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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)**

### **UPDATE OF THE CONNECTED TRANSACTION: ACQUISITION OF CUIDAO HOTSPRING HOTEL — EXECUTION OF THE SP AGREEMENT**

Reference is made to the announcement of the Company dated 25 May 2015 in relation to the acquisition of Cuidao Hotspring Hotel.

The Board is pleased to announce that on 16 June 2015, Zhucheng Phoenix and the Vendor have entered into the SP Agreement to acquire the Cuidao Interest for a consideration of RMB138,500,000 (equivalent to approximately HK\$175,895,000).

Reference is made to the announcement (“**Announcement**”) of the Company dated 25 May 2015 in relation to the acquisition of Cuidao Hotspring Hotel. Unless defined otherwise, the capitalised terms used herein shall have the same meanings as those defined in the Announcement.

As set out in the Announcement, on 25 May 2015, Zhucheng Phoenix, a wholly-owned subsidiary of the Company, was informed by the Vendor that as confirmed by TPRTC, it had successfully obtained the exclusive right to acquire the Cuidao Interest, which was being disposed of by the Vendor by way of a listing-for-sale through TPRTC.

The Board is pleased to announce that on 16 June 2015, Zhucheng Phoenix and the Vendor have entered into a formal sale and purchase agreement (“**SP Agreement**”) to acquire the Cuidao Interest for a consideration of RMB138,500,000 (equivalent to approximately HK\$175,895,000).

## THE SP AGREEMENT

The major terms of the SP Agreement are as follows:

Date: 16 June 2015

Vendor: 中國寰島（集團）有限公司 (unofficial English translation being China Huandao (Group) Company Limited), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of CCHG

Purchaser: Zhucheng Phoenix, a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

As the Vendor is a wholly-owned subsidiary of CCHG and CCHG is the holding company of World Gain which is the controlling shareholder of the Company, the Vendor is a connected person of the Company.

### Subject matter:

The Cuidao Interest, being 100% equity interest of Cuidao Hotspring Hotel and a receivable (i.e. all the debts owed by Cuidao Hotspring Hotel to the Vendor (which will be transferred at the face value of the debts and amounted to RMB17,294,000)).

### Consideration:

The consideration (“**Consideration**”) for the Acquisition is RMB138,500,000 (equivalent to approximately HK\$175,895,000). 30% of the Consideration (in the sum of RMB41,550,000 (equivalent to approximately HK\$52,768,500)) shall be payable by Zhucheng Phoenix in cash within 5 days after the signing of the SP Agreement, which would be partially settled by the Deposit (i.e. RMB7,500,000 (equivalent to approximately HK\$9,525,000) paid by Zhucheng Phoenix on 22 May 2015, while the remaining 70% (in the sum of RMB96,950,000 (equivalent to approximately HK\$123,126,500)) will be paid within 30 days after the signing of the SP Agreement. The Consideration shall be deposited into a designated clearance account (“**Designated Account**”) in TPRTC and will be released to the Vendor after the submission of all the prescribed share transfer documents regarding the Acquisition to the relevant government authorities in the PRC.

The Group has funded the Deposit and will fund the balance of the Consideration by its internal resources.

The Board is of the view that the Consideration is fair and reasonable by taking into account, the total consideration for the Acquisition being the minimum price stipulated by the Vendor for the Acquisition, with reference to the unaudited net asset value of Cuidao Hotspring Hotel as at 31 December 2014, the approved and filed appraised total asset value of Cuidao Hotspring Hotel as at 30 November 2013 (approximately RMB151,000,000), the assumption of the total debts owed by Cuidao Hotspring Hotel to the Vendor and the development potentials of the land and properties held by Cuidao Hotspring Hotel.

As advised by the Vendor, the original acquisition cost of the Cuidao Interest to Vendor is approximately RMB36,000,000 and the major assets held by Cuidao Hotspring Hotel comprise 29 villas and 1 complex building located in Haikou, Hainan, the PRC. Cuidao Hotspring Hotel obtained the aforementioned assets with the book value of approximately RMB101,000,000 by way of allocation at nil consideration in 2010.

**Completion:**

Upon the deposit of the full amount of the Consideration by Zhucheng Phoenix to the Designated Account, the TPRTC will issue a transaction proof of the property rights to Zhucheng Phoenix and the Vendor shall, within 5 business days after the issue of such transaction proof, proceed to transfer the entire equity interest of Cuidao Hotspring Hotel to Zhucheng Phoenix and provide necessary assistance to complete the equity interest transfer procedure as required by the relevant government authorities in the PRC.

The completion (“**Equity Completion**”) of the transfer of the entire equity interest of Cuidao Hotspring Hotel shall take place upon the completion of the transfer of such equity interest from the Vendor to Zhucheng Phoenix and the issuance of the new business license of Cuidao Hotspring Hotel.

All the debts owed by Cuidao Hotspring Hotel to the Vendor shall be assigned to Zhucheng Phoenix on the same day when the Equity Completion takes place.

**Others:**

The Directors (including the independent non-executive Directors) consider that the terms of the SP Agreement are fair and reasonable, and the Acquisition is on the normal commercial terms and in the ordinary course of business of the Group and in the interests of the Company and the Shareholders as a whole.

As set out in the Announcement, the Acquisition (i.e. the transaction contemplated under the SP Agreement) constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules, and is subject to the reporting and announcement requirements and is exempt from circular, independent financial advice and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

For the details in relation to the information of Cuidao Hotspring Hotel, the information of the parties to the SP Agreement, the reasons for and benefits of the Acquisition and the Listing Rules implications of the Acquisition, please refer to the Announcement.

*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, 16 June 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.*