

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**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.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 701)**

**DISCLOSEABLE TRANSACTION**

---

---

# CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	3
The Agreement .....	4
Reasons for the Disposal .....	8
Financial Effect of the Transaction Contemplated under the Agreement .....	8
Use of Proceeds and the Head Hero's Properties .....	8
Further Information .....	9
<b>Appendix — General Information</b> .....	10

---

## DEFINITIONS

---

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

“Agreement”	the sale and purchase agreement dated 12 December 2005 entered into between the Vendor and Purchaser in relation to the sale of the Sale Share and the Loan
“Board”	the board of directors of the Company
“C&F”	C & F Container Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Poly Dragon
“Company”	CNT Group Limited, a company incorporated in Bermuda with limited liability and the shares of which are traded on the Stock Exchange
“Consideration Loan”	the interest-free shareholder’s loan(s) advanced by the Purchaser to Luck Advance (if any) to put Head Hero in funds (through Luck Advance) for the purchase and acquisition of the Head Hero’s Properties
“Consideration Share”	1 fully paid ordinary share of par value US\$1.00 of and in the capital of Luck Advance representing the entire issued share capital of Luck Advance
“Directors”	the directors of the Company
“Fulfillment Date”	13 June 2006, being the expiry of six (6) months after the date of the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Head Hero”	Head Hero International Limited, a company incorporated in Hong Kong with limited liability and is the wholly-owned subsidiary of Luck Advance
“Head Hero’s Properties”	Levels 3 and 4, Xinruike Building, Futian Bonded Zone, Shenzhen, the PRC ( 深圳福田保稅區桃花路鑫瑞科大樓三層及四層 ) with approximately 2,736.75 square metres for each level
“Latest Practicable Date”	2 January 2006, 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

---

## DEFINITIONS

---

“Loan”	the shareholder’s loan advanced by the Vendor to Poly Dragon which amounted to HK\$51,417,689.95 as at 12 December 2005 and is outstanding, unsecured, interest-free and with no fixed term of repayment
“Luck Advance”	Luck Advance Investments Limited, a company incorporated in the British Virgin Islands and is the wholly-owned subsidiary of the Purchaser
“PRC”	the People’s Republic of China
“PRC Property”	a piece of land of approximately 13,011.6 square metres and the buildings erected and constructed thereon located and situated in Futian Bonded Zone, Shenzhen, the PRC, the land use rights of which have been granted to C&F
“Poly Dragon”	Poly Dragon Investments Limited, a company with limited liability incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Purchaser”	Luck Smooth International Limited, a company incorporated in the British Virgin Islands with limited liability and is not a connected person to the Company under the Listing Rules
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Share”	1 fully paid ordinary share of par value US\$1.00 of and in the capital of Poly Dragon representing the entire issued share capital of Poly Dragon
“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”	CNT Iron and Steel Limited, a company with limited liability incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company

---

## LETTER FROM THE BOARD

---



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

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 701)**

*Executive Directors:*

Mr. Tsui Tsin Tong (*Honorary Chairman*)  
Mr. Lam Ting Ball, Paul (*Chairman*)  
Mr. Tsui Ho Chuen, Philip (*Executive Deputy Chairman*)  
Mr. Tsui Yam Tong, Terry (*Managing Director*)

*Registered office*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive Director:*

Mr. Hung Ting Ho, Richard

*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*)  
Mr. Lau Wong Fat  
Mr. Li Hui Yan  
Mr. Danny T Wong

9 January 2006

*To Shareholders*

Dear Sir or Madam,

## **DISCLOSEABLE TRANSACTION**

### **INTRODUCTION**

It was announced on 19 December 2005 that on 12 December 2005, the Company through the Vendor which is an indirect wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser in relation to the sale of the Sale Share and the Loan for the aggregate consideration of HK\$32 million.

The transaction contemplated under the 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 Agreement and other information as required under the Listing Rules.

---

## LETTER FROM THE BOARD

---

### THE AGREEMENT

#### Date

12 December 2005

#### Parties

Vendor : CNT Iron and Steel Limited, a company with limited liability incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company

Purchaser : Luck Smooth International Limited, a company with limited liability incorporated in the British Virgin Islands

The Purchaser is newly incorporated for the sole purpose of entering into the Agreement and to hold the PRC Property through Poly Dragon and C&F upon completion of the Agreement and the principal activity of the Purchaser is investment holding. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser 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).

#### Assets to be disposed

Pursuant to the Agreement, the Vendor agreed to sell to the Purchaser the Sale Share and the Loan.

Poly Dragon is a company incorporated in the British Virgin Islands and is an indirect wholly-owned subsidiary of the Company through the Vendor. C&F is a company incorporated in Hong Kong with limited liability and is the wholly-owned subsidiary of Poly Dragon. The sole business and asset of Poly Dragon is the holding of the entire issued share capital of C&F. C&F has been granted the land use rights of the PRC Property and the sole business and asset of C&F is the holding of the PRC Property. Poly Dragon and C&F will cease to be subsidiaries of the Company following completion of the sale and purchase under the Agreement.

The PRC Property is for storage use and is subject to a Land Lease Agreement (土地租賃合同) dated 11 December 2001 made between C&F as landlord and Lenton Fibre Optics Development Limited as tenant. The annual rent payable by the tenant is HK\$1 million and the term of the Land Lease Agreement will expire on 11 December 2006. Lenton Fibre Optics Development Limited is an associated company of the Purchaser. As at 31 December 2004, the book value of the PRC Property was approximately HK\$35 million. The market value of the PRC Property as at 30 November 2005 with reference to the valuation report dated 9 December 2005 prepared by an independent professional valuer is in the sum of HK\$33.5 million.

---

## LETTER FROM THE BOARD

---

Poly Dragon was incorporated on 9 September 2005 and no audited accounts in relation to it has been prepared. Poly Dragon has no income or expenses (except incorporation expenses in the sum of HK\$5,070.00) since the date of its incorporation. The audited net tangible liabilities of C&F as at 31 December 2004 were approximately HK\$18.5 million and the unaudited consolidated net liabilities of Poly Dragon and C&F as at 14 October 2005 were approximately HK\$17.9 million. The audited net profit before and after taxation of C&F for the financial year ended 31 December 2003 were approximately HK\$2.8 million and HK\$2.7 million respectively. The audited net loss before and after taxation of C&F for the financial year ended 31 December 2004 were approximately HK\$14.2 million and HK\$14.3 million respectively.

### Consideration

The consideration for the sale of the Sale Share and the Loan is HK\$32 million and shall be payable as follows:

- (a) HK\$1 million has been paid by the Purchaser to the Vendor by cash as initial deposit upon signing of the Agreement;
- (b) HK\$2 million shall be payable by the Purchaser to the Vendor by cash as further deposit within two months after the date of signing of the Agreement;
- (c) HK\$4 million shall be payable by the Purchaser to the Vendor by cash on completion; and
- (d) the balance of HK\$25 million shall be payable by the Purchaser to the Vendor on completion and shall be satisfied by the Purchaser assigning and transferring the Consideration Share and the Consideration Loan to the Vendor or its nominee(s) upon completion.

Luck Advance is a company incorporated in the British Virgin Islands on 18 August 2005 and is the wholly-owned subsidiary of the Purchaser and the Consideration Share comprises 1 fully paid ordinary share of par value US\$1.00 of and in the capital of Luck Advance representing the entire issued share capital of Luck Advance. Head Hero is a company incorporated in Hong Kong with limited liability on 29 September 2005 and is the wholly-owned subsidiary of Luck Advance. The sole business and asset of Luck Advance is the holding of the entire issued share capital of Head Hero. Pursuant to the Agreement, the Purchaser will through Luck Advance and Head Hero acquire the Head Hero's Properties and subject to the fulfillment of the conditions precedent set out in (b)(i) and (ii) under the heading "Conditions precedent" below, the Purchaser will assign and transfer the Consideration Share and the Consideration Loan to the Vendor or its nominee(s) upon completion as payment in kind to satisfy the balance of the consideration of HK\$25 million. The sole business and asset of Head Hero is to acquire and hold the Head Hero's Properties. Both Luck Advance and Head Hero are newly incorporated companies and no audited accounts in relation to them have been prepared. Both Luck Advance and Head Hero have no activities since their respective dates of incorporation except preliminary steps taken in relation to the acquisition of the Head Hero's Properties and as shown from their respective unaudited accounts of Luck Advance and Head Hero as

---

## LETTER FROM THE BOARD

---

at 31 December 2005, the net liabilities of Luck Advance was approximately HK\$13,000.00 whereas the net liabilities of Head Hero was approximately HK\$14,000.00 and they have no income or expenses (except incorporation and other expenses in the aggregate sum of HK\$27,000.00) since their respective dates of incorporation.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the existing owner of the Head Hero's Properties is not a connected person (as defined under the Listing Rules) of the Company and is an independent third party 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).

The consideration of HK\$32 million is arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into account the unaudited consolidated net liabilities of Poly Dragon and C&F as at 14 October 2005, the Loan as at the date of the Agreement and the market value of the PRC Property as at 30 November 2005. The agreement to accept the Consideration Share and the Consideration Loan in satisfaction of the balance of the consideration of HK\$25 million is with reference to the valuation report dated 9 December 2005 prepared by an independent professional valuer who assessed the market value of the Head Hero's Properties as at 30 November 2005 to be in the sum of HK\$25 million. The Head Hero's Properties are for industrial use and form part of a completed building and there is no investment required for the development of the Head Hero's Properties by the Company.

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

Pursuant to the Agreement, the Purchaser has agreed within one month after completion of the Agreement to cause and procure a tenancy agreement to be entered into in relation to the Head Hero's Properties, to be acquired by the Purchaser through Luck Advance and Head Hero, for a fixed term of not less than five (5) years (with an option to renew for another five (5) years) and at an annual rent of not less than HK\$970,000.00. The amount of the annual rent was determined with reference to a letter issued by an independent professional valuer who assessed that the same was fair and reasonable under the prevailing market situation as at 12 December 2005.

### **Conditions precedent**

The Agreement is conditional upon the following conditions precedent all of which have to be fulfilled or waived on or before the Fulfillment Date:

- (a) the reasonable satisfaction by the Purchaser of:
  - (i) the financial and taxation positions of Poly Dragon and C&F;
  - (ii) the Vendor remains as the registered and beneficial owner of the Sale Share and the Loan;



---

## LETTER FROM THE BOARD

---

- (iii) all matters and information set out in the warranties given by the Vendor under the Agreement being true and correct in all material respects;
  - (iv) C&F is holding the PRC Property; and
  - (v) an updated certificate of good standing and certificate of incumbency in respect of each of the Vendor and Poly Dragon having been received by the Purchaser;
- (b) the reasonable satisfaction by the Vendor of:
- (i) Head Hero has been issued valid and subsisting property ownership certificates (房地產証) in respect of the Head Hero's Properties under the applicable PRC law;
  - (ii) the Vendor having obtained a legal opinion issued by a firm of lawyers practicing the laws of the PRC confirming that Head Hero is the registered and beneficial owner of the Head Hero's Properties and has good title thereof;
  - (iii) the financial and taxation positions of Luck Advance and Head Hero;
  - (iv) all matters and information set out in the warranties given by the Purchaser under the Agreement being true and correct in all material respects; and
  - (v) an updated certificate of good standing and certificate of incumbency in respect of each of the Purchaser and Luck Advance having been received by the Vendor.

If the conditions set out in (b)(i) and (ii) above shall not have been fulfilled or waived on or before the Fulfillment Date, the Purchaser may by giving a written notice to the Vendor extend the Fulfillment Date to a date not later than 14 August 2006.

If the conditions set out in (b)(i) or (ii) shall not have been fulfilled or waived on or before the Fulfillment Date (or the extension thereof), the Vendor and the Purchaser shall negotiate in good faith as to paying and satisfying the balance of the consideration in the sum of HK\$25 million by transferring other real estate properties of the Purchaser to the Vendor or its nominee as the Vendor may agree in replacement of the Consideration Share and the Consideration Loan and if no agreement can be reached in respect thereof, either party may rescind the Agreement and the initial and further deposits in the sum of HK\$3 million paid by the Purchaser to the Vendor shall be refunded by the Vendor to the Purchaser. In the event that the balance of the consideration of HK\$25 million is to be paid and satisfied by other real estate properties instead of the Head Hero's Properties, further announcement will be made by the Company for the purpose of compliance with the requirement under the Listing Rules.

As at the Latest Practicable Date, all conditions precedent had not yet been fulfilled or waived.

---

## LETTER FROM THE BOARD

---

### Completion

Completion of the Agreement shall take place at or before 5:00 p.m. on the seventh business day after the fulfillment or waiver of all of the aforesaid conditions precedent.

### REASONS FOR THE DISPOSAL

The principal activities of the Group are the manufacturing and sale of paints products and properties investment in Hong Kong and the PRC. Having considered the future investment to be made and the development costs to be incurred in the development of the PRC Property through Poly Dragon and C&F, the Board considers that it is in the benefit of the Company and its shareholders to sell its interest in the PRC Property through the sale of the Sale Share and the Loan. The Company will make use of the cash proceeds from the sale of the Sale Share and the Loan for its general working capital.

Further, by virtue of the Purchaser's agreement to cause and procure a tenancy agreement to be entered into in relation to the Head Hero's Properties for a fixed term of not less than five (5) years (with an option to renew for another five (5) years) and at an annual rent of not less than HK\$970,000.00, it will generate a constant rental income for the benefit of the Group. Having considered the market value of the Head Hero's Properties and the constant rental income to be generated therefrom and that there is no investment required for the development of the Head Hero's Properties by the Company, the Directors (including the independent non-executive Directors) consider that it is in the interest of the Company and its shareholders as a whole to acquire the Head Hero's Properties through the assignment and transfer of the Consideration Share and the Consideration Loan by the Purchaser to the Vendor or its nominee(s) upon completion of the Agreement as payment in kind to satisfy the balance of the consideration of HK\$25 million.

### FINANCIAL EFFECT OF THE TRANSACTION CONTEMPLATED UNDER THE AGREEMENT

The audited consolidated net tangible asset value of the Company as at 31 December 2004 was approximately HK\$649.39 million and the audited consolidated net loss of the Company for the financial year ended 31 December 2004 was approximately HK\$195.83 million.

Through the disposal of its interest in the PRC Property through the sale of the Sale Share and the Loan, the Group has an estimated loss (before deduction of expenses) of approximately HK\$1.5 million after taking into account the consolidated net liabilities of Poly Dragon and C&F as at 14 October 2005 and the Loan as at the date of the Agreement.

The Directors consider that the transaction contemplated under the Agreement will not have significant effect on the earnings, assets and liabilities of the Group.

### USE OF PROCEEDS AND THE HEAD HERO'S PROPERTIES

The Company will use the cash proceeds of HK\$7 million from the sale of the Sale Share and the Loan for its general working capital and to hold the Head Hero's Properties for long-term investment purpose.

---

## LETTER FROM THE BOARD

---

### FURTHER INFORMATION

The transaction contemplated under the 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				Total	Percentage of issued share capital
			Personal interests	Family interests	Corporate interests	Other interests		
Tsui Tsin Tong	1	Beneficial owner & founder of discretionary trust	6,000,000	—	—	337,473,906	343,473,906	22.41%
Tsui Ho Chuen, Philip	1	Beneficiary of trust	—	—	—	337,473,906	337,473,906	22.01%
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	22.09%
Lau Wong Fat		Beneficial owner	500,000	—	—	—	500,000	0.03%

\* 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	Beneficial owner	option granted under the Company's share option scheme	38,000,000
	3	Founder of discretionary trust	option	98,000,000
Lam Ting Ball, Paul	2	Beneficial owner	option granted under the Company's share option scheme	10,000,000
Tsui Ho Chuen, Philip	2	Beneficial owner	options granted under the Company's share option schemes	37,500,000
	3	Beneficiary of trust	option	98,000,000
Tsui Yam Tong, Terry	2	Beneficial owner	options granted under the Company's share option schemes	37,500,000
	2	Interest of spouse	option granted under the Company's share option scheme	750,000
	3	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) Details of the share options of the Company granted to the Directors of the Company, pursuant to the Company's expired/terminated share option schemes adopted on 2 May 1991 (the "1991 Scheme") and 13 June 2001 (the "2001 Scheme") respectively, that remained unexercised as at the Latest Practicable Date are as follows:

Name	Date of grant	Vesting/ Exercise period	Exercise price per share HK\$	Number of shares under options
<b>1991 Scheme</b>				
Tsui Ho Chuen, Philip	26 April 2001	26 April 2001 to 25 April 2006	0.2152	4,000,000
Tsui Yam Tong, Terry	26 April 2001	26 April 2001 to 25 April 2006	0.2152	4,000,000
<b>2001 Scheme</b>				
Tsui Tsin Tong	27 September 2001	27 September 2001 to 26 September 2006	0.1576	38,000,000
Lam Ting Ball, Paul	27 September 2001	27 September 2001 to 26 September 2006	0.1576	10,000,000
Tsui Ho Chuen, Philip	27 September 2001	27 September 2001 to 26 September 2006	0.1576	33,500,000
Tsui Yam Tong, Terry	27 September 2001	27 September 2001 to 26 September 2006	0.1576	33,500,000*

\* In addition, Ms. Ng Shou Ping, Lucilla, the wife of Mr. Tsui Yam Tong, Terry, was granted an option to subscribe for 750,000 shares at an exercise price of HK\$0.1576 per share on 27 September 2001. Such option is exercisable and valid between 27 September 2001 to 26 September 2006, which remained unexercised as at the Latest Practicable Date.

- (3) The 98,000,000 shares were owned by Broadsino Investment Company Limited ("Broadsino"). RGL has 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. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors, the persons (other than Directors or chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company and the amount of each of such person's interest in such securities were as follows:

Name	Note	Capacity	Number of shares	Number of underlying shares (unlisted/ physically settled equity derivatives)	Percentage of issued share capital
<b>10% or more of issued share capital of the Company</b>					
RGL	1	Trustee	337,473,906	—	22.01%
	1	Trustee	—	98,000,000	6.39%
Wang Wing Mu, Amy	2	Interest of spouse	343,473,906	—	22.41%
	2	Interest of spouse	—	136,000,000	8.87%
Ng Shou Ping, Lucilla	3	Interest of spouse	338,597,906	—	22.09%
	3	Beneficial owner & interest of spouse	—	136,250,000	8.89%
Ho Mei Po, Mabel	4	Interest of spouse	337,473,906	—	22.01%
	4	Interest of spouse	—	135,500,000	8.84%
West Avenue Group Company Limited	5	Beneficial owner	198,000,000	—	12.92%
Tsai Wu Chang	5	Interest of controlled corporation	198,000,000	—	12.92%
Chinaculture.com Limited	6	Beneficial owner	195,500,000	—	12.75%

Name	Note	Capacity	Number of shares	Number of underlying shares (unlisted/ physically settled equity derivatives)	Percentage of issued share capital
Chuang's China Investments Limited	6	Interest of controlled corporation	195,500,000	—	12.75%
Profit Stability Investments Limited	6	Interest of controlled corporations	195,500,000	—	12.75%
Chuang's Consortium International Limited	6	Interest of controlled corporations	195,500,000	—	12.75%
Chuang (Chong) Shaw Swee, Alan	6	Interest of controlled corporations	195,500,000	—	12.75%
Chong Ho Pik Yu	6	Interest of spouse	195,500,000	—	12.75%
<b>Below 10% of issued share capital of the Company</b>					
Broadsino	7	Beneficial owner	98,000,000	—	6.39%
Golden Case Limited	8	Security interest in shares	80,000,000	—	5.22%
Cheung Kong Investment Company Limited	8	Interest of controlled corporation	80,000,000	—	5.22%
Cheung Kong (Holdings) Limited	8	Interest of controlled corporations	80,000,000	—	5.22%
Li Ka-Shing Unity Trustee Company Limited	8	Trustee	80,000,000	—	5.22%



Name	Note	Capacity	Number of shares	Number of underlying shares (unlisted/ physically settled equity derivatives)	Percentage of issued share capital
Li Ka-Shing Unity Trustee Corporation Limited	8	Trustee & beneficiary of trust	80,000,000	—	5.22%
Li Ka-Shing Unity Trustcorp Limited	8	Trustee & beneficiary of trust	80,000,000	—	5.22%
Li Ka-Shing	8	Interest of controlled corporations & founder of discretionary trusts	80,000,000	—	5.22%

## Notes:

- (1) The 337,473,906 shares were held by RGL as trustee of a discretionary trust. The interest in 98,000,000 underlying shares was in respect of an option granted by RGL to Broadsino to sell to RGL all or part of such shares owned by Broadsino exercisable at any time during the term of the option. These interests are duplicated in the interests of Messrs. Tsui Tsin Tong, Tsui Ho Chuen, Philip and Tsui Yam Tong, Terry as disclosed under the heading "Directors' or chief executive's interests and short positions in shares, underlying shares and debentures" above.
- (2) Ms. Wang Wing Mu, Amy is the wife of Mr. Tsui Tsin Tong and was taken to be interested in 343,473,906 shares and 136,000,000 underlying shares under equity derivatives in which her spouse was interested under the SFO.
- (3) Ms. Ng Shou Ping, Lucilla is the wife of Mr. Tsui Yam Tong, Terry and was taken to be interested in 338,597,906 shares and 135,500,000 underlying shares under equity derivatives in which her spouse was interested under the SFO. She also has a personal interest in an option granted under the Company's share option scheme to subscribe for 750,000 shares of the Company.
- (4) Ms. Ho Mei Po, Mabel is the wife of Mr. Tsui Ho Chuen, Philip and was taken to be interested in 337,473,906 shares and 135,500,000 underlying shares under equity derivatives in which her spouse was interested under the SFO.
- (5) The 198,000,000 shares were beneficially owned by West Avenue Group Company Limited ("West Avenue"). Mr. Tsai Wu Chang was deemed to be interested in these shares under the SFO by virtue of his interest in the entire equity of West Avenue.

- (6) The references to the 195,500,000 shares relate to the same block of 195,500,000 shares beneficially interested by Chinaculture.com Limited (“Chinaculture”).

Chinaculture was a wholly-owned subsidiary of Chuang’s China Investments Limited (“Chuang’s China”), which in turn was a 60.10% owned subsidiary of Profit Stability Investments Limited (“Profit Stability”). Chuang’s Consortium International Limited (“Chuang’s Consortium”) held 100% equity interest in Profit Stability. Mr. Chuang (Chong) Shaw Swee, Alan (“Mr. Chuang”) was interested in 33.44% of the issued share capital of Chuang’s Consortium. Ms. Chong Ho Pik Yu (“Mrs. Chuang”) is the wife of Mr. Chuang.

Chuang’s China, Profit Stability, Chuang’s Consortium, Mr. Chuang and Mrs. Chuang were all deemed under the SFO to be interested in these 195,500,000 shares which were owned by Chinaculture.

- (7) These shares were beneficially owned by Broadsino. Pursuant to an option granted by RGL, Broadsino has a right to sell all or part of these shares to RGL exercisable at any time during the term of the option. This interest is detailed and duplicated with the interests of RGL as shown in note (1) above.
- (8) The references to the 80,000,000 shares relate to the same block of 80,000,000 shares interested by Golden Case Limited (“Golden Case”) by virtue of a security interest in these shares charged by RGL.

Golden Case was a wholly-owned subsidiary of Cheung Kong Investment Company Limited (“CKI”), which in turn was a wholly-owned subsidiary of Cheung Kong (Holdings) Limited (“CKH”).

Li Ka-Shing Unity Trustee Company Limited (“TUT1”) as trustee of The Li Ka-Shing Unity Trust, together with certain companies which TUT1 as trustee of The Li Ka-Shing Unity Trust was entitled to exercise or control the exercise of more than one-third of the voting power at their general meetings, held more than one-third of the issued share capital of CKH.

Li Ka-Shing Unity Trustee Corporation Limited (“TDT1”) as trustee of The Li Ka-Shing Unity Discretionary Trust (“DT1”) and Li Ka-Shing Unity Trustcorp Limited (“TDT2”) as trustee of another discretionary trust (“DT2”) both held units in The Li Ka-Shing Unity Trust.

Mr. Li Ka-Shing is the settlor of each of DT1 and DT2 and may be regarded as a founder of each of them for the purpose of the SFO. The entire issued share capital of TUT1, TDT1 and TDT2 are owned by Li Ka-Shing Unity Holdings Limited, of which each of Mr. Li Ka-Shing, Mr. Li Tzar Kuoi, Victor and Mr. Li Tzar Kai, Richard is interested in one-third of the issued share capital.

CKI, CKH, TUT1, TDT1, TDT2 and Mr. Li Ka-Shing were all deemed to be interested in these 80,000,000 shares which were taken to be interested in by Golden Case under the SFO.

Save as disclosed herein, so far as was known to the Directors, there was no other person (other than Directors or chief executive of the Company) who, 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 and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company.

#### 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\$89,000.00 and an accommodation allowance of not more than HK\$60,000.00 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\$110,000.00 and an accommodation allowance of not more than HK\$100,000.00 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

As at the Latest Practicable Date, none of the Directors or any of their respective associates had any interest in any business which causes or may cause any significant competition with the business 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.