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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: ACQUISITION OF TARGET CO**

On 22 January 2015, the Vendor and the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement, pursuant to which the Vendor agrees to sell and the Purchaser agrees to purchase the Sale Interest, representing 100% equity interest of the Target Co at the consideration of RMB7,425,100 (equivalent to approximately HK\$9,429,877).

By virtue of the relationship between the parties as described below, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition is only subject to the reporting and announcement requirements and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### **THE AGREEMENT**

The major terms of the Agreement are set out below:

**Date:**

22 January 2015

**Parties:**

- (1) the Vendor, 海南寰島泰得酒店物業管理有限公司 (unofficial English translation being Hainan Huandao Taide Hotel Property Management Co. Ltd.); and
- (2) the Purchaser, 海南寰島酒店旅遊投資有限公司 (unofficial English translation being Hainan Huandao Hotel Travel Investment Co., Ltd.), a wholly-owned subsidiary of the Company.

**Subject matter:**

The Vendor agrees to sell and the Purchaser agrees to acquire the Sale Interest, representing 100% equity interest of the Target Co.

**Consideration:**

The consideration is RMB7,425,100 (equivalent to approximately HK\$9,429,877) which shall be payable by the Purchaser in cash within 10 working days after the signing of the Agreement. The Group will fund the consideration by its internal resources.

The consideration was determined after arm's length negotiation between the Vendor and the Purchaser based on the appraised net asset value of the Target Co as at 31 July 2014. The original acquisition cost of the Sale Interest to the Vendor is approximately RMB6,543,833 (equivalent to approximately HK\$8,310,668).

**Completion:**

The Vendor undertakes that it will assist the Purchaser to complete the relevant PRC registration procedures in relation to the change of shareholder of the Target Co within 90 working days after the signing of the Agreement.

**INFORMATION OF THE TARGET CO**

The Target Co is a limited liability company incorporated in the PRC on 15 January 1996. As at the date of the Agreement, the paid-up registered capital of the Target Co is RMB5,750,000, 100% of which was contributed by the Vendor. The main business scope of the Target Co is international inbound tourism and domestic travel business, agent services in relation to transportation, sightseeing, lodging, catering, shopping and entertaining affairs, provision of tour guide, luggage and relevant services, handling of immigration procedures for foreign travellers as well as provision of intermediaries services with tourist commodities. The Target Co is licensed to carry out inbound tourism and domestic travel business in the PRC.

Set out below is some financial information of the Target Co (prepared based on the generally acceptable accounting principles of the PRC):

	<b>For the year ended 31 December 2013</b> (Audited) <i>RMB</i>	<b>For the year ended 31 December 2014</b> (unaudited) <i>RMB</i>
Turnover	197,557.60	2,100.00
Net (loss)/profit before and after tax	(219,690.50)	24,591.30

As at 31 December 2014, the unaudited total asset value and net asset value of the Target Co are RMB7,420,626.72 and RMB7,420,406.72 respectively.

**INFORMATION OF THE PARTIES**

The Group is principally engaged in bulk commodity trade, trading of coal, property development, property investment, financial leasing and hotel and marine travelling services.

The Vendor is principally engaged in hotel and tourism facilities management as well as property management services.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

With a view to facilitate the Group's business development of the tourism services in Hainan and to integrate the resources of marine travelling, the Group is of the opinion that it is necessary to obtain tourism service license. The Group will obtain the relevant license as early as possible through acquisition of the Target Co. The Directors consider that the Acquisition will help to enhance the business performance of the Group's tourism services.

The Directors (including the independent non-executive Directors) consider that although the Acquisition is not in the ordinary and usual course of business of the Group, the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 president of the holding company of the Vendor. Although Mr. Wang Tianlin does not have any material interest in the Acquisition, as a matter of good corporate governance, Mr. Wang Tianlin has abstained from voting at the meeting of the Board approving the Acquisition.

## LISTING RULES IMPLICATIONS

The Vendor is an indirect wholly-owned subsidiary of CCHG. CCHG is the holding company of China Chengtong Hong Kong Company Limited, which in turn is the holding company of a controlling shareholder of the Company. As such, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the relevant applicable percentage ratios in respect of the Acquisition are less than 5%, the Acquisition is only subject to the reporting and announcement requirements and is exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Acquisition”	the acquisition of the Sale Interest pursuant to the Agreement
“Agreement”	the equity transfer agreement dated 22 January 2015 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Sale Interest
“Board”	the board of Directors
“CCHG”	中國誠通控股集團有限公司 (unofficial English translation being China Chengtong Holdings Group Limited), a company incorporated in the PRC with limited liability and the ultimate holding company of the Company
“Company”	China Chengtong Development Group Limited (中國誠通發展集團有限公司), a company incorporated in Hong Kong and the shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“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” or “China”	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
“Purchaser”	海南寰島酒店旅遊投資有限公司 (unofficial English translation being Hainan Huandao Hotel Travel Investment Co., Ltd.), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interest”	100% equity interest in the Target Co which is held by the Vendor
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Co”	海南寰島國際旅行社有限公司 (unofficial English translation being Hainan Huandao International Travel Agency Co. Ltd.), a company incorporated in the PRC with limited liability
“Vendor”	海南寰島泰得酒店物業管理有限公司 (unofficial English translation being Hainan Huandao Taide Hotel Property Management Co. Ltd.), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of CCHG
“%”	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\$1.27. 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*

Hong Kong, 22 January 2015

*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.*