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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 CUIDAO HOTSPRING HOTEL

On 25 May 2015, Zhucheng Phoenix, a wholly-owned subsidiary of the Company, was informed by the Vendor that as confirmed by TPRTC, it has 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. Zhucheng Phoenix will acquire the Cuidao Interest from the Vendor at the minimum listing price, i.e. the total consideration of RMB138,500,000 (equivalent to approximately HK\$175,895,000). The Company will issue separate announcement when Zhucheng Phoenix enters into the formal sale and purchase agreement for the Acquisition with the Vendor.

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. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As both the Vendor and Hainan Taide (being the vendor in the Hainan Huandao Acquisition) are an associate of CCHG, the Acquisition and the Hainan Huandao Acquisition will be aggregated in accordance with the Listing Rules.

As the relevant applicable percentage ratios (other than the profits ratio) of the Acquisition, either alone or aggregated with the Hainan Huandao Acquisition, are less than 5%, the Acquisition is only 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.

On 25 May 2015, Zhucheng Phoenix, a wholly-owned subsidiary of the Company, was informed by the Vendor that as confirmed by TPRTC, it has 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 (certain other entities which have submitted enrolment applications are being considered as having given up their right to acquire automatically). Zhucheng Phoenix will acquire the Cuidao Interest from the Vendor at the minimum listing price, i.e. the total consideration of RMB138,500,000 (equivalent to approximately HK\$175,895,000). Zhucheng Phoenix indicated its interest in purchasing the Cuidao Interest by submission of the enrolment application on 13 May 2015. At the same time, certain other entities also submitted their enrolment applications and they are being considered as having given up their right to acquire automatically. After Zhucheng Phoenix being confirmed by TPRTC to be a qualified intended transferee, it paid the Deposit (in the

sum of RMB7,500,000) to TPRTC which received the Deposit on behalf of the Vendor on 22 May 2015, which constituted a commitment of Zhucheng Phoenix to purchase the Cuidao Interest at the minimum purchase price stipulated by the Vendor for the Acquisition (i.e. RMB138,500,000). The Company will issue separate announcement when Zhucheng Phoenix enters into the formal sale and purchase agreement for the Acquisition with the Vendor.

THE ACQUISITION

Details of the Acquisition are as follows:

Vendor:	China Huandao (Group) Company Limited
Purchaser:	Zhucheng Phoenix, a wholly-owned subsidiary of the Company

Subject matter:

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

Consideration:

The consideration for the Acquisition is equivalent to the minimum price stipulated by the Vendor for the Acquisition, i.e. RMB138,500,000 (equivalent to approximately HK\$175,895,000). The consideration will be partially settled by the Deposit (in the sum of RMB7,500,000) paid by Zhucheng Phoenix on 22 May 2015 and 30% of the balance of the consideration shall be payable by Zhucheng Phoenix in cash within 5 working days after the signing of the formal sale and purchase agreement regarding the Acquisition, while the remaining 70% will be paid within 30 days after the signing of the formal sale and purchase agreement regarding the Acquisition. The Group will fund 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 (i.e. the total consideration of RMB138,500,000, comprising the consideration for the 100% equity interest of Cuidao Hotspring Hotel in the sum of RMB121,206,000 and the consideration for the debt owed by Cuidao Hotspring Hotel to the Vendor in the sum of RMB17,294,000), 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 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.

INFORMATION OF CUIDAO HOTSPRING HOTEL

Cuidao Hotspring Hotel is a limited liability company incorporated in the PRC on 14 August 2003. As at the date of this announcement, the registered capital of Cuidao Hotspring Hotel is RMB12,000,000. The main business scope of Cuidao Hotspring Hotel is hotel management, decoration and renovation business, provision of real estate information consultation services and sale of the construction and decoration materials.

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

	For the year ended 31 December 2013 (unaudited) <i>RMB</i>	For the year ended 31 December 2014 (unaudited) <i>RMB</i>
Net loss before and after tax	6,800,991.89	5,657,502.30

As at 31 December 2014, the unaudited total asset value and net asset value of Cuidao Hotspring Hotel are RMB124,199,962.31 and RMB103,380,419.59 respectively.

INFORMATION OF THE PARTIES

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

The Vendor is principally engaged in property development, hotel management and assets operation.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The major assets held by Cuidao Hotspring Hotel comprise quality properties and land resources in the urban core region of Haikou, Hainan, the PRC, i.e. 29 villas (with area of approximately 19,533.98 square metres) and 1 complex building (with area of approximately 4,761.81 square metres) and the land of approximately 44,108 square metres (approximately 66 Chinese mu). The Directors are of the view that the above properties and land, after renovation and reconstruction, can be operated as hotspring hotel or elderly business, which will bring synergistic effect to the tourism business of the Group in Hainan, the PRC.

The Directors (including the independent non-executive Directors) consider that the terms of the Acquisition are fair and reasonable, and the Acquisition are on the normal commercial terms and in the ordinary course of business of the Group and are 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 Vendor. Mr. Wang Tianlin has abstained from voting at the meeting of the Board approving the Acquisition and the transactions contemplated thereunder.

LISTING RULES IMPLICATIONS

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. Therefore, the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As both the Vendor and Hainan Taide (being the vendor in the Hainan Huandao Acquisition) are an associate of CCHG, the Acquisition and the Hainan Huandao Acquisition will be aggregated in accordance with the Listing Rules.

As the relevant applicable percentage ratios (other than the profits ratio) of the Acquisition, either alone or aggregated with the Hainan Huandao Acquisition, are less than 5%, the Acquisition is only 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.

DEFINITIONS

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

“Acquisition”	the acquisition of the Cuidao Interest
“associate”	has the meaning ascribed to it under the Listing Rules
“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
“Cuidao Hotspring Hotel”	海口翠島溫泉度假酒店有限公司 (unofficial English translation being Haikou Cuidao Hotspring Resort Hotel Company Limited), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Vendor
“Cuidao Interest”	the 100% equity interest held by the Vendor in Cuidao Hotspring Hotel and all the debts owed by Cuidao Hotspring Hotel to the Vendor (which amounted to RMB17,294,000)
“Deposit”	being RMB7,500,000, as the security money for the Acquisition
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries from time to time
“Hainan Huandao Acquisition”	the acquisition of 100% interest in 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 then indirect wholly-owned subsidiary of CCHG, by the Group from Hainan Taide, details of which are disclosed in the announcement of the Company dated 22 January 2015
“Hainan Taide”	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
“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
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“TPRTC”	天津產權交易中心 (unofficial English translation being Tianjin Property Rights Exchange), an institution authorised by the State-owned Assets Supervision and Administration Commission to transact assets and equity of State-owned enterprises under the central government of the PRC
“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
“World Gain”	World Gain Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, a controlling Shareholder of the Company

“Zhucheng Phoenix”

諸城鳳凰置地有限公司 (unofficial English translation being Zhucheng Phoenix Landmark Company Limited), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company

“%”

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, 25 May 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.