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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)

CONNECTED TRANSACTION: Loan to connected person

On 20 April 2006, Zhongshi, a 70% indirectly owned subsidiary of the Company, entered into an agreement with its substantial shareholder, Beijing Xinghe for the advancement of the Short Term Loan of RMB1,300,000 (about HK\$1,257,100) to the substantial shareholder.

The Short Term Loan constituted a connected transaction of the Company under Rules 14A.13(2)(a)(i). As each of the percentage ratios (other than the profits ratio) is less than 2.5%, the Short Term Loan is not subject to independent shareholders' approval requirements of Rule 14A.48(2). Particulars of the Short Term Loan will be included in the next published annual report and accounts of the Company for the year ended 31 December 2006 in compliance with the requirements of Rule 14A.45.

LOAN TO CONNECTED PERSON

On 20 April 2006, Zhongshi Investment Company Limited (中實投資有限責任公司) (“**Zhongshi**”), a 70% indirectly owned subsidiary of China Chengtong Development Group Limited (the “**Company**”, which together with its subsidiaries are called the “**Group**”), entered into an agreement with its substantial shareholder, Beijing Xinghe Dongli Investment Management Co., Ltd (北京興合動力投資管理有限公司) (“**Beijing Xinghe**”), which holds a 30% interest in Zhongshi, for the advancement of a short term loan (the “**Short Term Loan**”) of RMB1,300,000 (about HK\$1,257,100) at an interest rate of 6% per annum, repayable within 6 months from the date of advance (“**Repayment Date**”). The principal amount of the Short Term Loan in the sum of RMB1,300,000 was advanced by Zhongshi to Beijing Xinghe on 20 April 2006.

In the event of default in repayment by Beijing Xinghe of the Short Term Loan together with interest thereon or in the event of payment of dividend by Zhongshi to Beijing Xinghe before the Repayment Date, Zhongshi is entitled to the dividend payable to Beijing Xinghe as attributable to its 30% interest in Zhongshi to set off the amount due. In view of the current sales record of the property development of Zhongshi in Beijing, the directors of the Company (“**Directors**”) expect that subject to there being distributable profits of Zhongshi available, Zhongshi should be in a position to declare dividend.

The Directors considered that the provision of the secured Short Term Loan provide a source of income for Zhongshi existing cash in hand. As Zhongshi existing cash in hand is not immediately required for its general working capital and in view of higher interest earning that could be made from the Short Term Loan as opposed to bank deposit (6% per annum for the Short Term Loan as opposed to approximately 2% per annum for bank deposit), the Short Term Loan was made. The interest rate of 6% per annum charged for the Short Term Loan is comparable to that quoted by the People’s Bank of China for a six-month Renminbi advance of approximately 5.2% per annum close to or current at the date of advancement of the Short Term Loan.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Short Term Loan are fair and reasonable and in the interests of the shareholders of the Company as a whole.

LISTING RULES REQUIREMENTS

The borrower of the Short Term Loan, Beijing Xinghe, is a substantial shareholder of the Company’s 70% indirectly owned subsidiary, Zhongshi, holding a 30% interest in Zhongshi, and is a connected person of the Company under the Rules (“**Listing Rules**”, and references to “**Rule**” in this announcement are, unless otherwise stated, to the rules of the Listing Rules) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“**Stock Exchange**”). Accordingly, the Short Term Loan constituted a connected transaction of the Company under Rules 14A.13(2)(a)(i). As each of the percentage ratios (other than the profits ratio) is less than 2.5%, the Short Term Loan is not subject to independent shareholders’ approval requirements of Rule 14A.48(2).

Particulars of the Short Term Loan will be included in the next published annual report and accounts of the Company for the year ended 31 December 2006 in compliance with the requirements of Rule 14A.45.

GENERAL

Beijing Xinghe is principally engaged in property development and property investment. Zhongshi is principally engaged in property development and investment management and loan advancement is not part of its principal business.

The Group is principally engaged in the business of, among others, logistics business, property investment and development, and strategic investment in Hong Kong and the People's Republic of China.

In this announcement, an exchange rate of RMB1 to HK0.967 has been adopted for the translation of RMB to HK\$ amounts.

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

Hong Kong, 2 May 2006

As at the date of this announcement, the executive Directors are Mr Zhang Guotong and Mr Wang Hongxin; the non-executive Directors are Mr Ma Zhengwu, Mr Hong Shuikun, 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 Lao Youan.