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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 TRANSACTION IN RELATION TO THE DISPOSAL OF CT INT'L TRADING INTEREST AND HZ RUINENG INTEREST

Reference is made to the announcement of the Company dated 18 December 2014 in relation to the results of the listing-for-sale in respect of the disposals of the CT Int'l Trading Interest and the HZ Ruineng Interest and the circular of the Company dated 23 December 2014 in relation to such disposals.

As disclosed in the aforesaid announcement, (i) the profit or loss of CT Int'l Trading during the period from the valuation date (being 31 May 2014) up to the date of the CT Completion will be borne by the Company in proportion to its shareholding percentage in CT Int'l Trading before the CT Completion; and (ii) the profit or loss of HZ Ruineng during the period from the valuation date (being 31 May 2014) up to the date of the HZ Completion will be borne by CT Development Trading in proportion to its shareholding percentage in HZ Ruineng before the HZ Completion.

The Company, CT Development Trading and Mr. Zhu have agreed in the Supplemental Agreement that the amount of the Loss borne by the Company and CT Development Trading is RMB21,192,994.88.

BACKGROUND

Reference is made to the announcement of the Company dated 18 December 2014 (“**Announcement**”) in relation to the results of the listing-for-sale in respect of the disposals of the CT Int'l Trading Interest and the HZ Ruineng Interest and the circular of the Company dated 23 December 2014 (“**Circular**”) in relation to such disposals.

Terms defined in the Announcement shall have the same meanings when used herein unless the context requires otherwise.

As disclosed in the Announcement and the Circular, it was agreed under the Asset Transaction Agreements that (i) the profit or loss of CT Int'l Trading during the period from the valuation date (being 31 May 2014) up to the date of the CT Completion will be borne by the Company in proportion to its shareholding percentage in CT Int'l Trading before the CT Completion; and (ii) the profit or loss of HZ Ruineng during the period from the valuation date (being 31 May 2014) up to the date of the HZ Completion will be borne by CT Development Trading in proportion to its shareholding percentage in HZ Ruineng before the HZ Completion.

SUPPLEMENTAL AGREEMENT

On 30 April 2015, the Company, CT Development Trading and Mr. Zhu entered into the Supplemental Agreement, pursuant to which (i) the parties have confirmed and acknowledged that CT Int'l Trading and HZ Ruineng recorded a loss after taxation in the amount of RMB38,692,841.28 and RMB5,294,422.16 during the Relevant Period respectively; and that RMB24,192,994.88 shall be borne by the Company and CT Development Trading in proportion to their respective shareholding percentage in CT Int'l Trading and HZ Ruineng before the CT Completion and the HZ Completion; and (ii) after negotiation between the parties, it was agreed that the amount of the Loss borne by the Company and CT Development Trading is RMB21,192,994.88.

Before the date of the Supplemental Agreement, CT Development Trading (for itself and on behalf of the Company) has already paid RMB14,000,000 to Mr. Zhu in advance as part of the Loss borne by the Company and CT Development Trading. Therefore, the balance amount payable to Mr. Zhu under the Supplemental Agreement is RMB7,192,994.88, which shall be paid by the Company and CT Development Trading within 5 working days from the date of the Supplemental Agreement.

In the event that the Company and/or CT Development Trading fails to pay the balance amount to Mr. Zhu within 5 working days from the date of the Supplemental Agreement, Mr. Zhu shall be entitled to impose a default interest on the unpaid amount at the rate of 0.05% per day.

FURTHER INFORMATION ON CT INT'L TRADING AND HZ RUINENG

The loss recorded by CT Int'l Trading was mainly due to the finance cost and loss on exchange resulted from the discounted letters of credit during the Relevant Period respectively. The loss recorded by HZ Ruineng was mainly resulted from the amount of PRC enterprise income tax payable by HZ Ruineng for the Relevant Period.

FURTHER INFORMATION ON THE FINANCIAL EFFECTS OF THE DISPOSALS

In view of the "adjusted" consideration of RMB7,548,005.12 (equivalent to approximately HK\$9,585,967) after taking into account of the amount of the Loss as mentioned above, the adjusted gain expected to accrue to the Company from Disposals will be increased by approximately RMB3,970,866 (equivalent to approximately HK\$5,043,000) to approximately RMB12,255,905 (equivalent to approximately HK\$15,565,000), as compared with the original gain on Disposals of approximately RMB8,285,039 (equivalent to approximately HK\$10,522,000), as disclosed in the Notes 42 to the Financial Statements in the annual report for the year ended 31 December 2014 of the Company.

DEFINITIONS

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

- “Asset Transaction Agreements” means, collectively, (i) the asset transaction agreement (產權交易合同) dated 18 December 2014 entered into between the Company and Mr. Zhu in relation to the disposal of the CT Int’l Trading Interest; and (ii) the asset transaction agreement (產權交易合同) dated 18 December 2014 entered into between CT Development Trading and Mr. Zhu in relation to the disposal of the HZ Ruineng Interest
- “Loss” means the amount borne by the Company and CT Development Trading and payable to Mr. Zhu in respect of the loss suffered by CT Int’l Trading and HZ Ruineng during the Relevant Period as confirmed in the Supplemental Agreement
- “Relevant Period” means the period from the date of valuation in respect of the CT Int’l Trading Interest and the HZ Ruineng Interest (being 31 May 2014) up to the date of the CT Completion (being 22 December 2014) and the date of the HZ Completion (being 19 December 2014), as the case may be
- “Supplemental Agreement” means the supplemental agreement to the Asset Transaction Agreements dated 30 April 2015 entered into among the Company, CT Development Trading and Mr. Zhu in relation to the Loss

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\$1.27. 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, 30 April 2015

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.