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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
ENTERING INTO OF FORMAL AGREEMENT AND
SHAREHOLDER'S LOAN REPAYMENT AGREEMENT**

Reference is made to the announcement of the Company dated 23rd December 2005 (the "Announcement") and the circular of the Company dated 13th March 2006 (the "Circular") in relation to the entering into of a discloseable transaction as described in the Announcement and the Circular. As disclosed in the Announcement and the Circular, further announcement will be made by the Company for the purpose of compliance with the requirement under the Listing Rules after the signing of the Formal Agreement.

Following the issuance of the Announcement and the Circular, the Company, through the Vendor which is an indirect wholly-owned subsidiary of the Company, had entered into the Formal Agreement and the Shareholder's Loan Repayment Agreement on 17th March 2006 with the Purchaser's nominee, Alpha Luck Industrial Limited ("ALIL"), in relation to the sale and purchase of the Equity Interest and the repayment of the Shareholder's Loan.

Reference is made to the Announcement and the Circular in relation to the entering into of the Agreement by the Vendor, an indirect wholly-owned subsidiary of the Company, which constitutes a discloseable transaction under the Listing Rules. Terms and expressions used herein shall have the same meanings as defined in the Announcement and the Circular.

As disclosed in the Announcement and the Circular, further announcement will be made by the Company for the purpose of compliance with the requirement under the Listing Rules after the signing of the Formal Agreement.

Following the issuance of the Announcement and the Circular, the Company, through the Vendor which is an indirect wholly-owned subsidiary of the Company, and ALIL, which is the Purchaser's nominee, had on 17th March 2006 entered into the Formal Agreement which contains the same principal terms as the Agreement. Pursuant to the Formal Agreement, the consideration for the sale of the Equity Interest which was determined with reference to the

consolidated net asset value of the PRC Company attributable to the Equity Interest as at 31st October 2005 as assessed by an independent qualified valuer and confirmed between the Vendor and the Purchaser and represents a 3% discount thereof, is approximately RMB17.31 million (equivalent to approximately HK\$16.62 million).

Pursuant to the Formal Agreement, the sale of the Equity Interest shall be subject to the approval by the shareholders and the board of directors of the PRC Company and completion of the sale of the Equity Interest shall take place on the date of completion of the relevant registration of change in respect of the PRC Company (工商變更登記) with the relevant PRC authority as a result of the sale of the Equity Interest which is expected to be completed within 45 days from the date of the Formal Agreement. Save and except that, completion of the Formal Agreement is not subject to any conditions precedent.

The Vendor, ALIL and the PRC Company had also on 17th March 2006 entered into the Shareholder's Loan Repayment Agreement under which ALIL agreed to repay the Shareholder's Loan which amounted to approximately RMB9.37 million (equivalent to approximately HK\$9.00 million) as at 17th March 2006 to the Vendor on behalf of the PRC Company.

ALIL is a company incorporated in Hong Kong with limited liability and the principal activity of ALIL is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, ALIL and its ultimate beneficial owner are not connected persons (as defined under the Listing Rules) of the Company and are independent third parties not connected with and not acting in concert with the Company, the Directors, chief executive or substantial shareholders of the Company or its subsidiaries or any of their respective associates (as defined under the Listing Rules).

Note: For reference purpose only, the conversion of Renminbi to Hong Kong dollars is based on the exchange rate of RMB1.00 to HK\$0.96 in this announcement.

On behalf of the Board
Lam Ting Ball, Paul
Chairman

Hong Kong, 20th March 2006

The Board as at the date of this announcement comprises Messrs. Tsui Tsin Tong, Lam Ting Ball, Paul, Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry as executive directors; Mr. Hung Ting Ho, Richard as non-executive director and Sir David Akers-Jones, Messrs. Lau Wong Fat, Li Hui Yan and Danny T Wong as independent non-executive directors.

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