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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)

UPDATES ON A MAJOR ACQUISITION IN RELATION TO ACQUISITION OF COAL MINES - LAPSE OF THE SALE AND PURCHASE AGREEMENT

Reference is made to the announcements of China Chengtong Development Group Limited (the “**Company**”) dated 24 June 2013 (the “**Announcement**”), 16 July 2013, 19 August 2013, 25 September 2013, 31 October 2013, 31 December 2013 and 28 February 2014 in respect of the proposed acquisition of an aggregate of 85% of the issued share capital of Alpha Fortune Industrial Limited (“**Acquisition**”). Terms defined in the Announcement shall have the same meanings when used herein unless the context requires otherwise.

In accordance with the Sale and Purchase Agreement in relation to the Acquisition entered into by and among the Purchaser (a subsidiary of the Company), the Vendors, Ms. Li and the Target Companies on 18 June 2013 (as supplemented by a supplemental agreement dated 31 October 2013), completion of the Acquisition is subject to the satisfaction or (where applicable) waiver by the Group of various conditions precedent as more particularly described in the sub-paragraph headed “Conditions precedent” under the paragraph headed “The Sale and Purchase Agreement” in the Announcement. If these conditions precedent are not satisfied (or waived, as the case may be) on or before 31 March 2014 (or such later date as the Purchaser and the Vendors may agree in writing), then the Sale and Purchase Agreement (other than the continuing provisions specified under the Sale and Purchase Agreement) shall be terminated, and the respective obligations of the Vendors and the Purchaser under the Sale and Purchase Agreement shall terminate thereafter, save for any antecedent breaches.

As of 31 March 2014, some of the conditions precedent to the Acquisition under the Sale and Purchase Agreement, including but not limited to the Purchaser being satisfied that the Vendors and Ms. Li having completely discharged their undertakings regarding certain matters related to the operations, loans, payables and relevant pledges of the Target Group, and the Listing Committee of the Stock Exchange having granted or agreeing to grant the approval for the listing of, and permission to deal in, the Consideration Shares on the main board of the Stock Exchange, had not been satisfied (or, where applicable, waived by the Group). Accordingly, the Sale and Purchase Agreement lapsed on 31 March 2014. The Directors do not consider that the lapse of the Sale and Purchase Agreement will have any material adverse impact on the Group’s existing business, financial position and operation.

The Company will negotiate with the Vendors regarding (i) the refund of the Earnest Money and the Advance Payment paid by the Group which shall be applied towards the settlement of the Consideration under the Sale and Purchase Agreement; or (ii) a new proposal for the Acquisition (where appropriate). Further announcement will be made as and when necessary in compliance with the Listing Rules.

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

Hong Kong, 1 April 2014

As at the date of this announcement, 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.