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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, on 23 April 2013, Chengtong Financial Leasing instructed the Bank to act as a lending agent to, inter alia, release a loan in the principal amount of RMB195,000,000 (equivalent to HK\$242,775,000), 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 are more than 5% but less than 25%, the Entrusted Loan Arrangement itself constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules. The Entrusted Loan Arrangement, when aggregated with the Chengtong DT Arrangement (which itself constituted a major transaction of the Company), constitutes a major transaction of the Company and the Company has already complied with the requirements under the Listing Rules applicable to a major transaction when it entered into the Chengtong DT Arrangement.

ENTRUSTED LOAN AGREEMENT

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

Date

23 April 2013

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 not connected with the Company and its connected persons. The Bank is a bank in the PRC and is principally engaged in banking, financial and other financial related services.

The Borrower is a company incorporated and 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 operation of restaurant and catering services in the PRC and (ii) each of the Borrower and its ultimate beneficial owners is an independent third party not connected with the Company and its connected persons.

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 RMB195,000,000 (equivalent to HK\$242,775,000), which will be funded by the Group, to the Borrower.

The interest rate for the Entrusted Loan is 14% 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 be one year from the drawdown date. The actual commencement date shall be subject to the completion of all procedures relating to the security documents and shall base on the drawdown record of the Entrusted Loan.

Early repayment by the Borrower

With the written consent of Chengtong Financial Leasing, the Borrower may early repay the principal amount of the Entrusted Loan in whole or in part during the term of the Entrusted Loan.

Handling charges by the Bank

The Bank will receive handling charge of 0.01% of the principal amount of the Entrusted Loan per month. 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 liability personal guarantee from an individual who is the controlling shareholder of the Borrower; (ii) a joint liability guarantee from a company owned by the relatives of the controlling shareholder of the Borrower; (iii) charges over the Land and Buildings as security for the repayment of the Entrusted Loan; and (iv) a pledge over the entire equity interest in a company which owns part of the Land and Buildings 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. The Directors considered that the China's monetary policy has been tightened leading to a high financing demand in the market. With a view to raising the return on capital and considering that the high interest rate market will not stay on hold in the long term, 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

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

The Entrusted Loan Arrangement, when aggregated with the Chengtong DT Arrangement, constitutes a major transaction for the Company under the Listing Rules. The Company has already complied with the notification, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules in respect of the Chengtong DT Arrangement (which itself constituted a major transaction for the Company under the Listing Rules) when it was entered into.

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” : 北京新世紀金悅酒店管理有限公司 (unofficial English translation being Beijing New Century Jin Yue Hotel Management Co., Ltd.), a company incorporated in the PRC with limited liability, being the borrower in the Entrusted Loan Arrangement
- “Company” : China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange
- “connected person(s)” : has the meaning ascribed thereto under the Listing Rules
- “Chengtong DT Arrangement” : the provision of the entrusted loan in the amount of RMB200,000,000 by 誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Company Limited), an indirect wholly-owned subsidiary of the Company, through a bank to the Borrower, details of which are set out in the Company’s circular dated 29 June 2012
- “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 a wholly-owned subsidiary of the Company, being the lender in the Entrusted Loan Arrangement
- “Director(s)” : the director(s) of the Company
- “Entrusted Loan” : the loan in the amount of RMB195,000,000 to be made pursuant to the Entrusted Loan Agreement
- “Entrusted Loan Agreement” : the entrusted loan agreement dated 23 April 2013 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
- “Group” : the Company and its subsidiaries

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| “HK\$” | : | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | : | the Hong Kong Special Administrative Region of the PRC |
| “Land and Buildings” | : | certain residential and commercial units located in Beijing and Hainan and a piece of land located in Beijing owned by certain relatives (or companies controlled by them) of the controlling shareholder of the Borrower |
| “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 |
| “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\$1.245. 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 April 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.