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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 ENTRUSTED LOAN ARRANGEMENT

On 24 December 2013, Yalongwan, a wholly-owned subsidiary of the Company, as the lender entered into the Extension Agreement with the Borrower and the Bank as the lending agent pursuant to which the parties agreed to extend the term of the Entrusted Loan Agreement in relation to the Entrusted Loan in the principal amount of RMB55,000,000 (equivalent to HK\$69,740,000) for six months until 25 June 2014.

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

ENTRUSTED LOAN ARRANGEMENT

On 24 December 2013, Yalongwan, a wholly-owned subsidiary of the Company, as the lender entered into the Extension Agreement with the Borrower and the Bank as the lending agent pursuant to which the parties agreed to extend the term of the Entrusted Loan Agreement in relation to the Entrusted Loan in the principal amount of RMB55,000,000 (equivalent to HK\$69,740,000) for six months until 25 June 2014.

Entrusted Loan Agreement and the Extension Agreement

The major terms of the Entrusted Loan Agreement and the Extension Agreement are similar which are set out below.

Date of the Entrusted Loan Agreement

24 June 2013

Date of the Extension Agreement

24 December 2013

Parties

- (1) Yalongwan, 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 Bank is a bank in the PRC and is principally engaged in banking, financial and other financial related services.

The Borrower is a company incorporated 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 investment management and consultancy 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.

Interest rate

The interest rate for the Entrusted Loan under the Entrusted Loan Agreement is 12% per annum which shall be settled by the Borrower on a quarterly basis. The interest rate for the Entrusted Loan under the Extension Agreement remains 12% per annum which shall be settled by the Borrower on a monthly basis.

Term

The term of the Entrusted Loan under the Entrusted Loan Agreement commenced from 26 June 2013 and will end on 25 December 2013 while the term under the Extension Agreement commenced from 26 December 2013 and will end on 25 June 2014.

Handling charge by the Bank

The Bank charged a handling charge of 0.08% of the principal amount of the Entrusted Loan pursuant to the Entrusted Loan Agreement. Such handling charge was borne by the Borrower.

Security for the Entrusted Loan

In connection with the Entrusted Loan to the Borrower, Yalongwan has obtained or will obtain (i) a joint liability guarantee from a non wholly-owned subsidiary of the Borrower; (ii) a joint liability personal guarantee from an individual who actually controls the Borrower; and (iii) charges over two residential units located in Beijing and two levels of commercial units and car parks located in Beijing.

REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN ARRANGEMENT

The terms of the Entrusted Loan Agreement and the Extension 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 consider that the entrusted loan arrangement with respect to the Entrusted Loan 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 and the Extension 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 relevant applicable percentage ratios (as defined in the Listing Rules) for the Entrusted Loan (as extended) exceed 5% but are less than 25%, the Entrusted Loan (as extended) constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL

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.

DEFINITIONS

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

- “Bank” : Industrial Bank Co., Ltd. (興業銀行股份有限公司), Cangzhou branch, the lending agent of the Entrusted Loan
- “Borrower” : 天行九州控股有限公司 (unofficial English translation being Tianxing Jiuzhou Holding Co., Ltd.), a company incorporated in the PRC with limited liability, being the borrower in the Entrusted Loan
- “Company” : China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange
- “connected person(s)” : has the meaning ascribed thereto under the Listing Rules
- “Director(s)” : the director(s) of the Company
- “Entrusted Loan” : the loan in the amount of RMB55,000,000 made pursuant to the Entrusted Loan Agreement and the Extension Agreement
- “Entrusted Loan Agreement” : the entrusted loan agreement dated 24 June 2013 entered into between Yalongwan, the Bank and the Borrower in relation to the Entrusted Loan
- “Extension Agreement” : the extension agreement dated 24 December 2013 in relation to the extension of the term of the Entrusted Loan Agreement

“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
“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
“Yalongwan”	:	海南亞龍灣海底世界旅遊有限公司 (unofficial English translation as Hainan Yalongwan Undersea World Travel Co., Ltd.), a limited liability company incorporated in the PRC and a wholly owned subsidiary of the Company
“%”	:	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\$1.268. 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

24 December 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. Chang Qing, Mr. Lee Man Chun, Tony and Mr. Chan Sheung Lai.