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**CNT GROUP LIMITED**  
**(北海集團有限公司)**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 701)**

**DISCLOSEABLE TRANSACTION**  
**CONSTRUCTION CONTRACT**

The Board wishes to announce that on 8th December 2009, Giraffe Paint, which is an indirect wholly owned subsidiary of the Company, has entered into the Construction Contract with the Contractor under which the Contractor has agreed to undertake the Construction Works for Giraffe Paint upon the Land for the Contract Price.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Contractor and its ultimate beneficial owner are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

As the applicable percentage ratio under the Listing Rules in respect of the Construction Contract is more than 5% but less than 25%, the transaction contemplated under the Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

**Construction Contract dated 8th December 2009**

**Parties**

- (1) Giraffe Paint Mfg. Co., (Shanghai) Ltd. (長頸鹿製漆(上海)有限公司), an indirect wholly owned subsidiary of the Company
- (2) China National Chemical Engineering Third Construction Co., Ltd. (中國化學工程第三建設有限公司), a limited liability company established under the laws of the PRC

The principal activity of Giraffe Paint is manufacturing and sale of paint products in the PRC and the principal activity of the Contractor is to carry out construction works in the PRC.

### **Scope of the Construction Works**

The Construction Works involve the construction on the Land of, inter alia, two blocks of warehouse, a paint production building, a multi-purpose office building, a laboratory building, a transformer substation building, pumping room, extraventricular water sewage pipeline network, roads within the factory area and all related foundation and construction works, etc. (excluding decoration works of the multi-purpose office building, water system, fire system, electricity and water). The Construction Works shall comply with all relevant safety and construction work quality standard prescribed by the PRC government or relevant construction and building authorities in the PRC.

The Construction Works shall commence within ten days after the receipt of a written notice from Giraffe Paint to the Contractor and shall be completed before 30th August 2010.

### **Contract Price and Payment Terms**

The Contract Price shall be payable as follows :

- (a) 10% of the Contract Price shall be paid within fifteen days after the signing of the Construction Contract and the receipt by Giraffe Paint of the Performance Guarantee as advance payment of the Contract Price;
- (b) 70% of the Contract Price shall be paid according to the completion of different stages of the Construction Works as stated in the Construction Contract;
- (c) 15% of the Contract Price shall be paid upon completion of the Construction Works and the receipt by Giraffe Paint of the consolidated examination and acceptance certificate (綜合驗收合格證) duly filed with 上海市青浦區建設局; and
- (d) the remaining 5% of the Contract Price shall be retained by Giraffe Paint as retention money, such retention money will be released to the Contractor one year after the completion of the Construction Works subject to any deduction thereto for any defective works in relation to the Construction Works.

The Contract Price will be financed partly by internal resources of the Group and partly by bank loans and facilities. The bank loans and facilities will be secured by a legal charge on the Land.

Pursuant to the Construction Contract, the Contractor shall provide the Performance Guarantee to Giraffe Paint within seven days after the signing of the Construction Contract guaranteeing the due performance of the Construction Contract by the Contractor up to 31st August 2010 (after completion of the Construction Works and passing of the examination and acceptance standard).

### **Selection of the Contractor and Basis of Contract Price**

The Contractor was selected by the Company from a total of five contractors who responded through an open bidding process conducted by Giraffe Paint in Shanghai City of the PRC from 12th to 28th November 2009. The Company assessed those contractors according to a number of factors including the price quotations submitted, experience and market position of the contractors and the quality of construction works to be provided by the contractors. On the basis of such factors and after due and careful consideration, the Company has chosen the Contractor to undertake the Construction Works.

### **Reasons for the Construction Contract**

The principal activities of the Group are the manufacturing and sale of paint products and properties investment in Hong Kong and the PRC. Upon completion of the Construction Works, the Group will set up a new manufacturing line through the factory and buildings to be constructed on the Land. The Directors believe that the new manufacturing line and the new factory and buildings to be constructed on the Land would enable the Group to enhance its overall production capacity and to effectively control its manufacturing and production costs to cope with the future business expansion of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Construction Contract and Contract Price are fair and reasonable and are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

### **General Information**

As the applicable percentage ratio under the Listing Rules in respect of the Construction Contract is more than 5% but less than 25%, the transaction contemplated under the Construction Contract constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

## Definitions

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors of the Company
“Company”	CNT Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are traded on The Stock Exchange of Hong Kong Limited
“Construction Contract”	the Construction Contract (工程合同) dated 8th December 2009 made between Giraffe Paint and the Contractor in respect of the Construction Works
“Construction Works”	the construction works agreed to be undertaken by the Contractor for Giraffe Paint upon the Land which involve the construction of, inter alia, two blocks of warehouse, a paint production building, a multi-purpose office building, a laboratory building, a transformer substation building, pumping room, extraventricular water sewage pipeline network, roads within the factory area and all related foundation and construction works, etc. (excluding decoration works of the multi-purpose office building, water system, fire system, electricity and water).
“Contract Price”	the sum of RMB16,750,000 (equivalent to approximately HK\$19,011,000)
“Contractor”	China National Chemical Engineering Third Construction Co., Ltd. (中國化學工程第三建設有限公司), a limited liability company established under the laws of the PRC
“Directors”	the directors of the Company
“Giraffe Paint”	Giraffe Paint Mfg. Co., (Shanghai) Ltd. (長頸鹿製漆(上海)有限公司), an indirect wholly owned subsidiary of the Company and a wholly foreign-owned enterprise established under the laws of the PRC
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Land”	the land of approximately 31,000 m <sup>2</sup> situated at 上海市青浦區白鶴鎮沈聯村 which was acquired by Giraffe Paint in 2007
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Performance Guarantee”	the Performance Guarantee (履約保函) to be issued by bank for the sum of RMB4,000,000 (equivalent to approximately HK\$4,540,000) to Giraffe Paint guaranteeing the due performance of the Construction Contract by the Contractor
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the same meaning ascribed thereto in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)

*Note: For reference purpose only, the conversion of Renminbi to Hong Kong dollars is based on the exchange rate of RMB1.00 to HK\$1.135 in this announcement.*

On behalf of the Board  
**Lam Ting Ball, Paul**  
*Chairman*

Hong Kong, 14th December 2009

*The board of directors of the Company as at the date of this announcement comprises Messrs. Tsui Tsin Tong, Lam Ting Ball, Paul, Tsui Ho Chuen, Philip, Tsui Yam Tong, Terry and Chong Chi Kwan as executive directors; Messrs. Hung Ting Ho, Richard, Zhang Yulin and Ko Sheung Chi as non-executive directors; and Sir David Akers-Jones, Messrs. Danny T Wong, Chan Wa Shek and Dr. Steven Chow as independent non-executive directors.*