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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 LOAN ARRANGEMENT

Reference is made to (i) the announcement of the Company dated 8 May 2013 in relation to the provision of the First Loan in the principal amount of RMB40,000,000 by the Group to the Borrower; and (ii) the two announcements of the Company dated 9 May 2014 and 9 October 2014 respectively in relation to the two extensions of the term of the First Loan.

On 6 February 2015, Huandao Hotel Investment and the Borrower entered into the Second Loan Agreement pursuant to which Huandao Hotel Investment agreed to provide the Second Loan in the principal amount of RMB30,000,000 (equivalent to HK\$38,100,000) 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 (other than the profits ratio) in respect of the Loan Arrangement alone and when aggregated with the First Loan (as extended) are less than 5%, the Loan Arrangement 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.

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

BACKGROUND

Reference is made to (i) the announcement of the Company dated 8 May 2013 in relation to the provision of the First Loan in the principal amount of RMB40,000,000 by the Group to the Borrower; and (ii) the two announcements of the Company dated 9 May 2014 and 9 October 2014 respectively in relation to the two extensions of the term of the First Loan.

On 6 February 2015, Huandao Hotel Investment and the Borrower entered into the Second Loan Agreement, pursuant to which Huandao Hotel Investment agreed to provide the Second Loan in the principal amount of RMB30,000,000 (equivalent to HK\$38,100,000) to the Borrower.

SECOND LOAN AGREEMENT

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

Date

6 February 2015

Parties

- (1) Huandao Hotel Investment, 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.

Loan Arrangement

Huandao Hotel Investment agreed to provide the Second Loan in the principal amount of RMB30,000,000 (equivalent to HK\$38,100,000), which will be funded by the internal resources of the Group, to the Borrower.

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

Term

The term of the Second Loan is expected to commence on 6 February 2015 and end on 5 February 2016, subject to the actual date of remittance of the fund.

Default interest

If the Borrower fails to repay the Second Loan to Huandao Hotel Investment and the Second 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 Second Loan by Huandao Hotel Investment to the Borrower, the Borrower undertakes that the 1,500,000 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 Second Loan. The parties to the Second Loan 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 Second Loan by the Borrower. In addition, Huandao Hotel Investment has the right to request for a pledge over the aforesaid shares at any time before the full repayment of the Second Loan by the Borrower.

REASONS FOR AND BENEFITS OF THE LOAN ARRANGEMENT

The terms of the Second 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 independent non-executive Directors) are of the opinion that the terms of the Second 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.

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 Loan Arrangement and was required to abstain from voting at the meeting of the Board approving the Loan Arrangement. Mr. Wang Tianlin abstained from voting in the relevant resolutions of the Board to approve the Loan Arrangement.

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 (other than the profits ratio) in respect of the Loan Arrangement alone and when aggregated with the First Loan (as extended) are less than 5%, the Loan Arrangement 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.

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

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”	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
“CCHG”	中國誠通控股集團有限公司 (unofficial English translation being 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
“Company”	China Chengtong Development Group Limited (中國誠通發展集團有限公司), 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
“First Loan”	the loan in the principal amount of RMB40,000,000 made pursuant to a loan agreement dated 8 May 2013 entered into between a then wholly-owned subsidiary of the Company and the Borrower, the creditor’s right of which was subsequently assigned to Huandao Hotel Investment on 17 July 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
“Huandao Hotel Investment”	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., Limited), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Arrangement”	the provision of the Second Loan by Huandao Hotel Investment 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
“Second Loan”	the loan in the principal amount of RMB30,000,000 to be made pursuant to the Second Loan Agreement
“Second Loan Agreement”	the loan agreement dated 6 February 2015 entered into between Huandao Hotel Investment and the Borrower related to the Loan Arrangement
“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\$1.27. 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

6 February 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.