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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 AND MAJOR TRANSACTIONS SUBSCRIPTION OF INVESTMENT PRODUCTS

(1) MAJOR TRANSACTIONS: SUBSCRIPTION OF BON INVESTMENT PRODUCTS

On 14 and 16 January 2013, Hangzhou Ruineng, a 55% indirectly owned subsidiary of the Company, subscribed for the BON Investment Products at the price of RMB300 million and RMB350 million respectively.

Each of the First BON Subscription and the Second BON Subscription constituted a major transaction. Such two subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, still constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification, announcement and the Shareholders' approval requirements under the Listing Rules.

(2) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF NY INVESTMENT PRODUCT

On 27 March 2013, Hangzhou Ruineng subscribed for the NY Investment Product at the price of RMB185.5 million.

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

(3) DISCLOSEABLE AND MAJOR TRANSACTIONS: SUBSCRIPTION OF PA INVESTMENT PRODUCTS

On 8, 11 and 15 April 2013, Hangzhou Ruineng subscribed for the PA Investment Products at the price of RMB180 million, RMB61 million and RMB200 million respectively.

Each of the First PA Subscription, the Second PA Subscription and the Third PA Subscription constituted a discloseable transaction. Such three subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification, announcement and the Shareholders' approval requirements under the Listing Rules.

(4) MAJOR TRANSACTION: SUBSCRIPTION OF CGB INVESTMENT PRODUCTS

On 16 and 25 April 2013, Hangzhou Ruineng subscribed for the CGB Investment Products at the price of RMB100 million and RMB189.01 million respectively.

Each of the First CGB Subscription and the Second CGB Subscription constituted a discloseable transaction. Such two subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification, announcement and the Shareholders' approval requirements under the Listing Rules.

(5) DISCLOSEABLE TRANSACTIONS: SUBSCRIPTION OF BOC INVESTMENT PRODUCTS

On 9 and 20 June and 10 July 2013, Hainan Huangdao, a wholly-owned subsidiary of the Company, subscribed for the BOC Investment Products at the price of RMB75 million, RMB19 million and RMB19 million respectively. On 10 December 2013, Yalongwan, a wholly-owned subsidiary of the Company, also subscribed for the BOC Investment Product at the price of RMB5 million.

The First BOC Subscription constituted a discloseable transaction while neither of the Second BOC Subscription, the Third BOC Subscription and Fourth BOC Subscription alone constituted a notifiable transaction. Such four subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, still constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification and announcement 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 each of the major transactions disclosed above, 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 2,978,626,119 issued Shares of, representing approximately 61.53% of the issued share capital of, the Company as at the date of this announcement, has given its written approval in respect of each of the major transactions. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the abovementioned major transactions.

(1) MAJOR TRANSACTIONS: SUBSCRIPTION OF BON INVESTMENT PRODUCTS

On 14 and 16 January 2013, Hangzhou Ruineng, a 55% indirectly owned subsidiary of the Company, subscribed for the BON Investment Products at the price of RMB300 million ("**First BON Subscription**") and RMB350 million ("**Second BON Subscription**") respectively. Major terms and conditions of the First BON Subscription and the Second BON Subscription are almost identical which are summarised below:

| | First BON Subscription | Second BON Subscription |
|-----------------|--|--------------------------------|
| Date: | 14 January 2013 | 16 January 2013 |
| Parties: | (1) BON as the issuing bank; and (2) Hangzhou Ruineng as the subscriber | |

First BON Subscription**Second BON Subscription**

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

| | | |
|---|---|--|
| Subscription amount: | RMB300 million | RMB350 million |
| Investment period: | from 14 January 2013 to 9 January 2014 | from 16 January 2013 to 16 January 2014 |
| Investment portfolio: | (1) debt instrument and cash (0-30%); and (2) interbank assets, money market instruments and other debt assets in compliance with regulatory requirements (70-100%). | |
| Anticipated rate of return: | Up to 4.70% per annum | |
| Bank service fee: | If the investment return of the BON Investment Product exceeds the anticipated rate of return, the exceeded portion will be charged as management fee by BON. | |
| Early termination of investment: | BON has the right of early termination of the BON Investment Product. Hangzhou Ruineng does not have the right of early redemption of the BON Investment Product. | |

Each of the First BON Subscription and the Second BON Subscription constituted a major transaction. Such two subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, still constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification, announcement and the Shareholders' approval requirements under the Listing Rules.

(2) DISCLOSEABLE TRANSACTION: SUBSCRIPTION OF NY INVESTMENT PRODUCT

On 27 March 2013, Hangzhou Ruineng subscribed for the NY Investment Product at the price of RMB185.5 million ("NY Subscription"). A summary of the terms and conditions of the NY Subscription is set out below:

NY Subscription

| | |
|-----------------|--|
| Date: | 27 March 2013 |
| Parties: | (1) Nanyang as the issuing bank; and (2) Hangzhou Ruineng as the subscriber |

NY Subscription

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

| | |
|---|---|
| Subscription amount: | RMB185.5 million |
| Investment period: | from 27 March 2013 to 27 March 2014 |
| Investment portfolio: | Foreign exchange derivatives. |
| Anticipated rate of return: | Up to 4.40% per annum |
| Bank service fee: | No sales commission and management fee charged by Nanyang. |
| Early termination of investment: | Neither Hangzhou Ruineng nor Nanyang has the right of early termination of the NY Investment Product. |

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

(3) DISCLOSEABLE AND MAJOR TRANSACTIONS: SUBSCRIPTION OF PA INVESTMENT PRODUCTS

On 8, 11 and 15 April 2013, Hangzhou Ruineng subscribed for the PA Investment Products at the price of RMB180 million (“**First PA Subscription**”), RMB61 million (“**Second PA Subscription**”) and RMB200 million (“**Third PA Subscription**”) respectively. Major terms and conditions of the First PA Subscription, the Second PA Subscription and the Third PA Subscription are almost identical which are summarised below:

| | First PA Subscription | Second PA Subscription | Third PA Subscription |
|-----------------|---|-------------------------------|------------------------------|
| Date: | 8 April 2013 | 11 April 2013 | 15 April 2013 |
| Parties: | (1) PingAn as the issuing bank; and (2) Hangzhou Ruineng as the subscriber | | |

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

| | | | |
|-----------------------------|-----------------------------------|-------------------------------------|-------------------------------------|
| Subscription amount: | RMB180 million | RMB61 million | RMB200 million |
| Investment period: | from 8 April 2013 to 8 April 2014 | from 11 April 2013 to 11 April 2014 | from 15 April 2013 to 15 April 2014 |

| | First PA Subscription | Second PA Subscription | Third PA Subscription |
|--|----------------------------------|-----------------------------------|----------------------------------|
|--|----------------------------------|-----------------------------------|----------------------------------|

Investment portfolio:

- (1) cash (0-20%);
- (2) money market instruments (20-100%); and
- (3) debt instrument assets (0-80%).

Anticipated rate of return: Up to 4.35% per annum

Bank service fee:

- (1) Sales commission: 0-0.5% per annum;
- (2) Assets custodian fee: 0-0.2% per annum; and
- (3) Management fee: 0-0.5% per annum

If the investment return of the PA Investment Product exceeds the anticipated rate of return (after deduction of relevant tax and fees), the exceeded portion will be charged by PingAn.

Early termination of investment: PingAn may early terminate the PA Investment Product if there are major changes of the national financial policies or market conditions that affect the normal operation of the PA Investment Product or other circumstances that PingAn considers necessary to terminate the PA Investment Product.

Hangzhou Ruineng does not have the right of early redemption of the PA Investment Product.

Each of the First PA Subscription, the Second PA Subscription and the Third PA Subscription constituted a discloseable transaction. Such three subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification, announcement and the Shareholders' approval requirements under the Listing Rules.

(4) MAJOR TRANSACTION: SUBSCRIPTION OF CGB INVESTMENT PRODUCTS

On 16 and 25 April 2013, Hangzhou Ruineng subscribed for the CGB Investment Products at the price of RMB100 million ("**First CGB Subscription**") and RMB189.01 million ("**Second CGB Subscription**") respectively. Major terms and conditions of the First CGB Subscription and the Second CGB Subscription are almost identical which are summarised below:

| | First CGB Subscription | Second CGB Subscription |
|--|-------------------------------|--------------------------------|
|--|-------------------------------|--------------------------------|

| | | |
|--------------|---------------|---------------|
| Date: | 16 April 2013 | 25 April 2013 |
|--------------|---------------|---------------|

| | | |
|-----------------|--|--|
| Parties: | <ol style="list-style-type: none"> (1) CGB as the issuing bank; and (2) Hangzhou Ruineng as the subscriber | |
|-----------------|--|--|

First CGB Subscription**Second CGB Subscription**

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

| | | |
|---|--|--|
| Subscription amount: | RMB100 million | RMB189.01 million |
| Investment period: | from 16 April 2013 to 14 April 2014 | from 25 April 2013 to 23 April 2014 |
| Investment portfolio: | The investment return of the CGB Investment Product is linked with gold price. | |
| Anticipated rate of return: | Up to 4.40% per annum | |
| Bank service fee: | The bank will not charge service fee. | |
| Early termination of investment: | Hangzhou Ruineng does not have the right of early termination of the CGB Investment Product. | |

Each of the First CGB Subscription and the Second CGB Subscription constituted a discloseable transaction. Such two subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, constituted a major transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification, announcement and the Shareholders' approval requirements under the Listing Rules.

(5) DISCLOSEABLE TRANSACTIONS: SUBSCRIPTION OF BOC INVESTMENT PRODUCTS

On 9 and 20 June and 10 July 2013, Hainan Huangdao, a wholly-owned subsidiary of the Company, subscribed for the BOC Investment Products at the price of RMB75 million ("**First BOC Subscription**"), RMB19 million ("**Second BOC Subscription**") and RMB19 million ("**Third BOC Subscription**") respectively. On 10 December 2013, Yalongwan, a wholly-owned subsidiary of the Company, also subscribed for the BOC Investment Product at the price of RMB5 million ("**Fourth BOC Subscription**"). Major terms and conditions of the First BOC Subscription, the Second BOC Subscription, the Third BOC Subscription and the Fourth BOC Subscription are almost identical which are summarised below:

| | First BOC Subscription | Second BOC Subscription | Third BOC Subscription | Fourth BOC Subscription |
|-----------------|---|--------------------------------|-------------------------------|---|
| Date: | 9 June 2013 | 20 June 2013 | 10 July 2013 | 10 December 2013 |
| Parties: | (1) BOC as the issuing bank; and (2) Hainan Huangdao as the subscriber | | | (1) BOC as the issuing bank; and (2) Yalongwan as the subscriber |

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

| | First BOC Subscription | Second BOC Subscription | Third BOC Subscription | Fourth BOC Subscription |
|---|---|-----------------------------------|-------------------------------------|--|
| Subscription amount: | RMB75 million | RMB19 million | RMB19 million | RMB5 million |
| Investment period: | from 13 June 2013 to 20 June 2013 | from 20 June 2013 to 10 July 2013 | from 11 July 2013 to 12 August 2013 | from 11 December 2013 to 12 March 2014 |
| Investment portfolio: | (1) treasury bonds, central bank bills and other financial products that have “invest” or higher public rating (0-60%); (2) debt financing instruments of non-financial enterprises (0-60%); and (3) interbank borrowing, bonds repurchase and other money market instruments (10-90%). | | | |
| Anticipated rate of return: | 3.7% per annum | 3.6% per annum | 3.3% per annum | 4.30% per annum |
| Bank service fee: | The bank will not charge service fee. | | | |
| Early termination of investment: | BOC may early terminate the BOC Investment Product. | | | |

The First BOC Subscription constituted a discloseable transaction while neither of the Second BOC Subscription, the Third BOC Subscription and the Fourth BOC Subscription alone constituted a notifiable transaction. Such four subscriptions, when aggregated together pursuant to Rule 14.22 of the Listing Rules, still constituted a discloseable transaction for the Company under Chapter 14 of the Listing Rules and was subject to the notification and announcement requirements under the Listing Rules.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTIONS

The Directors are of the view that all the subscriptions as disclosed above, which were funded by the internal resources of the Group, provided the Group with a good investment opportunity to expand the investment portfolio with satisfactory return.

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

IMPLICATION 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 each of the major transactions disclosed above, 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 2,978,626,119 issued Shares of, representing approximately 61.53% of the issued share capital of, the Company as at the date of this announcement, has given its written approval in respect of each of the major transactions. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the abovementioned major transactions.

The Company admitted that it had not complied with the notification and announcement and/or Shareholders’ approval requirements as soon as possible after the subscription of the respective investment products as disclosed above.

REMEDIAL ACTIONS

The Company deeply regrets that it has not duly complied with the Listing Rules in respect of the subscriptions as disclosed above. As immediate remedial actions:

- (i) The Company has notified the Stock Exchange and published this announcement; and
- (ii) The Company has obtained written approval from the Controlling Shareholder in respect of each of the major transactions mentioned in this announcement.
- (iii) The Company will include particulars of the abovementioned subscriptions in its circular to be despatched to the Shareholders on or about 24 December 2013.

In order to prevent similar incidents from happening again in the future, the Company has taken the following measures:

- (1) Prior to the occurrence of the subscriptions as disclosed in this announcement, the Company has adopted a policy that all staff (“**Relevant Staff**”) who are responsible for purchasing investment products were required to report to the Hong Kong head office of the Group (“**HK Head Office**”) in advance about the proposed purchase of investment products no matter the investment product in question is “principal-guaranteed” or not, and shall only purchase these products after Hong Kong head office has evaluated the implications of the Listing Rules and the Company has complied with the applicable requirements under the Listing Rules and in case of any doubt, they should seek guidance from Hong Kong head office of the Group in advance. As a further safeguard, an updated guidance has been distributed to the Relevant Staff to request them to report all possible purchase of investment products (irrespective of the form and substance of such investment products) to the HK Head Office for assessment of any Listing Rules implications and decision to make such purchase shall only be made after receiving confirmation from the HK Head Office.
- (2) The Company has issued warning to staff who are responsible for effecting the subscriptions as disclosed in this announcement.
- (3) The internal control department of the Group will continue to perform semi-annual check on whether the staff has complied with the guidance of the Group in relation to the purchase of investment products.

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.

DEFINITIONS

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

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|-----------------------------------|---|
| “ Board ” | the board of Directors |
| “ BOC ” | Bank of China Limited, a bank licensed and incorporated under the laws of the PRC |
| “ BOC Investment Product ” | the investment product issued by BOC and subscribed by Hainan Huandao and/or Yalongwan on 9 and 20 June, 10 July and 10 December 2013 |

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|------------------------------------|--|
| “BON” | Bank of Ningbo Company Limited, a bank licensed and incorporated under the laws of the PRC |
| “BON Investment Product” | the investment product issued by BON and subscribed by Hangzhou Ruineng on 14 and 16 January 2013 |
| “CGB” | China Guangfa Bank Company Limited, a bank licensed and incorporated under the laws of the PRC |
| “CGB Investment Product” | the investment product issued by CGB and subscribed by Hangzhou Ruineng on 16 and 25 April 2013 |
| “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 61.53% of the issued share capital of the Company as at the date of this announcement |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries from time to time |
| “Hainan Huandao” | 海南寰島酒店旅遊投資有限公司 (unofficial English translation as Hainan Island Hotel and Travel Investment Co., Ltd.), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company |
| “Hangzhou Ruineng” | 杭州瑞能金屬材料有限公司 (unofficial English translation as Hangzhou Ruineng Metal Material Co., Ltd.), a limited liability company incorporated in the PRC and a 55% indirectly 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 |
| “Nanyang” | Nanyang Commercial Bank (China) Limited, a bank licensed and incorporated under the laws of the PRC |
| “NY Investment Product” | the investment product issued by Nanyang and subscribed by Hangzhou Ruineng on 27 March 2013 |
| “PA Investment Product” | the investment product issued by PingAn and subscribed by Hangzhou Ruineng on 8, 11 and 15 April 2013 |
| “PingAn” | PingAn Bank Co., Ltd, a bank licensed and incorporated under the laws of the PRC |

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| “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 |
| “Yalongwan” | 海南亞龍灣海底世界旅遊有限公司 (unofficial English translation as Hainan Yalongwan Undersea World Travel Co., Ltd.), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company |
| “%” | per cent |

By order of the Board
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

22 December 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. Chang Qing, Mr. Lee Man Chun, Tony and Mr. Chan Sheung Lai.