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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 ENTRUSTED LOAN ARRANGEMENT

On 14 June 2013, Chengtong Development Trading instructed the Bank to, inter alia, release the Entrusted Loan to the Borrower pursuant to the Entrusted Loan Agreement in the principal amount of RMB170,000,000 (equivalent to HK\$214,200,000), which will be funded by the Group.

The applicable percentage ratios as defined under the Listing Rules in respect of the Entrusted Loan are more than 5% but are less than 25%. Thus, the Entrusted Loan constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

ENTRUSTED LOAN AGREEMENT

On 14 June 2013, Chengtong Development Trading instructed the Bank to, inter alia, release the Entrusted Loan to the Borrower pursuant to the Entrusted Loan Agreement in the principal amount of RMB170,000,000 (equivalent to HK\$214,200,000). The major terms of the Entrusted Loan Agreement are set out below.

Date

14 June 2013

Parties

- (1) Chengtong Development Trading, a wholly-owned subsidiary of the Company, as the lender;
- (2) the Bank, as the lending agent; and
- (3) the Borrower, as the borrower.

Interest rate

The interest rate for the Entrusted Loan is 14% per annum which shall be settled by the Borrower on a quarterly basis.

Term

The term of the Entrusted Loan shall be 12 months commencing from 20 June 2013 and ending on 19 June 2014. The actual commencement date of the Entrusted Loan will base on the drawdown notice.

Early repayment by the Borrower

With the written consent of Chengtong Development Trading, the Borrower may early repay the principal amount of the Entrusted Loan in whole or in part.

Handling charge by the Bank

The Bank will receive a handling charge of not more than 0.1% of the principal amount of the Entrusted Loan per annum. Such handling charge will be borne by Chengtong Development Trading.

Overdue handling charge by the Bank

The Bank will charge 0.01% of the principal amount of the Entrusted Loan per month as overdue handling charge if the Entrusted Loan becomes overdue. Such overdue handling charge will be borne by the Borrower.

Security For the Entrusted Loan

In connection with the Entrusted Loan to the Borrower, Chengtong Development Trading will obtain (i) two joint liability personal guarantees from two individuals who are spouse and who are collectively the ultimate controllers of the Borrower; (ii) a joint liability guarantee from a subsidiary of the Borrower; and (iii) a charge over a piece of land located in Taizhou City, Zhejiang Province owned by one of the shareholders of the Borrower.

REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN ARRANGEMENT

The terms of the Entrusted Loan Agreement, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors consider that the entrusted loan arrangement with respect to the Entrusted Loan would be beneficial to the Group in terms of return and risk control. In view of the above, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Entrusted Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

The applicable percentage ratios as defined under the Listing Rules in respect of the Entrusted Loan are more than 5% but are less than 25%. Thus, the Entrusted Loan constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

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

DEFINITIONS

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

“Bank”	:	Bank of Communications Co., Ltd. (交通銀行股份有限公司), Qingdao branch, the lending agent of the Entrusted Loan
“Borrower”	:	黃氏控股集團有限公司 (unofficial English translation being Huang Holding Group Co., Ltd.), a company incorporated in the PRC with limited liability, being the borrower in the Entrusted Loan Agreement
“Chengtong Development Trading”	:	誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Co., Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, being the lender in the Entrusted Loan Agreement
“Company”	:	China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability and the Shares are listed on the Stock Exchange
“connected person(s)”	:	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	:	the director(s) of the Company
“Entrusted Loan”	:	the loan in the amount of RMB170,000,000 to be made pursuant to the Entrusted Loan Agreement

“Entrusted Loan Agreement”	:	the entrusted loan agreement dated 14 June 2013 entered into between Chengtong Development Trading, the Bank and the Borrower in relation to the Entrusted Loan
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“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 announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	:	Renminbi, the lawful currency of the PRC
“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
“%”	:	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\$1.26. 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

14 June 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.