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If you are in any doubt about this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CNT Group Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or the transfer was effected for transmission to the purchaser or transferee.

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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

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Acquisition”	the purchase and acquisition of the Property by the Purchaser pursuant to the Formal Agreement
“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
“Directors”	the directors of the Company
“Formal Agreement”	the Formal Agreement for Sale and Purchase dated 20 March 2007 for the sale and purchase of the Property
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	28 March 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum”	the Memorandum for Sale dated 17 March 2007 entered into between the Vendor and the Purchaser in relation to the Acquisition
“PRC”	the People’s Republic of China
“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
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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



CNT GROUP LIMITED
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Executive Directors:

Tsui Tsin Tong (*Honorary Chairman*)
Lam Ting Ball, Paul (*Chairman*)
Tsui Ho Chuen, Philip (*Executive Deputy Chairman*)
Tsui Yam Tong, Terry (*Managing Director*)
Wong Chi Keung, Alvin

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Non-executive Directors:

Hung Ting Ho, Richard
Zhang Yulin
Ko Sheung Chi

Principal place of business:

31st Floor and Units E & F
on 28th Floor
CNT Tower
338 Hennessy Road
Wanchai
Hong Kong

Independent Non-executive Directors:

Sir David Akers-Jones (*Deputy Chairman*)
Danny T Wong
Chan Wa Shek
Steven Chow

4 April 2007

To Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

It was announced on 19 March 2007 that on 17 March 2007, the Purchaser which is an indirect wholly-owned subsidiary of the Company has entered into the Memorandum with the Vendor to acquire and purchase the Property for the Purchase Price of HK\$36,484,000. Pursuant to the Memorandum, the Vendor and the Purchaser have on 20 March 2007 entered into the Formal Agreement.

LETTER FROM THE BOARD

The transaction contemplated under the Memorandum and the Formal Agreement constitutes a discloseable transaction of the Company under the Listing Rules. The purpose of this circular is to provide you with the details of the transaction under the Memorandum and the Formal Agreement and other information as required under the Listing Rules.

THE MEMORANDUM

Date : 17 March 2007

THE FORMAL AGREEMENT

Date : 20 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).

THE ACQUISITION

Assets to be acquired

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.

The Formal Agreement has superseded the Memorandum and the terms of the Formal Agreement are not materially different from the Memorandum.

Purchase Price

Pursuant to the Formal Agreement, 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;

LETTER FROM THE BOARD

- (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.

Conditions

The Acquisition pursuant to the Formal Agreement is not subject to any conditions other than the Vendor shall show and give to the Purchaser good title of the Property.

Completion

Pursuant to the Formal Agreement, completion of the sale and purchase of the Property shall take place on or before 17 September 2007. Upon completion, the Vendor shall deliver vacant possession of the Property to the Purchaser.

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 PRC. 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.

LETTER FROM THE BOARD

The Directors (including the independent non-executive Directors) consider that the terms of the Formal Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and its shareholders as a whole.

FINANCIAL EFFECT OF THE ACQUISITION

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 Directors consider that the Acquisition will not have significant effect on the earnings, assets and liabilities of the Group after taking into account the audited consolidated total assets and liabilities of the Group as at 31 December 2005 of approximately HK\$1.24 billion and HK\$590.63 million respectively.

FURTHER INFORMATION

The transaction contemplated under the Formal Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

Your attention is drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
On behalf of the Board
Lam Ting Ball, Paul
Chairman

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DIRECTORS' OR CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests or short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange were as follows:

(i) Interest in shares of the Company

Name	Note	Capacity	Number of shares				Percentage of issued share capital	
			Personal interests	Family interests	Corporate interests	Other interests	Total	
Tsui Tsin Tong	1	Beneficial owner & founder of discretionary trust	12,400,000	—	—	337,473,906	349,873,906	22.72%
Tsui Ho Chuen, Philip	1	Beneficial owner & beneficiary of trust	19,034,000	—	—	337,473,906	356,507,906	23.15%
Tsui Yam Tong, Terry	1	Beneficial owner, beneficiary of trust & interest of controlled corporation	1,124,000	—	337,473,906*	337,473,906*	338,597,906	21.99%

* duplication

(ii) Interest in underlying shares of the Company

Name	Note	Capacity	Nature of equity derivative (unlisted/physically settled)	Number of underlying shares
Tsui Tsin Tong	2	Founder of discretionary trust	option	98,000,000
Tsui Ho Chuen, Philip	2	Beneficiary of trust	option	98,000,000
Tsui Yam Tong, Terry	2	Beneficiary of trust & interest of controlled corporation	option	98,000,000

Notes:

- (1) The 337,473,906 shares were held by Rapid Growth Ltd. (“RGL”) as trustee of a discretionary trust of which Mr. Tsui Tsin Tong is the founder and Messrs. Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry are the discretionary beneficiaries. Mr. Tsui Yam Tong, Terry is also the sole director and shareholder of RGL.
- (2) The 98,000,000 shares were owned by Broadsino Investment Company Limited (“Broadsino”). RGL granted an option to Broadsino to sell to RGL all or any part of such shares exercisable at any time during the term of the option. RGL was taken to be interested in these underlying shares under the SFO. By virtue of the interests of Messrs. Tsui Tsin Tong, Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry in RGL as disclosed in note (1) above, each of them was deemed under the SFO to be interested in such underlying shares.

Save as disclosed above, none of the Directors or chief executive of the Company had, as at the Latest Practicable Date, any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive was taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Stock Exchange.

3. DIRECTORS' INTERESTS IN CORPORATE SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

Save for (1) Mr. Tsui Yam Tong, Terry who is the sole director of RGL, (2) Mr. Zhang Yulin who is a director and an employee of Broadsino and (3) Mr. Ko Sheung Chi who is a director of Chuang's China Investments Limited, Profit Stability Investments Limited and Chuang's Consortium International Limited, none of the Directors is a director or employee of the companies which, as at the Latest Practicable Date, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. SERVICE CONTRACT

As at the Latest Practicable Date and save as set out below, none of the Directors had entered into any service contracts with the Company which were not expiring or determinable within one year without payment of compensation other than statutory compensation.

- (a) On 11 May 2002, a director's service agreement was entered into between the Company and Mr. Lam Ting Ball, Paul for a term of nine years expiring on 2 May 2011. Under the agreement, Mr. Lam is entitled to the payment of a monthly salary of HK\$89,000 and an accommodation allowance of not more than HK\$60,000 per month. The agreement provides that the Company may terminate the agreement by giving Mr. Lam not less than six months' notice in writing and in the event that the Company shall terminate Mr. Lam's employment, Mr. Lam is entitled to receive a compensation that equals to the total amount of Mr. Lam's remuneration including salary and year-end payment of one month's salary (exclusive of fringe benefits) for the remaining term of his employment.
- (b) On 11 May 2002, a director's service agreement was entered into between the Company and Mr. Tsui Yam Tong, Terry for a term of nine years expiring on 2 May 2011. Under the agreement, Mr. Tsui is entitled to the payment of a monthly salary of HK\$110,000 and an accommodation allowance of not more than HK\$100,000 per month. The agreement provides that the Company may terminate the agreement by giving Mr. Tsui not less than six months' notice in writing and in the event that the Company shall terminate Mr. Tsui's employment, Mr. Tsui is entitled to receive a compensation that equals to the total amount of Mr. Tsui's remuneration including salary and year-end payment of one month's salary (exclusive of fringe benefits) for the remaining term of his employment.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Hung Ting Ho, Richard is a director of Midas International Holdings Limited (a company listed on the Stock Exchange) which engages in the businesses of property investment in the PRC. Mr. Ko Sheung Chi holds directorships in Chuang's Consortium International Limited and Chuang's China Investments Limited (both companies listed on the Stock Exchange) and certain private companies (the "Private Companies") which engage in the businesses of property development and investment in Hong Kong and the PRC. As the above-mentioned businesses are managed by separate publicly listed companies with independent management and the properties owned by the Private Companies are of different types and/or in different locations from those of the Group, the Group operates its businesses independently of the businesses of the above-mentioned companies. Save as disclosed above, as at the Latest Practicable Date, none of the Directors or any of their respective associates had any interests in any businesses which compete or are likely to complete, either directly or indirectly, with the businesses of the Group.

6. LITIGATION

So far as the Directors are aware, neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration or claims which is, in the opinion of the Directors, of material importance and no litigation or claims which is, in the opinion of the Directors, of material importance is known to them to be pending or threatened against any of the Company and its subsidiaries.

7. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is situated at 31st Floor and Units E & F on 28th Floor, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong.
- (c) The share registrar and transfer office of the Company in Hong Kong is Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong.
- (d) The secretary of the Company is Miss Ma Lai King, who is an associate member of the Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.
- (e) The qualified accountant of the Company is Mr. Wong Chi Keung, Alvin, who is a fellow member of the Hong Kong Institute of Certified Public Accountants.