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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)**

### **MAJOR TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT**

The Board wishes to announce that on 30 May 2013, Chengtong Industrial, a wholly-owned subsidiary of the Company, subscribed for the Wealth Management Product at a price of RMB250 million (equivalent to HK\$314 million) pursuant to the Wealth Management Agreement.

The Subscription will be aggregated with the First Subscription pursuant to Rule 14.22 of the Listing Rules, and will be treated as one transaction under Chapter 14 of the Listing Rules. As the relevant percentage ratios in respect of the Subscription, though calculated alone only exceed 5% but are less than 25%, when aggregated with the First Subscription, exceed 25% but are less than 100%, the Subscription constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Subscription, written Shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Controlling Shareholder, holding 2,963,626,119 issued Shares of, representing approximately 61.22% of the issued share capital of, the Company as at the date of this announcement, has given its written approval in respect of the Subscription. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Subscription.

A circular containing, among others, details of the Subscription and other financial information of the Group will be despatched to the Shareholders in accordance with the requirements of the Listing Rule.

Reference is made to the announcement of the Company dated 23 May 2013 in relation to the First Subscription.

## **THE SUBSCRIPTION**

On 30 May 2013, Chengtong Industrial, a wholly-owned subsidiary of the Company, subscribed for the Wealth Management Product at a price of RMB250 million (equivalent to HK\$314 million) pursuant to the Wealth Management Agreement. A summary of the terms and conditions of the Wealth Management Agreement is set out below:

### **Dates:**

*Date of the Wealth Management Agreement: 30 May 2013*

*Date of the Subscription: 30 May 2013*

### **Parties:**

- (1) ABC as the custody bank
- (2) Chengtong Industrial as the subscriber

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

### **Principal amount:**

RMB250 million (equivalent to HK\$314 million). The investment is made based on the face value of the principal amount.

### **Investment period:**

From 30 May 2013 to 30 May 2014

### **Anticipated rate of net return:**

Up to 4.5% per annum.

### **Anticipated investment profit:**

The anticipated investment profit of the Wealth Management Product shall be calculated as follows:

Anticipated investment profit = principal amount x anticipated net rate of return x actual dates of investment / 365. The investment profit, if any, will be paid by ABC to Chengtong Industrial on a quarterly basis.

**Custody fee:**

The custody fee of the Wealth Management Product shall be calculated as follows:

Custody fee = principal amount x 0.02% x actual dates of investment / 365. The custody fee will be paid by Chengtong Industrial to ABC on a quarterly basis.

**Wealth management consulting fee:**

If the actual investment return of the Wealth Management Product does not reach 4.5% per annum, no wealth management consulting fee will be charged by ABC. However, if the investment return of the Wealth Management Product exceeds 4.5% per annum, the portion of the investment profit which exceeds the maximum rate of return will be charged as wealth management consulting fee by ABC.

**Early termination of investment:**

ABC may early terminate the investment in the Wealth Management Product in one of the following circumstances:

- (1) force majeure rendering the Wealth Management Product unable to continue to exist;
- (2) encountering volatile market conditions, abnormal risk events rendering net value of the Wealth Management Product substantially fluctuated or the safety of the Wealth Management Product severely affected;
- (3) dissolution, bankruptcy, withdrawal or revocation of business qualification of the investment management institution which causes it unable to perform relevant duties, rendering the Wealth Management Product unable to continue to exist;
- (4) the early termination of the Wealth Management Product as a result of the performance of any commitment by the relevant investment management institution or any third party using the investment in the Wealth Management Product in accordance with the relevant laws or agreement;
- (5) the enactment or change of laws, policies or regulations rendering the Wealth Management Product unable to continue to operate properly;
- (6) other circumstances as required by laws or regulatory bodies.

ABC shall notify Chengtong Industrial at least five working days prior to its early termination of the investment.

### **Reasons for and benefits of the Subscription**

The Directors are of the view that the Subscription, which will be funded by the internal resources of Chengtong Industrial, provides Chengtong Industrial with a good investment opportunity to expand the investment portfolio with satisfactory return to the Group.

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

### **Information related to the Group**

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

### **IMPLICATION UNDER THE LISTING RULES**

The Subscription will be aggregated with the First Subscription pursuant to Rule 14.22 of the Listing Rules, and will be treated as one transaction under Chapter 14 of the Listing Rules. As the relevant percentage ratios in respect of the Subscription, though calculated alone only exceed 5% but are less than 25%, when aggregated with the First Subscription, exceed 25% but are less than 100%, the Subscription constitutes a major transaction for the Company and is subject to the notification, announcement and Shareholders' approval requirements under the Listing Rules.

Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Subscription, written Shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Controlling Shareholder, holding 2,963,626,119 issued Shares of, representing approximately 61.22% of the issued share capital of, the Company as at the date of this announcement, has given its written approval in respect of the Subscription. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Subscription.

A circular containing, among others, details of the Subscription and other financial information of the Group will be despatched to the Shareholders in accordance with the requirements of the Listing Rules.

## DEFINITIONS

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

“ABC”	Agricultural Bank of China Limited, a bank licensed and incorporated under the laws of the PRC
“Board”	the board of Directors
“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
“Controlling Shareholder”	World Gain Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which owns approximately 61.22% of the issued share capital of the Company as at the date of this announcement
“Director(s)”	the director(s) of the Company
“First Subscription”	the subscription by Chengtong Industrial of the wealth management product of the same type as the Wealth Management Product on 23 May 2013, details of which are set out in the Company’s announcement dated 23 May 2013
“Group”	the Company and its subsidiaries from time to time
“Chengtong Industrial”	誠通實業投資有限公司 (unofficial English translation being Chengtong Industrial Investment Limited), a limited liability company incorporated in the PRC and a wholly-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 Parties”	third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC 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
“Subscription”	the subscription of the Wealth Management Product pursuant to the Wealth Management Agreement
“Wealth Management Agreement”	the wealth management product agreement entered into between Chengtong Industrial and ABC dated 30 May 2013, the principal terms of which are summarised in this announcement
“Wealth Management Product”	the RMB wealth management product subscribed by Chengtong Industrial pursuant to the Wealth Management Agreement
“%”	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\$1.256. 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*

30 May 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.*