16,000 issued shares in the capital of Goodwill Overseas, representing 32% of the issued share capital of Goodwill Overseas
“Share Purchase Documents”	the Disposal Agreement, the assignment of the Sale Loan and any other documents entered into pursuant to any of them
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Price Sales Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“Xing Tai”	上海興泰房地產開發有限公司, unofficial English translation being Shanghai Xing Tai Real Estate Development Company Limited, a company incorporated in the PRC which is beneficially owned as to 95% by Kingdom Land and as to the remaining 5% by an independent third party

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“US\$”	the United States dollars, the lawful currency of the United States of America
“%”	per cent.

*In this announcement, the following exchange rates have been adopted:*

*HK\$7.8 to US\$1.00*

By order of the board of directors of  
**China Chengtong Development Group Limited**  
**Wang Hongxin**  
*Managing Director*

Hong Kong, 3 September 2009

*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, Mr. Lao Youan and Mr. Ba Shusong.*