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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 SALE OF COAL TO A CONNECTED PERSON**

On 11 October 2013, Dafeng Ruineng, an indirect non-wholly owned subsidiary of the Company, entered into the Sales Contract with the Purchaser pursuant to which Dafeng Ruineng has agreed to sell, and the Purchaser has agreed to purchase, certain coal at the price of approximately RMB33,215,000 (equivalent to approximately HK\$41.85 million).

As the spouse of one of the directors of Dafeng Ruineng holds 80% interests in, and is a substantial shareholder of, the Purchaser, the Purchaser is a connected person of the Company for the purpose of the Listing Rules. Therefore, the Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As the relevant applicable percentage ratios set out in the Listing Rules in respect of the Transaction are less than 5%, the Transaction 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.

## **SALES CONTRACT**

### **Date**

11 October 2013

### **Parties**

#### **(1) Dafeng Ruineng**

Dafeng Ruineng is owned as to 51% by Dafeng Development which is a 66.67%-owned subsidiary of the Company. Dafeng Ruineng is accounted for and consolidated in the audited consolidated accounts of the Group as a subsidiary since the Group has the right to control both of Dafeng Development and Dafeng Ruineng to govern their financial and operating policies so as to obtain benefits from their activities.

The principal business of Dafeng Ruineng is trading of coal.

#### **(2) The Purchaser**

The Purchaser is a company incorporated in the PRC with limited liability. The principal business of the Purchaser is trading of coal.

## **Major terms of the Sales Contract**

Dafeng Ruineng has agreed to sell, and the Purchaser has agreed to purchase, 32,500 tonnes of Shenhun No.1 coal (subject to 10% upward or downward variation) and 32,500 tonnes of Shenhun No.2 coal (subject to 10% upward or downward variation) during the period from 11 October 2013 to 31 October 2013. The final quantity of both of Shenhun No.1 coal and Shenhun No.2 coal under the Transaction is subject to the actual quantity of shipment.

The prices of each of Shenhun No.1 coal and Shenhun No.2 coal, which are subject to certain adjustment based on the actual heating value and sulfur content of the two types of coal as agreed under the Sales Contract, are as follows:

- (1) Shenhun No.1 coal: RMB531 per tonne
- (2) Shenhun No.2 coal: RMB491 per tonne

The total price for the Transaction is approximately RMB33,215,000 (equivalent to approximately HK\$41.85 million). The original acquisition cost of Shenhun No.1 coal and Shenhun No.2 coal by Dafeng Ruineng was approximately RMB33 million (equivalent to approximately HK\$41.58 million). The price for the Transaction was determined on a cost-plus basis.

The Purchaser shall settle the payment for the Transaction within 7 working days after the issuance of a value added invoice in relation to the Transaction by Dafeng Ruineng in lump sum.

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

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 Transaction is in the ordinary course of business of Dafeng Ruineng and the Group.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Sales Contract are normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors is required to abstain from voting on the Board resolution approving the Sales Contract as none of them has any material interests in the Transaction.

## **LISTING RULES IMPLICATIONS**

As the spouse of one of the directors of Dafeng Ruineng holds 80% interests in, and is a substantial shareholder of, the Purchaser, the Purchaser is a connected person of the Company for the purpose of the Listing Rules. Therefore, the Transaction constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. As the relevant applicable percentage ratios set out in the Listing Rules in respect of the Transaction are less than 5%, the Transaction 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.

## DEFINITIONS

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

- “Purchaser” : 茂名市鴻遠貿易有限公司 (unofficial English translation as Maoming Hongyuan Trading Company Limited), a company incorporated in the PRC with limited liability
- “Company” : China Chengtong Development Group Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Stock Exchange
- “connected person(s)” : has the meaning ascribed thereto under the Listing Rules
- “Dafeng Development” : 誠通大豐海港開發有限公司 (unofficial English translation as Chengtong Dafeng Harbour Development Company Limited), a company incorporated in the PRC with limited liability and an indirect non wholly-owned subsidiary of the Group
- “Dafeng Ruineng” : 大豐瑞能燃料有限公司 (unofficial English translation as Dafeng Ruineng Fuel Company Limited), a company incorporated in the PRC with limited liability and owned as to 51% by Dafeng Development
- “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
- “PRC” : 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
- “Sales Contract” : the coal sales contract dated 11 October 2013 entered into between Dafeng Ruineng and the Purchaser

“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
“Transaction”	:	the sale of coal by Dafeng Ruineng to the Purchaser as contemplated under the Sales Contract
“%”	:	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\$1.26. 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*

11 October 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.*