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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)

FURTHER ANNOUNCEMENT MAJOR TRANSACTION: DISPOSAL OF SUBSIDIARY

Reference is made to the further announcement of the Company dated 5 September 2006 in relation to the Disposal.

The Disposal has fallen through by reason of repudiation of the Disposal Agreement by the Purchaser. The Vendor has reserved all its rights and remedies against the Purchaser in the matter.

Other than the gain on the Disposal of approximately HK\$31,593,000 previously expected to have had upon completion of the Disposal which will not be recognised, it is expected that the fallen through of the Disposal will not have a material adverse financial and operational impact on the Group.

Further announcement will be made by the Company on any material development in relation to the Disposal, to keep the Shareholders and the investors informed as appropriate.

Reference is made to the further announcement of the Company dated 5 September 2006 in relation to the Disposal. Unless otherwise stated, terms defined in the announcement dated 7 February 2006 (the "Announcement") of the Company and the circular dated 9 May 2006 (the "Circular") issued by the Company to its shareholders have the same meanings when used in this announcement.

The Disposal has fallen through by reason of repudiation of the Disposal Agreement by the Purchaser. The Vendor has reserved all its rights and remedies against the Purchaser in the matter. The Company was notified by the Purchaser through its solicitors that the Purchaser has obtained the deposit of US\$561,403 (equivalent to approximately HK\$4,378,943) previously paid by the Purchaser to the stakeholder, who acts as escrow agent in relation to the said deposit for the Vendor and the Purchaser, from the stakeholder.

Other than the gain on the Disposal of approximately HK\$31,593,000 previously expected to have had upon completion of the Disposal which will not be recognised, it is expected that the fallen through of the Disposal will not have a material adverse financial and operational impact on the Group.

Further announcement will be made by the Company on any material development in relation to the Disposal, to keep the Shareholders and the investors informed as appropriate.

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; and 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
Wang Hongxin
Executive Director

Hong Kong, 24 November 2006