

*The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



# 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

Reference is made to the Announcements and the Circular.

One of the outstanding conditions to completion of the subscription by each JV Partner of shares in the JV Company under the Shareholders' Agreement, being the acquisition by the JV Company of a 60% equity interest in Shandong Liuyuan has been fulfilled. The remaining conditions to completion of the subscription of shares in the JV Company by the JV Partners and the Sea-Land Group Transfer are expected to be fulfilled shortly and in any event, on or before 30 June 2007.

The total number of shares in the JV Company to be subscribed for by the JV Partners and the consideration payable by the JV Company for the Sea-Land Group Transfer will be increased and a supplemental agreement to each of the Shareholders' Agreement and the Sea-Land Group Sale Agreement will be entered into accordingly to effect such changes as mentioned below.

Despite the changes as mentioned in this announcement, the establishment of the JV Company and the Sea-Land Group Transfer remains a discloseable transaction for the Company under Chapter 14 of the Listing Rules and the equity interest of CCG in the JV Company remains unchanged at 20%.

Reference is made to the two announcements of the Company dated 18 October 2006 and 4 January 2007 (the "**Announcements**") and the circular of the Company dated 8 November 2006 (the "**Circular**") in relation to the establishment of a joint venture company, CIMPOR Chengtong Cement Corporation Limited (the "**JV Company**"). Unless otherwise stated, terms defined in the Announcements and the Circular have the same meanings when used in this announcement.

The Board is pleased to announce that one of the outstanding conditions to completion of the subscription by each JV Partner of shares in the JV Company under the Shareholders' Agreement, being the obtaining of all necessary approvals and registrations for the acquisition and transactions in connection with the acquisition of a 60% equity interest in Shandong Liuyuan by the JV Company as contemplated under the Shandong Liuyuan Acquisition Agreement and satisfaction of the conditions precedent for completion of the acquisition by the JV Partners, have been fulfilled. The consideration payable for the acquisition of a 60% equity interest in Shandong Liuyuan by the JV Company is in the amount of RMB20.7 million and is financed by the shareholder's loan provided by CIMPOR to the JV Company under a shareholder's loan agreement dated 16 April 2007 entered into between CIMPOR and the JV Company pursuant to which the loan facility originally agreed to be provided to the JV Company by CIMPOR under the shareholder's loan agreement dated 12 October 2006 (as disclosed in the Announcement dated 18 October 2006 and the Circular), for the purpose of financing the general working capital requirements of the JV Company and/or financing the acquisition of the 60% equity interest in Shandong Liuyuan by the JV Company, was revised from up to EUR13,000,000 to up to EUR20,000,000. The interest rate payable and the repayment term for the shareholder's loan provided by CIMPOR under the shareholder's loan agreement dated 16 April 2007 have remain unchanged at the rate per annum of 6 months EURIBOR plus a margin of 50 basis points and repayable in full 42 months from the date of the first advance with the first repayment to be made twelve months from the date of the first advance and thereafter at a 6-month interval.

The other conditions which remained outstanding as at the date of the Announcement dated 4 January 2007 are expected to be fulfilled shortly and in any event, on or before 30 June 2007. Completion of the subscription of shares in the JV Company by the JV Partners and the Sea-Land Group Sale Agreement will be proceeded with accordingly upon fulfillment of all the conditions.

As disclosed in the Announcement dated 18 October 2006 and the Circular, the consideration for the Sea-Land Group Transfer in the amount of HK\$41,496,000 was arrived at with reference to 71.03% of the adjusted net asset value of Suzhou Nanda of RMB58,515,000 (equivalent to approximately HK\$58,420,000) as at 31 December 2005, after making certain adjustments to the appraised value of Suzhou Nanda as appraised by Jiangsu Renhe Assets Appraisal Co., Ltd. As a result of an upward adjustment in the amount of RMB10,645,995 (equivalent to approximately HK\$10,670,800) to the appraised value of Suzhou

Nanda by reason of a reduction of a loan together with accrued interest owing by Suzhou Nanda to a third party, which loan together with accrued interest were included in the said valuation by the valuer, the following adjustments will be made:

(1) In respect of the Sea-Land Group Sale Agreement:

- (a) the consideration for the Sea-Land Group Transfer will be increased from HK\$41,496,000 to HK\$49,076,000 (representing an increase of HK\$7,580,000 and 71.03% of the amount of the upward adjustment made to the appraised value of Suzhou Nanda as mentioned above); and
- (b) accordingly, the number of shares in the JV Company to be allotted and issued to CCCG in payment and satisfaction of the consideration for the Sea-Land Group Transfer will also be increased from 41,496,000 to 49,076,000.

(2) In respect of the Shareholders' Agreement, the total number of shares of par value of HK\$1.00 each in the JV Company to be subscribed for by each of the JV Partners as contemplated under the Shareholders' Agreement will be increased from 207,480,000 to 245,380,000, of which 49,076,000 shares (representing 20% of the shares to be subscribed) will be subscribed for by CCCG and the remaining 196,304,000 shares will be subscribed for by CIMPOR (representing 80% of the shares to be subscribed).

A supplemental agreement to each of the Shareholders' Agreement and the Sea-Land Group Sale Agreement effecting such changes will be entered into by the parties prior to completion of the transactions as contemplated under the Shareholders' Agreement and the Sea-Land Group Sale Agreement.

Despite the changes as mentioned in this announcement, the establishment of the JV Company and the Sea-Land Group Transfer remains a discloseable transaction for the Company under Chapter 14 of the Listing Rules and the equity interest of CCCG in the JV Company remains unchanged at 20%.

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, Mr Lao Youan and Mr Ba Shusong.

By Order of the Board  
**China Chengtong Development Group Limited**  
**Wang Hongxin**  
*Executive Director*

Hong Kong, 31 May 2007