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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 AND CONNECTED TRANSACTIONS

in respect of

(1) the acquisition of 52% of the equity interest in the Xian PRC Company

and

(2) the acquisition of the entire equity interest in the Luoyang PRC Company

Reference is made to the Announcement in relation to, among other matters, the Xian Acquisition.

On 25 April 2007, the Xian PRC Company and Zhongshi entered into the Second Xian Supplemental Agreement to further clarify the rights and obligations of the Xian PRC Company and Zhongshi in relation to the Xian Outstanding Loan.

Reference is made to the announcement of China Chengtong Development Group Limited (“**Company**”) dated 22 March 2007 (“**Announcement**”) in relation to the discloseable and connected transactions in respect of the acquisition of 52% of the equity interest in the Xian PRC Company and the acquisition of the entire equity interest in the Luoyang PRC Company. Unless otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcement.

BACKGROUND

As at 31 December 2006, the Xian PRC Company was indebted to the Xian Vendor in the amount of the Xian Outstanding Loan in the aggregate principal amount of RMB26,000,000 (equivalent to approximately HK\$26,000,000). Zhongshi is to assume the Xian PRC Company’s obligation in making repayment of the Xian Outstanding Loan together with interest thereon to the Xian Vendor. Pursuant to the terms of the Xian Supplemental Agreement, Zhongshi shall repay the entire amount of the Xian Outstanding Loan together with interest thereon within 45 days after the completion of the Xian Acquisition and the obtaining of the Independent Shareholders’ approval to the Xian Acquisition at the EGM.

SECOND XIAN SUPPLEMENTAL AGREEMENT

On 25 April 2007, the Xian PRC Company and Zhongshi entered into an agreement (“**Second Xian Supplemental Agreement**”) to further clarify the rights and obligations of the Xian PRC Company and Zhongshi in relation to the Xian Outstanding Loan.

Pursuant to the Second Supplemental Agreement, the Xian PRC Company and Zhongshi acknowledged and agreed that:

- (1) notwithstanding that Zhongshi has assumed the Xian PRC Company’s obligation to repay the entire amount of the Xian Outstanding Loan together with interest accrued thereon to the Xian Vendor, the Xian PRC Company is still indebted to Zhongshi in the same amount repaid by Zhongshi to the Xian Vendor (“**Relevant Amount**”);
- (2) the Relevant Amount together with the interest accrued thereon is repayable on demand by serving 30 days’ notice to the Xian PRC Company; and
- (3) interest on the Relevant Amount shall be calculated at the annual rate of 12%.

Save as mentioned in this announcement, there is no other amendment to the major terms of the Xian Acquisition Agreement.

It is expected that the circular containing further details of the Xian Acquisition and the notice of the EGM will be despatched to the shareholders of the Company on or before 18 May 2007.

As at the date of this announcement, the executive directors of the Company are Mr. Zhang Guotong and Mr. Wang Hongxin; the non-executive directors of the Company are Mr. Ma Zhengwu, Mr. Hong Shuikun, Mr. Gu Laiyun and Ms. Xu Zhen; and the independent non-executive directors of the Company are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec, Mr. Lao Youan and Mr. Ba Shusong.

By order of the board of directors of
China Chengtong Development Group Limited
Zhang Guotong
Managing Director

Hong Kong, 25 April 2007