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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 —  
POSSIBLE DISPOSAL OF CHENGTONG ENTERPRISES**

The Board announces that on 25 July 2013, the Company entered into the Memorandum with the Purchaser in relation to the Possible Disposal.

The Possible Disposal constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules and is subject to notification and announcement requirements.

After the signing of the Memorandum, the Company and the Purchaser will negotiate the detailed terms of the Formal Agreement and it is intended that the Formal Agreement will be entered into before 30 September 2013. The Company will publish further announcement when the Formal Agreement is entered into in accordance with the Listing Rules.

**DISCLOSEABLE TRANSACTION — POSSIBLE DISPOSAL OF  
CHENGTONG ENTERPRISES**

The Board announces that on 25 July 2013, the Company and the Purchaser entered into the Memorandum pursuant to which the Company intended to sell and the Purchaser intended to purchase the entire issued share capital of Chengtong Enterprises.

## THE MEMORANDUM

Major terms of the Memorandum are set out below:

1. The Company intended to sell and the Purchaser intended to purchase the entire issued share capital of Chengtong Enterprises. As at the date of the Memorandum, Chengtong Enterprises is the investment holding company holding 100% interests in China Chengtong Enterprise Limited (a company incorporated in Hong Kong), Chengtong Industrial Investment Limited (a company incorporated in the PRC), Zhucheng Phoenix Landmark Company Limited (a company incorporated in the PRC) and Changzhou Chengtong Investment Limited (a company incorporated in the PRC). Chengtong Industrial Investment Limited holds the land and buildings situated in Hushitai Town, Shenbei New District, Shenyang City, Liaoning Province, the PRC (“**Land and Buildings**”). The Proposed Disposal is in essence the disposal by the Group of its interest in the Land and Buildings. After the signing of the Formal Agreement and the payment of purchase price in accordance therewith by the Purchaser, the Group will undertake an internal reorganisation so that the major assets held by Chengtong Enterprise will be 100% interests in China Chengtong Enterprise Limited (a company incorporated in Hong Kong) and Chengtong Industrial Investment Limited (a company incorporated in the PRC) which holds the Land and Buildings only.
2. The preliminary purchase price is RMB150 million (equivalent to HK\$189 million) which will be settled in cash and will be paid in stages where 20% will be paid within 5 working days after the signing of the Formal Agreement, 20% will be paid by 28 February 2014 and the remaining 60% will be paid within 5 working days after completion of the Possible Disposal. The final purchase price shall base on the Formal Agreement.
3. The Purchaser has paid an earnest money of RMB3 million to the Company and the Purchaser has obtained an exclusive right to purchase Chengtong Enterprises.
4. The Company and the Purchaser intend to enter into the Formal Agreement before 30 September 2013. If the Formal Agreement is not entered into before 30 September 2013 due to the default of the Purchaser, the Company has the right to terminate the Memorandum and forfeit the earnest money paid by the Purchaser. If the Formal Agreement is not entered into before 30 September 2013 due to the default of the Company, the Purchaser has the right to terminate the Memorandum and the Company shall refund the earnest money to the Purchaser and pay an additional RMB3 million to the Purchaser.

5. After the payment of the earnest money and before the completion of the Possible Disposal, the Company agreed to lease the Land and Buildings to the Purchaser at the annual rental of RMB6 million. If the Formal Agreement is duly and timely performed, the Company will waive the payment of the annual rental.
6. If there is any inconsistency of terms between the Memorandum and the Formal Agreement, the terms of the Formal Agreement shall prevail.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, (i) the principal business of the Purchaser is investment and asset management; and (ii) the Purchaser and its ultimate beneficial owners are independent third parties independent of and not connected with the Company and its connected persons.

## **FURTHER INFORMATION ON CHENGTONG ENTERPRISES**

Chengtong Enterprises is a company incorporated in the British Virgin Islands on 18 March 2009. As at the date of the Memorandum, its issued share capital is US\$100 divided into 100 shares of US\$1 each. The principal business of Chengtong Enterprises Group is property investment and bulk commodity trade.

Set out below is certain unaudited financial information of Chengtong Enterprises for the two years ended 31 December 2012:

	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2012</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>
Turnover	—	—
Net loss (before taxation)	(4,758)	(4,758)
Net loss (after taxation)	(4,758)	(4,758)

Prior to the completion of the Possible Disposal, the Group will undertake an internal reorganisation so that Chengtong Enterprises will hold 100% interests in China Chengtong Enterprise Limited (a company incorporated in Hong Kong) and Chengtong Industrial Investment Limited (a company incorporated in the PRC) only.

Set out below is certain unaudited financial information of China Chengtong Enterprise Limited for the two years ended 31 December 2012:

	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2012</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>HK\$</i>	<i>HK\$</i>
Turnover	—	—
Net loss (before taxation)	(964)	(1,006)
Net loss (after taxation)	(964)	(1,006)

Set out below is certain unaudited financial information of Chengtong Industrial Investment Limited for the two years ended 31 December 2012:

	<b>For the year ended 31 December 2011</b>	<b>For the year ended 31 December 2012</b>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	113,657	622,263
Net profit/(loss) (before taxation)	17,376	(9,010)
Net profit/(loss) (after taxation)	13,032	(9,010)

The unaudited combined total asset value and net assets of Chengtong Enterprises Group as at 31 May 2013 is approximately HK\$1,524 million and HK\$102 million respectively.

## **REASONS FOR AND BENEFITS OF THE POSSIBLE DISPOSAL**

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.

The Possible Disposal is considered as a strategic and positive move of the Group. The Directors have considered various options to bring more value of the Land and Buildings to the Group, which include self-development, renting and disposal. Having considered the capital and risks involved, investment return cycle and possible return of different options and the Group's business restructuring to become a comprehensive trader of bulk commodity and energy with resources, the Directors considered that the Possible Disposal would be the best option to enhance shareholder value. The preliminary purchase price of RMB150 million is determined having considered the market price of the Land and Buildings. The final purchase price will be determined in the Formal Agreement. The Board considers that the Possible Disposal could realise the Group's investment in the Land and Buildings and replenish the working capital of the Group.

It is expected that the Group will utilize the proceeds from the Possible Disposal as general working capital of the Group.

For the reasons given above and taking into account the benefits of the Possible Disposal, the Board (including the independent non-executive Director) is of the view that the terms of the Memorandum are on normal commercial terms and are fair and reasonable and the Possible Disposal is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL EFFECT ON THE POSSIBLE DISPOSAL**

Immediately upon completion of the Possible Disposal, the Group will cease to hold any interest in Chengtong Enterprises and its subsidiaries which will cease to be subsidiaries of the Company.

Subject to audit, the gain, before transaction costs, arising from the Possible Disposal is estimated to be approximately HK\$87 million, being the difference between the consideration for the Possible Disposal and the unaudited net assets value of the Chengtong Enterprises Group of approximately HK\$102 million at 31 May 2013.

## **LISTING RULES IMPLICATION**

The Possible Disposal constitutes a discloseable transaction pursuant to Chapter 14 of the Listing Rules and is subject to notification and announcement requirements.

After the signing of the Memorandum, the Company and the Purchaser will negotiate the detailed terms of the Formal Agreement and it is intended that the Formal Agreement will be entered into before 30 September 2013. The Company will publish further announcement when the Formal Agreement is entered into in accordance with the Listing Rules.

## DEFINITIONS

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

- “Chengtong Enterprises” : Chengtong Enterprises Investment Limited (誠通企業投資有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
- “Chengtong Enterprises Group” : Chengtong Enterprises, China Chengtong Enterprise Limited and Chengtong Industrial Investment Limited, which will be sold to the Purchaser under the Possible Disposal
- “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
- “Director(s)” : the director(s) of the Company
- “Formal Agreement” : the agreement to be entered into by the Company and the Purchaser in relation to the sale and purchase of Chengtong Enterprises
- “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
- “Memorandum” : the memorandum dated 25 July 2013 entered into between the Company and the Purchaser setting out the broad terms of the Possible Disposal

- “Possible Disposal” : the possible sale of the entire issued share capital of Chengtong Enterprises by the Company to the Purchaser
- “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
- “Purchaser” : 北京九星國際礦業投資有限公司 (unofficial English translation being Beijing Nine Stars International Mining Investment Co., Ltd.), a company incorporated in the PRC
- “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*

25 July 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.*