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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)**

## **ANNOUNCEMENT**

### **TERMINATION OF A FRAMEWORK AGREEMENT**

This announcement is made pursuant to Rule 14.36 of the Listing Rules.

Reference is made to the announcement (the “**Announcement**”) of China Chengtong Development Group Limited (the “**Company**”) dated 21 August 2012 in relation to the proposed acquisition of an aggregate of 82% of the issued share capital of Alpha Fortune Industrial Limited. Capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement unless otherwise stated.

Pursuant to the terms and conditions of the Framework Agreement and as disclosed in the Announcement, the Purchaser shall have the right to terminate the Framework Agreement if the Vendors, the Target Companies or the Coal Mine Company breach the undertakings, warranties and exclusivity clauses of the Framework Agreement.

The Group has commenced thorough due diligence review on the assets, financial and legal aspects etc. of each member of the Target Group upon signing of the Framework Agreement. Given that the difference between the net asset value of the Coal Mine Company as at 31 December 2011 as represented by the Vendors in the Framework Agreement and the results of the due diligence review on the Target Group up to the date hereof does not comply with the relevant terms of the Framework Agreement, the Company decided to terminate the Framework Agreement in accordance with the aforementioned termination clause of the Framework Agreement. A written notice of termination has been served by the Purchaser to the Vendors on 6 February 2013.

The Company will negotiate with the Vendors regarding (i) the refund of the Earnest Money and the Advance Payment paid by the Group pursuant to the terms and conditions of the Framework Agreement (details of such terms and conditions of the Framework Agreement have been disclosed in the Announcement); and (ii) a new proposal for the Acquisition. It is the Company's intention not to proceed with any further negotiation regarding the Acquisition should the Company and the Vendors fail to agree on a new proposal for the Acquisition on or before 31 May 2013. Further announcement will be made as and when necessary in compliance with the Listing Rules.

Under the Framework Agreement, to secure the performance of the refund obligations of the Vendors, Target Company B has voluntarily and unconditionally pledged its 49% of the equity interest in the Coal Mine Company in favour of the Purchaser as security and has entered into a separate equity pledge agreement with the Purchaser on the date of signing of the Framework Agreement.

The Board considers that the termination of the Framework Agreement will not have any material adverse impact on the existing business, operations and financial position of the Group.

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

Hong Kong, 6 February 2013

*As at the date of this announcement, the executive directors of the Company are Mr. Zhang Guotong, Mr. Yuan Shaoli, Mr. Wang Hongxin and Mr. Wang Tianlin; and the independent non-executive directors of the Company are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Chang Qing.*

*This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange and the website of the Company for at least seven days from the date of its posting.*