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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)

PROPOSED ISSUE OF CNY600,000,000 4.00% BONDS DUE 2017

The Board is pleased to announce that on 30 April 2014, the Company entered into the Subscription Agreement with the Joint Lead Managers, whereby the Joint Lead Managers have agreed to subscribe and pay for or procure subscriptions and payment for the Bonds of CNY600,000,000. The Bonds are to be issued at 100% of the aggregate principal amount.

The net proceeds from this offering, after deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering, will be approximately CNY590 million. The Company intends to use the net proceeds for the refinancing of existing financial indebtedness, working capital and general corporate purposes.

Completion of the Subscription Agreement, which is expected to take place on or around 9 May 2014, is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “SUBSCRIPTION AGREEMENT” below for further information.

As the Bonds Issue may or may not complete, and therefore the Bonds may or may not be issued, Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

SUBSCRIPTION AGREEMENT

Date: 30 April 2014

Parties: (1) Company
(2) the Joint Lead Managers

Subject to the satisfaction of the conditions set out below under the section headed “Conditions Precedent”, the Joint Lead Managers have agreed to subscribe and pay for or procure subscriptions and payment for the Bonds of CNY600,000,000. The Bonds are to be issued at 100% of the aggregate principal amount.

The Bonds subject certain exception, may not be offered and sold within the United States or to, or for the account or benefit of, U.S. persons under Regulation S of the US Securities Act. The Bonds will be offered and sold to professional investors in Hong Kong and elsewhere (other than the United States). None of the Bonds will be offered to the public in Hong Kong and elsewhere nor will they be placed to any connected persons (as defined in the Listing Rules) of the Company.

To the best of the Directors’ knowledge, information and belief, the Joint Lead Managers are independent parties and are not connected persons (as defined in the Listing Rules) of the Company.

Conditions Precedent

The obligations of the Joint Lead Managers to subscribe and pay for the Bonds are conditional on, among other things:

- (i) the execution and delivery (on or before the Closing Date) of the other Contracts and the Letter of Credit by the respective parties;
- (ii) the delivery of, on or before the Closing Date, an authorisation from the Company to the CMU Lodging Agent, as its lodging agent, to lodge the global certificates in relation to the Bonds with a sub-custodian of the CMU on its behalf.
- (iii) the Stock Exchange having agreed, subject to any conditions reasonably satisfactory to the Joint Lead Managers, to list the Bonds (or, in each case, the Joint Lead Managers being reasonably satisfied that such listing will be granted);
- (iv) the delivery to the Managers of certain legal opinions from PRC and Hong Kong counsels on or before the Closing Date; and
- (v) up to and at the Closing Date, there shall not have occurred any change (nor any development or event involving a prospective change), in the condition (financial or other), prospects, results of operations or general affairs of the Company or the consolidated group, which, in the opinion of the Joint Lead Managers, is material and adverse in the context of the issue and offering of the Bonds.

The Joint Lead Managers may at their discretion waive compliance with the whole or any part of the above conditions.

Termination

The Joint Lead Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Joint Lead Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement; or
- (ii) if any of the conditions precedent has not been satisfied or waived by the Joint Lead Managers on or prior to the Closing Date, as the case may be; or
- (iii) if there shall have been in the Joint Lead Managers' opinion (after consultation with the Company, if practicable), since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls (including any non-transferability, inconvertibility and illiquidity in respect of CNY) such as would, in the reasonable opinion of the Joint Lead Managers, be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (iv) if, in the opinion of the Joint Lead Managers, there shall have occurred any of the following events: (i) a suspension or a material limitation in trading in securities generally on the New York Stock Exchange, the London Stock Exchange plc and/or the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded (save for any suspension of dealings in the securities of the Company for a period of not more than three (3) business days pending publication of announcement(s) in respect of the issue of the Bonds); (iii) a general moratorium on commercial banking activities in the United States, the PRC, Hong Kong and/or the United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, the PRC, Hong Kong or the United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, the Bonds or the transfer thereof; or
- (v) if, in the opinion of the Joint Lead Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Subject to the foregoing, the Bonds Issue is expected to be completed and issued on the Closing Date.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds are summarised as follows:

- (1) **Company** the Company
- (2) **Status** Subject to the terms and conditions of the Bonds, the Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation and subject to the terms and conditions of the Bonds, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations.
- (3) **Principal amount** The aggregate principal amount of the Bonds will be CNY 600,000,000.
- (4) **Issue Price** 100% of the aggregate principal amount of the Bonds.
- (5) **Interest** The Bonds bear interest on their outstanding principal amount from and including 9 May 2014 at the rate of 4.00 per cent. per annum, payable semi-annually in arrear on 9 May and 9 November in each year (each an “**Interest Payment Date**”).
- (6) **Maturity** Interest Payment Date falling on or nearest to 9 May 2017.
- (7) **Letter of Credit** The Bonds will have the benefit of an irrevocable Letter of Credit denominated in Renminbi issued by the LC Bank in favour of the Trustee (as defined below), on behalf of itself and the holders of the Bonds. The Letter of Credit shall be drawable by the Trustee as beneficiary under the Letter of Credit on behalf of itself and holders of the Bonds upon the presentation of a demand by authenticated SWIFT sent by or on behalf of the Trustee or an agent of the Trustee to the LC Bank to the effect that the Company has failed to comply with the terms and conditions of the Bonds in relation to pre-funding an amount that is payable under the terms and conditions of the Bonds and/or failed to provide the Required Confirmations (as defined below) in accordance with the terms and conditions of the Bonds, or an Event of Default (as defined below) has occurred and the Trustee has given notice to the Company that the Bonds are immediately due and payable in accordance with the terms and conditions of the Bonds.
- (8) **Pre-Funding** In order to provide for the payment of any amount in respect of the Bonds (a “**Relevant Amount**”) as the same shall become due, the Company shall, in accordance with the Agency Agreement, by no later than the business day (the “**Pre-funding Date**”) falling ten business days prior to the due date for such payment under the conditions:

- (a) unconditionally pay or procure to be paid the Relevant Amount into a non-interest bearing account established in the name of the Company with the Pre-funding Account Bank (as defined below) (the “**Pre-funding Account**”); and

- (b) deliver to the Trustee and the CMU Lodging and Paying Agent (as defined below) by facsimile (a) a payment and solvency certificate signed by any authorised signatory of the Company, and (b) a copy of the irrevocable payment instruction from the Company to the Pre-funding Account Bank requesting the Pre-funding Account Bank to pay the Relevant Amount paid into the Pre-funding Account on the Pre-funding Date in full to the Principal Paying Agent (as defined below) by no later than 10:00 a.m. (Hong Kong time) on the business day immediately preceding the due date for such payment (together, the “**Required Confirmations**”). If the Relevant Amount has not been paid into the Pre-funding Account in full, or the Trustee does not receive the Required Confirmations, in each case by 10:00 a.m. (Hong Kong time) on the business day immediately following the Pre-funding Date, it shall as soon as practicable notify the LC Bank and the LC Proceeds Account Bank (as defined below) by facsimile of the Company’s failure to pre-fund the Relevant Amount in full and/or provide the Required Confirmations in accordance with the Bond conditions and shall by no later than 11:00 a.m. (Beijing time) on the second business day following the Pre-funding Date issue a demand notice to the LC Bank for an amount representing the Relevant Amount (or if the Company has unconditionally paid or procured to be paid into the Pre-funding Account an amount less than the full amount of the Relevant Amount and the Trustee has received Required Confirmations in respect of such lesser amount, an amount representing the RMB equivalent of the difference between (x) the full amount of the Relevant Amount and (y) the amount received in the Pre-funding Account) in accordance with the Letter of Credit, provided that the Trustee need not physically present the Letter of Credit to the LC Bank (unless the SWIFT system is not available for any reason) and shall be entitled to draw down on the Letter of Credit by way of a demand by authenticated SWIFT sent on its behalf. After the receipt by the LC Bank of such demand, the LC Bank shall by 11:00 a.m. (Beijing time) on the second business day immediately following the receipt of such demand (or, if such demand is received after 11:00 a.m. (Beijing time) on a business day, the third business day immediately following receipt of such demand), pay to or to the order of the Trustee the amount in RMB specified in the demand to the account specified in the demand to the LC Proceeds Account.

- (9) **Event of Default** The Bonds will contain certain events of default provisions with respect to the Company and the LC Bank.
- (10) **Taxation** All payments of principal and interest by or on behalf of the Company in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Hong Kong or the PRC or any political subdivision or authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In such event, the Company shall, subject to the limited exceptions specified in the Bond conditions, pay such additional amounts as will result in receipt by the holders of the Bonds of such amounts as would have been received by them had no such withholding or deduction been required.
- (11) **Final Redemption** Unless previously redeemed or purchased and cancelled, the Bonds will be redeemed at their principal amount on the Maturity Date.
- (12) **Redemption for Taxation Reasons** The Bonds may be redeemed at the option of the Company in whole, but not in part, at their principal amount, together with interest accrued to the date fixed for redemption, at any time in the event of certain changes affecting taxes of Hong Kong or the PRC.
- (13) **Redemption for change of control** A Bond holder will have the right, at such Bond holder's option, to require the Company to redeem all, but not some only, of that Bond holder's Bonds at their principal amount, together with accrued interest up to, but excluding, the change of control put date, upon the occurrence of a change of control (as defined in the terms and conditions of the Bonds) with respect to the Company.
- (14) **Clearing System** The Bonds will be represented by a global certificate that will be deposited with a sub-custodian nominated by the HKMA as the CMU operator. The global certificate will be held for the account of the CMU members who have accounts with the CMU operator. For persons seeking to hold a beneficial interest in the Bonds through Euroclear or Clearstream, such persons will hold their interests through an account opened and held by Euroclear or Clearstream (as the case may be) with the CMU operator.

- (15) **Further Issues** The Company may from time to time without the consent of the Bond holders create and issue further securities having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest on them) and so that such further issue shall be consolidated and form a single series with the outstanding Bonds. However, such further securities may only be issued if (i) a further or supplemental or replacement standby letter of credit is issued by the LC Bank (or an amendment is made to the Letter of Credit) on terms that are substantially similar to the Letter of Credit (including that the stated amount of such further or supplemental standby letter of credit is at least equal to the principal of and interest payments due on such further securities) and (ii) such supplemental documents are executed and further opinions are obtained as the Trustee may require, as further set out in the Trust Deed. References to the Letter of Credit shall thereafter include such further or supplemental or replacement or amended standby letter of credit.
- (16) **Governing Law** Hong Kong law
- (17) **Trustee** Citicorp International Limited
- (18) **Pre-funding Account Bank and LC Proceeds Account Bank** Citibank, N.A., Hong Kong Branch.
- (19) **Registrar, CMU Lodging and Paying Agent and Transfer Agent and Principal Paying Agent** Citicorp International Limited.
- (20) **Rating** The Bonds are expected to be rated “A” by Fitch and “A” by S&P. Such rating of the Bonds does not constitute a recommendation to buy, sell or hold the Bonds and may be subject to revision or withdrawal at any time by Fitch and S&P.

LISTING

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Bonds by way of debt issues to professional investors only.

USE OF PROCEEDS

The net proceeds from this offering, after deducting the underwriting fees and commissions and other estimated expenses payable in connection with this offering, will be approximately CNY590 million. The Company intends to use the net proceeds for the refinancing of existing financial indebtedness, working capital and general corporate purposes.

GENERAL

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Bonds by any connected person (as defined in the Listing Rules) of the Company.

Completion of the Subscription Agreement, which is expected to take place on or around 9 May 2014, is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “SUBSCRIPTION AGREEMENT” above for further information.

As the Bonds Issue may or may not complete, and therefore the Bonds may or may not be issued, Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

DEFINITIONS

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

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| “ABC HK” | Agricultural Bank of China Limited, Hong Kong Branch |
| “ABCI” | ABCI Capital Limited |
| “ABC SG” | Agricultural Bank of China Limited, Singapore Branch |
| “Board” | the board of Directors |
| “Bondholder(s)” | holder(s) of the Bonds from time to time |
| “Bonds” | the CNY 600,000,000 4.00% bonds due 2017 to be issued by the Company |
| “Bonds Issue” | the issue of the Bonds by the Company |
| “Closing Date” | 9 May 2014, or such other date, as the Company and the Joint Lead Managers may agree |
| “CMU” | Central Moneymarkets Unit Service operated by the HKMA |
| “Companies Ordinance” | Companies Ordinance (Chapter 622 of the Laws of Hong Kong) |
| “Company” | China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange |
| “CTBC” | CTBC Bank Co., Ltd., Hong Kong Branch |
| “Director(s)” | director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |

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| “HKMA” | Hong Kong Monetary Authority |
| “Joint Lead Managers” | ABC HK, ABCI, ABC SG, OCBC and CTBC |
| “LC Bank” | Agricultural Bank of China Limited, Beijing Branch |
| “Letter of Credit” | a letter of credit issued by the LC Bank, with such changes as may be approved by the Joint Lead Managers |
| “OCBC” | Oversea-Chinese Banking Corporation Limited |
| “Other Contracts” | (1) a trust deed (the “ Trust Deed ”) between the Company and the Trustee and (2) an agency agreement (the “ Agency Agreement ”) between the Company, the Trustee, Citicorp International Limited as the principal paying agent (the “ Principal Paying Agent ”), the registrar (the “ Registrar ”), the CMU lodging and paying agent (the “ CMU Lodging and Paying Agent ”), and the other agents named in it |
| “PRC” | the People’s Republic of China and excluding, only for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region and Taiwan |
| “CNY” | Renminbi, the lawful currency of the PRC |
| “Securities Act “ | the United States Securities Act of 1933, as amended |
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Stock Exchange” | the Stock Exchange of Hong Kong Limited |
| “Subscription Agreement” | the subscription agreement dated 30 April 2014 entered into between the Company and the Joint Lead Managers in relation to the Bonds Issue |
| “United States” or “U.S.” | the United States of America |
| “%” | per cent |

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

Hong Kong, 30 April 2014

As at the date of this announcement, the Company’s executive Directors are Mr. Yuan Shaoli, Mr. Wang Hongxin, Mr. Wang Tianlin and Mr. Zhang Bin, the independent non-executive Directors are Mr. Chang Qing, Mr. Lee Man Chun, Tony, and Mr. Chan Sheung Lai.