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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**

Pursuant to the Entrusted Loan Arrangement, Chengtong Financial Leasing instructed the Bank to act as a lending agent to, inter alia, release a loan in the principal amount of RMB55,000,000 (equivalent to approximately HK\$69,300,000), which will be funded by the Group, to the Borrower.

As the applicable percentage ratios as defined under the Listing Rules in respect of the Entrusted Loan Arrangement (either individually or aggregated with the Relevant Entrusted Loan Arrangements) are more than 5% but less than 25%, the Entrusted Loan Arrangement 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**

The major terms of the Entrusted Loan Agreement are set out below:

#### **Date**

23 July 2014

#### **Parties**

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

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Bank and its ultimate beneficial owners is an Independent Third Party.

The Borrower is a company established in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business of the Borrower is property development and construction and (ii) each of the Borrower and its ultimate beneficial owner is an Independent Third Party.

### **Entrusted Loan Arrangement**

Chengtong Financial Leasing instructed the Bank to act as a lending agent to, inter alia, release a loan in the principal amount of RMB55,000,000 (equivalent to approximately HK\$69,300,000), which will be funded by the Group, to the Borrower.

It is expected that part of the principal amount in the sum of RMB50,000,000 (equivalent to approximately HK\$63,000,000) will be released to the Borrower on 25 July 2014. The balance of the principal amount in the sum of RMB5,000,000 (equivalent to approximately HK\$6,300,000) will be released to the Borrower on 8 August 2014.

The interest rate for the Entrusted Loan is 13% per annum. Interests for the Entrusted Loan shall be settled by the Borrower on a quarterly basis.

### **Term**

The term of the Entrusted Loan will commence from 25 July 2014 and end on 25 April 2015. The actual term of the Entrusted Loan shall base on the drawdown record of the Entrusted Loan. The principal amount shall be repaid upon maturity of the Entrusted Loan.

### **Early repayment by the Borrower**

The Borrower has undertaken that it shall not early repay the Entrusted Loan prior to 1 January 2015. The Borrower further agreed that it shall apply to Chengtong Financial Leasing by giving not less than five business days' prior notice should it intend to early repay the principal amount of the Entrusted Loan after 1 January 2015. The Borrower may only make an early repayment of the Entrusted Loan with the written consent of Chengtong Financial Leasing.

### **Handling charge by the Bank**

The Bank will receive a one-off handling charge of 0.2% of the principal amount of the Entrusted Loan prior to releasing the Entrusted Loan to the Borrower. Such handling charge will be borne by the Borrower.

### **SECURITY FOR THE ENTRUSTED LOAN**

In connection with the provision of the Entrusted Loan to the Borrower, Chengtong Financial Leasing will obtain or has obtained (i) a joint and several liability guarantee from the Guarantor and (ii) charges over the Charged Assets as security for the repayment of the Entrusted Loan.

## **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. With a view to raising the return on capital, the Directors consider that the Entrusted Loan Arrangement 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**

In December 2012 and June 2013, the Group has entered into the First Relevant Entrusted Loan Arrangement and the Second Relevant Entrusted Loan Arrangement with the Affiliated Entity respectively. The Affiliated Entity has repaid the principal amount and all accrued interests under the Relevant Entrusted Loan Arrangements. The Affiliated Entity is ultimately owned by the Guarantor who is also the ultimate beneficial owner of the Borrower and, therefore, the Entrusted Loan Arrangement is aggregated with the Relevant Entrusted Loan Arrangements for the purpose of Chapter 14 of the Listing Rules.

As the applicable percentage ratios as defined under the Listing Rules in respect of the Entrusted Loan Arrangement (either individually or aggregated with the Relevant Entrusted Loan Arrangements) are more than 5% but less than 25%, the Entrusted Loan Arrangement 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, property development, property investment, hospitality and marine travel services, financial leasing and trading of coal.

The Bank is a bank in the PRC and is principally engaged in banking, financial and other financial related services.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Affiliated Entity”	長興萬山世琥置業有限公司 (unofficial English translation being Changxing Wanshan Shi Hu Properties Co., Ltd.), a company incorporated in the PRC with limited liability and whose ultimate beneficial owner is the Guarantor
“Bank”	Bank of Nanjing Co., Ltd. (南京銀行股份有限公司), Beijing branch, the lending agent of the Entrusted Loan
“Borrower”	浙江雲廈集團有限公司 (unofficial English translation being Zhejiang Yunxia Group Co., Ltd.), a company incorporated in the PRC with limited liability

“Charged Assets”	certain residential and commercial units located in Hangzhou City and Huzhou City, the PRC and a piece of residential and commercial land located in Wuxi City, the PRC, and owned by the Borrower, its branch office, its subsidiary and the Affiliated Entity respectively
“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
“Chengtong Financial Leasing”	誠通融資租賃有限公司 (unofficial English translation being Chengtong Financial Leasing Company Limited), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	the loan in the principal amount of RMB55,000,000 to be made pursuant to the Entrusted Loan Agreement
“Entrusted Loan Agreement”	the entrusted loan agreement dated 23 July 2014 entered into between Chengtong Financial Leasing, the Bank and the Borrower related to the Entrusted Loan Arrangement
“Entrusted Loan Arrangement”	the provision of the Entrusted Loan by Chengtong Financial Leasing, through the Bank, to the Borrower
“First Relevant Entrusted Loan Arrangement”	the advancement of the entrusted loan in the amount of RMB30,000,000 by Chengtong Financial Leasing, through Bank of Communications, Qingdao Branch, to the Affiliated Entity for a period from 8 January 2013 to 7 July 2013 which was extended for a further period until 6 March 2014
“Group”	the Company and its subsidiaries
“Guarantor”	an individual who is an Independent Third Party and the ultimate beneficial owner of the Borrower and the Affiliated Entity
“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 the connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC” or “China”	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
“Relevant Entrusted Loan Arrangements”	the First Relevant Entrusted Loan Arrangement and the Second Relevant Entrusted Loan Arrangement collectively
“RMB”	Renminbi, the lawful currency of the PRC
“Second Relevant Entrusted Loan Arrangement”	the advancement of the entrusted loan in the amount of RMB20,000,000 by 誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Co., Ltd.), being a wholly-owned subsidiary of the Company, through Bank of Communications, Qingdao Branch, to the Affiliated Entity for a period from 1 July 2013 to 2 July 2014
“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*

Hong Kong, 23 July 2014

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