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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **China Chengtong Development Group Limited**, you should at once hand this circular accompanying with the form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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 GRANTING OF GENERAL MANDATES TO REPURCHASE
SHARES AND TO ISSUE NEW SHARES OF THE COMPANY;
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
RE-ELECTION OF DIRECTORS;
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Boardroom 5, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 27 June 2013 at 10:00 a.m. is set out on pages AGM-1 to AGM-5 of this circular.

Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong. Completion and return of the form of proxy will not preclude you from attending and voting at the meeting or any adjournment thereof should you so wish.

28 May 2013

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DEFINITIONS

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

“Annual General Meeting”	the annual general meeting of the Company to be held at Boardroom 5, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 27 June 2013 at 10:00 a.m. and any adjournment thereof, the notice of which is set out on pages AGM-1 to AGM-5 of this circular
“Articles”	the articles of association of the Company, as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Auditors”	auditors of the Company
“Board”	the board of Directors
“business day(s)”	any day on which the Stock Exchange is open for the business of dealing in securities
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong), as amended from time to time
“Company”	China Chengtong Development Group Limited (中國誠通發展集團有限公司), 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 to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Eligible Employee”	any employee (whether full time or part time, including any executive Director but excluding any non-executive Director) of, or any individual for the time being seconded to work for, the Company, any subsidiary or any Invested Entity or any employee or officer of the controlling Shareholder (as defined in the Listing Rules)

DEFINITIONS

“Eligible Participant(s)”	<p>the persons who may be invited by the Directors to take up Options including:</p> <ul style="list-style-type: none">(a) any Eligible Employee;(b) any non-executive Director (including independent non-executive Directors) of the Company, any subsidiary of the Company or any Invested Entity;(c) any supplier of goods or services to any member of the Group or any Invested Entity;(d) any customer of the Group or any Invested Entity;(e) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;(f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity;(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and(h) any joint venture or business partner of any member of the Group who have contributed or may contribute to the development and growth of the Group
“Existing Share Option Scheme”	<p>the existing share option scheme adopted by the Company on 24 June 2003</p>
“Extension Mandate”	<p>a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate</p>
“Group”	<p>the Company and its subsidiaries from time to time</p>

DEFINITIONS

“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Inside Information”	has the meaning defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time
“Invested Entity”	any entity in which any member of the Group holds any equity interest
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution
“Latest Practicable Date”	24 May 2013, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Share Option Scheme”	the new share option scheme proposed to be adopted by the Company at the Annual General Meeting for the benefit of the Group, its employees, Directors, subsidiaries and other Eligible Participants, the principal terms of the rules of which is set out in Appendix II to this circular
“Offer”	an offer for the grant of an Option made in accordance with the New Share Option Scheme
“Offer Date”	the date, which must be a business day, on which an Offer is made to an Eligible Participant
“Option(s)”	as the context may require, any option(s) granted or (as the case may be) to be granted to Eligible Participant(s) to subscribe for Share(s) under the Existing Share Option Scheme or, after its termination, under the New Share Option Scheme

DEFINITIONS

“Option Period”	in respect of any particular Option, a period (which may not expire later than 10 years from the Offer Date of that Option) to be determined and notified by the Directors to the grantee thereof and, in the absence of such determination, from the Offer Date to the earlier of (i) the date on which such Option lapses under the provisions of the New Share Option Scheme; and (ii) 10 years from the Offer Date of that Option
“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase Shares, the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



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)

Executive Directors:

Zhang Guotong (*Chairman*)

Yuan Shaoli (*Vice Chairman*)

Wang Hongxin (*Managing Director*)

Wang Tianlin

*Registered address and principal place of
the business in Hong Kong:*

Suite 6406, 64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

Independent non-executive Directors:

Tsui Yiu Wa, Alec

Kwong Che Keung, Gordon

Chang Qing

28 May 2013

To the Shareholders

Dear Sir or Madam

**PROPOSED GRANTING OF GENERAL MANDATES TO REPURCHASE
SHARES AND TO ISSUE NEW SHARES OF THE COMPANY;
PROPOSED ADOPTION OF NEW SHARE OPTION SCHEME;
AND
RE-ELECTION OF DIRECTORS**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for (i) the granting of the Repurchase Mandate to the Directors; (ii) the granting of the Issue Mandate to the Directors; (iii) the extension of the Issue Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate; (iv) the proposed adoption of the New Share Option Scheme; and (v) the re-election of Directors.

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF GENERAL MANDATES

At the annual general meeting of the Company held on 21 June 2012, ordinary resolutions were passed to, among other things, grant the general mandates to the Directors (i) to repurchase Shares, the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company on 21 June 2012; and (ii) to allot, issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on 21 June 2012.

As at the Latest Practicable Date, no Shares had been issued pursuant to the general issue mandate granted to the Board on 21 June 2012.

These general mandates will lapse at the conclusion of the Annual General Meeting.

Repurchase Mandate

At the Annual General Meeting, an ordinary resolution will be proposed in respect of the granting to the Directors of the Repurchase Mandate, in the terms set out in the notice of the Annual General Meeting, to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution.

Issue Mandate

At the Annual General Meeting, an ordinary resolution will also be proposed to grant a general mandate to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the relevant resolution, equivalent to 968,146,955 Shares based on the total issued capital of the Company as at the Latest Practicable Date and assuming that the issued share capital of the Company remains unchanged up to the date of the Annual General Meeting.

Extension Mandate

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued Shares as at the date of the grant of the Repurchase Mandate) will be added to the total number of Shares which may be allotted and issued under the Issue Mandate.

The Repurchase Mandate and the Issue Mandate will continue in force during the period ended on the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date upon which such authority is revoked or varied at a general meeting of the Shareholders; and (iii) the date by which the next annual general meeting of the Company is required to be held by laws or the Articles. With reference to the Repurchase Mandate and the Issue Mandate, the Directors wish to state that they have no immediate plan to repurchase or issue any Shares pursuant thereto.

LETTER FROM THE BOARD

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in the Appendix I to this circular.

3. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME

New Share Option Scheme

The adoption date of the Existing Share Option Scheme was 24 June 2003. Pursuant to the terms of the Existing Share Option Scheme, it shall be valid and effective only until 23 June 2013, being 10 years after the adoption date of the Existing Share Option Scheme. After the expiry of the Existing Share Option Scheme, no further Options shall be offered pursuant to the Existing Share Option Scheme but the Existing Share Option Scheme shall in all other respects remain in force to the extent necessary to give effect to the exercise of any outstanding Options granted prior to its termination. The existing Options shall continue to be valid and exercisable in accordance with the terms of the Existing Share Option Scheme.

As at the Latest Practicable Date, no Options granted under the Existing Share Option Scheme remained outstanding.

The Board proposes to adopt the New Share Option Scheme pursuant to Chapter 17 of the Listing Rules, and a resolution will be proposed at the Annual General Meeting for the adoption of the New Share Option Scheme.

The Directors consider that the New Share Option Scheme will continue to enable the Group to reward its employees, Directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high calibre professionals, executives and employees who are instrumental to the growth and development of the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an Option must be held before an Option can be exercised on a case by case basis, and that the exercise price of an Option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an Option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the Options granted.

Pursuant to the terms of the New Share Option Scheme, the Board shall have the right to determine and select Eligible Participants to whom the Options shall be granted. The eligibility of any of the Eligible Participants to an Offer shall be determined by the Directors from time to time on the basis of their contribution to the development and growth of the Group.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 4,840,734,776 Shares in issue. Assuming that there is no change in the issued share capital of the Company between the period from the Latest Practicable Date and the date of the adoption of the New Share Option Scheme, the initial maximum number of Shares that may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option schemes of the Company (including the Existing Share Option Scheme) will be 484,073,477 Shares, being 10% of the Company's issued share capital as at the date of approval of the New Share Option Scheme by the Shareholders at the Annual General Meeting, which maximum number may however be refreshed as detailed in paragraph (3) of Appendix II to this circular provided that the maximum number of Shares in respect of which Options may be granted under the New Share Option Scheme together with any Options outstanding and yet to be exercised under the New Share Option Scheme and any other share option schemes shall not exceed 30% of the issued share capital of the Company from time to time.

None of the Directors is a trustee of the New Share Option Scheme nor has a direct or indirect interest in the trustee. With respect to the operation of the New Share Option Scheme, the Company will, where applicable, comply with the relevant requirements under Chapter 17 of the Listing Rules.

Unless otherwise determined by the Directors and stated in the Offer to a grantee, there is no performance target and no minimum period for which an Option must be held before it can be exercised under the New Share Option Scheme. The subscription price for Shares on the exercise of Options under the New Share Option Scheme as determined by the Board, subject to any adjustments made pursuant to the New Share Option Scheme, shall be no less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date; (ii) the average closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

Value of Options that can be granted under the New Share Option Scheme

The Directors consider that it is not appropriate to state the value of all Options that can be granted pursuant to the New Share Option Scheme as if they had been granted on the Latest Practicable Date. The Directors believe that any statement regarding the value of the Options as at the Latest Practicable Date prior to the approval of the New Share Option Scheme at the Annual General Meeting will not be meaningful to the Shareholders, since the Options will be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement so to do. In addition, the calculation of the value of the Options is based on a number of variables such as exercise price, exercise period, interest rate, expected volatility and other relevant variables. As Options have not been granted under the New Share Option Scheme, certain variables are not available for calculating the value of the Options. The Directors believe that any calculation of the value of the Options as at the Latest Practicable Date based on a great number of speculative assumptions would not be meaningful and would even be misleading to the Shareholders.

LETTER FROM THE BOARD

Conditions of the adoption of the New Share Option Scheme

The adoption of the New Share Option Scheme is conditional upon:

- (a) the listing committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares which may fall to be allotted and issued upon the exercise of Options in accordance with the terms and conditions of the New Share Option Scheme (up to 10% of the Shares in issue as at the date of the Annual General Meeting); and
- (b) the passing of the necessary resolution of the Shareholders at the Annual General Meeting to approve and adopt the New Share Option Scheme.

General

The principal terms of the rules of New Share Option Scheme which is proposed to be approved and adopted by the Company at the Annual General Meeting is set out in the Appendix II to this circular on pages 10 to 19. A copy of the rules of the New Share Option Scheme is available for inspection at the Company's registered address in Hong Kong at Suite 6406, 64/F., Central Plaza, 18 Harbour Road, Wanchai, Hong Kong during normal business hours for the period from 28 May 2013 to 26 June 2013 (inclusive of both dates) and at the Annual General Meeting.

There is no major difference between the terms of the Existing Share Option Scheme and the New Share Option Scheme. The differences are mainly the necessary modifications made pursuant to the Listing Rules.

Application will be made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme (up to 10% of the Shares in issue as at the date of the Annual General Meeting).

As at the Latest Practicable Date, no Option had been granted or agreed to be granted under the New Share Option Scheme.

4. RE-ELECTION OF DIRECTORS

In accordance with Article 105 of the Articles and in compliance with code provision A.4.2 of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, Mr. Yuan Shaoli, Mr. Wang Hongxin and Mr. Wang Tianlin will retire as Directors by rotation and shall be eligible for re-election. In accordance with Article 96 of the Articles, Mr. Chang Qing will hold office only until the Annual General Meeting and shall then be eligible for re-election. Each of Mr. Yuan Shaoli, Mr. Wang Hongxin, Mr. Wang Tianlin and Mr. Chang Qing, being eligible, offers themselves for re-election as Directors at the Annual General Meeting. Brief biographical details of them are set out in Appendix III to this circular.

LETTER FROM THE BOARD

5. ACTIONS TO BE TAKEN

The notice for the Annual General Meeting is contained in this circular and a form of proxy for use at the Annual General Meeting is enclosed with this circular. Whether or not Shareholders intend to attend the Annual General Meeting (or any adjournment thereof), they are requested to complete the accompanying form of proxy and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting if they so wish.

No Shareholder is required to abstain from voting at the Annual General Meeting under the Listing Rules. All the resolutions put to vote at the Annual General Meeting will be decided by way of poll as required by the Listing Rules.

6. VOTING BY POLL

Pursuant to the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. After the conclusion of the Annual General Meeting, the results of the poll will be published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.irasia.com/listco/hk/chengtong).

7. RECOMMENDATION

The Directors consider that the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate, the proposed adoption of the New Share Option Scheme and the re-election of Directors are all in the interests of the Company and the Shareholders and so recommend the Shareholders to vote in favour of all resolutions to be proposed at the Annual General Meeting.

8. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

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

The following explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules to enable the Shareholders to make an informed decision on whether to vote for or against the resolution to approve the grant of the Repurchase Mandate to the Directors.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules allow companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange or any other stock exchange on which the securities of the company may be listed and which have been recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by passing an ordinary resolution at a general meeting, either by way of a general repurchase mandate or by specific approval granted to a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were a total of 4,840,734,776 Shares in issue.

Subject to the passing of the proposed resolution concerning the granting of the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed to repurchase up to 484,073,477 Shares under the Repurchase Mandate.

3. REASONS FOR THE REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders which enables the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares may be listed. Share repurchases may, depending on the then market conditions and funding arrangements, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASES

Repurchases would be financed by the funds that are legally available for such purposes in accordance with the memorandum and Articles of the Company and the laws of Hong Kong.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might materially impact on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2012, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company unless the Directors consider that such purchases are in the best interests of the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange in each of the 12 calendar months immediately preceding the Latest Practicable Date were as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2012		
May	0.305	0.260
June	0.290	0.255
July	0.340	0.280
August	0.360	0.275
September	0.320	0.280
October	0.310	0.275
November	0.295	0.220
December	0.310	0.228
2013		
January	0.325	0.265
February	0.325	0.265
March	0.325	0.260
April	0.295	0.246
May (up to the Latest Practicable Date)	0.305	0.275

6. THE TAKEOVERS CODE AND MINIMUM PUBLIC FLOAT

If a Shareholder's proportionate interest in the voting rights of the Company increases as a result of the Company's exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be deemed as an acquisition for the purposes of Rule 32 of the Takeovers Code. As such, a Shareholder or group of Shareholders acting in concert (as defined under the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, World Gain Holdings Limited, the Company's holding company was interested in 2,963,626,119 Shares, representing approximately 61.22% of the total issued share capital of the Company. The entire issued share capital of World Gain Holdings Limited is beneficially owned by China Chengtong Hong Kong Company Limited ("CCHK") and the entire issued share capital of which is beneficially owned by China Chengtong Holdings Group Limited ("CCHG"). On the basis that there are no further issue or repurchase of Shares during the period from the Latest Practicable Date up to and including the date of the Annual General Meeting, the beneficial interests of World Gain Holdings Limited in the issued share capital of the Company would be increased to approximately 68.02% if the Repurchase Mandate is exercised in full. The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of any repurchase of Shares made under the Repurchase Mandate, nor do the Directors intend to exercise the Repurchase Mandate in full.

In the event that the Repurchase Mandate to repurchase Shares is exercised in full, the number of Shares held by the public would not fall below 25%.

7. SHARE REPURCHASES BY THE COMPANY

The Company did not purchase any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

8. GENERAL

None of the Directors nor (to the best of their knowledge after having made all reasonable enquiries) any of their associates currently intend to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as relevant rules are applicable, they will only exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

No connected persons of the Company has notified the Company of his/her present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted.

The following is the principal terms of the rules of the New Share Option Scheme proposed to be adopted at the Annual General Meeting:

(1) PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is to enable the Group to grant Options to the Eligible Participants as incentives or rewards for their contribution to the Group and/or to enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any Invested Entity.

(2) WHO MAY JOIN

The Directors (which expression shall, for the purpose of this Appendix, include a duly authorised committee thereof) may subject to the provisions of the New Share Option Scheme and the Listing Rules, invite any person belonging to any of the following classes of participants, to take up Options to subscribe for Shares:

- (a) any Eligible Employee;
- (b) any non-executive Director (including independent non-executive Directors) of the Company, any of its subsidiaries or any Invested Entity;
- (c) any supplier of goods or services to any member of the Group or any Invested Entity;
- (d) any customer of the Group or any Invested Entity;
- (e) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- (f) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued or proposed to be issued by any member of the Group or any Invested Entity;
- (g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (h) any joint venture or business partner of any member of the Group who have contributed or may contribute to the development and growth of the Group;

and, for the purposes of the New Share Option Scheme, the Options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of Eligible Participants or any discretionary object of an Eligible Participant which is a discretionary trust. For the avoidance of doubt, the grant of any option by the Company for the subscription of Shares or other securities of the Group to any person who fall within any of the above classes of Eligible Participants shall not, by itself, unless the Directors otherwise determined, be construed as a grant of Option under the New Share Option Scheme.

The basis of eligibility of any of the Eligible Participants to the grant of any Option shall be determined by the Directors from time to time on the basis of the Directors' opinion as to his/her contribution to the development and growth of the Group and any Invested Entity.

(3) MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- (a) The maximum number of Shares which may be allotted and issued upon exercise of all outstanding Options granted and yet to be exercised under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the issued share capital of the Company (or the subsidiaries) in issue from time to time.
- (b) The total number of Shares which may be allotted and issued upon exercise of all Options (excluding, for this purpose, Options which have lapsed in accordance with the terms of the rules of the New Share Option Scheme and any other share option scheme of the Group) to be granted under the New Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the Shares in issue at the day on which the New Share Option Scheme is adopted, which is 484,073,477 Shares (assuming there will be no change in the number of issued Shares between the Latest Practicable Date and the date of approval of the New Share Option Scheme) ("General Scheme Limit").
- (c) Subject to (a) above and without prejudice to (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all Options to be granted under the New Share Option Scheme and any other share option scheme of the Group must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit and for the purpose of calculating the refreshed limit, Options (including those outstanding, cancelled, lapsed or exercised in accordance with the New Share Option Scheme and any other share option scheme of the Group) previously granted under the Existing Share Option Scheme and any other share option scheme of the Group will not be counted. The circular to be sent by the Company to the Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

- (d) Subject to (a) above and without prejudice to (c) above, the Company may seek separate Shareholders' approval in general meeting to grant Options beyond the General Scheme Limit or, if applicable, the refreshed limit referred to in (c) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a general description of the specified participants, the number and terms of Options to be granted, the purpose of granting Options to the specified participants with an explanation as to how the terms of the Options serve such purpose and such other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(4) MAXIMUM ENTITLEMENT OF EACH PARTICIPANT

The total number of Shares issued and which may fall to be issued upon exercise of the Options granted under the New Share Option Scheme and any other share option scheme of the Group (including both exercised, cancelled or outstanding Options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of Options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to the Shareholders and the Shareholders' approval in general meeting of the Company with such participant and his/her associates abstaining from voting. The number and terms (including the exercise price) of the Options to be granted to such participant must be fixed before Shareholders' approval and the date of Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(5) GRANT OF OPTIONS TO CONNECTED PERSONS

- (a) Any grant of Options under the New Share Option Scheme to a Director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by independent non-executive Directors (excluding independent non-executive Director who is the grantee of the Options).
- (b) Where any grant of Options to a substantial Shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued upon exercise of all Options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:
- (i) representing in aggregate over 0.1% of the Shares in issue; and
 - (ii) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million;

such further grant of Options must be approved by the Shareholders in general meeting. The Company must send a circular to the Shareholders. All connected persons of the Company must abstain from voting at such general meeting, except that any such connected person may vote against the relevant resolution at the general meeting provided that his/her intention to do so has been stated in the said circular to the Shareholders. Any vote taken at the meeting to approve the grant of such options must be taken on a poll. Any change in the terms of Options granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates must be approved by the independent Shareholders in general meeting.

(6) TIME OF ACCEPTANCE AND EXERCISE OF OPTION

An Offer of the grant of the Option may be accepted by an Eligible Participant within such time as may be specified in the Offer (which shall not be later than 21 days from the Offer Date) and the Option in respect of the number of Shares in respect of which the Offer was so accepted will be deemed to have been granted on the Offer Date.

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day upon which the grant of Options is made but shall end in any event not later than 10 years from the date of grant of the Option subject to the provisions for early termination thereof.

(7) MINIMUM PERIOD AND PERFORMANCE TARGETS

Unless the Directors otherwise determined and stated in the Offer to a grantee, a grantee is not required to hold an Option for any minimum period nor achieve any performance targets before any Options granted under the New Share Option Scheme can be exercised.

(8) SUBSCRIPTION PRICE FOR SHARES

The subscription price for Shares under the New Share Option Scheme shall be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date, which must be a business day; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations sheets for trade in one or more board lots of the Shares for the five business days immediately preceding the date of the Offer Date; and (iii) the nominal value of a Share. A nominal consideration of HK\$1.00 is payable on acceptance of the grant of an Option.

(9) RANKING OF SHARES

- (a) Shares allotted upon the exercise of an Option will be subject to all the provisions of the Articles and will rank *pari passu* in all respects with the fully paid Shares in issue on the date on which the Option is duly exercised or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (“Exercise Date”) and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the Exercise Date. No dividend (including distributions made upon the liquidation of the Company) will be payable and no voting rights will be exercisable in relation to an Option that has not been exercised. A Share allotted upon the exercise of an Option shall not carry voting rights until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

- (b) Unless the context otherwise requires, references to “Shares” in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a sub-division, consolidation, re-classification or reduction of the share capital of the Company from time to time.

(10) RESTRICTIONS ON THE TIME OF GRANT OF OPTIONS

For so long as the Shares are listed on the Stock Exchange, the Company may not grant any Options after Inside Information has come to its knowledge until it has announced the information. In particular, the Company may not grant any Option during the period commencing one month immediately before the earlier of (a) the date of the meeting of the Directors (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company’s results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and (b) the last date on which the Company must announce its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), including any period of delay in publishing the results announcement and ending on the date of the results announcement. The Directors may not grant any Offer to an Eligible Participant who is subject to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company during the period or times in which such Eligible Participant is prohibited from dealing in Shares pursuant to such code.

(11) PERIOD OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted.

(12) RIGHTS ON CEASING EMPLOYMENT

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee for any reason other than death, ill-health or retirement in accordance with his/her contract of employment or for persistent or serious misconduct or other grounds referred to in subparagraph (15) below before exercising his/her Option in full, the Option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless the Directors otherwise determine in which event the grantee may exercise the Option (to the extent not already exercised) in whole or in part within such period as the Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not.

(13) RIGHTS ON DEATH, ILL-HEALTH OR RETIREMENT

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason of his/her death, ill-health or retirement in accordance with his/her contract of employment before exercising the Option in full, his/her personal representative(s), or, as appropriate, the grantee may exercise the Option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was at work with the Group or the Invested Entity whether salary is paid in lieu of notice or not or such longer period as the Directors may determine.

(14) RIGHTS ON DISMISSAL

If the grantee of an Option is an Eligible Employee and ceases to be an Eligible Employee by reason that he has been guilty of persistent or serious misconduct, or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his/her creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of the Directors does not bring the grantee or the Group or the Invested Entity into disrepute), or (if so determined by the Directors) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the Eligible Employee's service contract with the Company or the relevant subsidiary of the Company or the relevant Invested Entity, his/her Option will lapse automatically and will not in any event be exercisable on or after the date of cessation to be an Eligible Employee.

(15) RIGHTS ON BREACH OF CONTRACT

If the Directors shall at their absolute discretion determine that (a)(i) the grantee of any Option (other than an Eligible Employee) or his/her associate has committed any breach of any contract entered into between the grantee or his/her associate on the one part and the Group or any Invested Entity on the other part; or (ii) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his/her creditors generally; or (iii) the grantee could no longer make any contribution to the growth and development of the Group by reason of the cessation of his/her relations with the Group or by other reason whatsoever; and (b) the Option granted to the grantee under the New Share Option Scheme shall lapse, his/her Option will lapse automatically and will not in any event be exercisable on or after the date on which the Directors have so determined.

(16) RIGHTS ON A GENERAL OFFER, A COMPROMISE OR ARRANGEMENT

If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, Shareholders. If such offer becomes or is declared unconditional, a grantee shall be entitled to exercise his/her Option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his/her Option at any time before the close of such offer (or any revised offer). Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date on which such offer (or, as the case may be, revised offer) closes.

In the event of a compromise or arrangement between the Company and its creditors (or any class of them) or between the Company and the Shareholders (or any class of them), in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all grantees on the same day as it gives notice of the meeting to the Shareholders or creditors to consider such scheme or arrangement, and thereupon any grantee may forthwith and until the expiry of the period commencing with such date and ending with the earlier the date falling two calendar months thereafter or the date on which such compromise or arrangement is sanctioned by the Court be entitled to exercise his/her Option (to the extent not already exercised), but the exercise of the Option shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. The Company may thereafter require such grantee to transfer or otherwise deal with the Shares issued as a result of such exercise of his/her Option so as to place the grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement. Subject to the above, an Option will lapse automatically (to the extent not exercised) on the date the proposed compromise or arrangement becomes effective.

(17) RIGHTS ON WINDING UP

In the event of a resolution being proposed for the voluntary winding-up of the Company during the Option Period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days prior to the date on which such resolution is to be considered and/or passed, exercise his/her Option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the New Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his/her Option not less than one business day before the date on which such resolution is to be considered and or/passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation *pari passu* with the holders of Shares in issue on the day prior to the date of such resolution. Subject thereto, all Options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(18) GRANTEE BEING A COMPANY WHOLLY OWNED BY ELIGIBLE PARTICIPANTS

If the grantee is a company wholly owned by one or more Eligible Participants:

- (a) paragraphs (12), (13), (14) and (15) shall apply to the grantee and to the Options to such grantee, *mutatis mutandis*, as if such Options had been granted to the relevant Eligible Participant, and such Options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs (12), (13), (14) and (15) shall occur with respect to the relevant Eligible Participant; and
- (b) the Options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that the Directors may in their absolute discretion decide that such Options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(19) ADJUSTMENTS TO THE SUBSCRIPTION PRICE

In the event of a capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital of the Company whilst an Option remains exercisable or the New Share Option Scheme remains in effect, such corresponding alterations (if any) certified by the Auditors for the time being or an independent financial adviser to the Company as fair and reasonable will be made to the number or nominal amount of Shares, the subject matter of the New Share Option Scheme and the Option so far as unexercised and/or the exercise price of the Option concerned, provided that (i) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (ii) the

issue of Shares or other securities of the Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (iii) no alteration shall be made the effect of which would be to enable a Share to be issued at less than its nominal value, and in each case, any adjustment must be made in compliance with the Listing Rules and such rules, codes and guidance notes of the Stock Exchange from time to time. In addition, in respect of any such adjustments, other than any made on a capitalisation issue, such Auditors or independent financial adviser must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provision of the Listing Rules.

Unless otherwise stipulated by the applicable laws, the effective date of any adjustment in accordance with the provisions of the New Share Option Scheme shall be the triggering event effective date, which for this purpose, shall refer to, in respect of each relevant event resulting in alteration in the capital structure of the Company referred to above, the day on which the Shares relating to such event are allotted or, as the case may be created.

(20) CANCELLATION OF OPTIONS

Save as to breach of paragraph (22) and subject to Chapter 17 of the Listing Rules, any cancellation of Options granted but not exercised must be subject to the consent of the relevant grantee and the approval of the Directors.

When the Company cancels any Option granted to a grantee but not exercised and issues new Options to the same grantee, the issue of such new Option(s) may only be made with available unissued Options (excluding the Options so cancelled) within the General Scheme Limit or the new limits approved by the Shareholders pursuant to sub-paragraphs (3)(c) and (d) above.

(21) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company may by resolution in general meeting at any time terminate the New Share Option Scheme and in such event no further Options shall be offered but in all other respects the provisions of the New Share Option Scheme shall remain in force and effect in all other respects to the extent necessary to give effect to the exercise of any Option (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the New Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the New Share Option Scheme.

(22) RIGHTS ARE PERSONAL TO THE GRANTEE

An Option is personal to the grantee and shall not be transferable or assignable.

(23) LAPSE OF OPTION

An Option shall lapse automatically (to the extent not already exercised) on the earliest of (a) the expiry of the Option Period in respect of such Option; (b) the expiry of the periods or dates referred to in paragraphs (12), (13), (14), (15), (16), (17) and (18); or (c) the date on which the Directors exercise the Company's right to cancel the Option by reason of a breach of paragraph (22) above by the grantee.

(24) OTHERS

- (a) The New Share Option Scheme is conditional on the passing of the necessary resolution to approve and adopt the New Share Option Scheme in general meeting of the Company and the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, such number of Shares to be issued pursuant to the exercise of any Option which may be granted under the New Share Option Scheme, such number being not less than that of the General Scheme Limit.
- (b) The New Share Option Scheme may be altered in any respect by a resolution of the Directors except that the provisions of the New Share Option Scheme as to (i) the definitions of "Eligible Participants", "Option Period" and "Termination Date" and (ii) the provisions of the New Share Option Scheme relating to the matters governed by Rule 17.03 of the Listing Rules, shall not be altered to the advantage of grantees or prospective grantees except with the prior sanction of a resolution of the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the grantees as would be required of the Shareholders under the Articles for a variation of the rights attached to the Shares.
- (c) Any alteration to the terms and conditions of the New Share Option Scheme which are of a material nature or any change to the terms of Options granted must be approved by the Shareholders in general meeting, except where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (d) The amended terms of the New Share Option Scheme or the Options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.
- (e) Any change to the authority of the Directors or the scheme administrators in relation to any alteration to the terms of the New Share Option Scheme shall be approved by the Shareholders in general meeting.

The biographical details and other particulars of the Directors who will retire at the Annual General Meeting and will offer themselves for re-election thereat according to the existing Articles are set out below:

MR. YUAN SHAOLI, AGED 58, EXECUTIVE DIRECTOR

Length of service and remuneration

Mr. Yuan joined the Group on 9 March 2011 and was appointed as the Vice Chairman on the same date. Mr. Yuan has signed a service contract with a specific term of one year with the Company but is subject to retirement by rotation and re-election pursuant to the Articles. Mr. Yuan is entitled to receive a monthly payment of HK\$20,000 as his director's fee, plus a monthly remuneration of RMB52,000 and a performance-based bonus (if any). His remuneration is determined by the remuneration committee and the Board in accordance with his duties and market conditions.

Apart from being the executive Director and the Vice Chairman of the Company, Mr. Yuan is also the chairman of the board of directors of one subsidiary of the Company.

Qualification and experience

Mr. Yuan had served as the deputy division chief, the division chief and a director of the Central State Organizations of China for several years. He had also served as the deputy president of China Chengtong Holdings Group Limited ("CCHG") and the deputy general manager of China Huandao (Group) Company (a subsidiary of CCHG). Mr. Yuan is presently the chairman of China Huandao (Group) Company, a director of China Chengtong Hong Kong Company Limited and a director of World Gain Holdings Limited. Mr. Yuan has extensive experience in business management, assets management, public relations and human resources management. Save as aforesaid, Mr. Yuan did not hold any directorship in other listed companies in the last three years.

Interests in shares or underlying shares

As at the Latest Practicable Date, Mr. Yuan had a personal interest of 300,000 awarded Shares (a share award scheme of the Company adopted on 25 April 2012), representing 0.0062% of the total issued share capital of the Company. Other than the said interest, Mr. Yuan was not interested or deemed to be interested in any other Shares or any shares of the Company's associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

Save as disclosed herein, Mr. Yuan did not have any relationship with any other Director, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholder (as defined in Listing Rules).

Others

Mr. Yuan does not have any information which is required to be disclosed under rule 13.51(2) of the Listing Rules. Save as disclosed herein, there are no other matters in relation to his re-election that need to be brought to the attention of the Shareholders.

MR. WANG HONGXIN, AGED 49, EXECUTIVE DIRECTOR**Length of service and remuneration**

Mr. Wang joined the Group in March 2005 and was appointed as the Managing Director on 13 October 2008. Mr. Wang has signed a service contract with a specific term of one year with the Company but is subject to retirement by rotation and re-election pursuant to the Articles. Mr. Wang is entitled to receive a monthly payment of HK\$20,000 as his director's fee, plus a monthly remuneration of HK\$63,525 and a performance-based bonus (if any). His remuneration is determined by the remuneration committee and the Board in accordance with his duties and market conditions.

Apart from being the executive Director and Managing Director of the Company, Mr. Wang is also a director and general manager of several other subsidiaries of the Company.

Qualification and experience

Mr. Wang graduated from Jilin Normal University in China and was awarded a bachelor's degree of arts. He also holds a master's degree in business administration from Guanghua Management School of Peking University in China. Mr. Wang had served as a director of Maoming Yongye (Group) Co. Ltd., whose shares are listed on the Shenzhen Stock Exchange. Prior to this he had worked for Guangdong Hualong Groups Co., Ltd. and China National Materials Development & Investment Corporation as deputy general manager. Save as aforesaid, Mr. Wang did not hold any directorship in other listed companies in the last three years.

Interests in shares or underlying shares

As at the Latest Practicable Date, Mr. Wang had a personal interest of 600,000 awarded Shares (a share award scheme of the Company adopted on 25 April 2012), representing 0.0124% of the total issued share capital of the Company. Other than the said interest, Mr. Wang was not interested or deemed to be interested in any other Shares or any shares of the Company's associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

Save as disclosed herein, Mr. Wang did not have any relationship with any other Director, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholder (as defined in Listing Rules).

Others

Mr. Wang does not have any information which is required to be disclosed under rule 13.51(2) of the Listing Rules. Save as disclosed herein, there are no other matters in relation to his re-election that need to be brought to the attention of the Shareholders.

MR. WANG TIANLIN, AGED 40, EXECUTIVE DIRECTOR**Length of service and remuneration**

Mr. Wang joined the Group in February 2007 and was appointed as an executive Director on 1 September 2009. Mr. Wang has signed a service contract with a specific term of one year with the Company but is subject to retirement by rotation and re-election pursuant to the Articles. Mr. Wang is entitled to receive a monthly payment of HK\$20,000 as his director's fee, plus a monthly remuneration of RMB32,775 in respect of the positions he holds in the wholly owned subsidiaries of the Company and a performance-based bonus (if any). His remuneration is determined by the remuneration committee and the Board in accordance with his duties, market conditions and the Group's profit benchmark.

Apart from being an executive Director, Mr. Wang is also a director of several other subsidiaries of the Company.

Qualification and experience

Mr. Wang obtained his bachelor and master degrees from Beijing Institute of Technology. He obtained his MBA in Finance from The Chinese University of Hong Kong in 2003. Mr. Wang was previously the secretary to the board of Sihuan Pharmaceutical Company Limited whose shares are listed on the Shenzhen Stock Exchange, and was also the assistant to president for CCHK. Save as aforesaid, Mr. Wang did not hold any directorship in other listed companies in the last three years.

Interests in Shares or underlying shares

As at the Latest Practicable Date, Mr. Wang had a personal interest of 400,000 awarded Shares (a share award scheme of the Company adopted on 25 April 2012), representing 0.0083% of the total issued share capital of the Company. Other than the said interest, Mr. Wang was not interested or deemed to be interested in any other Shares or any shares of the Company's associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

Save as disclosed herein, Mr. Wang did not have any relationship with any other Director, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholder (as defined in Listing Rules).

Others

Mr. Wang does not have any information which is required to be disclosed under rule 13.51(2) of the Listing Rules. Save as disclosed herein, there are no other matters in relation to his re-election that need to be brought to the attention of the Shareholders.

MR. CHANG QING, AGED 55, INDEPENDENT NON-EXECUTIVE DIRECTOR**Length of service and remuneration**

Mr. Chang joined the Group in January 2013. Mr. Chang has signed a service contract with a specific term of one year with the Company but is subject to retirement by rotation and re-election pursuant to the Articles. Mr. Chang is entitled to receive a monthly payment of HK\$12,500 as his director's fee. His remuneration is determined by the remuneration committee and the Board in accordance with his duties and market conditions.

Apart from being an independent non-executive Director and a member of the audit committee, Mr. Chang did not hold any other position in other members within the Group.

Qualification and experience

Mr. Chang studied Economics at Jilin University and obtained his Master degree in Economics from Jilin University in 1985 and PhD degree from Chinese Academy of Social Sciences. Mr. Chang has over 27 years of experience in economic and financial field. He is currently the chairman of Jinpeng International Futures Co., Ltd. (金鵬期貨經紀有限公司), a professor of China Agricultural University and the chairman of the expert committee of China Futures Association. Mr. Chang is also an independent director of Rongfeng Holding Group Co., Ltd. and Tianli Environmental Engineering Co., Ltd. The shares of both companies are listed on the Shenzhen Stock Exchange. He is also an independent director of Tibet Summit Industry Co., Ltd., the shares of which are listed on the Shanghai Stock Exchange. Save as aforesaid, Mr. Chang did not hold any directorship in other listed companies in the last three years.

Interests in Shares or underlying shares

As at the Latest Practicable Date, Mr. Chang was not interested or deemed to be interested in any Shares or any shares of the Company's associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

As at the Latest Practicable Date, Mr. Chang did not have any relationship with any other Director, senior management, substantial Shareholders (as defined in the Listing Rules) or controlling Shareholder (as defined in Listing Rules).

Others

Mr. Chang does not have any information which is required to be disclosed under rule 13.51(2) of the Listing Rules. Save as disclosed herein, there are no other matters in relation to his re-election that need to be brought to the attention of the Shareholders.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of China Chengtong Development Group Limited (“**Company**”) will be held at Boardroom 5, Mezzanine Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Thursday, 27 June 2013 at 10:00 a.m. for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements and the reports of the directors of the Company (“**Directors**”) and the Company’s auditors (“**Auditors**”) for the year ended 31 December 2012.
2.
 - A. To re-elect Mr. Yuan Shaoli as an executive Director.
 - B. To re-elect Mr. Wang Hongxin as an executive Director.
 - C. To re-elect Mr. Wang Tianlin as an executive Director.
 - D. To re-elect Mr. Chang Qing as an independent non-executive Director.
 - E. To authorise the board of Directors (“**Board**”) to fix the remuneration of its Directors.
3. To re-appoint Messrs. BDO Limited as Auditors and authorise the Board to fix their remuneration;

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL BUSINESS

To consider and, if thought fit, pass, with or without modifications, the following resolutions as ordinary resolutions:

4. **“THAT:**

- (a) subject to paragraph (c) of this resolution, pursuant to Section 57B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (“**Companies Ordinance**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the shares (each, a “**Share**”) of HK\$0.10 each in the share capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares), which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period (as defined below) to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under any share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time (“**Articles**”); or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
 - (aa) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
 - (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company (“**Shareholders**”)) the aggregate nominal amount of any share capital of the Company which may be purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),

and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Ordinance or any applicable law of Hong Kong to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares whose names appear on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period of all powers of the Company to purchase Shares on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, or otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Ordinance and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(c) for the purposes of this resolution:

“**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Companies Ordinance or any applicable law of Hong Kong to be held; or
- (iii) the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to the Directors by this resolution.”

6. “**THAT** conditional on the passing of resolutions numbered 4 and 5 above, the general mandate granted to the Directors pursuant to paragraph (a) of resolution numbered 4 above be and it is hereby extended by the addition to the aggregate nominal amount of the Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”

7. “**THAT** conditional upon the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of options which may be granted under the new share option scheme of the Company (“**New Share Option Scheme**”, the rules of which are summarised in the circular of the Company dated 28 May 2013), the rules of the New Share Option Scheme be and are hereby approved and adopted and that the Directors be and are hereby authorised to:

- (a) administer the New Share Option Scheme under which options will be granted to eligible participants under the New Share Option Scheme to subscribe for Shares;
- (b) modify and/or amend the rules of the New Share Option Scheme from time to time subject to the provisions of such rules;
- (c) allot and issue from time to time such number of Shares as may be required to be issued pursuant to the exercise of the options under the New Share Option Scheme; and
- (d) make application at the appropriate time to the Stock Exchange, and any other stock exchange upon which the Shares may for the time being be listed, for listing of, and permission to deal in, the Shares which may thereafter from time to time be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme.”

NOTICE OF ANNUAL GENERAL MEETING

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

28 May 2013

Registered office in Hong Kong:
Suite 6406, 64th Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If more than one proxy is so appointed, the form of proxy shall specify the number and class of Shares in respect of which each such proxy is appointed. A proxy need not be a member of the Company. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
2. To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.
3. In relation to proposed resolutions numbered 4 and 6 above, approval is being sought from the Shareholders for the grant to the Directors of a general mandate to authorise the allotment and issue of Shares under the Listing Rules. The Directors have no immediate plans to issue any new Shares other than Shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by the Shareholders.
4. In relation to proposed resolution numbered 5 above, the Directors wish to state that they will exercise the powers conferred thereby to purchase Shares in circumstances which they deem appropriate for the benefit of the Shareholders.
5. Delivery of a form of proxy should not preclude a Shareholder from attending and voting in person at the above meeting or any adjournment thereof and in such event, the form of proxy shall be deemed to be revoked.
6. Voting by poll

Each of the above resolutions will be voted by way of poll as required by the Listing Rules.

As at the date hereof, 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.