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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:

“Agreement”	the principal share transfer agreement dated 20 December 2005 entered into between the Vendor and the Purchaser in relation to the sale of the Equity Interest
“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
“Disposal”	the sale and disposal of the Equity Interest pursuant to the Agreement
“Equity Interest”	21% of the equity interest in the registered capital of the PRC Company
“Formal Agreement”	the formal share transfer agreement to be entered into between the Vendor and the Purchaser or its nominee(s) in relation to the sale of the Equity Interest pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Latest Practicable Date”	6 March 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
“PRC”	the People’s Republic of China
“PRC Company”	Shenzhen Huate Packing Co., Ltd. (深圳華特容器有限公司), a Sino-foreign Equity Joint Venture established in the PRC
“Purchaser”	DFD Investment Co., Ltd. (道方達投資有限責任公司), a limited liability company established in the PRC and is not a connected person of the Company under the Listing Rules
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

DEFINITIONS

“Shareholder’s Loan”	the shareholder’s loan advanced by the Vendor to the PRC Company which amounted to approximately RMB9.37 million as at 20 December 2005 and as at the Latest Practicable Date and is outstanding, unsecured, interest-free and with no fixed term of repayment
“Shareholder’s Loan Repayment Agreement”	the agreement to be entered into between the Vendor and the PRC Company in relation to the repayment of the Shareholder’s Loan by the PRC Company to the Vendor
“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”	The China Paint Manufacturing Company (1946) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company

Note: For the purpose of this circular and 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.



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

13 March 2006

To Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

It was announced on 23 December 2005 that on 20 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 Equity Interest for the consideration to be determined with reference to the consolidated net asset value of the PRC Company attributable to the Equity Interest as at 31 October 2005 as assessed by an independent qualified valuer and confirmed between the Vendor and the Purchaser and represents a 3% discount thereof. As assessed by the independent qualified valuer and confirmed between the Vendor and the Purchaser, the consideration for the sale of the Equity Interest is approximately RMB17.31 million (equivalent to approximately HK\$16.62 million).

LETTER FROM THE BOARD

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.

THE AGREEMENT

Date

20 December 2005

Parties

- Vendor : The China Paint Manufacturing Company (1946) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
- Purchaser : DFD Investment Co., Ltd. (道方達投資有限責任公司), a limited liability company established in the PRC

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 (save and except the holding of the 53% of the equity interest in the registered capital of the PRC Company by the Purchaser as at the Latest Practicable Date) 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 Equity Interest. The remaining 79% of the equity interest in the registered capital of the PRC Company is held as to 53% by the Purchaser and as to 26% by 3 shareholders which are all independent third parties not connected with any Directors, chief executive and substantial shareholders of the Company and its subsidiaries and associates (as defined under the Listing Rules). The Company's interest in the PRC Company is stated under the equity method of accounting.

The PRC Company is a Sino-foreign Equity Joint Venture established in the PRC in 1985. The registered capital of the PRC Company is HK\$43.51 million which has been fully paid up and there is no capital commitment in respect of the 21% of the equity interest in the registered capital of the PRC Company owned by the Vendor. The principal activities of the PRC Company are manufacture and sales of tinned iron containers and its holding 90% of the equity interest in the registered capital of 深圳深特容器有限公司 (Shenzhen Shente Packing Co., Ltd.), a limited liability company established in the PRC in September 2004 whose principal activities are also manufacture and sales of tinned iron containers.

LETTER FROM THE BOARD

The audited consolidated net assets attributable to the 21% of the equity interest in the registered capital of the PRC Company as at 31 December 2004 were approximately RMB15.86 million (equivalent to approximately HK\$15.23 million) and the audited consolidated net assets attributable to the 21% of the equity interest in the registered capital of the PRC Company as at 31 October 2005 were approximately RMB17.55 million (equivalent to approximately HK\$16.85 million). The audited net profit before and after taxation (after deducting all charges and excluding extraordinary items) attributable to the 21% of the equity interest in the registered capital of the PRC Company for the financial year ended 31 December 2003 were approximately RMB1.97 million (equivalent to approximately HK\$1.89 million) and RMB1.64 million (equivalent to approximately HK\$1.57 million) respectively. The audited consolidated net profit before and after taxation (after deducting all charges and excluding extraordinary items) attributable to the 21% of the equity interest in the registered capital of the PRC Company for the financial year ended 31 December 2004 were approximately RMB1.93 million (equivalent to approximately HK\$1.85 million) and RMB1.56 million (equivalent to approximately HK\$1.50 million) respectively.

Consideration

Pursuant to the Agreement, the consideration for the sale of the Equity Interest shall be determined with reference to the consolidated net asset value of the PRC Company attributable to the Equity Interest as at 31 October 2005 as assessed by an independent qualified valuer within 45 days after the date of the Agreement and confirmed between the Vendor and the Purchaser and represents a 3% discount thereof. As assessed by the independent qualified valuer and confirmed between the Vendor and the Purchaser, the consolidated net asset value of the PRC Company attributable to the Equity Interest as at 31 October 2005 is approximately RMB17.84 million (equivalent to approximately HK\$17.13 million) and the consideration for the sale of the Equity Interest is approximately RMB17.31 million (equivalent to approximately HK\$16.62 million).

The consideration shall be payable in cash as follows:

- (a) 40% of the consideration in the sum of approximately RMB6.92 million (equivalent to approximately HK\$6.65 million) shall be paid within 3 business days after the signing of the Formal Agreement;
- (b) 40% of the consideration in the sum of approximately RMB6.92 million (equivalent to approximately HK\$6.65 million) shall be paid within 5 business days after 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; and
- (c) the balance of 20% of the consideration in the sum of approximately RMB3.47 million (equivalent to approximately HK\$3.32 million) shall be paid within 1 month after 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.

The consideration is arrived at after arm's length negotiations between the Vendor and the Purchaser.

LETTER FROM THE BOARD

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.

Formal Agreement

Pursuant to the Agreement, the Vendor and the Purchaser have agreed that the Vendor and the Purchaser or its nominee(s) shall enter into the Formal Agreement within 10 business days after the confirmation between the Vendor and the Purchaser of the assessment of the consolidated net asset value of the PRC Company as at 31 October 2005 by the independent qualified valuer. Subsequent to the Agreement, the Vendor and the Purchaser have agreed that the Vendor and the Purchaser or its nominee(s) shall enter into the Formal Agreement not later than 17 March 2006. 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.

Repayment of Shareholder's Loan

Pursuant to the Agreement, the Vendor and the Purchaser have further agreed that the PRC Company shall upon signing of the Formal Agreement enter into the Shareholder's Loan Repayment Agreement with the Vendor under which the PRC Company shall arrange for funds to repay the Shareholder's Loan to the Vendor in cash as follows:

- (a) 40% of the Shareholder's Loan in the sum of approximately RMB3.75 million (equivalent to approximately HK\$3.60 million) shall be paid within 3 business days after the signing of the Shareholder's Loan Repayment Agreement;
- (b) 40% of the Shareholder's Loan in the sum of approximately RMB3.75 million (equivalent to approximately HK\$3.60 million) shall be paid within 5 business days after 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; and
- (c) the balance of 20% of the Shareholder's Loan in the sum of approximately RMB1.87 million (equivalent to approximately HK\$1.80 million) shall be paid within 1 month after 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.

Completion

Subsequent to the Agreement, the Vendor and the Purchaser have agreed that 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.

LETTER FROM THE BOARD

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 nature of the business of the PRC Company and the adverse market condition and competition faced by the PRC Company and that the Company does not have control thereof by virtue of holding only 21% of the equity interest in the registered capital of the PRC Company, the Board considers that the sale of the Equity Interest represents a good opportunity for the Group to realize its investment at a reasonable price. The Company will make use of the cash proceeds from the sale of the Equity Interest for its general working capital. 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.

FINANCIAL EFFECT OF THE DISPOSAL

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.

As the consideration for the Disposal was determined with reference to the consolidated net asset value of the PRC Company attributable to the Equity Interest as at 31 October 2005 as assessed by an independent qualified valuer and represented a 3% discount thereof, there was approximately RMB0.24 million (equivalent to approximately HK\$0.23 million) deficit compared with the net book value of the Equity Interest of approximately RMB17.55 million (equivalent to approximately HK\$16.85 million) as at 31 October 2005. Accordingly, through the Disposal, the Group has an estimated loss (before deduction of expenses and after taking into account the exchange reserve) of approximately HK\$0.43 million.

The Directors consider that the Disposal will not have significant effect on the earnings, assets and liabilities of the Group.

USE OF PROCEEDS

The Company intends to use the proceeds from the sale of the Equity Interest for its general working capital.

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
1991 Scheme				
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
2001 Scheme				
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
10% or more of issued share capital of the Company					
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%
Below 10% of issued share capital of the Company					
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.

Note: Save for Mr. Tsui Yam Tong, Terry who is the sole director and shareholder of RGL, 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\$89,000.00 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.