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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 —
FINANCE LEASE ARRANGEMENT WITH
JOYFULL INTERNATIONAL HOTEL SHANGHAI**

On 13 October 2010, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with Joyfull International Hotel Shanghai pursuant to which Chengtong Financial Leasing will purchase the Equipment from Joyfull International Hotel Shanghai and will lease the Equipment back to Joyfull International Hotel Shanghai for a term of three months.

The transaction contemplated under the Finance Lease Arrangement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

LEASE AGREEMENT

Date of the Lease Agreement:

13 October 2010

Parties to the transaction:

Lessor : Chengtong Financial Leasing

Lessee : Joyfull International Hotel Shanghai

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Joyfull International Hotel Shanghai and its ultimate beneficial owner are Independent Third Parties, and Joyfull International Hotel Shanghai is principally engaged in the hotel management business.

Finance Lease Arrangement:

Pursuant to the Lease Agreement, Chengtong Financial Leasing will purchase the Equipment from Joyfull International Hotel Shanghai at the consideration of RMB50,000,000 (equivalent to approximately HK\$58,000,000), and the Equipment will be leased back to Joyfull International Hotel Shanghai for a period of three months from the date upon which the aggregate consideration for the purchase of the Equipment has been paid by Chengtong Financial Leasing.

Consideration for the purchase of the Equipment

The aggregate consideration for the purchase of the Equipment is RMB50,000,000 (equivalent to approximately HK\$58,000,000), which has been agreed between Chengtong Financial Leasing and Joyfull International Hotel Shanghai with reference to the purchase costs of the Equipment, taking into account the availability of the security in the paragraphs headed "Mortgage" and "Guarantee" below.

The consideration for the purchase of the Equipment under the Finance Lease Arrangement will be satisfied by the internal resources of the Group.

Lease payment:

Joyfull International Hotel Shanghai will make its lease payment upon the expiry of the term in an aggregate amount of RMB51,172,500 (equivalent to approximately HK\$59,360,100), which represents the amount payable by Joyfull International Hotel Shanghai to Chengtong Financial Leasing under the entire term of the Finance Lease Arrangement. Interest rate for the lease will be calculated at 9.38% per annum.

The lease payment has been agreed after arm's length negotiations between the parties with reference to the prevailing market practice.

Lessee's option to purchase

At the end of the lease term of the Lease Agreement, Joyfull International Hotel Shanghai will have the right, subject to the payment of the lease payment and other payables (if any) in full, to purchase the Equipment at a nominal purchase price of RMB100 (equivalent to approximately HK\$116).

Mortgage

Shanghai Jiahe, which is principally engaged in the property development business, has provided a mortgage over the property situated at Flat 1615, Flat 2101 and 1/F to 2/F, 16 Huayuan Road, Shanghai, the PRC (中國上海花園路16號1615室、2101室及1層至2層) of a gross floor area of approximate 2,100 square metre in favour of Chengtong Financial Leasing for the obligations of Joyfull International Hotel Shanghai equivalent to the aggregate amount payable by Joyfull International Hotel Shanghai under the entire term of the lease, i.e. RMB51,172,500 (equivalent to approximately HK\$59,360,100).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Shanghai Jiahe and its ultimate beneficial owner are Independent Third Parties.

Guarantee

Beijing Century, which is an investment holding company, has provided a guarantee in favour of Chengtong Financial Leasing for the obligations of Joyfull International Hotel Shanghai equivalent to the aggregate amount payable by Joyfull International Hotel Shanghai under the entire term of the lease, i.e. RMB51,172,500 (equivalent to approximately HK\$59,360,100).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, Beijing Century is controlled by a former director of two wholly-owned subsidiaries of the Company (such person resigned as a director of the relevant subsidiaries in April 2010). Save as disclosed above, Beijing Century is an Independent Third Party. By virtue of Rule 14A.11(2) of the Listing Rules, Beijing Century is a connected person of the Company.

However, in view that the guarantee provided by Beijing Century is on normal commercial terms where no security over the assets of the Company is granted in respect of the guarantee, by virtue of Rule 14A.65(4) of the Listing Rules, the provision of the guarantee by Beijing Century under the Finance Lease Arrangement is exempt from all the reporting, announcement and independent shareholders' approval requirements.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT

The principal activities of the Group are property development, land resources exploitation and strategic investment. Financial leasing is one of the strategic investment businesses recently commenced by the Group.

As disclosed in the announcement of the Company dated 14 September 2010, the Company obtained the corporate business licence for Chengtong Financial Leasing in September 2010, and the approved business scope of Chengtong Financial Leasing includes financial leasing, leasing services, purchasing of leasing properties at home country and abroad, disposal of residual value of leasing properties and repair of leasing properties, provision of consultation and guarantees for lease transactions as well as other businesses as approved by relevant authorities.

The entering into of the Finance Lease Arrangement is in the ordinary and usual course of business of Chengtong Financial Leasing and it is expected that Chengtong Financial Leasing will earn an income of approximately RMB1,172,500 (equivalent to approximately HK\$1,360,100), being all lease payments under the Finance Lease Arrangement after deducting aggregate consideration for the purchase of the Equipment.

The Directors are of the view that the terms of the Finance Lease Arrangement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

IMPLICATION UNDER THE LISTING RULES

The transaction contemplated under the Finance Lease Arrangement constitutes a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

DEFINITIONS

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

“Beijing Century”	北京世紀尊博投資有限公司 (unofficial English translation being Beijing Century Zunbo Investment Company Limited), a company incorporated in the PRC
“Board”	the board of Directors
“Chengtong Financial Leasing”	誠通融資租賃有限公司 (unofficial English translation being Chengtong Financial Leasing Company Limited), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“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
“Director(s)”	the director(s) of the Company
“Equipment”	air conditioning units, vehicle, furniture, washing machineries, elevators, audio and visual equipment and computers
“Finance Lease Arrangement”	the purchase of the Equipment by Chengtong Financial Leasing and the lease of the Equipment to Joyfull International Hotel Shanghai pursuant to the terms of the Lease Agreement
“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
“Joyfull International Hotel Shanghai”	上海嘉福悦國際大酒店有限公司 (unofficial English translation being Shanghai Joyfull International Hotel Company Limited), a company incorporated in the PRC with limited liability
“Lease Agreement”	the agreement dated 13 October 2010 between Chengtong Financial Leasing and Joyfull International Hotel Shanghai, pursuant to which Chengtong Financial Leasing has agreed to purchase and lease the Equipment to Joyfull International Hotel Shanghai for a term of three months
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Shanghai Jiahe”	上海家合置業有限公司 (unofficial English translation being Shanghai Jiahe Property Company Limited), a company incorporated in the PRC with limited liability

“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.16. 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.

By order of the Board
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

Hong Kong, 14 October 2010

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 and Mr. Ba Shusong.