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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)**

### **DISCLOSEABLE AND CONNECTED TRANSACTION FURTHER EXTENSION OF LOAN ARRANGEMENT**

Reference is made to the announcements of the Company dated 8 May 2013 and 9 May 2014 respectively.

As the term of the Loan (as extended under the First Extension Agreement) will expire on 9 October 2014, Huandao Hotel Investment and the Borrower have on 9 October 2014 entered into the Second Extension Agreement to further extend the term of the Loan for one year to 9 October 2015.

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 (other than the profits ratio) of the Extension alone and the Loan Arrangement (as extended by the First Extension Agreement and the Second Extension Agreement) 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.

As the profits ratio of the Extension when aggregated with the Loan Arrangement (as extended by the First Extension Agreement) is more than 5% but less than 25%, the Extension constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

Reference is made to (i) the announcement of the Company dated 8 May 2013 in relation to the provision of the Loan in the principal amount of RMB40,000,000 by Chengtong Industrial to the Borrower for a period from 10 May 2013 to 9 May 2014 pursuant to the Loan Agreement; and (ii) the announcement of the Company dated 9 May 2014 in relation to the extension of the term of the Loan for five months to 9 October 2014.

On 17 May 2014, due to internal rearrangement of usage of fund within the Group, Chengtong Industrial assigned the Loan to Chengtong Development Trading. On 17 July 2014, Chengtong Development Trading had further assigned the Loan to Huandao Hotel Investment, as a result of which Huandao Hotel Investment became the lender of the Loan in substitution of Chengtong Development Trading. Each of Chengtong Industrial, Chengtong Development Trading and Huandao Hotel Investment is an indirect wholly-owned subsidiary of the Company.

As the term of the Loan (as extended under the First Extension Agreement) will expire on 9 October 2014, Huandao Hotel Investment and the Borrower have on 9 October 2014 entered into the Second Extension Agreement to further extend the term of the Loan for one year to 9 October 2015.

## **SECOND EXTENSION AGREEMENT**

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

### **Date**

9 October 2014

### **Parties**

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

The Borrower 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**

Huandao Hotel Investment agreed to extend the term of the Loan for one year to 9 October 2015.

### **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 Huandao Hotel Investment 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 2,000,000 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 Second Extension Agreement agreed that, without prior written consent by Huandao Hotel Investment, 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 Second 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 Second 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 (other than the profits ratio) of the Extension alone and the Loan Arrangement (as extended by the First Extension Agreement and the Second Extension Agreement) 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.

As the profits ratio of the Extension when aggregated with the Loan Arrangement (as extended by the First Extension Agreement) is more than 5% but less than 25%, the Extension constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 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 an executive director and the 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 trading, trading of coal, property development, property investment, 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”	means the board of Directors
“Borrower”	means 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

“CCHG”	means 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 Development Trading”	means 誠通發展貿易有限公司 (unofficial English translation being Chengtong Development Trading Co., Ltd.), a limited liability company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Chengtong Industrial”	means 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
“Company”	means 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)”	means the director(s) of the Company
“Extension”	means the extension of the term of the Loan pursuant to the Second Extension Agreement
“First Extension Agreement”	means 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”	means the Company and its subsidiaries
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Huandao Hotel Investment”	means 海南寰島酒店旅遊投資有限公司 (unofficial English translation being Hainan Huandao Hotel and Travel Investment Co., Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	means the loan in the principal amount of RMB40,000,000 made pursuant to the Loan Agreement
“Loan Agreement”	means the loan agreement dated 8 May 2013 entered into between Chengtong Industrial and the Borrower related to the Loan Arrangement

“Loan Arrangement”	means the provision of the Loan to the Borrower
“PRC”	means 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”	means Renminbi, the lawful currency of the PRC
“Second Extension Agreement”	means the loan extension agreement dated 9 October 2014 entered into between Huandao Hotel Investment and the Borrower to further extend the term of the Loan for one year until 9 October 2015
“Shareholder(s)”	means the shareholders of the Company
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means per cent.

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

Hong Kong, 9 October 2014

*As at the date hereof, 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.*