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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 SUBSCRIPTION OF INVESTMENT PRODUCT

The Board wishes to announce that on 22 October 2013, Chengtong Development Trading, a wholly-owned subsidiary of the Company, subscribed for the Investment Product at a price of RMB170 million (equivalent to HK\$214.88 million).

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

THE SUBSCRIPTION

On 22 October 2013, Chengtong Development Trading, a wholly-owned subsidiary of the Company, entered into the Investment Agreement with CITIC for the subscription of RMB170 million (equivalent to HK\$214.88 million) of the Investment Product. A summary of the terms and conditions of the Investment Agreement is set out below:

Date:

22 October 2013

Parties:

- (1) CITIC as the custody bank
- (2) Chengtong Development Trading as the subscriber

CITIC is a bank licensed and incorporated under the laws of the PRC. To the best of the Directors' knowledge, information and belief, CITIC and its ultimate beneficial owners are Independent Third Parties. The principal business of CITIC is to provide corporate banking and personal banking services to its customers.

Type of the Investment Product:

Principal-guaranteed investment product

Subscription amount:

RMB170 million (equivalent to HK\$214.88 million)

Investment period:

From 23 October 2013 to 27 November 2013

Investment portfolio:

The Investment Product will be invested in the followings:

- (1) cash, interbank deposits and loans, RMB interest rate swap etc.;
- (2) treasury bonds, central bank bills, bank debentures, corporate bonds etc.;
- (3) credit assets, trust loans, entrusted loans; and
- (4) accounts receivable, beneficial right of trusts, entrusted creditor's rights etc.

Among all assets in the Investment Product, 10-100% of the funds will be invested in category (1) above, 10-100% of the funds will be invested in category (2) above; 0-90% of the funds will be invested in category (3) above; and 0-90% of the funds will be invested in assets in category (4) above.

Anticipated rate of return:

Up to 4.2% per annum for a period of 35 days (counting from 23 October 2013 up to and including 26 November 2013)

Investment return:

The actual investment return shall be calculated as follows:

Investment return = principal amount x actual rate of return x actual dates of investment/365.

Custody fee:

0.05% per annum

Sale service fee:

0.05% per annum

Management fee:

If the investment return of the Investment Product exceeds 4.2% per annum (after deduction of relevant fees), the portion of the investment return which exceeds the maximum rate of return will be charged as management fee by CITIC.

Early termination of investment

CITIC may early terminate the investment in the Investment Product in part or in whole if (i) there are major changes in financial policies of the PRC; (ii) the market price of the assets invested by the Investment Product falls significantly; or (iii) there are other circumstances that CITIC considers necessary to early terminate the Investment Product.

Chengtong Development Trading does not have the right of early termination.

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 Development Trading, can maximise the use of idle funds with an aim of obtaining 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 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

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Chengtong Development Trading”	誠通發展貿易有限公司 (in English, for identification purpose, Chengtong Development Trading Co., Ltd.), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“CITIC”	China CITIC Bank Corporation Limited, a bank licensed and incorporated under the laws of the PRC, the shares of which are listed on the Main Board of the Stock Exchange
“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

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“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
“Investment Agreement”	the investment agreement entered into between Chengtong Development Trading and CITIC dated 22 October 2013, the principal terms of which are summarised in this announcement
“Investment Product”	the RMB Investment product subscribed by Chengtong Development Trading pursuant to the Investment Agreement
“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 Investment Product pursuant to the Investment 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\$1.264. 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

22 October 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.