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CHINA CHENGTONG DEVELOPMENT GROUP LIMITED

中國誠通發展集團有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 217)

SUPPLEMENTAL ANNOUNCEMENT DISCLOSEABLE TRANSACTION: ESTABLISHMENT OF A JOINT VENTURE COMPANY

On 20 December 2006, the parties to the Shareholders' Agreement entered into an agreement extending the date for fulfillment of the conditions for completion of the subscription by each of the JV Partners of shares in the JV Company from 31 December 2006 to 30 June 2007.

On 20 December 2006, the parties to the Sea-Land Group Sale Agreement entered into an agreement extending the date for fulfillment of the conditions for completion of the Sea-Land Group Sale Agreement from 31 December 2006 to 30 June 2007.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 28 December 2006 and will remain suspended pending the release of the announcement on a proposed rights issue of the Company.

Reference is made to the announcement of the Company dated 18 October 2006 (the "**Announcement**") in relation to the establishment of a joint venture company. Unless otherwise stated, terms defined in the Announcement have the same meanings when used in this announcement.

A. THE SHAREHOLDERS' AGREEMENT

Under the Shareholders' Agreement, completion of the subscription by each of the JV Partners of shares in the JV Company is principally conditional upon fulfillment of the following on or before 31 December 2006 (or such later date as the JV Partners may agree in writing):

- (a) the Sea-Land Group Sale Agreement having been entered into;
- (b) the conditions precedent to completion of the Sea-Land Group Sale Agreement having been satisfied to the satisfaction of the JV Partners;
- (c) the Shandong Liuyuan Acquisition Agreement for the acquisition by the JV Company of a 60% equity interest in Shandong Liuyuan having been entered into; and
- (d) all necessary approvals and registrations for the acquisition and transactions in connection with the acquisition of a 60% equity interest in Shandong Liuyuan as contemplated under the Shandong Liuyuan Acquisition Agreement having been obtained and effected and the conditions precedent for completion of the acquisition having been satisfied to the satisfaction of the JV Partners.

The parties to the Shareholders' Agreement had on 20 December 2006 entered into an agreement extending the date for fulfillment of the above conditions from 31 December 2006 to 30 June 2007.

As at the date of this announcement, the above conditions (a) and (c) in relation to the entering into of the Sea-Land Group Sale Agreement and the Shandong Liuyuan Acquisition Agreement have been complied with. The above conditions (b) and (d) have not been satisfied as at the date of this announcement. The approvals necessary for fulfillment of the above condition (d) are in the course of obtaining and the necessary registrations will be effected as soon as practicable once the approvals have been obtained, which are expected to be obtained and effected on or prior to 30 June 2007.

B. THE SEA-LAND GROUP SALE AGREEMENT

Under the Sea-Land Group Sale Agreement, its completion is principally conditional upon fulfillment or waiver of the following:

- (a) the shareholders of Suzhou Nanda (other than Sea-Land) confirming, *inter alia*, their consent to the transfer of the entire issued share capital of Sea-Land to the JV Company;
- (b) the conditions to completion of the subscription of shares in the JV Company as mentioned in paragraph A above (other than the condition to completion of the Sea-Land Group Sale Agreement) having been satisfied; and
- (c) a legal opinion covering the due establishment and good standing of Suzhou Nanda and of the title of Sea-Land to its 71.03% interest in the registered capital of Suzhou Nanda having been obtained to the satisfaction of the JV Company.

The parties to the Sea-Land Group Sale Agreement had on 20 December 2006 entered into an agreement extending the date for fulfillment of the above conditions from 31 December 2006 to 30 June 2007.

As at the date of this announcement, condition (a) above has been satisfied. The remaining conditions (b) and (c) above have not yet been satisfied. The legal opinion necessary for fulfillment of the above condition (c) is in the course of obtaining and is expected to be available on or prior to 30 June 2007.

C. SUSPENSION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 28 December 2006 and will remain suspended pending the release of the announcement on a proposed rights issue of the Company.

As at the date of this announcement, the Board comprises the following members:

Executive Directors:

Mr Zhang Guotong and Mr Wang Hongxin

Non-executive Directors:

Mr Ma Zhengwu, Mr Hong Shuikun, Mr Gu Laiyun and Ms Xu Zhen

Independent non-executive Directors:

Mr Kwong Che Keung, Gordon, Mr Tsui Yiu Wa, Alec and Mr Lao Youan.

By Order of the Board
China Chengtong Development Group Limited
Zhang Guotong
Managing Director

Hong Kong, 4 January 2007