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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **China Chengtong Development Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 —
SALE OF COMMODITY TO A CONNECTED PERSON**

**Independent financial adviser to
the Independent Board Committee and the Independent Shareholders**



CIMB Securities (HK) Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed “Definitions” of the circular.

A letter from the Board is set out on pages 1 to 5 of this circular. A letter from the Independent Board Committee is set out on page 6 of this circular. A letter from CIMB containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 7 to 10 of this circular.

9 February 2012

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 9 January 2012 in relation to the Sales Transaction
“Board”	the board of directors
“CIMB” or “Independent Financial Adviser”	CIMB Securities (HK) Limited, a corporation licensed to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Sales Transaction
“Commodity”	315.333 metric tonnes tin ingots
“Company”	China Chengtong Development Group Limited, a company incorporated in Hong Kong and the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Controlling Shareholder”	World Gain Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which, as at the date of the Sales Contract, held 2,286,343,570 issued Shares, representing approximately 54.9% of the issued share capital of the Company. World Gain Holdings Limited is a controlling shareholder of the Company within the meaning of the Listing Rules
“CT Trading”	Chengtong Development International Trading Limited, a company incorporated in Hong Kong and a 55%-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

DEFINITIONS

“Hangzhou Silong”	杭州欣融金屬材料有限公司 (unofficial English translation being Hangzhou Silong Metal Material Co., Ltd.), a company established in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Ba Shusong, the independent non-executive Directors
“Independent Shareholder(s)”	Shareholder(s) who are not interested or involved in the Sales Transaction
“Independent Third Party”	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
“Latest Practicable Date”	6 February 2012 , being the latest practicable date before the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Purchase Price”	the price payable by CT Trading to the independent supplier pursuant to the buying order of the Commodity

DEFINITIONS

“Sales Contract”	the sales contract dated 14 November 2011 entered into between CT Trading and Hangzhou Silong in relation to the sale and purchase of the Commodity
“Sales Transaction”	the sale and purchase of the Commodity as stipulated in the Sales Contract
“Sales Price”	the price payable by Hangzhou Silong to CT Trading pursuant to the Sales Contract
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	share(s) of the Company of HK\$0.10 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

In this circular, for the purpose of illustration only, amounts quoted in USD have been converted into HK\$ at the rate of USD1.00 to HK\$7.80. 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.

If there is any inconsistency between the Chinese names of the PRC entities mentioned in this circular and their English translations, the Chinese names shall prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhang Guotong

Mr. Yuan Shaoli

Mr. Wang Hongxin

Mr. Wang Tianlin

Registered Office:

Suite 6406, 64th Floor

Central Plaza, 18 Harbour Road

Wanchai

Hong Kong

Independent non-executive Directors:

Mr. Kwong Che Keung, Gordon

Mr. Tsui Yiu Wa, Alec

Mr. Ba Shusong

To the Shareholders

9 February 2012

Dear Sir or Madam

**CONNECTED TRANSACTION —
SALE OF COMMODITY TO A CONNECTED PERSON**

INTRODUCTION

On 14 November 2011, CT Trading, a 55%-owned subsidiary of the Company, entered into the Sales Contract with Hangzhou Silong pursuant to which CT Trading, as seller, has sold, and Hangzhou Silong, as buyer, has purchased the Commodity at the price of USD7,200,629.05 (equivalent to approximately HK\$56,164,907).

LETTER FROM THE BOARD

The Sales Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As the revenue ratio is more than 25% and the total consideration is more than HK\$10,000,000, the Sales Transaction should have been subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

This circular is despatched to the Shareholders for information purposes only and contains, among other things, (i) details about the Sales Transaction; (ii) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Shareholders in relation to the Sales Transaction; and (iii) the recommendation of the Independent Board Committee to the Shareholders in relation to the Sales Transaction.

THE SALES CONTRACT

Date: 14 November 2011

Parties:

- (1) Seller: CT Trading, a 55%-owned subsidiary of the Company
- (2) Buyer: Hangzhou Silong

Major terms:

CT Trading, as seller, has sold, and Hangzhou Silong, as buyer, has purchased 315.333 metric tonnes of tin ingots at the Sales Price of USD7,200,629.05 (equivalent to approximately HK\$56,164,907). The delivery date of the Commodity was 8 December 2011. Hangzhou Silong should pay the purchase price by irrevocable letter of credit payable at 90 days after sight in USD opened by the Bank of China.

The terms of the Sales Contract, including the Sales Price, are on normal commercial terms and are determined by CT Trading and Hangzhou Silong on arms length basis.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF ENTERING INTO THE SALES CONTRACT

As disclosed in the voluntary announcement of the Company dated 18 October 2011, in order to enlarge the business scale of the Group and to enhance the return to the shareholders of the Company, the Group, through CT Trading, has commenced bulk commodity trade business.

The Sales Transaction is in the ordinary course of business of CT Trading. CT Trading is principally engaged in bulk commodity trade business. Its business model is sourcing commodity from different suppliers in bulk quantity and selling the commodity to its customers in bulk quantity. Usually, CT Trading's buying orders are matched against the selling orders on a back-to-back basis. The corresponding buying order of the Sales Transaction was made by CT Trading to a supplier who is an Independent Third Party on the same date of the Sales Transaction (i.e. 14 November 2011). The Purchase Price of such buying order is USD7,094,992.50 (equivalent to approximately HK\$55,340,942). The net profit of the Sales Transaction is estimated to be approximately HK\$530,000, being the Sales Price less the Purchase Price and the related bank charges and finance costs of the Sales Transaction.

The executive Directors are of the view that the terms of the Sales Contract are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. None of the Directors is required to abstain from voting on the Board resolution approving the Sales Contract as none of them has any material interests in the Sales Transaction.

LISTING RULES IMPLICATIONS

As at the date of the Sales Contract, Hangzhou Silong, the purchaser of the Commodity, was owned by Ms. Gong Hui Qin and Ms. Gong Xiao Yan, each being a sister of Mr. Gong Wei Ming, who is the ultimate beneficial owner of the shareholder holding 45% equity interests of CT Trading ("**MI Shareholder**") and thus was a connected person of the Company. Therefore, the Sales Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As the revenue ratio is more than 25% and the total consideration is more than HK\$10,000,000, the Sales Transaction should have been subject to reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

The Company has made enquiry with the MI Shareholder before the Sales Transaction was entered into on 14 November 2011 and the MI Shareholder then confirmed that both the buyer and the supplier of the Commodity were Independent Third Parties. Later in December 2011, the Company reviewed all previous transactions made by CT Trading and its suppliers and customers and the Company made enquiry with the MI Shareholder again on his relationship of the shareholders of Hangzhou Silong. The MI Shareholder then disclosed to the Company that the shareholders of Hangzhou Silong were his sisters. Not until the Company alerted the MI Shareholder that such relationship rendered Hangzhou Silong as a connected person, the MI Shareholder genuinely and honestly believed that a company owned by his sisters was not a connected person and hence did not inform the Company of such relationship in the first time. The Company then immediately notified the Stock Exchange of the Sales Transaction and prepared the Announcement and this circular.

REMEDIAL ACTIONS

As immediate remedial actions, the Company has published the Announcement and has obtained written approval from the Controlling Shareholder which has approved the Sales Transaction. Hangzhou Silong has confirmed that neither it nor any of its associates is the holder of any securities of the Company. On such basis, no shareholder of the Company would be required to abstain from voting if a physical meeting for approval of the Sales Transaction were to be convened.

The Independent Board Committee has also been established to advise the Independent Shareholders in relation to the Sales Transaction. The Company also appointed CIMB as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Sales Transaction as if there shall be a general meeting of the Company to approve the Sales Transaction.

In order to prevent similar incidents from happening again in the future, the Company has taken the following measures:

- (i) The Company has reviewed all previous transactions that carried out by CT Trading and confirmed with the MI Shareholder again that none of the counterparty of such transactions (other than the Sales Transaction) is a connected person of the Company.
- (ii) The Company has instructed the MI Shareholder, the general manager, the Deputy general manager and the assistant accounting manager of CT Trading that if CT Trading proposes to enter into any transaction (regardless of the amount involved) with any of the connected persons of the Company, they shall notify the Company and seek prior approval from the Company before entering into such transaction.
- (iii) CT Trading will establish a databank of background information of its major suppliers and customers.

LETTER FROM THE BOARD

- (iv) The Company has arranged a training on connected transactions and notifiable transactions under Listing Rules to its senior management and finance staff (including the MI Shareholder) and such training will be conducted by its Hong Kong legal advisers. The purpose of such training is to reinforce the understanding of and importance of compliance with Listing Rules.

GENERAL

The principal activities of the Group are property development, property investment in industrial and logistic land resources development, financial leasing, trading of coal and bulk commodity trade business.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the principal activities of Hangzhou Silong is trading of metals and other commodities.

INDEPENDENT ADVICE

CIMB has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the Sales Transaction. Your attention is drawn to the letter from the Independent Financial Adviser set out on pages 7 to 10 of this circular which contains its advice to the Independent Board Committee and the Independent Shareholders in respect of the Sales Transaction and the principal factors and reasons considered by CIMB in arriving its advice.

The Independent Board Committee, after taking into account the advice of CIMB, is of the opinion that the Sales Transaction is on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendix to this circular.

Yours faithfully,
For and on behalf of the Board of
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee prepared for the purpose of inclusion in this circular.



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)

9 February 2012

To the Independent Shareholders

Dear Sir or Madam

CONNECTED TRANSACTION — SALE OF COMMODITY TO A CONNECTED PERSON

We refer to the circular issued by the Company to its Shareholders and dated 9 February 2012 (“**Circular**”) of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

Under the Listing Rules, the Sales Transaction constituted a connected transaction for the Company.

We have been appointed by the Board to consider the terms of the Sales Transaction and to advise the Independent Shareholders in connection therewith and as to whether, in our opinion, such terms are fair and reasonable so far as the Independent Shareholders are concerned. CIMB has been appointed as the independent financial adviser to advise us in this respect.

We wish to draw our attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in this Circular. Having considered the principal factors and reasons considered by, and the advice of, CIMB as set out in its letter of advice, we consider that the terms of the Sales Contract are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, and is in the interest of the Company and the Shareholders as a whole.

Yours faithfully,

For and on behalf of

Independent Board Committee

Kwong Che Keung, Gordon Tsui Yiu Wa, Alec Ba Shusong

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is a full text of a letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders for the purpose of inclusion in this circular.



CIMB Securities (HK) Limited

Units 7706-08, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

9 February 2012

*To the Independent Board Committee and the Independent Shareholders of
China Chengtong Development Group Limited*

Dear Sirs,

CONNECTED TRANSACTION SALE OF COMMODITY TO A CONNECTED PERSON

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Shareholders in respect of the Sales Transaction, details of which are contained in a circular of the Company (the “**Circular**”) to the Shareholders dated 9 February 2012, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As at the date of the Sales Contract, Hangzhou Silong, the purchaser of the Commodity, was owned by Ms. Gong Hui Qin and Ms. Gong Xiao Yan, each being a sister of Mr. Gong Wei Ming, who is the ultimate beneficial owner of the shareholder holding 45% equity interests of CT Trading (“**MI Shareholder**”) and thus was a connected person of the Company. Therefore, the Sales Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As the revenue ratio is more than 25% and the total consideration is more than HK\$10,000,000, the Sales Transaction should have been subject to reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. None of the Directors is required to abstain from voting on the Board resolution approving the Sales Contract as none of them has any material interests in the Sales Transaction and no Shareholder would be required to abstain from voting if a physical meeting for approval of the Sales Transaction were to be convened.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Ba Shusong, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Sales Transaction.

BASIS OF OUR OPINION

In formulating our recommendation, we have relied on the information and facts contained or referred to in the Circular as well as the representations made or provided by the Directors and senior management of the Company. The Directors have declared in a responsibility statement set out in the Appendix to the Circular that they collectively and individually accept full responsibility for the accuracy of the information contained and representations made in the Circular. We have also assumed that the information and the representations made by the Directors as contained or referred to in the Circular were true and accurate at the time they were made. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and senior management of the Company. We have also been advised by the Directors and believe that no material facts have been omitted from the Circular.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, CT Trading, Hangzhou Silong or any of their respective subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Sales Transaction, we have considered the following principal factors and reasons:

1. Background to and reasons for the Sales Transaction

The principal activities of the Group are property development, property investment in industrial and logistic land resources development, financial leasing, trading of coal and bulk commodity trade business. As disclosed in the voluntary announcement of the Company dated 18 October 2011, in order to enlarge the business scale of the Group and to enhance the return to the shareholders of the Company, the Group, through CT Trading, has commenced bulk commodity trade business.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the letter from the Board, the Company further announced that on 14 November 2011, CT Trading, a 55%-owned subsidiary of the Company, entered into the Sales Contract with Hangzhou Silong pursuant to which CT Trading, as seller, has sold, and Hangzhou Silong, as buyer, has purchased the Commodity at the price of USD7,200,629.05 (equivalent to approximately HK\$56,164,907). Hangzhou Silong is principally engaged in trading of metals and other commodities.

As further stated in the letter from the Board, the business model of CT Trading is sourcing commodity from different suppliers in bulk quantity and selling the commodity to its customers in bulk quantity. CT Trading's buying orders are usually matched against the selling orders on a back-to-back basis. The corresponding buying order of the Sales Transaction was made by CT Trading to a supplier who is an Independent Third Party on the same date of the Sales Transaction (i.e. 14 November 2011).

Having considered the principal businesses of the Group and the nature of the Sales Transaction, we are of the view that the entering into of the Sales Contract and the Sales Transaction aligned with the Group's strategy in commencing bulk commodity trade business to enlarge the business scale of the Group and fell within the ordinary and usual course of business of the Group. Taking into account that the Sales Transaction was conducted on normal commercial terms (as explained below), we concur with the Directors' view that the Sales Transaction is in the interest of the Company and the Shareholders as a whole.

2. Principal terms of the Sales Contract

Pursuant to the Sales Contract, CT Trading has sold, and Hangzhou Silong has purchased 315.333 metric tonnes of tin ingots at the Sales Price of USD7,200,629.05 (equivalent to approximately HK\$56,164,907). As stated in the letter from the Board, the terms of the Sales Contract, including the Sales Price, are on normal commercial terms and are determined by CT Trading and Hangzhou Silong on arm's length basis. The delivery date of the Commodity was 8 December 2011. Hangzhou Silong should pay the purchase price by irrevocable letter of credit payable at 90 days after sight in USD opened by the Bank of China.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As stated in the letter from the Board, the Purchase Price of such buying order is USD7,094,992.50 (equivalent to approximately HK\$55,340,942). The net profit of the Sales Transaction is estimated to be approximately HK\$530,000, being the Sales Price less the Purchase Price and the related bank charges and finance costs of the Sales Transaction. As advised by the management of the Company, the selling price of a commodity was determined based on the purchase price offered by the supplier and taken into account the related bank charges, finance costs and relevant profit margin. In considering the reasonableness of the Sales Price, we have reviewed, on a sample basis, sales contracts (the “Independent Contracts”) for the selling of commodity in bulk quantity to other independent buyers (the “Independent Transactions”) and their associated net profit margins provided by the management of the Company during the period from October 2011, being the month in which the Company commenced bulk commodity trade business through CT Trading, to December 2011. We note that the net profit margin of the Sales Transaction is comparable and within the range of the net profit margins of the Independent Transactions. We also note from the Independent Contracts that the payment term under the Sales Contract is comparable to that offered to other independent buyers.

Based on the principal terms of the Sales Contract as mentioned above, we concur with the view of the Directors that the terms of the Sales Contract are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

RECOMMENDATION

Having considered the principal factors and reasons referred to above, we are of the opinion that the Sales Contract and the Sales Transaction contemplated thereunder is in the ordinary and usual course of business of the Group and in the interest of the Group and the Shareholders as a whole, and the terms thereof are on normal commercial terms and are fair and reasonable so far as the Group and the Shareholders are concerned.

Yours faithfully,

For and on behalf of

CIMB Securities (HK) Limited

Mabel Lam

Director

Corporate Finance

Alvin Tsui

Vice President

Corporate Finance

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' INTERESTS

- (a) As at the Latest Practicable Date, the interests and short positions of each Director in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which he was deemed or taken to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest
Zhang Guotong	Beneficial owner	365	0.000009%

- (b) Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interest and short positions in the shares, underlying shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed or taken to have under such provisions of the SFO), or which are required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

- (c) Mr. Zhang Guotong and Mr. Yuan Shaoli are directors of World Gain Holdings Limited and China Chengtong Hong Kong Company Limited, which are controlling shareholders of the Company and have an interest in the Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.
- (d) As at the Latest Practicable Date,
- (i) none of the Directors had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2010, being the date to which the latest published audited accounts of the Group were made up; and
- (ii) none of the Directors was materially interested in contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS

- (a) As at the Latest Practicable Date, so far as is known to the Directors, the following persons, other than a director or chief executive of the Company, had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name of Shareholder	Nature of interest	Number of Shares	Approximate percentage of interest
World Gain Holdings Limited	Beneficial owner (Note 2)	2,286,343,570 (L)	54.91%
China Chengtong Hong Kong Company Limited	Interest in controlled corporation (Note 2)	2,286,343,570 (L)	54.91%
	Beneficial owner (Note 3)	718,485,943 (L)	17.26%
China Chengtong Holdings Group Limited	Interest in controlled corporation (Note 2)	3,004,829,513 (L)	72.17%

Notes:

1. The letter “L” represents the entity’s interest in the Shares.
 2. The entire issued share capital of World Gain Holdings Limited is beneficially owned by China Chengtong Hong Kong Company Limited, the entire issued share capital of which is beneficially owned by China Chengtong Holdings Group Limited. Both of China Chengtong Hong Kong Company Limited and China Chengtong Holdings Group Limited are deemed to be interested in all the Shares held by World Gain Holdings Limited under the SFO.
 3. These Shares represent the consideration Shares which may be allotted and issued to China Chengtong Hong Kong Company Limited upon completion of the Acquisition Agreement (as defined in the circular of the Company dated 30 September 2011) (assuming the consideration to be payable by the Company under the Acquisition Agreement is adjusted to its maximum extent).
- (b) As at the Latest Practicable Date, so far as is known to the Directors, the following entities were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other members of the Group:

Name of subsidiary	Name of shareholder	Number of shares	Approximate Percentage of interest
CT Trading	Sky Land Enterprises Limited	225 shares of HK\$1 each	45%
杭州瑞能金屬材料有限公司 (unofficial English translation as Hangzhou Ruineng Metals Co., Ltd.)	杭州善翔金屬材料有限公司 (unofficial English translation as Hangzhou Shanxiang Metals Co., Ltd.)	Registered capital of RMB22,500,000	45%
誠通大豐海港開發有限公司 (Unofficial translation as Chengtong Dafeng Harbour Development Limited)	大豐市大豐港開發建設有限公司 (Unofficial translation as Dafeng City Dafeng Harbour Development Construction Limited)	Registered capital of RMB50,000,000	33.33%
大豐瑞能燃料有限公司 (Unofficial translation as Dafeng Ruineng Fuel Company Limited)	韶關市曲江旭達燃料有限公司 (Unofficial translation as Shaoguan City Qu Jiang Xu Da Fuel Limited)	Registered capital of RMB24,500,000	49.00%

- (c) Save as disclosed in this circular, so far as is known to the Directors, there is no other person who had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, had a direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

4. DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the interim report of the Group for the six months ended 30 June 2011 that the Group recorded a loss attributable to shareholders of approximately HK\$3.90 million for the six months ended 30 June 2011, as compared with a profit of approximately HK\$11.49 million for the same period in 2010 which was mainly attributable to the gain of approximately HK\$17 million from disposals of subsidiaries during the same period in 2010, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2010, being the latest published audited financial statements of the Group were made up.

6. COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors nor his associates was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

7. EXPERT

The following is the qualification of the expert who has given its opinion or advice which are contained in this circular:

Name	Qualification
CIMB	A licensed corporation to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

CIMB has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and reference to its name in the form and context in which it appears.

As at the Latest Practicable Date, CIMB did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, CIMB did not have any direct or indirect interests in any assets which have been, since 31 December 2010 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

8. MISCELLANEOUS

- (1) The registered and head office of the Company is located at Suite 6406, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.
- (2) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (3) The company secretary of the Company is Mr. Hui Lap Tak, a practicing solicitor in Hong Kong and an associate member of the Institute of Chartered Secretaries and Administrators, an associate member of the Hong Kong Institute of Chartered Secretaries and an ordinary member of the Hong Kong Securities Institute.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at Suite 6406, 64th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours on any weekdays, except public holidays, from the date of this circular up to and including 24 February 2012:

- (a) the letter from the Independent Board Committee to the Shareholders, the text of which is set out on page 6 of this circular;
- (b) the letter of advice from the Independent Financial Adviser, the text of which is set out in page 7 to 10 of this circular; and
- (c) the Sales Contract.