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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: LOAN ARRANGEMENT**

On 9 February 2021, Huandao Hotel Investment and the Borrower entered into the Loan Agreement pursuant to which Huandao Hotel Investment agreed to provide the Loan in the principal amount of RMB10,000,000 (equivalent to HK\$12,000,000) to the Borrower for a term of 18 months.

The Borrower is an indirect wholly-owned subsidiary of CCHG, the ultimate holding company of the Company, and is therefore a connected person of the Company and the Loan Arrangement constitutes a connected transaction for the Company under the Listing Rules.

As disclosed in the announcement of the Company dated 3 September 2020, Huandao Hotel Investment entered into the Previous Loan Transaction with China Huandao on 3 September 2020. As the Borrower is a wholly-owned subsidiary of China Huandao and the Loan Arrangement is entered into within 12 months from the date of the Previous Loan Transaction, the Loan Arrangement shall be aggregated with the Previous Loan Transaction for the purpose of categorising the transaction under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Loan Arrangement, both when calculated individually and aggregated with the Previous Loan Transaction, exceeds 0.1% but is less than 5%, the Loan Arrangement is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 9 February 2021, Huandao Hotel Investment and the Borrower entered into the Loan Agreement, the major terms of which are set out below.

## **LOAN AGREEMENT**

### **Date**

9 February 2021

### **Parties**

- (1) Huandao Hotel Investment, a wholly-owned subsidiary of the Company, as the lender; and
- (2) the Borrower, as the borrower.

Huandao Hotel Investment is principally engaged in marine recreation services and hotel business.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Borrower is principally engaged in education consultancy business.

The Borrower is an indirect wholly-owned subsidiary of CCHG, the ultimate holding company of the Company, and is therefore a connected person of the Company. CCHG and its subsidiaries are principally engaged in the business of equity operation, financial service, assets management, integrated logistics, as well as development and utilization of forestry pulp paper.

### **Loan Arrangement**

Huandao Hotel Investment agreed to provide the Loan in the principal amount of RMB10,000,000 (equivalent to HK\$12,000,000) to the Borrower for a term of 18 months commencing from the actual date of remittance of the fund which is expected to be 9 February 2021.

The interest rate for the Loan is 6% per annum.

The Loan will be funded by the internal resources of the Group.

## **Repayment**

Subject to the right of Huandao Hotel Investment to demand for early repayment of the Loan in accordance with the Loan Agreement, the Borrower shall repay the principal and the interests of the Loan in one lump sum upon maturity of the Loan. The Borrower shall also be entitled to early repay the Loan before maturity without any compensation to Huandao Hotel Investment.

## **Default interest**

If the Borrower fails to repay the Loan to Huandao Hotel Investment when due, the Borrower shall be liable to pay the default interest at the rate of 0.03% per day on the principal amount of the Loan.

## **Undertakings of the Borrower**

The Borrower undertakes that it will use the land it owns and located in the south of Jiangdong Avenue, Jiangdong New District, Haikou City, Hainan Province, the PRC, with an area of approximately 60,000 square metres, as one of the sources of funds for the repayment of the Loan and that, without the prior consent of Huandao Hotel Investment, the Borrower will not deal with the aforesaid land in any manner, including but not limited to by way of sale, swap, gift or creation of security over the aforesaid land before the full repayment of the Loan. In addition, Huandao Hotel Investment shall have the right to request the Borrower to provide a mortgage over the aforesaid land at any time before the full repayment of the Loan by the Borrower.

## **REASONS FOR AND BENEFITS OF THE LOAN ARRANGEMENT**

The Group is principally engaged in finance leasing, bulk commodity trade, property development, property investment and marine recreation services and hotel business.

The terms of the 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 will be beneficial to the Group in terms of return and risk control. In view of the above, the Directors (including the independent non-executive Directors) are of the opinion that although the Loan Arrangement is not in the ordinary and usual course of business of the Group, the terms of the Loan Arrangement are on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Mr. Wang Tianlin, an executive Director, is an executive director of the Borrower, and an executive director and the general manager of China Huandao, which is the immediate holding company of the Borrower. For the sake of good corporate governance practices, Mr. Wang Tianlin has abstained from voting on the Board resolutions approving 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 disclosed in the announcement of the Company dated 3 September 2020, Huandao Hotel Investment entered into the Previous Loan Transaction with China Huandao on 3 September 2020. As the Borrower is a wholly-owned subsidiary of China Huandao and the Loan Arrangement is entered into within 12 months from the date of the Previous Loan Transaction, the Loan Arrangement shall be aggregated with the Previous Loan Transaction for the purpose of categorising the transaction under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Loan Arrangement, both when calculated individually and aggregated with the Previous Loan Transaction, exceeds 0.1% but is less than 5%, the Loan Arrangement is subject to the reporting and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14A of the Listing Rules.

## DEFINITIONS

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

“Board”	means the board of Directors
“Borrower”	means 海南寰島實業發展有限公司 (unofficial English translation being Hainan Huandao Industrial Development Limited), a company incorporated in the PRC with limited liability, being the borrower in the Loan Arrangement
“CCHG”	means 中國誠通控股集團有限公司 (unofficial English translation being China Chengtong Holdings Group Limited), a State-owned company incorporated in the PRC with limited liability and the ultimate holding company of the Company and the Borrower
“China Huandao”	means 中國寰島集團有限公司 (unofficial English translation being China Huandao Group Limited), a company incorporated in the PRC with limited liability, being the immediate holding company of the Borrower

“Company”	means 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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	means the director(s) of the Company
“Group”	means the Company and its subsidiaries
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“Huandao Hotel Investment”	means 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, being the lender in the Loan Arrangement
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	means the loan in the principal amount of RMB10,000,000 (equivalent to HK\$12,000,000) to be granted by Huandao Hotel Investment to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	means the loan agreement dated 9 February 2021 entered into between Huandao Hotel Investment and the Borrower in relation to the Loan Arrangement
“Loan Arrangement”	means the provision of the Loan by Huandao Hotel Investment to the Borrower
“PRC”	means the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan

“Previous Loan Transaction”	means the provision of a loan in the principal amount of RMB30,000,000 (equivalent to HK\$36,000,000) by Huandao Hotel Investment to China Huandao as disclosed in the announcement of the Company dated 3 September 2020
“RMB”	means Renminbi, the lawful currency of the PRC
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“%”	means 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\$1.20. 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**  
**Zhang Bin**  
*Chairman*

9 February 2021

*As at the date of this announcement, the executive Directors are Mr. Zhang Bin, Mr. Yang Tianzhou, Mr. Wang Tianlin and Mr. Li Shufang, and the independent non-executive Directors are Professor Chang Qing, Mr. Lee Man Chun, Tony and Professor He Jia.*