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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 TRANSACTION INVESTMENT IN TRUST SCHEME

The Board wishes to announce that on 4 February 2016, Huandao Hotel Investment and Chengtong Development Trading, each of which is a wholly-owned subsidiary of the Company, agreed to invest RMB75 million (equivalent to approximately HK\$89.25 million) and RMB80 million (equivalent to approximately HK\$95.20 million) in the Trust Scheme respectively. CITIC Trust will use the trust money to invest in certain investment areas specified in the Trust Agreement.

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Investment alone, and also when aggregated with the Group's investment in the Previous CITIC Products, exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

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TRUST AGREEMENT

A summary of the principal terms and conditions of the Trust Agreement is set out below:

Parties:

- (1) Huandao Hotel Investment and Chengtong Development Trading (as the case may be), as the trustor; and
- (2) CITIC Trust, as the trustee.

CITIC Trust is a financial institution licensed and incorporated under the laws of the PRC. To the best of the Directors' knowledge, information and belief, CITIC Trust and its ultimate beneficial owners are Independent Third Parties. The principal business of CITIC Trust is to provide trustee services to its customers.

Principal terms and conditions:

- (1) Term of the Trust Scheme: 20 years from the establishment date of the Trust Scheme (i.e. 25 April 2013)
- (2) Investment scope: Under the Trust Scheme, CITIC Trust will invest the trust money in the following areas:
 - (i) listed circulating short-term treasury bonds, financial bonds, central bank bills, in addition to corporate bonds, short-term bonds and medium term notes, etc, issued by bond issuers rated above AA with a remaining term of not more than two years;
 - (ii) listed circulating floating rate bonds;
 - (iii) bond reverse repurchase with a term of not more than one year;
 - (iv) finance interbank deposits, call deposits, bank fixed deposits, agreement deposits or large-denomination certificate of deposits;
 - (v) open currency market fund;
 - (vi) cash management type of asset management products of fund management companies (including subsidiaries of the fund companies with the business of asset management of specific client) and securities companies (including subsidiaries of the securities companies with the business of asset management);
 - (vii) low risk bank finance management products with a term of not more than two years;
 - (viii) non-cash management type of asset management products and trust products (including trust products set up by a trustee) of fund management companies (including subsidiaries of the fund companies with the business of asset management of specific client) and securities companies (including subsidiaries of the securities companies with the business of asset management);

- (ix) high credit rating or high quality credit enhancement note assets with a remaining term of not more than three years;
 - (x) high credit rating or high quality credit enhancement asset securitization products with a remaining term of not more than three years etc.;
 - (xi) other short-term financial instruments with high security and permitted for investment under laws and regulations and other financial instruments or products permitted by the regulatory authorities.
- (3) Trust Income: On every business day, CITIC Trust shall announce the following information relating to the income of the Trust Scheme:
- (i) the daily income per 10,000 trust units (“**Daily Income**”) since the last immediate business day; and
 - (ii) the annualised percentage of return projected from the average Daily Income of the last 7 days.
- (4) Distribution of trust income: During the term of the Investment, Huandao Hotel Investment and Chengtong Development Trading will receive the income generated from the Trust Scheme according to their respective holdings of the relevant trust units on the 20th day (or if the day falls on a non-business day, the next business day following the 20th day) of every calendar month. The income is calculated according to the amount of the Daily Income, the number of trust units held by Huandao Hotel Investment and Chengtong Development Trading respectively and the respective number of days which Huandao Hotel Investment and Chengtong Development Trading have been holding the relevant trust units.
- (5) Redemption: Huandao Hotel Investment and Chengtong Development Trading can apply to redeem the trust units in whole or in part on any business day according to the terms and conditions of the Trust Agreement. In the event of a large redemption (as stipulated in the Trust Agreement), CITIC Trust has the discretion to delay the redemption of part of the trust units as applied provided that the trust units which are accepted for redemption by CITIC Trust on any business day are not less than 10% of the total trust units of the Trust Scheme.
- (6) Expenses: During the term of the Investment, CITIC Trust will charge a trust remuneration from the trust assets. The trust remuneration is divided into (i) a fixed remuneration which will be calculated at a rate of 0.2% per annum based on the principal investment amount; and (ii) a floating remuneration which will be calculated according to the formula stipulated under the Trust Agreement. Apart from the trust remuneration, the trust management fee, legal fees, custody fees payable to the custodian bank, sales service fee and other expenses related to the administration of the Trust Scheme will also be paid from the trust assets.

REASONS FOR AND BENEFITS OF THE INVESTMENT

The Directors are of the view that the Investment, which are funded by the internal resources of the Group, provides a good investment opportunity to utilise certain idle cash in expanding the investment portfolio with satisfactory return to the Group.

The Directors are of the view that the Investment will not cause any adverse effects on the Group's working capital. The Directors (including independent non-executive Directors) are therefore of the view that the terms of the Trust Agreement and the Investment are fair and reasonable and the Investment is in the best interests of the Company and its shareholders as a whole.

INFORMATION RELATED TO THE GROUP

The principal activities of the Group are property development, property investment, financial leasing, hotel and marine travelling services, bulk commodity trade and trading of coal.

PREVIOUS CITIC PRODUCTS

During the 12 months immediately preceding the date of this announcement, the Group has invested in the Previous CITIC Products issued by CITIC Bank and CITIC Trust, both of which are the subsidiaries of CITIC Limited (stock code: 267), the shares of which are listed on the Main Board of the Stock Exchange. The total principal amount of investment by the Group in the Previous CITIC Products is RMB182 million and the annual rates of return from the Previous CITIC Products range from 3.25% to 4.50%. The investment in the Previous CITIC Products did not constitute a notifiable transaction for the Company under the Listing Rules.

IMPLICATION UNDER THE LISTING RULES

As one or more of the applicable percentage ratios (as defined in the Listing Rules) for the Investment alone, and also when aggregated with the Group's investment in the Previous CITIC Products, exceed 5% but are less than 25%, the Investment constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is subject to the notification and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“Chengtong Development Trading”	誠通發展貿易有限公司(unofficial English translation being Chengtong Development Trading Co., Ltd.), a company established in the PRC with limited liability
“CITIC Bank”	China CITIC Bank (中信銀行), a bank licensed and incorporated under the laws of the PRC

“CITIC Trust”	中信信託有限責任公司(unofficial English translation being CITIC Trust Co., Ltd.), a company established in the PRC with limited liability
“Company”	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
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“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., Ltd.), a company established in the PRC with limited liability
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and its connected persons
“Investment”	the investment of an aggregate amount of RMB155 million by Huandao Hotel Investment and Chengtong Development Trading in the Trust Scheme pursuant to the Trust Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Previous CITIC Products”	the various investment products issued by CITIC Trust or CITIC Bank (as the case may be) and subscribed by the Group which subsisted during the 12 months period immediately preceding the date of this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trust Agreement”	the trust agreement governing the administration and operation of the Trust Scheme
“Trust Scheme”	the trust scheme named 中信信惠現金管理型金融投資集合資金信託計劃1201期 (CITIC Capital Cash Managing Financial Investment Collective Fund Trust Plan No. 1201) set up by CITIC Trust
“%”	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\$1.19. 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, 4 February 2016

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 Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.