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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)

PROPOSED ISSUE OF RMB600,000,000 4.5% BONDS DUE 2014

The Board is pleased to announce that on 11 May 2011, the Company entered into the Subscription Agreement with the Managers, whereby the Managers have agreed to subscribe and pay for or procure subscriptions and payment for the Bonds of RMB600,000,000. The Bonds are to be issued at 100% of the aggregate principal amount.

The estimated net proceeds of the Bonds Issue, after deduction of commissions, professional fees and other administrative expenses, are approximately RMB589,000,000. The net proceeds are currently intended to be used by the Company for general corporate purposes of the Group (including but not limited to development and expansion of the business of the Group and/or its mergers and acquisitions) and/or as general working capital of the Company or the Group, as applicable.

Completion of the Subscription Agreement, which is expected to take place on or around 19 May 2011, is subject to the satisfaction and/or waiver of the conditions precedent therein. In addition, the Subscription Agreement may be terminated under certain circumstances. Please refer to the paragraph headed “SUBSCRIPTION AGREEMENT” below for further information.

As the Bonds Issue may or may not complete, and therefore the Bonds may or may not be issued, Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

SUBSCRIPTION AGREEMENT

Date: 11 May 2011

Parties: (1) Company
(2) the Managers

Subject to the satisfaction of the conditions set out below under the section headed “Conditions Precedent of the Subscription Agreement”, the Managers have agreed to subscribe and pay for or procure subscriptions and payment for the Bonds of RMB600,000,000. The Bonds are to be issued at 100% of the aggregate principal amount.

The Bonds will be offered and sold to persons outside the United States in reliance upon Regulation S of the US Securities Act and to professional investors in Hong Kong and elsewhere (other than the United States). None of the Bonds will be offered to the public in Hong Kong and elsewhere.

To the best of the Directors’ knowledge, information and belief, the Managers are independent parties and are not connected persons (as defined in the Listing Rules) of the Company.

Conditions Precedent of the Subscription Agreement

The obligations of the Managers to subscribe and pay for the Bonds are conditional on, among other things:

- (i) the execution and delivery (on or before the Closing Date) of the Fiscal Agency Agreement by the Company as issuer and ABCI HK as the fiscal agent, principal paying agent, calculation agent and CMU lodging agent in relation to the Bonds Issue;
- (ii) the delivery to the Managers of legal opinions from PRC and Hong Kong counsels on or before the Closing Date; and
- (iii) up to and including the Closing Date, there shall not have occurred any change or any development or event likely to involve a prospective change, in the condition (financial or other), prospects, results of operations or general affairs of the Company, or of the Group taken as a whole, which, in the opinion of the Joint Lead Managers, is material and adverse in the context of the offering of the Bonds.

The Joint Lead Managers may at their discretion waive compliance with the whole or any part of the above conditions.

Termination

The Joint Lead Managers may, by notice to the Company given at any time prior to payment of the net subscription monies for the Bonds to the Company, terminate the Subscription Agreement in any of the following circumstances:

- (i) if there shall have come to the notice of the Joint Lead Managers any breach of, or any event rendering untrue or incorrect in any respect, any of the warranties and representations contained in the Subscription Agreement or any failure to perform any of the Company's undertakings or agreements in the Subscription Agreement; or
- (ii) if any of the conditions precedents of the Subscription Agreement has not been satisfied or waived by the Joint Lead Managers on or prior to the Closing Date, as the case may be; or
- (iii) if there shall have been in the Joint Lead Managers' opinion (after consultation with the Company, if practicable), since the date of the Subscription Agreement, any change, or any development involving a prospective change, in national or international monetary, financial, political or economic conditions (including any disruption to trading generally, or trading in any securities of the Company on any stock exchange or in any over-the-counter market) or currency exchange rates or foreign exchange controls (including any non-transferability, inconvertibility and illiquidity in respect of RMB) such as would, in the reasonable opinion of the Joint Lead Managers, likely prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market; or
- (iv) if, in the opinion of the Joint Lead Managers, there shall have occurred any of the following events:
 - (i) a suspension or a material limitation in trading in securities generally on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded; (ii) a suspension or a material limitation in trading in the Company's securities on the Stock Exchange and/or any other stock exchange on which the Company's securities are traded (save for any suspension of dealings in the securities of the Company for a period of not more than three business days pending publication of announcement(s) in respect of the issue of the Bonds); (iii) a general moratorium on commercial banking activities in the United States, Hong Kong, the PRC and/or United Kingdom declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in the United States, Hong Kong, the PRC or United Kingdom; or (iv) a change or development involving a prospective change in taxation affecting the Company, the Bonds or the transfer thereof; or
- (v) if, in the opinion of the Joint Lead Managers, there shall have occurred any event or series of events (including the occurrence of any local, national or international outbreak or escalation of disaster, hostility, insurrection, armed conflict, act of terrorism, act of God or epidemic) as would in their view be likely to prejudice materially the success of the offering and distribution of the Bonds or dealings in the Bonds in the secondary market.

Subject to the foregoing, the Bonds Issue is expected to be completed and issued on the Closing Date.

PRINCIPAL TERMS OF THE BONDS

The principal terms of the Bonds, which will be constituted by the Fiscal Agency Agreement are summarised as follows:

- (1) Issuer the Company
- (2) Principal amount The aggregate principal amount of the Bonds will be RMB 600,000,000.
- (3) Issue Price 100% of the aggregate principal amount of the Bonds
- (4) Interest The Bonds bear interest from and including 19 May 2011 at the rate of 4.5% per annum and such interest will be payable semi-annually in arrear on 19 November and 19 May in each year, commencing on 19 May 2011.
- (5) Maturity Unless previously redeemed or purchased and cancelled, the Company will repay 100% of the principal amount of the Bonds on the interest payment date falling in May 2014. The Bonds may not be redeemed at the option of the Company other than in accordance with the terms and conditions of the Bonds.
- (6) Redemption *Redemption for tax reasons*

The Bonds may be redeemed at the option of the Company in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable and shall specify the date fixed for redemption), at their principal amount, together with interest accrued to, but excluding, the date fixed for redemption, if (i) the Company has or will become obliged to pay additional amounts as provided or referred to in the Bond as a result of any change in, or amendment to, the laws or regulations of Hong Kong, the PRC or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a decision by a court of competent jurisdiction), which change or amendment becomes effective on or after the 19 May 2011; and (ii) such obligation cannot be avoided by the Company taking reasonable measures available to it, provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Company would be obliged to pay such additional amounts if a payment in respect of the Bonds were then due. Prior to the publication of any notice of redemption for such purposes, the Company shall deliver to the ABCI HK as fiscal agent: (a) a certificate signed by two directors of the Company stating that the Company is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Company so to redeem have occurred; and (b) an opinion of independent legal or tax advisers of recognised standing to the effect that that the Company has or will become obliged to pay such additional amounts as a result of such change or amendment. Upon the expiry of any such notice as is above referred, the Company shall be bound to redeem the Bonds in accordance with the terms and conditions therein.

Purchase

The Company and its subsidiaries may at any time purchase Bonds in the open market or otherwise at any price (provided that they are purchased together with all unmatured coupons relating to them).

- (7) Taxation Payments of principal and interest in respect of the Bonds will be made without deduction or withholding for any present or future taxes imposed by taxing authorities in Hong Kong and the PRC unless such deduction or withholding is required by law, in which event, the Company will pay such additional amounts as will result in the payment to the Bondholders of the amounts which would otherwise have been receivable, had no such deduction or withholding been required.
- (8) Clearance and Settlement The Bonds will be issued in bearer form and represented by a global bond deposited with a sub-custodian for the CMU.
- (9) Denomination The denomination of the Bonds is RMB 1,000,000 each.
- (10) Ranking of the Bonds The Bonds constitute senior, direct, unsubordinated, unconditional and unsecured obligations of the Company and will rank pari passu among themselves and at least pari passu in right of payment with all other present and future unsecured obligations of the Company, subject as described in the conditions of the Bonds and other than those provided by mandatory provisions of applicable law.

LISTING

The Bonds will not be listed on any stock exchange.

USE OF PROCEEDS

The estimated net proceeds of the Bonds Issue, after deduction of commissions, professional fees and other administrative expenses, are approximately RMB589,000,000. The net proceeds are currently intended to be used by the Company for general corporate purposes of the Group (including but not limited to development and expansion of the business of the Group and/or its mergers and acquisitions) and/or as general working capital of the Company or the Group, as applicable.

REASONS FOR AND BENEFITS OF THE BONDS ISSUE

The Company is principally engaged in property development, property investment including industrial and logistic land resources development, financial leasing and trading of coal.

The Bonds Issue will raise immediate funds for the Company which can be used for the purpose of expanding and strengthening its business. The Company seeks to capitalise on the current interest rate environment and the current market environment for bond issues to raise capital to facilitate further development and expansion of the Group. The Directors are of the view that the terms of the Bonds are fair and reasonable and are in the interest of the Group, and consider that the issue of the Bonds will provide the capital to facilitate the development and expansion of the Company's operations.

GENERAL

The Company will promptly notify the Stock Exchange if it becomes aware of any dealings in the Bonds by any connected person (as defined in the Listing Rules) of the Company.

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DEFINITIONS

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

“ABCI HK”	Agricultural Bank of China Limited Hong Kong Branch
“ABCI Capital”	ABCI Capital Limited
“Board”	the board of Directors
“Bondholder(s)”	holder(s) of the Bonds from time to time
“Bonds”	the RMB 600,000,000 4.5% bonds due in 2014 to be issued by the Company
“Bonds Issue”	the issue of the Bonds by the Company
“Closing Date”	19 May 2011, or such other date, as the Company and the Joint Lead Managers may agree
“CMU”	Central Moneymarkets Unit service operated by the HKMA
“Co-Lead Managers”	The Bank of East Asia, Limited, Wing Lung Bank Limited and China Merchants Securities (HK) Co., Ltd.
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability, the ordinary shares of which are listed on the main board of the Stock Exchange
“Director(s)”	director(s) of the Company
“Fiscal Agency Agreement”	the fiscal agency agreement to be entered into between the Company and ABCI HK in relation to the Bonds Issue

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKMA”	Hong Kong Monetary Authority
“Joint Lead Managers”	ABCI HK and ABCI Capital
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Managers”	the Joint Lead Managers and the Co-Lead Managers
“PRC”	the People’s Republic of China and excluding, only for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Act”	the United States Securities Act of 1933, as amended
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subscription Agreement”	the subscription agreement dated 11 May 2011 entered into between the Company and the Managers in relation to the Bonds Issue
“United States” or “U.S.”	the United States of America
“%”	per cent

By order of the Board
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

Hong Kong, 11 May 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, the non-executive Directors are Mr. Gu Laiyun and Ms. Xu Zhen and the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Ba Shusong.