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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 –
FINANCE LEASE ARRANGEMENT
AND FACTORING ARRANGEMENT**

On 30 March 2012, Chengtong Financial Leasing, an indirect wholly-owned subsidiary of the Company, entered into the Finance Lease Agreement with the Lessee whereby Chengtong Financial Leasing has agreed to purchase the Equipment from the Lessee and then lease the Equipment back to Lessee for a term of five years, with an option to the Lessee to purchase the Equipment within 20 working days after the expiry of the five year period provided that the Lessee has not been in breach of the terms of the Finance Lease Agreement during the said five year period. As a collateral security for the Finance Lease Arrangement, the Guarantor has entered into the guarantee in favour of Chengtong Financial Leasing.

On 30 March 2012 concurrent with the signing of the Finance Lease Agreement, Chengtong Financial Leasing entered into (i) the Factoring Agreement with the Bank pursuant to which Chengtong Financial Leasing has agreed to assign the entire sum receivable under the Finance Lease Agreement (other than the Handling Fee) to the Bank; and (ii) the Mortgage Agreement with the Bank to mortgage the Equipment in favour of the Bank to secure Chengtong Financial Leasing's obligations under the Factoring Agreement.

The Handling Fee amounts to RMB4.5 million (equivalent to approximately HK\$5.5 million).

The transactions contemplated under the Finance Lease Arrangement and the Factoring Arrangement constitute a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

FINANCE LEASE ARRANGEMENT

Finance Lease Agreement

Date

30 March 2012

Parties

Lessor : Chengtong Financial Leasing

Lessee : The Lessee

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiry, the Lessee and its ultimate beneficial owners are Independent Third Parties, and the Lessee is mainly engaged in the manufacturing and processing of glass.

Subject matter

Subject to the fulfillment of certain conditions as more particularly set out in the Finance Lease Agreement, including but not limited to the payment of the Handling Fee as described below, the depositing of the Security Amount as described below, the obtaining of all necessary approvals by the Lessee in relation to the Finance Lease Arrangement and the provision of the guarantee by the Guarantor as mentioned in the paragraph headed "Guarantee" below, Chengtong Financial Leasing will purchase the Equipment from the Lessee at the consideration of RMB90 million (equivalent to HK\$109.8 million), and the Equipment will be leased back to the Lessee for a period of five years from the date on which the consideration for the purchase of the Equipment is paid by Chengtong Financial Leasing to the Lessee.

If the above conditions are not satisfied before 30 April 2012, Chengtong Financial Leasing shall have the right to terminate the Finance Lease Agreement and both Chengtong Financial Leasing and the Lessee shall be released from all obligations under the Finance Lease Agreement.

Consideration for the purchase of the Equipment

The consideration for the purchase of the Equipment of RMB90 million (equivalent to HK\$109.8 million) was agreed between Chengtong Financial Leasing and the Lessee with reference to the original purchase costs and the age of the Equipment. Such consideration will be paid by the Group with its internal resources.

Lease payment

The lease period under the Finance Lease Arrangement is five years and the aggregate lease payments over such five year period is approximately RMB110.8 million (equivalent to approximately HK\$135.2 million). The Lessee will make the lease payments to Chengtong Financial Leasing in 10 semi-annual installments. The aggregate lease payment amount is determined after arm's length negotiations between Chengtong Financial Leasing and the Lessee with reference to the consideration for the purchase of the Equipment and the prevailing People's Bank benchmark lending rate, with a 20% premium.

The Lessee is required to open a security sum bank account (保證金賬戶) in a bank designated by Chengtong Financial Leasing and deposit to such account an amount of approximately RMB5.5 million (equivalent to approximately HK\$6.7 million) as security amount of the Lessee's performance under the Finance Lease Arrangement (“**Security Amount**”). Subject to the fulfillment of all obligations of the Lessee under the Finance Lease Arrangement, the Security Amount can be applied towards the repayment of a pro tanto amount comprised in the last semi-annual lease payment.

Handling fee

The Lessee is required to pay to Chengtong Financial Leasing a non-refundable handling fee (“**Handling Fee**”) of RMB4.5 million (equivalent to approximately HK\$5.5 million) under the Finance Lease Arrangement on the second working day after the signing of the Finance Lease Agreement.

Option to purchase Equipment at nominal purchase price

Within 20 working days after the expiry of the lease term of the Finance Lease Agreement, the Lessee has an option to purchase the Equipment at a nominal purchase price of RMB10,000 (equivalent to approximately HK\$12,200) provided that the Lessee has not been in breach of the terms of the Finance Lease Agreement during the lease term.

Guarantee

The Guarantor, which is a large-scale state-owned enterprise principally invested in the glass production and processing industry, will provide a guarantee (“**Guarantee**”) in favour of Chengtong Financial Leasing for the lease payments or other payables by the Lessee under the Finance Lease Agreement. The Guarantee is irrevocable and continuing in nature. The Guarantor is the holding company of the Lessee.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiry, the Guarantor and its ultimate beneficial owners are Independent Third Parties.

FACTORING ARRANGEMENT

Factoring Agreement and the Mortgage Agreement

On 30 March 2012 concurrent with the signing of the Finance Lease Agreement, Chengtong Financial Leasing entered into the Factoring Agreement and the Mortgage Agreement with the Bank.

Pursuant to the Factoring Agreement, (i) Chengtong Financial Leasing will assign the entire sum receivable under the Finance Lease Agreement (other than the Handling Fee) to the Bank at a consideration of approximately RMB95.6 million (equivalent to approximately HK\$116.6 million); and (ii) Chengtong Financial Leasing will be required to pay to the Bank a factoring fee of approximately RMB5.6 million (equivalent to approximately HK\$6.8 million). The consideration to be received by Chengtong Financial Leasing under the Factoring Agreement was determined by Chengtong Financial Leasing and the Bank with reference to a factoring line of RMB112 million and an agreed factoring discount rate while the factoring fee represented approximately 5.0% of the factoring line. Given that the net amount to be received by Chengtong Financial Leasing under the Factoring Arrangement is RMB90 million, the Group is not expected to record any gain or loss in connection with the entering into of the Factoring Agreement.

The Factoring Agreement is non-recourse in nature.

To secure the performance of Chengtong Financial Leasing's obligations under the Factoring Agreement, Chengtong Financial Leasing has mortgaged all the Equipment acquired under the Finance Lease Agreement in favour of the Bank pursuant to the Mortgage Agreement.

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. The Bank is a licensed bank in the PRC and is principally engaged in banking, financial and other financial related services.

Under the arrangement as described under the preceding paragraphs, the credit risks and rewards under the Finance Lease Arrangement (other than the right to receive the Handling Fee) would, in substance, be assigned to the Bank and the Bank would become the mortgagee of the Equipment and the beneficiary of the Guarantee. Chengtong Financial Leasing will no longer bear the credit risk of the Lessee.

REASONS FOR AND BENEFITS OF THE FINANCE LEASE ARRANGEMENT AND THE FACTORING ARRANGEMENT

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

The entering into of the Finance Lease Arrangement and the Factoring Arrangement are in the ordinary and usual course of business of Chengtong Financial Leasing. By entering into of the non-recourse Factoring Arrangement concurrent with the Finance Lease Agreement, the credit risk of any default of any lease payment by the Lessee under the Finance Lease Arrangement will not be borne by the Group.

Taking all the transactions contemplated under the Finance Lease Arrangement and the Factoring Arrangement as a whole, the Directors consider that the terms of the Finance Lease Arrangement and the Factoring Arrangement are fair and reasonable and are in the interests of the Company and the shareholders of the Company as a whole.

Given that the Finance Lease Arrangement and the Factoring Arrangement are entered into concurrently, and as explained above, the consideration for the purchase of the Equipment will be funded, in substance, by the funds of the Bank pursuant to the Factoring Agreement. As such, other than the recognition of the Handling Fee in the Group's income statement, the Group will not recognise any assets and liabilities in respect of the Finance Lease Arrangement in its books of accounts.

IMPLICATION UNDER THE LISTING RULES

The transactions contemplated under the Finance Lease Arrangement and the Factoring Arrangement constitute a discloseable transaction for the Company under the Listing Rules and is subject to the notification and announcement requirements set out in Rule 14.34 of the Listing Rules.

DEFINITIONS

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

“Bank”	Bank of Communications Co., Ltd. (交通銀行股份有限公司), Qingdao branch, the factoring bank of the Factoring Agreement
“Board”	the board of Directors
“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
“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
“Director(s)”	the director(s) of the Company

“Equipment”	glass furnace, tin bath, weighting and mixing control system and other facilities related to glass making activity
“Factoring Agreement”	the non-recourse factoring agreement dated 30 March 2012 entered into between Chengtong Financial Leasing and the Bank relating to the factoring the lease receivables under the Finance Lease Arrangement
“Factoring Arrangement”	the assignment of the entire sum receivable under the Finance Lease Arrangement (other than the Handling Fee) by Chengtong Financial Leasing to the Bank pursuant to the Factoring Agreement
“Finance Lease Agreement”	the agreement dated 30 March 2012 between Chengtong Financial Leasing and the Lessee in relation to the Finance Lease Arrangement
“Finance Lease Arrangement”	the purchase of the Equipment by Chengtong Financial Leasing and the lease of the Equipment to the Lessee pursuant to the terms of the Finance Lease Agreement
“Guarantor”	中建材玻璃公司 (unofficial English translation being China Building Material Glass Company), a company incorporated in the PRC
“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
“Independent Third Part(ies)”	any person who himself is, and (in the case of corporate entity) its ultimate beneficial owners are, to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, third parties independent of the Company and its connected persons

“Lessee”	河南省中聯玻璃有限責任公司 (unofficial English translation being Henan Province Zhong Lian Glass Company Limited), a company incorporated in the PRC with limited liability
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mortgage Agreement”	the mortgage agreement dated 30 March 2012 entered into between Chengtong Financial Leasing and the Bank relating to the mortgage of the Equipment in favour of the Bank acquired by Chengtong Financial Leasing under the Finance Lease Agreement
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“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
“%”	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\$1.22. 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, 1 April 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.