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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)

CONNECTED TRANSACTION LOAN ARRANGEMENT

On 8 May 2013, Chengtong Industrial and the Borrower entered into the Loan Agreement pursuant to which Chengtong Industrial agreed to provide the Loan in the principal amount of RMB40,000,000 (equivalent to HK\$50,080,000), which will be funded by the Group, to the Borrower.

By virtue of the relationship between the parties as described below, the Borrower is a connected person of the Company and the Loan Arrangement constitutes a connected transaction for the Company under the Listing Rules.

As the relevant applicable percentage ratios set out in the Listing Rules in respect of the Loan Arrangement are less than 5%, the Loan Arrangement is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

LOAN AGREEMENT

The major terms of the Loan Agreement are set out below.

Date

8 May 2013

Parties

- (1) Chengtong Industrial, a wholly-owned subsidiary of the Company, as the lender; and
- (2) the Borrower, as the borrower.

The Borrower, being 中國寰島(集團)公司 (unofficial English translation being China Huandao Group Co.), is a company established in the PRC and a wholly-owned subsidiary of CCHG. CCHG is the holding company of World Gain Holdings Limited, which is the controlling Shareholder of the Company holding approximately 61.22% of the issued share capital of the Company as at the date of this announcement. The Borrower is an associate of CCHG and therefore, is a connected person of the Company.

Loan Arrangement

Chengtong Industrial agreed to provide the Loan in the principal amount of RMB40,000,000 (equivalent to HK\$50,080,000), which will be funded by the Group, to the Borrower.

The interest rate for the Loan is 10% per annum. Interests for the Loan shall be settled by the Borrower on a biannually basis.

Term

The term of the Loan will commence from 10 May 2013 and end on 9 May 2014.

Default interest

If the Borrower fails to repay the Loan to Chengtong Industrial and the Loan becomes overdue, the Borrower shall be liable to pay the default interest at the rate of 0.3% per day.

Undertakings of the Borrower

In connection with the provision of the Loan to the Borrower, the Borrower undertakes that the 3,820,000 shares of China Pacific Insurance (Group) Co., Ltd., which are listed on the Shanghai Stock Exchange (stock code: 601601) held by the Borrower will be one of the sources of funds for the repayment of the Loan. The parties to the Loan Agreement agreed that, without prior written consent by Chengtong Industrial, the Borrower shall not deal with the aforesaid shares by way of, including but not limited to, sale, swap or gift before the full repayment of the Loan by the Borrower. In addition, Chengtong Industrial has the right to request for a pledge over the aforesaid shares at any time before the full repayment of the Loan by the Borrower.

REASONS FOR AND BENEFITS OF THE LOAN ARRANGEMENT

The terms of the Loan Agreement, including the interest rate applicable, were agreed by the parties after arm's length negotiations having taken into account the prevailing market interest rates and practices. The Directors consider that the Loan Arrangement would be beneficial to the Group in terms of return and risk control. In view of the above, the Directors (including the independent non-executive Directors) are of the opinion that the terms of the Loan Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

By virtue of the relationship between the parties as described above, the Borrower is a connected person of the Company and the Loan Arrangement constitutes a connected transaction for the Company under the Listing Rules.

As the relevant applicable percentage ratios set out in the Listing Rules in respect of the Loan Arrangement are less than 5%, the Loan Arrangement is only subject to the reporting and announcement requirements and is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Mr. Yuan Shaoli, one of the Directors, is the chairman of the Borrower and Mr. Wang Tianlin, one of the Directors, is the vice chairman and chief executive officer of the Borrower. As such, each of them has a material interest in the Loan Arrangement and was required to abstain from voting at the meeting of the Board approving the Loan Arrangement. Both Mr. Yuan Shaoli and Mr. Wang Tianlin abstained from voting in the relevant resolutions of the Board to approve the Loan Arrangement.

GENERAL

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

The Borrower is principally engaged in property development, hotel management and assets operation.

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrower”	中國寰島(集團)公司 (unofficial English translation being China Huandao Group Co.), a company incorporated in the PRC with limited liability, being the borrower in the Loan Arrangement
“CCHG”	China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC and directly supervised and owned by the State-owned Assets Supervision and Administration Commission of the State Council on behalf of the Central People’s Government of the PRC
“Chengtong Industrial”	誠通實業投資有限公司 (unofficial English translation being Chengtong Industrial Investment Limited), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company, being the lender in the Loan Arrangement
“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”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of RMB40,000,000 to be made pursuant to the Loan Agreement
“Loan Agreement”	the loan agreement dated 8 May 2013 entered into between Chengtong Industrial and the Borrower related to the Loan Arrangement
“Loan Arrangement”	the provision of the Loan by Chengtong Industrial to the Borrower
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, 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\$1.252. 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

8 May 2013

As at the date of this announcement, the executive Directors are Mr. Zhang Guotong, Mr. Yuan Shaoli, Mr. Wang Hongxin and Mr. Wang Tianlin; and the independent non-executive Directors are Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Chang Qing.