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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: EXTENSION OF LOAN ARRANGEMENT

Reference is made to the announcement of the Company dated 3 September 2020 in relation to the provision of the Loan in the principal amount of RMB30,000,000 (equivalent to HK\$36,000,000) by Huandao Hotel Investment to the Borrower for a term of one year pursuant to the Loan Agreement.

As the term of the Loan will expire on 2 September 2021, upon the application of the Borrower, Huandao Hotel Investment has agreed to enter into the Extension Agreement with the Borrower on even date to extend the term of the Loan for two years to 2 September 2023.

As the Borrower is a wholly-owned subsidiary of CCHG, the ultimate holding company of the Company, the Borrower is a connected person of the Company and the Extension constitutes a connected transaction for the Company under the Listing Rules.

As disclosed in the announcement of the Company dated 9 February 2021, Huandao Hotel Investment entered into the Previous Loan Transaction with Huandao Industrial, which is also a wholly-owned subsidiary of CCHG, on 9 February 2021. As Huandao Industrial is a fellow subsidiary of the Borrower and the Extension Agreement is entered into within 12 months from the date of the Previous Loan Transaction, the Extension 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 Extension, both when calculated individually and aggregated with the Previous Loan Transaction, exceeds 0.1% but is less than 5% and the consideration is more than HK\$3,000,000, the Extension is subject to the reporting and announcement requirements but is exempt from the circular and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

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EXTENSION AGREEMENT

The major terms of the Extension Agreement are set out below:

Date

2 September 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 of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Borrower is a wholly-owned subsidiary of CCHG, the ultimate holding company of the Company, and is therefore a connected person of the Company; (ii) the Borrower is principally engaged in the business of enterprise management services and education investment; and (iii) CCHG and its subsidiaries are principally engaged in the business of equity operation, financial service, assets management, integrated logistics, as well as development and utilisation of forestry pulp paper.

Extension

Huandao Hotel Investment and the Borrower agreed to extend the term of the Loan for two years to 2 September 2023 upon the expiry of the original term of the Loan on 2 September 2021.

The interest rate for the Loan during the extended term is 8% per annum.

Repayment

The Borrower shall pay all interests of the Loan accrued up to 2 September 2021 before the commencement of the extended term.

During the extended term, subject to the right of Huandao Hotel Investment to demand for early repayment of the Loan in accordance with the terms of the Extension Agreement, the Borrower shall pay the accrued interest of the Loan at the end of each year and repay the principal amount, together with any outstanding interests of the Loan accrued during the remaining period of the extended term, 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 principal amount of the Loan to Huandao Hotel Investment when due, the Borrower shall be liable to pay a 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 certain commercial properties which it holds in an office building located in Haikou city, Hainan Province, the PRC 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 properties in any manner, including but not limited to by way of sale, swap, gift or creation of security over the aforesaid properties 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 properties at any time before the full repayment of the Loan by the Borrower.

REASONS FOR AND BENEFITS OF THE EXTENSION

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

The terms of the Extension 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 Extension would 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 Extension is not in the ordinary and usual course of business of the Group, the terms of the Extension Agreement are 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, no Director has a material interest in the Extension. Mr. Wang Tianlin, an executive Director, is an executive director and the general manager of the Borrower. For the sake of good corporate governance practices, Mr. Wang Tianlin has abstained from voting on the Board resolutions approving the Extension.

IMPLICATION UNDER THE LISTING RULES

As the Borrower is a wholly-owned subsidiary of CCHG, the ultimate holding company of the Company, the Borrower is a connected person of the Company and the Extension constitutes a connected transaction for the Company under the Listing Rules.

As disclosed in the announcement of the Company dated 9 February 2021, Huandao Hotel Investment entered into the Previous Loan Transaction with Huandao Industrial, which is also a wholly-owned subsidiary of CCHG, on 9 February 2021. As Huandao Industrial is a fellow subsidiary of the Borrower and the Extension Agreement is entered into within 12 months from the date of the Previous Loan Transaction, the Extension 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 Extension, both when calculated individually and aggregated with the Previous Loan Transaction, exceeds 0.1% but is less than 5% and the consideration is more than HK\$3,000,000, the Extension is subject to the reporting and announcement requirements but is exempt from the circular and the 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 中國寰島集團有限公司 (unofficial English translation being China Huandao Group Limited), a company established in the PRC with limited liability
“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 enterprise established in the PRC with limited liability
“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
“Extension”	means the extension of the term of the Loan pursuant to the Extension Agreement
“Extension Agreement”	means the loan extension agreement dated 2 September 2021 entered into between Huandao Hotel Investment and the Borrower to extend the term of the Loan for two years to 2 September 2023
“Group”	means the Company and its subsidiaries as at the date of this announcement
“HK\$”	means Hong Kong dollar, 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., Ltd.), a company established in the PRC with limited liability
“Huandao Industrial”	means 海南寰島實業發展有限公司 (unofficial English translation being Hainan Huandao Industrial Development Limited), a company established in the PRC with limited liability
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	means the loan in the principal amount of RMB30,000,000 (equivalent to HK\$36,000,000) granted by Huandao Hotel Investment to the Borrower pursuant to the Loan Agreement
“Loan Agreement”	means the loan agreement dated 3 September 2020 entered into between Huandao Hotel Investment and the Borrower for the provision of the Loan
“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 RMB10,000,000 (equivalent to HK\$12,000,000) by Huandao Hotel Investment to Huandao Industrial as disclosed in the announcement of the Company dated 9 February 2021
“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

Hong Kong, 2 September 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.