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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)**

### **CONNECTED TRANSACTION SALE OF COAL TO A CONNECTED PERSON**

On 20 October 2014, Chengtong Energy, an indirect non-wholly owned subsidiary of the Company, entered into the Sales Contract with the Purchaser pursuant to which Chengtong Energy has agreed to sell, and the Purchaser has agreed to purchase, certain coal at a total price of approximately RMB5,733,000 (equivalent to approximately HK\$7,223,580).

As the spouse and the brother of one of the directors of Chengtong Energy together hold more than 50% interests in the Purchaser, the Purchaser is a connected person of the Company for the purpose of the Listing Rules. Therefore, the Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

On 11 October 2013, Chengtong Energy entered into a sales contract with Maoming Hongyuan, in which the spouse of one of the directors of Chengtong Energy holds 80% interests and is a substantial shareholder thereof, pursuant to which Chengtong Energy sold certain coal to Maoming Hongyuan at the price of approximately RMB33,215,000 during the period from 11 October 2013 to 31 October 2013. Details of the Maoming Transaction were set out in the Company's announcement dated 11 October 2013.

As one of the relevant applicable percentage ratios in respect of the Transaction when aggregated with the Maoming Transaction is more than 1% but less than 5%, the Transaction is subject to the reporting and announcement requirements and is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **SALES CONTRACT**

### **Date**

20 October 2014

## **Parties**

### *(1) Chengtong Energy*

Chengtong Energy is owned as to 51% by 誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Co., Ltd.), which is a wholly owned subsidiary of the Company.

The principal business of Chengtong Energy is trading of coal.

### *(2) The Purchaser*

The Purchaser is a company incorporated in the PRC with limited liability. The principal business of the Purchaser is trading of coal.

## **Major terms of the Sales Contract**

Chengtong Energy has agreed to sell, and the Purchaser has agreed to purchase, 9,000 tons of ultra-low ash coal at the price of RMB637 per ton (inclusive of tax). The final quantities of the coal shall be determined according to the quantities measured by the belt conveyor or the platform scale at the relevant port depending on whether the coal is to be transported by ship or truck.

The selling price of the coal was determined with reference to the listing-for-sale price of Shenhua Gaolan Harbour Sales Company (神華高欄港銷售公司). It was agreed that if the Purchaser can complete the order up to the quantities stated in the Sales Contract during the preferential period offered at Gaolan Harbour in respect of the ultra-low ash coal from 1 October to 30 October 2014, the Purchaser shall be entitled to enjoy certain preferential policy in respect of the ultra-low ash coal. The original acquisition cost of the ultra-low ash coal by Chengtong Energy was approximately RMB5,643,000 (equivalent to approximately HK\$7,110,180).

The Purchaser shall pay 10% of the total Transaction price as security money upon signing of the Sales Contract. The Transaction price shall be fully paid by the Purchaser within 30 working days after the signing of the Sales Contract. In the event that the Purchaser fails to pay the Transaction price in full or delays the payment, Chengtong Energy shall have right to forfeit the security money.

The term of the Sales Contract shall commence from its signing date and end on 20 November 2014.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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

In view of the Purchaser's reputation and its good cooperation relationship with the coal consuming enterprises such as power plants, cement factories and ceramics factories in the Pearl River Delta region, the Group is expected to gain advantage through its cooperation with the Purchaser in establishing a long-term relationship with the coal consuming enterprises.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sales Contract are normal commercial terms and are fair and reasonable and that the Transaction is in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

None of the Directors is required to abstain from voting on the Board resolution approving the Sales Contract as none of them has any material interests in the Transaction.

## **LISTING RULES IMPLICATIONS**

As the spouse and the brother of one of the directors of Chengtong Energy together hold more than 50% interests in the Purchaser, the Purchaser is a connected person of the Company for the purpose of the Listing Rules. Therefore, the Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules.

On 11 October 2013, Chengtong Energy entered into a sales contract with Maoming Hongyuan, in which the spouse of one of the directors of Chengtong Energy holds 80% interests and is a substantial shareholder thereof, pursuant to which Chengtong Energy sold certain coal to Maoming Hongyuan at the price of approximately RMB33,215,000 during the period from 11 October 2013 to 31 October 2013. Details of the Maoming Transaction were set out in the Company's announcement dated 11 October 2013.

As one of the relevant applicable percentage ratios in respect of the Transaction when aggregated with the Maoming Transaction is more than 1% but less than 5%, the Transaction is subject to the reporting and announcement requirements and is exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

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

“Board”	means the board of Directors
“Chengtong Energy”	means 誠通能源廣東有限公司 (unofficial English translation being Chengtong Energy Guangdong Company Limited), formerly known as 大豐瑞能燃料有限公司 (unofficial English translation being Dafeng Ruineng Fuel Company Limited), a company incorporated in the PRC with limited liability and owned as to 51% by 誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Co., Ltd.)
“Company”	means 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
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange

“Maoming Hongyuan”	means 茂名市鴻遠貿易有限公司 (unofficial English translation as Maoming Hongyuan Trading Company Limited), a company incorporated in the PRC with limited liability
“Maoming Transaction”	means the sale of coal to Maoming Hongyuan under the sales contract dated 11 October 2013 signed between Chengtong Energy and Maoming Hongyuan
“Purchaser”	means 廣州市同正煤炭貿易有限公司 (unofficial English translation being Guangzhou City Tongcheng Coal Trading Company Limited), a company incorporated in the PRC with limited liability
“PRC”	means the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	means Renminbi, the lawful currency of the PRC
“Sales Contract”	means the coal sales contract dated 20 October 2014 entered into between Chengtong Energy and the Purchaser
“Shareholder(s)”	means the shareholders of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“Transaction”	means the sale of coal by Chengtong Energy to the Purchaser as contemplated under the Sales Contract
“%”	means 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*

Hong Kong, 20 October 2014

*As at the date hereof, the executive Directors are Mr. Yuan Shaoli, Mr. Wang Hongxin, Mr. Wang Tianlin and Mr. Zhang Bin; and the independent non-executive Directors are Mr. Chang Qing, Mr. Lee Man Chun, Tony and Mr. Chan Sheung Lai.*