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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 8 August 2019, 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 RMB30,000,000 (equivalent to HK\$33,600,000) to the Borrower for a term of one year.

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 and the Loan Arrangement constitutes a connected transaction for the Company under the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Loan Arrangement 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 8 August 2019, Huandao Hotel Investment and the Borrower entered into the Loan Agreement, the major terms of which are set out below.

LOAN AGREEMENT

Date

8 August 2019

Parties

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

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Borrower is a company incorporated in the PRC and is principally engaged in enterprise management services and education investment.

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.

Loan Arrangement

Huandao Hotel Investment agreed to provide the Loan in the principal amount of RMB30,000,000 (equivalent to HK\$33,600,000) to the Borrower for a term of one year commencing from the actual date of remittance of the fund.

The interest rate for the Loan is 9% 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.

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 certain shares which it holds in respect of a company listed on the Shanghai Stock Exchange 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 shares in any manner, including but not limited to by way of sale, swap or gift before the full repayment of the Loan. In addition, Huandao Hotel Investment shall have the right to request the Borrower to provide a share charge over the aforesaid shares and register such share charge at the relevant registration authority 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, property investment, property development, bulk commodity trade (including trading of coal, steel and non-ferrous metals) and hotel and marine travelling services.

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 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 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 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 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 the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Loan Arrangement 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:

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| “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 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 company incorporated in the PRC with limited liability and the ultimate holding company of the Company |
| “Company” | means China Chengtong Development Group Limited (中國誠通發展集團有限公司), 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 |

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| “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\$33,600,000) to be granted by Huandao Hotel Investment to the Borrower pursuant to the Loan Agreement |
| “Loan Agreement” | means the loan agreement dated 8 August 2019 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 |
| “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\$1.12. 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 and Managing Director

8 August 2019

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