

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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: ENTRUSTED LOAN ARRANGEMENT

Pursuant to the Entrusted Loan Arrangement, Chengtong Financial Leasing instructed the Bank to act as a lending agent to, inter alia, release a loan in the principal amount of RMB40,000,000 (equivalent to HK\$48,000,000), which will be funded by the Group, to the Borrower.

As the applicable percentage ratios as defined under the Listing Rules in respect of the Entrusted Loan Arrangement are more than 5% but less than 25%, the Entrusted Loan Arrangement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

ENTRUSTED LOAN AGREEMENTS

The major terms of the Entrusted Loan Agreements are set out below.

Date

12 October 2011

Parties

- (1) Chengtong Financial Leasing (a wholly-owned subsidiary of the Company), as the lender;
- (2) the Bank, as the lending agent; and
- (3) the Borrower, as the borrower.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Bank and its ultimate beneficial owners is an independent third party not connected with the Company and its connected persons.

The Borrower is a company established in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the principal business of the Borrower is sales of automobiles and provision of after-sales services and (ii) each of the Borrower and its ultimate beneficial owners is an independent third party not connected with the Company and its connected persons.

Entrusted Loan Arrangement

Chengtong Financial Leasing instructed the Bank to act as a lending agent to, inter alia, release a loan in the principal amount of RMB40,000,000 (equivalent to HK\$48,000,000), which will be funded by the Group, to the Borrower.

The interest rate for the Entrusted Loan is 15% per annum. Interests for the Entrusted Loan shall be settled by the Borrower on a quarterly basis.

Term

The Entrusted Loan will be for a term of one year from 14 October 2011 to 13 October 2012 and the actual date of repayment shall base on the drawdown record of the Entrusted Loan.

Repayment

Unless there is early repayment as demanded by Chengtong Financial Leasing or opted by the Borrower, the principal amount of the Entrusted Loan will be repaid to Chengtong Financial Leasing in one lump sum upon the expiry of the term of the Entrusted Loan.

Early repayment demanded by Chengtong Financial Leasing or opted by the Borrower

Chengtong Financial Leasing shall have the right to early terminate the Entrusted Loan Arrangement and require the Borrower to repay all of the outstanding principal amount of the Entrusted Loan, all the accrued interests and additional handling fee if the Chargor is unable to provide the Security.

The Borrower shall have the right to early repay the Entrusted Loan after serving one month prior written notice and having obtained the consent from Chengtong Financial Leasing. If the request of early repayment is made within six months from the date of drawdown, the Borrower shall repay all of the outstanding principal amount of the Entrusted Loan and all the accrued interests and pay an additional handling fee.

Handling charges by the Bank

The Bank will receive 0.12% of the principal amount of the Entrusted Loan as handling charges which shall be borne by the Borrower.

SECURITY FOR THE ENTRUSTED LOAN

In connection with the provision of the Entrusted Loan to the Borrower, Chengtong Financial Leasing will obtain or has obtained (i) joint liability personal guarantee from the ultimate controllers of the Borrower; and (ii) share charge over four companies related to the Borrower or charge over the Land, as security for the repayment of the Entrusted Loan.

REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN ARRANGEMENT

The terms of the Entrusted Loan Agreements, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors considered that China's monetary policy has been tightened this year leading to a high financing demand in the market. With a view to raising the return on capital and considering that the high interest rate market will not stay on hold in the long term, the Directors consider that the Entrusted Loan Arrangement would be beneficial to the Group in terms of return and risk control. In view of the above, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Entrusted Loan Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios as defined under the Listing Rules in respect of the Entrusted Loan Arrangement are more than 5% but less than 25%, the Entrusted Loan Arrangement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

The principal activities of the Group are property development, property investment in industrial and logistic land resources development, financial leasing and trading of coal.

The Bank is a bank in the PRC and is principally engaged in banking, financial and other financial related services.

DEFINITIONS

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

- “associate(s)” : has the meaning ascribed thereto under the Listing Rules
- “Bank” : Bank of Communications Co., Ltd. (交通銀行股份有限公司), Qingdao branch, the lending agent of the Entrusted Loan
- “Borrower” : 大連裕祥汽車銷售服務有限公司 (unofficial English translation as Dalian Yuxiang Automobile Sales & Service Co., Ltd), a company incorporated in the PRC with limited liability, being the borrower in the Entrusted Loan Arrangement
- “Chargor” : 大連金盤置業有限公司 (unofficial English translation Dalian Jin Pan Properties Limited), a company incorporated in the PRC with limited liability, being a related company of the Borrower
- “Company” : China Chengtong Development Group Limited, a company incorporated in Hong Kong and the Shares of which are listed on the Stock Exchange
- “connected person(s)” : has the meaning ascribed thereto under the Listing Rules
- “Chengtong Financial Leasing” : 誠通融資租賃有限公司 (unofficial English translation being Chengtong Financial Leasing Company Limited), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
- “Director(s)” : the director(s) of the Company

“Entrusted Loan”	:	the loan in the amount of RMB40,000,000 to be made pursuant to the Entrusted Loan Agreements
“Entrusted Loan Agreements”	:	the entrusted loan master agreement dated 12 October 2011 entered into between Chengtong Financial Leasing and the Bank; the single entrusted loan agreement dated 12 October 2001 entered into between Chengtong Financial Leasing, the Bank and the Borrower and the supplemental agreement dated 12 October 2011 entered into between Chengtong Financial Leasing and the Borrower, all related to the Entrusted Loan Arrangement
“Entrusted Loan Arrangement”	:	the provision of the Entrusted Loan by Chengtong Financial Leasing, through the Bank, to the Borrower
“Group”	:	the Company and its subsidiaries
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	:	the Hong Kong Special Administrative Region of the PRC
“Land”	:	a piece of land located in Dalian City, the PRC
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	:	the People’s Republic of China, and for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	:	Renminbi, the lawful currency of the PRC
“Security”	:	the security over the Land to be provided by the Chargor as security of the Entrusted Loan
“Shareholder(s)”	:	holder(s) of the Share(s)
“Share(s)”	:	share(s) of the Company of HK\$0.10 each

“Stock Exchange” : The Stock Exchange of Hong Kong Limited

“%” : 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\$1.20. 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, 13 October 2011

As at the date of this announcement, the Company’s 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. Ba Shusong.