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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)**

### **(1) ISSUE OF NOTES BY A NON WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND (2) DISCLOSEABLE TRANSACTION - SUBSCRIPTION OF INVESTMENT PRODUCTS**

#### **ISSUE OF NOTES**

The Board wishes to announce that on 22 February 2013, CDIT, a 55% owned subsidiary of the Company, executed the Deed Poll in favour of OCBC, a bank licensed and incorporated in Singapore, in connection with the issue of multi-currency loan notes of up to an aggregate amount of RMB1,000 million. The Notes shall be issued in a minimum of RMB100 million or USD10 million and in integral multiples of RMB10 million and USD1 million.

Each Note shall mature on the date falling 365 days from its Issue Date or such other date as may be agreed between CDIT and OCBC and bears interest at a rate to be determined and agreed between CDIT and OCBC as specified in the certificate of such Note.

### **DISCLOSEABLE TRANSACTION**

The Board also wishes to announce that on 22 February 2013, Hangzhou Regal, a 55% indirectly owned subsidiary of the Company, agreed to subscribe for the Investment Product at a price of RMB110 million (equivalent to HK\$135.3 million).

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the subscription exceed 5% but are less than 25%, the subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

### **ISSUE OF NOTES BY CDIT**

The Board wishes to announce that CDIT, a 55% owned subsidiary of the Company, executed the Deed Poll in favour of OCBC in connection with the issue of the Notes. A summary of the terms and conditions of the Deed Poll is set out below:

#### **Summary of the terms and conditions of the Notes**

*Date:*

22 February 2013

*Parties:*

- (1) CDIT as the issuer
- (2) OCBC as the subscriber

OCBC is a bank licensed and incorporated under the laws of Singapore. To the best of the Directors' knowledge, information and belief, OCBC and its ultimate beneficial owners are Independent Third Parties.

*Amount of the Notes, denomination and issue price:*

The Notes shall be issued in a minimum of RMB100 million or USD10 million and in integral multiples of RMB10 million and USD1 million.

The Notes can be issued up to an aggregate amount of RMB1,000 million. For the purpose of determining the aggregate amount of the Notes, the issue price of each Note which is denominated in USD shall be converted to RMB at the spot rate of exchange at or around 11.00 a.m. (Singapore time) on the date which is one business day prior to the Issue Date of that Note for the purchase of one currency in the Singapore foreign exchange market with any other currency as determined by OCBC in its sole and absolute discretion.

The issue price for each Note shall be equal to the principal amount of such Note.

*Ranking:*

The Notes constitute direct, unconditional and senior unsecured obligations of CDIT and shall at all times rank pari passu and rateably without any preference among themselves. The payment obligations of CDIT under the Notes shall at all times rank senior to any present and future obligations of CDIT subordinated to the Notes and at least pari passu with all its other present and future unsecured obligations (except for obligations mandatorily preferred by law applying to companies generally).

*Maturity date:*

Unless previously redeemed in full, each Note shall mature on the date falling 365 days from its Issue Date or such other date as may be agreed between CDIT and OCBC. On such maturity date, the Note shall be redeemed in full at its issue price.

*Interest:*

Each Note bears interest at a rate to be determined and agreed between CDIT and OCBC as specified in the certificate of such Note. Interest shall be paid on the maturity date of that Note.

*Use of proceeds:*

CDIT has undertaken to utilise all of the proceeds from the issue of the Notes exclusively for working capital purposes outside of the PRC and that no part of such proceeds shall be used within the PRC.

*Transferability:*

The Notes are transferable subject to requirements of law and the compliance with the transfer procedures by the holder thereof.

*Duration:*

The term of the Deed Poll shall commence on the date of signing and shall end upon payment to the holders of the Notes in full of all sum due.

**Listing and issue of the Notes**

The Notes will not be listed on any stock exchange.

It is expected that the Notes in the aggregate principal amount of RMB110 million at the interest rate of 2.65% per annum are to be issued on 26 February 2013 and will mature on 26 November 2013.

**Reasons for and benefits of the issue of the Notes**

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

As one of the market player in the bulk commodity trading industry, CDIT requires extensive working capital requirements. The issue of Notes will raise immediate funds for CDIT which can be used to expand its business. Taking into account, in particular, the interest rate and the flexibility of issuing the Notes in denominations of RMB and USD, the Directors are of the view that the terms of the Notes are fair and reasonable and are in the interest of the Group, in particular, CDIT, and consider that the issue of the Notes will provide the capital to facilitate the development and expansion of the Group's operations as a whole.

## **DISCLOSEABLE TRANSACTION - SUBSCRIPTION OF THE INVESTMENT PRODUCT**

The Board also wishes to announce that Hangzhou Regal, a 55% indirectly owned subsidiary of the Company, on 22 February 2013 agreed to subscribe for RMB110 million (equivalent to HK\$135.3 million) of the Investment Product issued by OCBC Bank (China) Ltd. A summary of the terms and conditions of the Investment Product is set out below:

### **Summary of the terms and conditions of the Investment Product**

#### *Parties:*

- (1) OCBC Bank (China) Ltd. as the issuer
- (2) Hangzhou Regal as the subscriber

OCBC Bank (China) Ltd. is a bank licensed and incorporated under the laws of PRC. To the best of the Directors' knowledge, information and belief, OCBC Bank (China) Ltd. and its ultimate beneficial owners are Independent Third Parties. The principal business of OCBC Bank (China) Ltd. is to provide corporate and personal, treasury operations, investment banking, asset management, trust and financial leasing and other financial services.

#### *Principal amount:*

RMB110 million (equivalent to HK\$135.3 million). The investment is made based on the face value of the principal amount.

#### *Rate of return:*

3.48% per annum (provided that no credit event of CDIT as referred below has occurred prior to the expiry date of the Investment Product)

#### *Transaction date:*

25 February 2013

*Expiry date:*

26 November 2013

*Credit events of CDIT:*

It is a term of the Investment Product that if any of the stipulated credit events of CDIT occurs, the Investment Product will be immediately terminated. The rate of return in such case will become zero (0) and, as appropriate, the principal may not be fully returned to Hangzhou Regal. Such credit events are:

- (1) bankruptcy;
- (2) non-payment;
- (3) default in relation to indebtedness;
- (4) refusal of performance/delay in payment; and
- (5) reorganisation.

*Compulsory redemption:*

If, with the consent of OCBC, the Notes are redeemed by CDIT in full or in part prior to its maturity date, the Investment Product will be redeemed in full or in part (as the case may be, in proportion to the part redeemed by CDIT) upon giving at least two business days' notice by OCBC Bank (China) Ltd. to Hangzhou Regal.

*Redemption upon expiry date:*

If the Investment Product is not redeemed in full due to the compulsory redemption and if no credit event of CDIT has occurred prior to the expiry date of the Investment Product, OCBC Bank (China) Ltd. will redeem the Investment Product upon expiry date.

*Redemption upon credit events:*

If any of the credit events occurs prior to the expiry date the Investment Product, the Investment Product will be terminated upon the date that credit event occurs.

## **Reasons for and benefits of the subscription of the Investment Product**

The subscription of the Investment Product, which will be funded by the internal resources of Hangzhou Regal, is to facilitate the issue of Notes by CDIT. Apart from that, the subscription of the Investment Product provides Hangzhou Regal with a good investment opportunity to expand investment portfolio with satisfactory return to the Group.

Our Directors are of the view that the subscription will not cause any adverse effects on the Group's working capital. The Directors (including independent non-executive Directors) are therefore of the view that the subscription is in the best interests of the Group, which is fair and reasonable and in the best interests of the Company and its Shareholders as a whole.

The Board confirms that it is the intention of the management of Hangzhou Regal to continue to purchase the Investment Product in the future. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules in connection with such further investments, if materialised.

## **Information related to the Group**

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

## **IMPLICATION UNDER THE LISTING RULES**

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the subscription exceed 5% but are less than 25%, the subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

## DEFINITIONS

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

“Board”	the board of Directors
“CDIT”	Chengtong Development International Trading Limited, a non wholly-owned subsidiary of the Company, held as to 55% by the Company and 45% by Sky Land Enterprises Limited
“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
“Deed Poll”	the multi-currency note deed poll dated 22 February 2013 executed by CDIT in connection with the issue of the Notes
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hangzhou Regal”	杭州瑞能金屬材料有限公司 (unofficial English translation as Hangzhou Regal Metal Material Co., Ltd.), a limited liability company incorporated in the PRC and a 55% indirectly owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	a third party independent of the Company and connected persons of the Company and “Independent Third Parties” shall be construed accordingly
“Investment Product”	the investment product issued by OCBC Bank (China) Ltd., a bank licensed under the laws of the PRC, the principal terms of which are summarised in this announcement



“Issue Date”	in respect of each Note, the date on which such Note is issued
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Notes”	the notes to be issued by CDIT pursuant to the Deed Poll and a “Note” shall mean any of them
“OCBC”	Overseas-Chinese Banking Corporation Limited, a bank licensed and incorporated under the laws of Singapore, being the subscriber of the Notes
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	U.S. dollars, the lawful currency of the United States of America
“%”	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\$1.23. 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, 22 February 2013

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