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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**

The Board wishes to announce that on 17 March 2007, the Purchaser which is an indirect wholly-owned subsidiary of the Company has entered into a Memorandum for Sale (the “Memorandum”) with the Vendor to acquire and purchase the Property for the Purchase Price of HK\$36,484,000.

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Vendor 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).

The transaction contemplated under the Memorandum constitutes a discloseable transaction of the Company under the Listing Rules. A circular containing details of the transaction will be sent to the shareholders of the Company in due course.

**Memorandum for Sale dated 17 March 2007**

**Parties**

Vendor : Koon Yee Company Limited, the developer of the Property

Purchaser : China Paint Property Limited, a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company

The principal activity of the Vendor is property development. To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Vendor 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).

## **Acquisition of the Property**

Pursuant to the Memorandum, the Vendor agreed to sell and the Purchaser agreed to purchase the Property known as House No. 83 Mouton Avenue, The Vineyard, No. 23 Ngau Tam Mei Road, Yuen Long, New Territories, Hong Kong. The development known as “The Vineyard” of which the Property forms part comprises residential houses and is still under construction.

## **Purchase Price**

The Purchase Price for the Acquisition is HK\$36,484,000 and shall be payable in cash as follows:

- (a) HK\$1,824,200 has already been paid by the Purchaser as initial deposit and part payment of the Purchase Price upon signing of the Memorandum;
- (b) HK\$1,824,200 shall be paid by the Purchaser as further part payment of the Purchase Price on or before 20 April 2007;
- (c) HK\$1,824,200 shall be paid by the Purchaser as further part payment of the Purchase Price on or before 21 May 2007;
- (d) HK\$1,824,200 shall be paid by the Purchaser as further part payment of the Purchase Price on or before 20 June 2007; and
- (e) HK\$29,187,200 shall be paid by the Purchaser as balance of the Purchase Price on or before 17 September 2007.

The Purchase Price will be financed partly by internal resources and partly by bank loans and facilities, the proportion of which is yet to be determined. It is expected that such bank loans and facilities will be secured by a legal charge or mortgage on the Property.

The negotiation of the Acquisition was commenced after 12 March 2007 and the Purchase Price was arrived at after arm’s length negotiations between the Vendor and the Purchaser. There was no independent valuation conducted on the Property. The Purchase Price was determined with reference to the pre-sale price of the development set by the developer and the market price of other luxury residential houses and properties in Tai Po and Yuen Long. The Directors consider that the Purchase Price is fair and reasonable.

## **Formal Agreement**

Pursuant to the Memorandum, the Vendor and the Purchaser shall enter into the Formal Agreement on or before 21 March 2007.

## **Reasons for the Acquisition**

The principal activities of the Group are the manufacturing and sale of paints products and properties investment in Hong Kong and the People's Republic of China. The Board has confidence in the future of Hong Kong's property market for luxurious properties. As the Property is located in a luxury residential area and the supply of luxurious houses in Hong Kong is scarce, the Board considers that the Acquisition represents a good opportunity for the Company to both widen its assets base and achieve a potential good long-term capital gain in the future. The Group intends to hold the Property as a long-term investment and to continue its existing businesses following the Acquisition. The Directors (including the independent non-executive Directors) consider that the terms of the Memorandum are fair and reasonable and are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

## **General**

The audited consolidated net tangible asset value of the Company as at 31 December 2005 was approximately HK\$640.11 million and the audited consolidated net loss of the Company after minority interests for the financial year ended 31 December 2005 was approximately HK\$7.87 million.

The transaction contemplated under the Memorandum constitutes a discloseable transaction of the Company pursuant to the Listing Rules. A circular containing details of the transaction will be sent to the shareholders of the Company in due course.

## **Definitions**

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

“Acquisition”	the purchase and acquisition of the Property by the Purchaser pursuant to the Memorandum
“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
“Directors”	the directors of the Company
“Formal Agreement”	the Formal Agreement for Sale and Purchase for the sale and purchase of the Property in the form as prescribed by the Vendor
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Property”	House No. 83 Mouton Avenue, The Vineyard, No. 23 Ngau Tam Mei Road, Yuen Long, New Territories, Hong Kong with a saleable area of approximately 5,200 square feet
“Purchase Price”	the sum of HK\$36,484,000
“Purchaser”	China Paint Property Limited, a limited company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“subsidiary(ies)”	has the same meaning ascribed thereto in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Vendor”	Koon Yee Company Limited, the developer of the Property

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

Hong Kong, 19 March 2007

*The Board 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 Wong Chi Keung, Alvin 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.*

Please also refer to the published version of this announcement in China Daily.