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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 EXTENSION OF LOAN ARRANGEMENT

Reference is made to Previous Announcement in relation to the provision of the Loan in the principal amount of RMB40,000,000 (equivalent to HK\$50,360,000) by Chengtong Industrial to the Borrower for a period from 10 May 2013 to 9 May 2014 pursuant to the Loan Agreement.

As the term of the Loan expired on 9 May 2014, Chengtong Industrial and the Borrower have on 9 May 2014 entered into the Extension Agreement to extend the term of the Loan for five months to 9 October 2014.

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

As the relevant applicable percentage ratios of the Extension alone and the Loan Arrangement (as extended) are less than 5%, the Extension 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.

Reference is made to the announcement of the Company dated 8 May 2013 (“**Previous Announcement**”) in relation to the provision of the Loan in the principal amount of RMB40,000,000 (equivalent to HK\$50,360,000) by Chengtong Industrial to the Borrower for a period from 10 May 2013 to 9 May 2014 pursuant to the Loan Agreement.

As the term of the Loan under the Loan Agreement expired on 9 May 2014, Chengtong Industrial and the Borrower have on 9 May 2014 entered into the Extension Agreement to extend the term of the Loan for five months to 9 October 2014.

EXTENSION AGREEMENT

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

Date

9 May 2014

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 61.55% 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.

Extension

The Borrower agreed to extend the term of the Loan for five months from 9 May 2014 to 9 October 2014.

Interest rate

The interest rate for the Loan during the extended term is 10% per annum. The Borrower shall repay the principal and the interests for the Loan in one lump sum upon maturity of the Loan.

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 0.03% per day.

Undertakings of the Borrower

In connection with the provision of the Loan to the Borrower, the Borrower undertakes that the 3,000,000 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 Extension 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.

REASONS FOR AND BENEFITS OF THE EXTENSION OF LOAN ARRANGEMENT

The terms of the Extension 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 Extension would be beneficial to the Group in terms of return and risk control. In view of the above, the Directors (including independent non-executive Directors) are of the opinion that the terms of the Extension 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 Extension constitutes a connected transaction for the Company under the Listing Rules.

As the relevant applicable percentage ratios of the Extension alone and the Loan Arrangement (as extended) are less than 5%, the Extension 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. Wang Tianlin, one of the executive Directors, is the chairman and president of the Borrower. As such, Mr. Wang Tianlin has a material interest in the Extension and was required to abstain from voting at the meeting of the Board approving the Extension. Mr. Wang Tianlin abstained from voting in the relevant resolutions of the Board to approve the Extension.

GENERAL

The principal activities of the Group are bulk commodity trade, property development, property investment, hospitality and marine travel services, financial leasing and trading of coal.

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 thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension”	the extension of the term of the Loan pursuant to the Extension Agreement
“Extension Agreement”	the loan extension agreement dated 9 May 2014 entered into between Chengtong Industrial and the Borrower to extend the term of the Loan for 5 months until 9 October 2014
“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 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\$1.259. 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

9 May 2014

As at the date of this announcement, the executive Directors are Mr. Yuan Shaoli, Mr. Wang Hongxin, Mr. Wang Tianlin and Mr. Zhang Bin; and the independent non-executive Directors are Mr. Chang Qing, Mr. Lee Man Chun, Tony and Mr. Chan Sheung Lai.