



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)

CAPITAL REDUCTION

The Board is pleased to announce that on 20 June 2006 the Court made an order confirming the Capital Reduction. The Capital Reduction became effective upon the registration of an office copy of the Court Order with the Registrar of Companies on 21 June 2006. A credit amount of HK\$939,273,144.96 arising from the Capital Reduction has been applied to write off the accumulated losses of HK\$938,308,422.76 of the Company as at 31 December 2004 and the balance of HK\$964,722.20 has been transferred to a special capital reserve created by the Company.

References are made to the announcement of the Company dated 20 September 2005, the Company's circular to the Shareholders dated 7 October 2005 and the announcement of the Company dated 3 November 2005 relating to the proposal for the cancellation of the entire sum standing to the credit of the share premium account of the Company as at 31 December 2004 (the "Capital Reduction"). Unless otherwise stated, terms defined in the above announcements and circular have the same meaning when used in this announcement.

The Board is pleased to announce that the Court made an order ("Court Order") confirming the Capital Reduction on 20 June 2006. The Capital Reduction became effective upon the registration of an office copy of the Court Order with the Companies Registrar on 21 June 2006. A credit amount of HK\$939,273,144.96 arising from the Capital Reduction has been applied to write off the accumulated losses of HK\$938,308,422.76 of the Company as at 31 December 2004 and the balance of HK\$964,722.20 has been transferred to a special capital reserve created by the Company.

As at the date of this announcement, the Executive Directors are Mr Zhang Guotong and Mr Wang Hongxin; the Non-executive Directors are Mr Ma Zhengwu, Mr Hong Shuikun, Mr Gu Laiyun and Ms Xu Zhen; the Independent non-executive Directors are Mr Kwong Che Keung, Gordon, Mr Tsui Yiu Wa, Alec and Mr Lao Youan.

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

Hong Kong, 21 June 2006