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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)

DISCLOSEABLE TRANSACTION SUBSCRIPTION OF WEALTH MANAGEMENT PRODUCT

The Board wishes to announce that on 23 May 2013, Chengtong Industrial, a wholly-owned subsidiary of the Company, subscribed for the Wealth Management Product at a price of RMB250 million (equivalent to HK\$313.5 million) pursuant to the Wealth Management Agreement.

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

THE SUBSCRIPTION

On 23 May 2013, Chengtong Industrial, a wholly-owned subsidiary of the Company, subscribed for the Wealth Management Product at a price of RMB250 million (equivalent to HK\$313.5 million) pursuant to the Wealth Management Agreement. A summary of the terms and conditions of the Wealth Management Agreement is set out below:

Dates:

Date of the Wealth Management Agreement: 20 May 2013

Date of the Subscription: 23 May 2013

Parties:

- (1) ABC as the custody bank
- (2) Chengtong Industrial as the subscriber

ABC is a bank licensed and incorporated under the laws of the PRC. To the best of the Directors' knowledge, information and belief, ABC and its ultimate beneficial owners are Independent Third Parties. The principal business of ABC is to provide corporate and personal, treasury operations, investment banking, asset management, trust and financial leasing and other financial services.

Principal amount:

RMB250 million (equivalent to HK\$313.5 million). The investment is made based on the face value of the principal amount.

Investment period:

From 23 May 2013 to 23 May 2014

Anticipated rate of net return:

Up to 4.5% per annum.

Anticipated investment profit:

The anticipated investment profit of the Wealth Management Product shall be calculated as follows:

Anticipated investment profit = principal amount x anticipated net rate of return x actual dates of investment / 365. The investment profit, if any, will be paid by ABC to Chengtong Industrial on a quarterly basis.

Custody fee:

The custody fee of the Wealth Management Product shall be calculated as follows:

Custody fee = principal amount x 0.02% x actual dates of investment / 365. The custody fee will be paid by Chengtong Industrial to ABC on a quarterly basis.

Wealth management consulting fee:

If the actual investment return of the Wealth Management Product does not reach 4.5% per annum, no wealth management consulting fee will be charged by ABC. However, if the investment return of the Wealth Management Product exceeds 4.5% per annum, the portion of the investment profit which exceeds the maximum rate of return will be charged as wealth management consulting fee by ABC.

Early termination of investment:

ABC may early terminate the investment in the Wealth Management Product in one of the following circumstances:

- (1) force majeure rendering the Wealth Management Product unable to continue to exist;
- (2) encountering volatile market conditions, abnormal risk events rendering net value of the Wealth Management Product substantially fluctuated or the safety of the Wealth Management Product severely affected;
- (3) dissolution, bankruptcy, withdrawal or revocation of business qualification of the investment management institution which causes it unable to perform relevant duties, rendering the Wealth Management Product unable to continue to exist;
- (4) the early termination of the Wealth Management Product as a result of the performance of any commitment by the relevant investment management institution or any third party using the investment in the Wealth Management Product in accordance with the relevant laws or agreement;
- (5) the enactment or change of laws, policies or regulations rendering the Wealth Management Product unable to continue to operate properly;
- (6) other circumstances as required by laws or regulatory bodies.

ABC shall notify Chengtong Industrial at least five working days prior to its early termination of the investment.

Reasons for and benefits of the Subscription

The Directors are of the view that the Subscription, which will be funded by the internal resources of Chengtong Industrial, provides Chengtong Industrial with a good investment opportunity to expand the investment portfolio with satisfactory return to the Group.

The Directors are of the view that the Subscription will not cause any adverse effects on the Group's working capital. The Directors (including the independent non-executive Directors) are therefore of the view that the Subscription is fair and reasonable and is in the best interests of the Company and its Shareholders as a whole.

The Board confirms that it is the intention of the management of Chengtong Industrial to continue to purchase the Wealth Management Product in the future. The Company will comply with the applicable requirements under Chapter 14 of the Listing Rules in connection with such further investments, if materialised.

Information related to the Group

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

IMPLICATION UNDER THE LISTING RULES

As the relevant applicable percentage ratios (as defined in the Listing Rules) for the Subscription exceed 5% but are less than 25%, the Subscription constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

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

“ABC”	Agricultural Bank of China Limited, a bank licensed and incorporated under the laws of the PRC
“Board”	the board of Directors
“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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time

“Chengtong 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 a wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Wealth Management Product pursuant to the Wealth Management Agreement
“Wealth Management Agreement”	the wealth management product agreement entered into between Chengtong Industrial and ABC dated 20 May 2013, the principal terms of which are summarised in this announcement
“Wealth Management Product”	the RMB wealth management product subscribed by Chengtong Industrial pursuant to the Wealth Management 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\$1.254. 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

23 May 2013

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. Chang Qing.