

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Chengtong Development Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**PROPOSED GRANTING OF GENERAL MANDATE
TO REPURCHASE SHARES AND TO ISSUE
NEW SHARES OF THE COMPANY
AND
PROPOSED RE-ELECTION OF RETIRING DIRECTORS**

A notice convening the annual general meeting of the Company to be held at Concord Room 2, 8/F, Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Friday, 22 June 2007 is set out on pages 15 to 19 of this circular.

Whether or not you are able to attend the annual general meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return the same as soon as possible and in any event not later than 48 hours before the time of the meeting or any adjournment thereof to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1806 – 1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Completion and return of the form of proxy will not preclude shareholders from attending and voting at the meeting or any adjournment thereof should they so wish.

4 June 2007

CONTENTS

	<i>Pages</i>
Definitions	1
Letter from the Board	
– Introduction	3
– Proposed granting of General Mandate	4
– Proposed re-election of Retiring Directors	5
– Actions to be taken	5
– Right to demand a poll	5
– Recommendation	6
– General information	6
Appendix I – Explanatory statement	7
Appendix II – Re-election of Directors	10
Notice of the Annual General Meeting	15

DEFINITIONS

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

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be convened and held at Concord Room 2, 8/F, Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Friday, 22 June 2007, the notice of which is set out on pages 15 to 19 of this circular, and any adjournment thereof
“Articles”	the articles of association of the Company, as amended from time to time
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Company”	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(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Extension Mandate”	a general and unconditional mandate to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the Issue Mandate
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Issue Mandate”	a general and unconditional mandate to the Directors to exercise the power of the Company to allot, issue or otherwise deal with Shares of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution

DEFINITIONS

“Latest Practicable Date”	31 May 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Repurchase Mandate”	a general and unconditional mandate to the Directors to enable them to repurchase Shares the aggregate nominal amount of which shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



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)

Executive Directors:

Zhang Guotong (*Vice Chairman and*

Managing Director)

Wang Hongxin

Registered office:

Suite 6406

64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

Non-executive Directors:

Ma Zhengwu (*Chairman*)

Hong Shuikun

Gu Laiyun

Xu Zhen

Independent non-executive Directors:

Tsui Yiu Wa, Alec

Kwong Che Keung, Gordon

Lao Youan

Ba Shusong

4 June 2007

*To the Shareholders, and for information only,
the holders of options of the Company*

Dear Sir or Madam

**PROPOSED GRANTING OF GENERAL MANDATE
TO REPURCHASE SHARES AND TO ISSUE
NEW SHARES OF THE COMPANY
AND
PROPOSED RE-ELECTION OF RETIRING DIRECTORS**

1. INTRODUCTION

The purpose of this circular is to provide Shareholders with information in respect of the resolutions to be proposed at the Annual General Meeting for i) the granting of the Repurchase Mandate to the Directors; ii) the granting of Issuance Mandate to the Directors; iii) the extension of the Issuance Mandate by adding to it the aggregate number of the issued Shares repurchased by the Company under the Repurchase Mandate; and iv) the re-election of retiring Directors.

LETTER FROM THE BOARD

This circular contains the explanatory statement, details of retiring directors proposed to be re-elected and to give all the information reasonably necessary to enable shareholders of the Company to make an informed decision on whether to vote for or against the resolutions.

2. PROPOSED GRANTING OF GENERAL MANDATE

At the annual general meeting of the Company held on 23 June 2006, ordinary resolutions were passed to, among other things, grant the general mandates to the Directors (i) to repurchases, among other things, Shares, the aggregate nominal amount of which does not exceed 10% of the aggregate nominal amount of the issued share capital of the Company on 23 June 2006; and (ii) to allot and issue and otherwise deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company on 23 June 2006 and the nominal amount (up to a maximum of 10% of aggregate nominal amount of the Company's issued share capital) of any Shares repurchased by the Company.

No Shares were issued pursuant to the general mandate to allot and issue and otherwise deal with shares granted to the Directors at the annual general meeting of the Company held on 23 June 2006.

These general mandates will lapse at the conclusion of the AGM.

Share Repurchase Mandate and Extension Mandate

At the forthcoming AGM, an ordinary resolution will be proposed in respect of the granting to the Directors of the Share Repurchase Mandate, in the terms set out in the notice of the AGM, to purchase Shares on the Stock Exchange of an aggregate nominal amount of up to 10% of the aggregate nominal amount of the issued share capital of the Company on the date of passing of such resolution.

In addition, an ordinary resolution regarding the Extension Mandate will be proposed at the Annual General Meeting providing that any Shares repurchased under the Repurchase Mandate (up to a maximum of 10% of the issued Shares as at the date of the grant of the Repurchase Mandate) will be added to the total number of Shares which may be allotted and issued under the Share Issue Mandate.

Share Issue Mandate

At the AGM, ordinary resolutions will also be proposed to renew the general mandate granted to the Directors to allot, issue and deal with Shares not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company at the date of passing the relevant resolution, equivalent to 526,671,291 Shares based on the total issued capital of the Company as at the Latest Practicable Date and presuming that the issued share capital of the Company remains unchanged up to the date of the annual general meeting, and adding to such general mandate so granted to the Directors any Shares representing the aggregate nominal amount of the Shares repurchased by the Company after the granting of the Share Repurchase Mandate.

LETTER FROM THE BOARD

The Repurchase Mandate and Extension Mandate and the Issuance Mandate will continue in force during the period ended on the earliest of (i) the conclusion of the next annual general meeting of the Company, (ii) the date upon which such authority is revoked or varied at a general meeting of the shareholders and (iii) the date by which the next annual general meeting of the Company is required to be held by laws or the Articles of the Company. With reference to the Buyback Mandate and the Issuance Mandate, the Directors wish to state that they have no immediate plan to repurchase or issue any Shares pursuant thereto.

In accordance with the requirements of the Listing Rules, the Company is required to send to the Shareholders an explanatory statement containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the granting of the Repurchase Mandate. The explanatory statement as required by the Listing Rules in connection with the Repurchase Mandate is set out in the Appendix I to this circular.

3. PROPOSED RE-ELECTION OF RETIRING DIRECTORS

In accordance with Article 105(A) and 96 of the Articles of the Company, Mr. Wang Hongxin, Mr. Gu Laiyun, Ms. Xu Zhen and Mr. Ba Shusong will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the Annual General Meeting. Brief biographical details of the retiring Directors are set out in Appendix II to this circular.

4. ACTIONS TO BE TAKEN

The notice for the Annual General Meeting is contained in this circular and a proxy form for use at the Annual General Meeting is enclosed with this circular. Whether or not Shareholders intend to attend the Annual General Meeting (or any adjournment thereof), they are requested to complete the accompanying proxy form and return it to the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1806 – 1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjournment thereof. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the Annual General Meeting if they so wish.

5. RIGHT TO DEMAND A POLL

Pursuant to Article 76 of the Articles, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or

LETTER FROM THE BOARD

- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has been on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.

6. RECOMMENDATION

The Directors consider that the granting of the Issue Mandate, the Repurchase Mandate and the Extension Mandate and the re-election of the retiring Directors are in the interests of the Company and the Shareholders and so recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

7. GENERAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board of
China Chengtong Development Group Limited
Ma Zhengwu
Chairman

This Appendix serves as an explanatory statement, as required by the Share Repurchase Rules, to provide the requisite information to enable Shareholders to make an informed decision on whether to vote for or against the ordinary resolution to approve the granting of the Repurchase Mandate and constitutes the memorandum required under Section 49BA(3)(b) of the Companies Ordinance.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listing is on the Stock Exchange to repurchase their shares on the Stock Exchange and any other stock exchange on which the securities of the company are listed and such exchange is recognised by the Securities and Futures Commission of Hong Kong subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchase of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general repurchase mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at Latest Practicable Date, there were a total of 2,633,356,458 Shares in issue.

Subject to the passing of the proposed resolution granting the Repurchase Mandate and on the basis that no further Shares are issued or repurchased prior to the Annual General Meeting, the Company will be allowed under Repurchase Mandate to repurchase a maximum of 263,335,645 Shares.

3. REASONS FOR THE REPURCHASE

The Directors believe that it is in the best interests of the Company and the Shareholders as a whole to seek a general authority from the Shareholders to enable the Company to repurchase the Shares on the Stock Exchange or any other stock exchange on which the Shares are listed. Share repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such repurchase will benefit the Company and its Shareholders.

4. FUNDING OF REPURCHASES

Repurchases would be funded out of funds which are legally available for such purpose in accordance with the memorandum and articles of association of the Company and the laws of Hong Kong.

Taking into account the current working capital position of the Company, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of the Company as compared with the position as at 31 December 2006, being the date of its latest audited consolidated financial statements. However, the Directors do not intend to

make any repurchases to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing position of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange in each of the 12 calendar months immediately preceding the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2006		
May	0.365	0.280
June	0.330	0.290
July	0.340	0.295
August	0.450	0.310
September	0.550	0.405
October	0.560	0.440
November	0.550	0.460
December	0.640	0.470
2007		
January	0.750	0.480
February	1.270	0.660
March	1.380	0.910
April	1.360	0.900
May (up to the Latest Practicable Date)	2.950	1.280

6. THE TAKEOVERS CODE AND MINIMUM PUBLIC HOLDING

If a Shareholder's proportionate interest in the voting rights of the Company increases on the Company exercising its powers to repurchase Shares pursuant to the Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Hong Kong Code on Takeovers and Mergers ("**Takeovers Code**"). As a result, a Shareholder or group of Shareholders acting in concert (as defined in the Takeovers Code) could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, World Gain Holdings Limited, the Company's controlling Shareholder was interested in 791,814,913 Shares, representing approximately 30.06% of the total issued share capital of the Company. The entire issued share capital of World Gain Holding Limited is beneficially owned by China Chengtong Hong Kong Company Limited and the entire issue share capital of which is beneficial owned by China Chengtong Holdings Group Limited. On the basis that no further issue nor repurchase of Shares for the period from the Latest Practicable Date up to and including the date of the

Annual General Meeting, if the Repurchase Mandate were exercised in full, the beneficial interests of World Gain Holdings Limited in the issued share capital of the Company would increase to approximately 40% and World Gain Holdings Limited may be required under the Takeover Code to make an offer to all the issued Shares of the Company. The Directors have no intention to exercise the Repurchase Mandate to such an extent as would result in a takeover obligation on the part of World Gain Holdings Limited.

On the basis of the shareholding of the persons interested in 5% or more of the issued share capital of the Company as at the Latest Practicable Date according to the register kept by the Company pursuant to section 336 of the Securities and Futures Ordinance (“SFO”) (Chapter 571 of the Laws of Hong Kong), the Directors are not aware of any consequences which may arise under the Takeovers Code as a result of any repurchases made under the Repurchase Mandate. The Directors have no intention to exercise the Repurchase Mandate to such an extent that will result in the number of Shares in the hands of public falling below the prescribed minimum percentage of 25%.

7. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not purchased any of the Shares (whether on the Stock Exchange or otherwise) in the six months immediately preceding the Latest Practicable Date.

8. GENERAL

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates, have any present intention to sell any Shares to the Company if the Repurchase Mandate is approved by the Shareholders.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will only exercise the power of the Company to make repurchase pursuant to the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of Hong Kong.

No connected person of the Company has notified the Company that he has a present intention to sell any Shares to the Company nor has any such connected person undertaken not to sell any Shares held by him to the Company in the event that the Repurchase Mandate is granted.

PARTICULARS OF DIRECTORS FOR RE-ELECTION

The biographical details and other particulars of the Directors who will retire at the Annual General Meeting according to the current Articles of the Company and will be proposed to be re-elected at the Annual General Meeting are set out below:

Mr. Wang Hongxin, aged 43, executive director*Length of service*

Mr. Wang joined the Group in March 2005 and there is no fixed term of his appointment.

Qualification and experience

Mr. Wang graduated from Jilin Normal University in the PRC with a bachelor degree of arts and a executive master of business degree from the Guanghua School of Management of Beijing University in the PRC. He was a director for Maoming Yougye (Group) Co. Ltd., whose shares are listed on The Shenzhen Stock Exchange and previously worked as deputy general manager for Guangdong Hualong Limited Company and for China Materials Investment Corporation in the PRC. Other than the above, Mr. Wang did not hold any directorship in other listed companies in the last three years.

Interests in Shares or underlying shares

As far as the Directors are aware, Mr. Wang was not interested or deemed to be interested in any Shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

Mr. Wang did not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Others

There is no service contract entered into between the Company and Mr. Wang. Mr. Wang is entitled to receive a monthly payment of HK\$55,000 (subject to annual review by the Remuneration Committee and the Board). His emolument is determined by the Remuneration Committee and the Board in accordance with his duties and market conditions. Apart from being the executive director of the Company, he did not hold any other position with other members of the Group.

Mr. Wang does not have any information which is required to be disclosed under Rules 13.51(2)(h)-(v) of the Listing Rules. Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Company's shareholders.

Mr. Gu Laiyun, aged 43, non-executive director

Length of service

Mr. Gu joined the Group in February 2003 and there is no fixed term of his appointment.

Qualification and experience

Mr. Gu graduated from Dongbei University of Finance and Economics in 1985 and holds both a bachelor degree in economics and master of science degree from Jilin University in 1997. Mr. Gu has extensive experience in corporate management and he is the assistant to president of China Chengtong Holdings Group Limited, the ultimate controlling shareholder of the Company.

Interests in Shares or underlying shares

Mr. Gu has a long position in 3,867,707 Shares by virtue of the options granted to him under the share option scheme of the Company currently adopted. Other than the said interest, Mr. Gu has no other interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

Mr. Gu did not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Others

There is no service contract entered into between the Company and Mr. Gu. Mr. Gu is entitled to receive a monthly payment of HK\$20,000 (subject to annual review by the Remuneration Committee and the Board). His emolument is determined by the Remuneration Committee and the Board in accordance with his duties and market conditions. Apart from being the non-executive director of the Company, he did not hold any other position with other members of the Group.

Mr. Gu does not have any information which is required to be disclosed under Rules 13.51(2)(h)-(v) of the Listing Rules. Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Company's shareholders.

Ms. Xuzhen, aged 42, non-executive director*Length of service*

Ms. Xu joined the Group in March 2005 and there is no fixed term of her appointment.

Qualification and experience

Ms. Xu holds a bachelor degree in economics and a master degree in accounting studies. Ms. Xu is currently a director of Create Technology & Science Company Limited whose shares are listed on the Shenzhen Stock Exchange. She previously worked for China Materials Investment Corporation as deputy general manager and is currently the chief accountant of China Chengtong Holdings Company, the ultimate controlling shareholder of the Company. Other than the above, Ms. Xu did not hold any directorship in other listed companies in the last three years.

Interests in Shares or underlying shares

Ms. Xu has a long position in 725,196 Shares by virtue of the options granted to her under the share option scheme of the Company currently adopted. Other than the said interest, Ms. Xu has no other interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

Ms. Xu did not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Others

There is no service contract entered into between the Company and Ms. Xu. Ms. Xu is entitled to receive a monthly payment of HK\$20,000 (subject to annual review by the Remuneration Committee and the Board). Her emolument is determined by the Remuneration Committee and the Board in accordance with her duties and market conditions. Apart from being the non-executive director of the Company, she did not hold any other position with other members of the Group.

Ms. Xu does not have any information which is required to be disclosed under Rules 13.51(2)(h)-(v) of the Listing Rules. Save as disclosed herein, there are no other matters relating to her re-election that need to be brought to the attention of the Company's shareholders.

Mr. Ba Shusong, aged 37, independent non-executive director*Length of service*

Mr. Ba joined the Group in April 2007. There is no fixed term of his appointment and he will retire at the Annual General Meeting, at which he will be eligible for re-election pursuant to article 96 of the Articles. Thereafter, Mr. Ba will be subject to retirement by rotation and re-election at Annual General Meeting of the Company in accordance with article 105(A) of the Articles.

Qualification and experience

Mr. Ba obtained his bachelor and master degrees in 1991 and 1994 from the Huazhong University of Science and Technology and in 1999 he obtained his doctorate degree from the Central University of Finance and Economics. From 2000 to 2002, he conducted his post doctorate research in Peking University Centre of China Economic Research, his major research areas were Risk Management of Financial Institutes, Corporate Governance and Regulatory Framework of Financial Market.

Mr. Ba is the vice director of the Finance Research Institute, Development Research Centre of the State Council of the PRC and also a panel member of the Mutual Funds Committee of the China Securities Regulatory Commission, an examination panel member of the China Banking Regulatory Commission, an expert of evaluating Corporate Annuity Funds and a member of professional committee of the China Development Bank. He is currently an independent non-executive director of Da An Gene Co., Ltd. of Sun Yat-Sen University (a company listed on the Shenzhen Stock Exchange) and Industrial Bank Co., Ltd. (a company listed on Shanghai Stock Exchange). In addition, he serves in a number of government committees and certain non-government organizations committees.

Interests in Shares or underlying shares

As far as the Directors are aware, Mr. Ba was not interested or deemed to be interested in any Shares of the Company or its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance.

Relationship

Mr. Ba did not have any relationship with any other Director, senior management, substantial shareholders (as defined in the Listing Rules) or controlling shareholders (as defined in the Listing Rules) of the Company.

Others

There is no service contract entered into between the Company and Mr. Ba. Mr. Ba is entitled to receive a monthly payment of HK\$20,000 (subject to annual review by the Remuneration Committee and the Board). His emolument is determined by the Remuneration Committee and the Board in accordance with his duties and market conditions. Apart from being the non-executive director of the Company, he did not hold any other position with other members of the Group.

Mr. Ba does not have any information which is required to be disclosed under Rules 13.51(2)(h)-(v) of the Listing Rules. Save as disclosed herein, there are no other matters relating to his re-election that need to be brought to the attention of the Company's shareholders.

NOTICE OF THE ANNUAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that the annual general meeting of CHINA CHENGTONG DEVELOPMENT GROUP LIMITED (“**Company**”) will be held at Concord Room 2, 8/F, Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Friday, 22 June 2007 for the following purposes:

ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements and the reports of the directors of the Company and the Company’s auditors for the year ended 31 December 2006.
2. To re-elect the retiring directors and to authorise the board of directors to fix the remuneration of directors.
3. To re-appoint the Company’s auditors and to authorise the board of directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass, with or without modifications, the following resolutions as ordinary and/or special resolutions:

4. **“THAT:**
 - (a) subject to paragraph (c) of this resolution, pursuant to Section 57B of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) (“**Companies Ordinance**”) and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”), the exercise by the directors of the Company (“**Directors**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with the unissued shares (each, a “**Share**”) of HK\$0.10 each in the capital of the Company and to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares), which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;

NOTICE OF THE ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options (including warrants, bonds, notes and other securities which carry rights to subscribe for or are convertible into Shares) which would or might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted and issued or agreed conditionally or unconditionally to be allotted and issued (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) the exercise of any options granted under any share option schemes of the Company adopted from time to time in accordance with the Listing Rules; or (iii) any scrip dividend scheme or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company in force from time to time; or (iv) any issue of Shares upon the exercise of rights of subscription or conversion under the terms of any warrants of the Company or any securities which are convertible into Shares, shall not exceed the aggregate of:
- (aa) 20 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (bb) (if the Directors are so authorised by a separate ordinary resolution of the shareholders of the Company) the aggregate nominal amount of any share capital of the Company purchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10 per cent. of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution),
- and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (d) for the purposes of this resolution:
- “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF THE ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Ordinance or any applicable law of Hong Kong to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution;

“**Rights Issue**” means an offer of Shares, or offer or issue of warrants, options or other securities giving rights to subscribe for Shares open for a period fixed by the Directors to holders of Shares whose name appear on the Company’s register of members on a fixed record date in proportion to their then holdings of Shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory applicable to the Company).”

5. “**THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company (“**Director**”) during the Relevant Period (as defined in paragraph (c) below) of all powers of the Company to purchase shares (each, a “**Share**”) of HK\$0.10 each in the capital of the Company on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”), or any other stock exchange on which the Shares may be listed and recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the Securities and Futures Commission of Hong Kong, the Stock Exchange, the Companies Ordinance and all other applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of Shares which may be purchased or agreed to be purchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and

NOTICE OF THE ANNUAL GENERAL MEETING

- (c) for the purposes of this resolution, “**Relevant Period**” means the period from the date of the passing of this resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of the Company;
 - (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, the Companies Ordinance or any applicable law of Hong Kong to be held; and
 - (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.”
6. “**THAT** conditional on the passing of resolutions numbered 4 and 5 above, the general mandate granted to the directors of the Company pursuant to paragraph (a) of resolution numbered 4 above be and it is hereby extended by the addition to the aggregate nominal amount of the shares of HK\$0.10 each in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to or in accordance with such general mandate of an amount representing the aggregate nominal amount of the share capital of the Company purchased or agreed to be purchased by the Company pursuant to or in accordance with the authority granted under paragraph (a) of resolution numbered 5 above.”

By order of the Board
China Chengtong Development Group Limited
Ma Zhengwu
Chairman

Hong Kong, 4 June 2007

Registered Office in Hong Kong:
Suite 6406
64th Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

NOTICE OF THE ANNUAL GENERAL MEETING

Notes:

- 1 A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote in his stead. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is appointed. A proxy need not be a member of the Company. A form of proxy for use at the meeting is enclosed herewith. In case of a joint holding, the form of proxy may be signed by any joint holder, but if more than one joint holder is present at the meeting, whether in person or by proxy, that one of the joint holders whose name stands first on the register of members in respect of the relevant joint holding shall alone be entitled to vote in respect thereof.
- 2 To be valid, the form of proxy together with any power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney or authority must be deposited with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1806 -1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the accompanying form of proxy will not preclude members of the Company from attending and voting in person at the meeting or any adjournment thereof should they so wish.
- 3 In relation to proposed resolutions numbered 4 and 6 above, approval is being sought from the shareholders for the grant to the directors of a general mandate to authorise the allotment and issue of shares under the Listing Rules. The directors have no immediate plans to issue any new shares of the Company other than shares which may fall to be issued under the share option scheme of the Company or any scrip dividend scheme which may be approved by shareholders.
- 4 In relation to proposed resolution numbered 5 above, the directors wish to state that they will exercise the powers conferred thereby to purchase shares in circumstances which they deem appropriate for the benefit of the shareholders.
- 5 Delivery of an instrument appointing a proxy should not preclude a shareholder from attending and voting in person at the above meeting or any adjournment thereof and in such event, the instrument appointing a proxy shall be deemed to be revoked.
- 6 Right to demand a poll

Pursuant to Article 76 of the articles of association of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the results of the show of hands or on the withdrawal of any other demand for a poll) demanded:

- (i) by the Chairman of the meeting; or
- (ii) by at least three members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or
- (iii) by any member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) by a member or members present in person (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Unless a poll be so demanded and not withdrawn, a declaration by the Chairman that a resolution has been on a show of hands been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution.