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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 —
LEASE RENEWAL AGREEMENT**

On 14 January 2011, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Lease Renewal Agreement with Joyfull International Hotel Shanghai pursuant to which Chengtong Financial Leasing has agreed to extend the Original Lease Term for four months.

The Lease Renewal constitutes a discloseable transaction for the Company under the Listing Rules.

Reference is made to the announcement of the Company dated 14 October 2010 (“**Announcement**”) in relation to the Finance Lease Arrangement.

Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcement.

BACKGROUND — THE FINANCE LEASE ARRANGEMENT

As disclosed in the Announcement, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Lease Agreement with Joyfull International Hotel Shanghai on 13 October 2010 pursuant to which Chengtong Financial Leasing has purchased the Equipment from Joyfull International Hotel Shanghai at the consideration of RMB50,000,000 (equivalent to HK\$59,000,000) and leased the Equipment back to Joyfull International Hotel Shanghai for a term of three months (“**Original Lease Term**”). The Original Lease Term will end on 15 January 2011. Pursuant to the Lease Agreement, Joyfull International Hotel Shanghai shall pay the lease payment in the amount of RMB51,172,500 (equivalent to HK\$60,383,550) upon the expiry of the Original Lease Term.

LEASE RENEWAL AGREEMENT

On 14 January 2011, Chengtong Financial Leasing and Joyfull International Hotel Shanghai entered into the lease renewal agreement (“**Lease Renewal Agreement**”) pursuant to which Chengtong Financial Leasing and Joyfull International Hotel Shanghai have agreed to extend the Original Lease Term (“**Lease Renewal**”) for four months from the effective date of the Lease Renewal Agreement (“**Renewed Term**”).

Major terms of the Lease Renewal Agreement are set out below:

Date:

14 January 2011

Parties:

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.

Lease Renewal:

Chengtong Financial Leasing and Joyfull International Hotel Shanghai agreed to extend the Original Lease Term for four months from the effective date of the Lease Renewal Agreement. Joyfull International Hotel Shanghai agreed to pay the renewal handling fee of RMB600,000 (equivalent to HK\$708,000) to Chengtong Financial Leasing at the time of Lease Renewal. Joyfull International Hotel Shanghai shall pay a lease payment upon the expiry of the Renewed Term in the amount of RMB51,900,000 (equivalent to HK\$61,242,000) which was agreed after arm's length negotiations between the parties with reference to the prevailing market practice.

Effective date of the Lease Renewal Agreement:

The Lease Renewal Agreement will become effective upon:

- (i) Chengtong Financial Leasing has received the sum of RMB1,172,500 (equivalent to HK\$1,383,550) in full from Joyfull International Hotel Shanghai (being the interest portion of the lease payment payable by Joyfull International Hotel Shanghai under the Lease Agreement);
- (ii) Joyfull International Hotel Shanghai has paid the renewal handling fee of RMB600,000 (equivalent to HK\$708,000) to Chengtong Financial Leasing;
- (iii) Chengtong Financial Leasing has received a undertaking letter from Shanghai Jiahe to confirm that the 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) it provided to Chengtong Financial Leasing pursuant to the Lease Agreement will be revised to secure the payment obligations of Joyfull International Hotel Shanghai under the Lease Renewal Agreement; and
- (iv) Chengtong Financial Leasing has received a undertaking letter from Beijing Century to confirm that the guarantee it provided to Chengtong Financial Leasing pursuant to the Lease Agreement will be revised to secure the payment obligations of Joyfull International Hotel Shanghai under the Lease Renewal Agreement.

Early payment of lease payment:

With the consent of Chengtong Financial Leasing, Joyfull International Hotel Shanghai may pay the lease payment before the expiry of the Renewed Term.

Save as supplemented or amended by the Lease Renewal Agreement, all other terms in the Lease Agreement shall remain have full force and effect.

REASONS FOR THE LEASE RENEWAL

The principal activities of the Group are property development, property investment including land resources exploitation, strategic investment and financial leasing. In November 2010, the Group also commenced trading of coal as one of its principal activities.

The entering into of the Lease Renewal Agreement is in the ordinary and usual course of business of Chengtong Financial Leasing. Pursuant to the Lease Renewal Agreement, Chengtong Financial Leasing will earn an income of approximately RMB2,500,000 (equivalent to approximately HK\$2,950,000), including the interest portion of the lease payment of RMB1,900,000 (equivalent to approximately HK\$2,242,000) and the handling fee for the Lease Renewal of RMB600,000 (equivalent to approximately HK\$708,000).

The Directors are of the view that the terms of the Lease Renewal Agreement 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 Lease Renewal constitutes a discloseable transaction for the Company under the Listing Rules.

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\$1.18. 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 January 2011

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.