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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 6 February 2015 in relation to the provision of the Loan in the principal amount of RMB30,000,000 by Huandao Hotel Investment to the Borrower for a period of one year pursuant to the Loan Agreement.

As the term of the Loan will expire on 8 February 2016, Huandao Hotel Investment and the Borrower entered into the Extension Agreement on 5 February 2016 to extend the term of the Loan for one year to 8 February 2017.

By virtue of the relationship between the parties as described below, the Borrower is a connected person of the Company and the Extension constitutes a connected transaction for the Company under the Listing Rules.

As one of the relevant applicable percentage ratios of the Extension is more than 1% but less than 5%, the Extension is only subject to the reporting and announcement requirements and is exempt from the circular, independent financial advice and independent 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

5 February 2016

Parties

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

The Borrower is a company established in the PRC and a wholly-owned subsidiary of CCHG. CCHG is the holding company of World Gain Holdings Limited, which is the controlling Shareholder of the Company holding approximately 51.32% of the issued share capital of the Company as at the date of this announcement. The Borrower is an associate of CCHG and therefore, is a connected person of the Company.

Extension

Huandao Hotel Investment and the Borrower agreed to extend the term of the Loan for one year to 8 February 2017.

Interest rate

The interest rate for the Loan during the extended term is 10% per annum.

Repayment

Subject to any early repayment arrangement as may be agreed by Huandao Hotel Investment, the Borrower shall repay the principal and the interests of the Loan accrued during the extended term in one lump sum upon maturity of the Loan.

The Borrower may, by serving a written notice of not less than one month to Huandao Hotel Investment, request for an early repayment of the whole or any part of the Loan. If the request is accepted by Huandao Hotel Investment, the Borrower may early repay such amount of the Loan as stipulated in the above written request, together with all interests accrued on such sum.

Default interest

If the Borrower fails to repay the Loan to Huandao Hotel Investment and the Loan becomes overdue, the Borrower shall be liable to pay a default interest on the amount overdue at the rate of 0.03% per day.

Undertakings of the Borrower

In connection with the provision of the Loan by Huandao Hotel Investment to the Borrower, the Borrower undertakes that the 1,500,000 shares of China Pacific Insurance (Group) Co., Ltd., which are listed on the Shanghai Stock Exchange (stock code: 601601) held by the Borrower will be one of the sources of funds for the repayment of the Loan. The parties to the Extension Agreement agreed that, without prior written consent by Huandao Hotel Investment, the Borrower shall not deal with the aforesaid shares by way of, including but not limited to, sale, swap or gift before the full repayment of the Loan by the Borrower. In addition, Huandao Hotel Investment has the right to request for a pledge over the aforesaid shares at any time before the full repayment of the Loan by the Borrower.

REASONS FOR AND BENEFITS OF THE EXTENSION OF LOAN ARRANGEMENT

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 independent non-executive Directors) are of the opinion that the terms of the Extension Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 Extension constitutes a connected transaction for the Company under the Listing Rules.

As one of the relevant applicable percentage ratios of the Extension is more than 1% but less than 5%, the Extension is only subject to the reporting and announcement requirements and is exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 Borrower. As such, Mr. Wang Tianlin has a material interest in the Extension and was required to abstain from voting at the meeting of the Board approving the Extension. Mr. Wang Tianlin abstained from voting in the relevant resolutions of the Board to approve the Extension.

GENERAL

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

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

DEFINITIONS

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

“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Borrower”	中國寰島(集團)公司 (unofficial English translation being China Huandao Group Co.), a company established in the PRC with limited liability, being the borrower in the Loan Arrangement
“CCHG”	China Chengtong Holdings Group Limited, a state-owned enterprise established in the PRC and directly supervised and owned by the State-owned Assets Supervision and Administration Commission of the State Council on behalf of the Central People’s Government of the PRC
“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
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension”	the extension of the term of the Loan pursuant to the Extension Agreement
“Extension Agreement”	the loan extension agreement dated 5 February 2016 entered into between Huandao Hotel Investment and the Borrower to extend the term of the Loan for one year to 8 February 2017
“Group”	the Company and its subsidiaries
“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., Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	the loan in the principal amount of RMB30,000,000 made pursuant to the Loan Agreement

“Loan Agreement”	the loan agreement dated 6 February 2015 entered into between Huandao Hotel Investment and the Borrower related to the Loan Arrangement
“Loan Arrangement”	the provision of the Loan by Huandao Hotel Investment to the Borrower
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding the Hong Kong Special Administration Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

By order of the Board
China Chengtong Development Group Limited
Wang Hongxin
Managing Director

Hong Kong, 5 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.