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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.

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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)

**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 3, 8/F., Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 24 June 2008 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.

29 May 2008

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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 3, 8/F., Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 24 June 2008, 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 of the Company
“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”	23 May 2008, 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 (*Chairman and Managing Director*)

Wang Hongxin

Registered office:

Suite 6406

64th Floor

Central Plaza

18 Harbour Road

Wanchai, Hong Kong

Non-executive Directors:

Gu Laiyun

Xu Zhen

Independent non-executive Directors:

Tsui Yiu Wa, Alec

Kwong Che Keung, Gordon

Lao Youan

Ba Shusong

29 May 2008

*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 Issue Mandate to the Directors; iii) the extension of the Issue 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.

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.

LETTER FROM THE BOARD

2. PROPOSED GRANTING OF GENERAL MANDATE

At the annual general meeting of the Company held on 22 June 2007, 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 22 June 2007; 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 22 June 2007 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 22 June 2007.

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

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 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 Issue Mandate.

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 535,297,650 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.

The Repurchase Mandate and Extension Mandate and the Issue 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

LETTER FROM THE BOARD

annual general meeting of the Company is required to be held by laws or the Articles of the Company. With reference to the Repurchase Mandate and the Issue 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) of the Articles of the Company, Mr. Zhang Guotong, Mr. Kwong Che Keung, Gordon, Mr. Tsui Yiu Wa, Alec and Mr. Lao Youan 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
- (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

LETTER FROM THE BOARD

- (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
Zhang Guotong
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 2,676,488,253 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 267,648,825 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 2007, 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>
2007		
May	2.950	1.280
June	3.020	2.000
July	2.800	2.100
August	2.380	1.150
September	2.250	1.560
October	1.940	1.100
November	1.780	1.340
December	1.980	1.420
2008		
January	1.800	1.020
February	1.490	1.040
March	1.350	0.850
April	1.200	0.830
May (up to the Latest Practicable Date)	1.190	0.950

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 29.58% of the total issued share capital of the Company. The entire issued share capital of World Gain Holdings Limited is beneficially owned by China Chengtong Hong Kong Company Limited and the entire issue share capital of which is beneficially 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 33% 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. Zhang Guotong, aged 44, executive director*Length of service*

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

Qualification and experience

Mr. Zhang graduated from Sun Yat-sen University in 1985 and holds a bachelor degree in economics. He has served as deputy director of the Department of Policy Studies of Ministry of Material Supply of the PRC, director of Department of Legislation on Structural Reform of Ministry of Domestic Trade of the PRC, president of China Logistics Company in Mainland China, general manager of China National Materials Development & Investment Corporation and director of China Chengtong Holdings Group Limited. Mr. Zhang has extensive experience in macro decision-making, corporate governance, investment and business administration. Mr. Zhang 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. Zhang 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. Zhang 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. Zhang. Mr. Zhang is entitled to receive a monthly payment of HK\$94,525 approximately (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 chairman and managing director of the Company and the director of the two subsidiaries of the Company, he did not hold any other position with other members of the Group.

Mr. Zhang 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. Kwong Che Keung, Gordon, aged 58, independent non-executive director

Length of service

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

Qualification and experience

Mr. Kwong graduated from the University of Hong Kong with a Bachelor of Social Science degree in 1972, and is a fellow member of the Institute of Chartered Accountants in England and Wales and Hong Kong Institute of Certified Public Accountants. From 1984 to 1998, he was a partner of Pricewaterhouse and was a council member of the Stock Exchange from 1992–1997. He is currently serving as independent non-executive director of a number of companies listed on the Stock Exchange, namely COSCO International Holdings Limited, Tianjin Development Holdings Limited, Beijing Capital International Airport Company Limited, Frasers Property (China) Limited, NWS Holdings Limited, China Oilfield Services Limited, OP Financial Investments Limited (formerly know as Concepta Investments Limited), Global Digital Creations Holdings Limited, Ping An Insurance (Group) Company of China, Limited, Quam Limited, China Power International Development Limited, Henderson Land Development Company Limited, Henderson Investment Limited, Agile Property Holdings Limited and CITIC 1616 Holdings Limited. Previously, Mr. Kwong was an independent non-executive director of Henderson China Holdings Limited and Tom Online Inc. both companies have been privatized in June 2006 and August 2007 respectively. Until his resignation on 1 January 2006, Mr. Kwong was a non-executive director of COSCO Pacific Limited. He was also an independent non-executive director of New World Mobile Holdings Limited from July 2004 to February 2007. Other than the above, Mr. Kwong 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. Kwong 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. Kwong 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. Kwong. Mr. Kwong is entitled to receive a monthly payment of HK\$30,000 (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 independent non-executive director and act as chairman of the audit committee of the Company, he did not hold any other position with other members of the Group.

Mr. Kwong 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. Tsui Yiu Wa, Alec, aged 58, independent non-executive director*Length of service*

Mr. Tsui joined the Group in March 2003 and there is no fixed term of her appointment.

Qualification and experience

Mr. Tsui graduated from the University of Tennessee, United States with a Bachelor of Science degree and a Master of Engineering degree in industrial Engineering. He completed a Program for Senior Managers in Government at the John F.Kennedy School of Government of Harvard University. He has numerous year of experience in finance and administration, corporate and strategic planning, information technology as well as human resources management. He is the Chairman of WAG Financial Corporate Finance Limited and Vice-chairman of China Mergers and Acquisitions Association. Mr. Tsui was the Chairman of the Hong Kong Securities Institute from 2001 to 2004, and the Chief Operating Officer of Hong Kong Exchanges and Clearing Limited in 2000. He is an independent non-executive director of a number of listed companies in Hong Kong and Nasdaq, including Industrial and Commercial Bank of China (Asia) Limited, Vertex Communications & Technology Group Limited, China Power International Development Limited, COSCO International Holdings Limited, Synergies Holdings Limited, China BlueChemical Limited, Greentown China Holdings Limited, China Hui Yuan Juice Group Limited, Melco PBL Entertainment (Macau) Limited, Pacific OnLine Limited and ATA Inc. Ltd. He is also a director of Hong Kong Professional Consultants Association Limited and AIG Huatai Fund Management Company. During the last three years, Mr. Tsui was a director of Harbour Networks Holdings Limited. Other than the above, Mr. Tsui 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. Tsui 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. Tsui 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. Tsui. Mr. Tsui is entitled to receive a monthly payment of HK\$30,000 (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 independent non-executive director and act as chairman of the remuneration committee of the Company, he did not hold any other position with other members of the Group.

Mr. Tsui 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. Lao Youan, aged 43, independent non-executive director*Length of service*

Mr. Lao joined the Group in April 2002. There is no fixed term of his appointment.

Qualification and experience

Mr. Lao graduated from Sun Yat-sen University in 1985 and holds a bachelor degree in economics. He has many years of experience in the investment, trading and financial field in Hong Kong. He has held senior management positions in various large enterprises. He serves as financial controller of Guangdong Panyu Bridge Co., Ltd. and has extensive experienced in corporate management, project investment management and financial management. Other than the above, Mr. Lao 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. Lao 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. Lao 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. Lao. Mr. Lao 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 independent non-executive director of the Company, he did not hold any other position with other members of the Group.

Mr. Lao 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 OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of CHINA CHENGTONG DEVELOPMENT GROUP LIMITED (“**Company**”) will be held at Concord Room 3, 8/F., Renaissance Harbour View Hotel, No. 1 Harbour Road, Wanchai, Hong Kong at 10:30 a.m. on Tuesday, 24 June 2008 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 2007.
2. To re-elect the retiring directors and to authorize 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

NOTICE OF THE ANNUAL GENERAL MEETING

(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;
- (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;

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- (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
 - (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
Zhang Guotong
Chairman

Hong Kong, 29 May 2008

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

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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.