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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)**

### **MAJOR TRANSACTION ENTRUSTED LOAN ARRANGEMENT**

Pursuant to the Entrusted Loan Arrangement, Chengtong DT instructed the Bank to act as a lending agent to, inter alia, release a loan in the principal amount of RMB200,000,000 (equivalent to HK\$244,000,000), which will be funded by the Group, to the Borrower.

The Entrusted Loan Arrangement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Entrusted Loan Arrangement, written shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Controlling Shareholder, holding 2,286,343,570 issued Shares of, representing approximately 54.9% of the issued share capital of, the Company as at the date of this announcement, has given its written approval in respect of the Entrusted Loan Arrangement. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Entrusted Loan Arrangement.

### **ENTRUSTED LOAN AGREEMENTS**

The major terms of the Entrusted Loan Agreements are set out below.

## **Date**

23 April 2012 (after trading hours)

## **Parties**

- (1) Chengtong DT (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 Borrower is a company established 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 operation of restaurant and catering services 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.

### *Entrusted Loan Arrangement*

Chengtong DT instructed the Bank to act as a lending agent to, inter alia, release a loan in the principal amount of RMB200,000,000 (equivalent to HK\$244,000,000), which will be funded by the Group, to the Borrower.

The interest rate for the Entrusted Loan is 16% per annum. Interests for the Entrusted Loan shall be settled by the Borrower on a quarterly basis.

### *Term*

The Entrusted Loan will be for a term of one year and the actual commencement date shall base on the drawdown record of the Entrusted Loan.

### *Early repayment by the Borrower*

With the written consent of Chengtong DT, the Borrower may early repay the principal amount of the Entrusted Loan in whole or in part during the term.

### *Handling charges by the Bank*

The Bank will receive handling charges of 0.1% of the principal amount of the Entrusted Loan which will be borne by the Borrower.

## **SECURITY FOR THE ENTRUSTED LOAN**

In connection with the provision of the Entrusted Loan to the Borrower, Chengtong DT will obtain or has obtained (i) a joint liability personal guarantee from an individual who is the controlling shareholder and ultimate controller of the Borrower; (ii) a joint liability guarantee from a company owned by the relatives of the ultimate controller of the Borrower; and (iii) charges over the Land and Buildings as security for the repayment of the Entrusted Loan.

## **REASONS FOR AND BENEFITS OF THE ENTRUSTED LOAN ARRANGEMENT**

The terms of the Entrusted Loan Agreements, 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 considered that the China's monetary policy has been tightened leading to a high financing demand in the market. With a view to raising the return on capital and considering that the high interest rate market will not stay on hold in the long term, the Directors consider that the Entrusted Loan Arrangement 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 Agreements 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**

The Entrusted Loan Arrangement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to Shareholders' approval under Rule 14.40 of the Listing Rules. Since no Shareholder would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Entrusted Loan Arrangement, written shareholder's approval may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Controlling Shareholder, holding 2,286,343,570 issued Shares of, representing approximately 54.9% of the issued share capital of, the Company as at the date of this announcement, has given its written approval in respect of the Entrusted Loan Arrangement. Accordingly, no extraordinary general meeting of the Company will be convened for the purposes of approving the Entrusted Loan Arrangement.

A circular containing, among others, details of the Entrusted Loan Agreements and other financial information of the Group is expected to be despatched to the Shareholders on or before 30 June 2012, taking into account the time expected to be required for the preparation of the financial information of the Group for inclusion in the circular.

## **GENERAL**

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

## **DEFINITIONS**

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

- “associate(s)” : has the meaning ascribed thereto under the Listing Rules
- “Bank” : Shenzhen Development Bank Co., Ltd. (深圳發展銀行股份有限公司), Beijing Guanyuan branch (北京官園支行), the lending agent of the Entrusted Loan
- “Borrower” : 北京新世紀金悅酒店管理有限公司 (unofficial English translation as Beijing New Century Jin Yue Hotel Management Co., Ltd.), a company incorporated in the PRC with limited liability, being the borrower in the Entrusted Loan Arrangement
- “Company” : China Chengtong Development Group Limited, a company incorporated in Hong Kong and the Shares of which are listed on the Stock Exchange
- “connected person(s)” : has the meaning ascribed thereto under the Listing Rules
- “Chengtong DT” : 誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Company Limited), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company

“Controlling Shareholder”	World Gain Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which, as at the date of this announcement, holds 2,286,343,570 Shares, representing approximately 54.9% of the issued share capital of the Company. World Gain Holdings Limited is a controlling shareholder of the Company within the meaning of the Listing Rules
“Director(s)”	: the director(s) of the Company
“Entrusted Loan”	: the loan in the amount of RMB200,000,000 to be made pursuant to the Entrusted Loan Agreements
“Entrusted Loan Agreements”	: the entrusted loan entrusted agreement dated 23 April 2012 entered into between Chengtong DT and the Bank; and the loan agreement dated 23 April 2012 entered into between the Bank and the Borrower, all related to the Entrusted Loan Arrangement
“Entrusted Loan Arrangement”	: the provision of the Entrusted Loan by Chengtong DT, through the Bank, to the Borrower
“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
“Land and Buildings”	: certain residential units located in Beijing and Hainan and a piece of land located in Beijing owned by certain relatives (or companies owned by them) of the ultimate controller of the Borrower
“Listing Rules”	: the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	: 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
“%”	:	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, 23 April 2012

*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 and the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Ba Shusong.*