

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 RMB100,000,000 (equivalent to HK\$120,000,000), 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 AGREEMENT

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

Date

8 December 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 development and sale of real estates in the PRC 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 RMB100,000,000 (equivalent to HK\$120,000,000), which will be funded by the Group, to the Borrower.

The interest rate for the Entrusted Loan is 12% per annum. Interests for the Entrusted Loan shall be settled by the Borrower on a quarterly basis.

The Borrower shall also pay a lump sum of RMB6,000,000 as handling fee to Chengtong Financial Leasing before actual drawdown of the Loan.

Term

The term of the Entrusted Loan will be one year from the actual date of drawdown.

Repayment

Unless there is early repayment as 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 opted by the Borrower

The Borrower shall have the right to early repay the Entrusted Loan after serving 30-business day prior written notice and having obtained the consent from Chengtong Financial Leasing. The Borrower shall repay all of the outstanding principal amount of the Entrusted Loan and all the accrued interests and pay a penalty of 1% of the principal amount of the Entrusted Loan.

Handling charges by the Bank

The Bank will receive 0.06% of the principal amount of the Entrusted Loan as handling charges which shall be borne by Chengtong Financial Leasing.

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 controller of the Borrower; (ii) share charge over a company related to the Borrower and (iii) 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 Agreement, 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 Agreement 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 Group has also recently commenced bulk commodity trade business.

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” : China Minsheng Banking Corp., Ltd. (中國民生銀行股份有限公司) head office, the lending agent of the Entrusted Loan
- “Borrower” : 北京銀信興業房地產開發有限公司 (unofficial English translation as Beijing Yinxin Xingye Real Estates Development Co., Ltd), a company incorporated in the PRC with limited liability, being the borrower in the Entrusted Loan Arrangement
- “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 RMB100,000,000 to be made pursuant to the Entrusted Loan Agreement
“Entrusted Loan Agreement”	: the entrusted loan agreement dated 8 December 2011 entered into between Chengtong Financial Leasing, the Borrower and the Bank 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 Yizheng City, Jiangsu Province, 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
“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 of
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

Hong Kong, 8 December 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.