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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

On 6 December 2012, CT Industrial and CMST entered into the Agreement, under which, CMST agreed to return the Leased Assets to CT Industrial on or before 31 December 2012. CT Industrial is a wholly-owned subsidiary of the Company.

By virtue of the relationship between the parties as described below, CMST is a connected person of the Company and the Transaction constitute a connected transaction for the Company under the Listing Rules.

As the relevant applicable percentage ratios set out in the Listing Rules in respect of the Transaction are less than 5%, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

THE AGREEMENT

Summary of the major terms of the Agreement

Date:

6 December 2012

Parties:

- (i) CT Industrial, a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of the Company; and

- (ii) CMST, a company established in the PRC and a wholly-owned subsidiary of CCHG. CCHG is the holding company of World Gain Holdings Limited, being the controlling shareholder of the Company holding approximately 54.9% of the issued share capital of the Company as at the date of this announcement. CMST is an associate of CCHG and therefore, is a connected person of the Company.

Subject matter:

Pursuant to the Agreement, CMST agreed to return the Leased Assets to CT Industrial on or before 31 December 2012.

Consideration:

CMST shall pay a compensation fee of RMB2,400,000 (equivalent to HK\$2,952,000) to CT Industrial as compensation for not returning the Leased Assets after the expiry of the term of the 2010 Agreement.

The compensation fee shall be paid by CMST before 31 December 2012 in lump sum.

The compensation fee is arrived at by the parties after arm's length negotiation with reference to the prevailing market rent in Shenyang City, Liaoning Province, the PRC.

REASONS FOR AND BENEFITS OF THE TRANSACTION

After the expiry of the term of the 2010 Agreement, CT Industrial and CMST negotiated on the return of the Leased Assets. CT Industrial and CMST has finally reached consensus and entered into the Agreement.

The Board considers that the Transaction can generate compensation income for the Group and is beneficial to and in the interest of the Group.

Based on the information described above and taken into consideration all matters as set out in the Agreement and the transactions contemplated thereunder, the Directors (including the independent non-executive Directors) consider that the Transaction is in the ordinary courses of business of the Group and the terms of the Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole. None of the Directors has any material interest in the Transaction and therefore, none of the Directors have abstained from voting on the board resolution to approve the Transaction.

IMPLICATION UNDER THE LISTING RULES

By virtue of the relationship between CMST and the Group as described above, CMST is an associate of CCHG and therefore, is a connected person of the Company.

As the relevant applicable percentage ratios set out in the Listing Rules in respect of the Transaction are less than 5%, the Transaction is only subject to the reporting and announcement requirements and is exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

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

CMST is principally engaged in the logistic and storage business.

DEFINITIONS

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

“2010 Agreement”	the agreement entered into between CT Industrial and CMST on 16 September 2010, under which, CT Industrial agreed to grant CMST the right to occupy and use the Leased Assets during the period from 1 September 2010 to 31 August 2011
“Agreement”	the agreement entered into between CT Industrial and CMST on 6 December 2012
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CCHG”	China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC and directly supervised and owned by the State-owned Assets Supervision and Administration Commission of the State Council on behalf of the Central People’s Government of the PRC
“CMST”	中國物資儲運總公司瀋陽虎石台一庫 (China National Materials Storage and Transportation Corporation - Shenyang Hushitai 1st Storage), a company established in the PRC and is wholly owned by CCHG
“Company”	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(s)”	has the meaning ascribed thereto under the Listing Rules
“CT Industrial”	誠通實業投資有限公司 (unofficial English translation being Chengtong Industrial Investment Limited), a limited liability company incorporated in the PRC and is a wholly-owned subsidiary of the Company

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Land”	the land situated at west of railway in Hushitai Town, Shenbei New District, Shenyang City, Liaoning Province, the PRC
“Leased Assets”	the Land and the buildings and fixtures constructed thereon and certain other assets
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi Yuan, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	the arrangement in respect of the return of the Leased Assets pursuant to the Agreement
“%”	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\$1.23. 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, 6 December 2012

As at the date of this announcement, the 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.