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**CNT GROUP LIMITED**

**北海集團有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 701)**

**(1) VERY SUBSTANTIAL DISPOSAL  
IN RELATION TO PROPOSED DISPOSAL OF  
THE OCEAN WIDE SHARE  
(2) MAJOR TRANSACTION  
IN RELATION TO PROPOSED ACQUISITION OF  
THE NIGON SHARES  
AND  
(3) RESUMPTION OF TRADING**

**THE SHARE EXCHANGE AGREEMENT**

The Board is pleased to announce that on 8 September 2018, the Share Exchange Agreement was entered into among Tatpo (being a wholly-owned subsidiary of the Company), Jetco and Mr. Tang, pursuant to which, Tatpo shall (i) dispose of the entire issued share capital of Ocean Wide and the Ocean Wide Shareholder's Loan to Jetco; and (ii) acquire the entire issued share capital of Nigon and the Nigon Shareholder's Loan from Jetco.

**IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 14.24 of the Listing Rules, the Stock Exchange will apply the percentage ratios to each of the Proposed Disposal and the Proposed Acquisition. As certain of the relevant percentages regarding the Proposed Disposal exceed 75%, the Proposed Disposal constitutes a very substantial disposal on the part of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As certain of the relevant percentages regarding the Proposed Acquisition exceed 25% but below 100%, the Proposed Acquisition constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION**

The Special General Meeting will be convened at which the Shareholders will consider and, if thought fit, approve the Share Exchange Agreement and the transactions contemplated thereunder including the Proposed Disposal and the Proposed Acquisition.

The Company will despatch the Circular in accordance with the Listing Rules, which will contain, among other things, (i) further details on the Share Exchange Agreement and the transactions contemplated thereunder; (ii) the valuation report of the Sai Kung Property; (iii) the valuation report of the Wan Chai Property; and (iv) a notice convening the Special General Meeting. It is expected that the Circular will be despatched to the Shareholders on or before 28 November 2018 so as to allow the Company to have sufficient time to prepare the information to be included in the Circular.

**As the Completion is subject to the fulfillment, or waiver, of the conditions precedent set forth in the Share Exchange Agreement which include, but without limitation to, the approval of the Shareholders at the Special General Meeting by way of ordinary resolutions, the Proposed Disposal and the Proposed Acquisition may or may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 10 September 2018. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 September 2018.

The Board is pleased to announce that on 8 September 2018, the Share Exchange Agreement was entered into among Tatpo, Jetco and Mr. Tang, pursuant to which, Tatpo shall (i) dispose of the entire issued share capital of Ocean Wide and the Ocean Wide Shareholder's Loan to Jetco; and (ii) acquire the entire issued share capital of Nigon and the Nigon Shareholder's Loan from Jetco.

## THE SHARE EXCHANGE AGREEMENT

The principal terms of the Share Exchange Agreement are set forth below:

- Date : 8 September 2018
- Parties : (a) Tatpo, a wholly-owned subsidiary of the Company;
- (b) Jetco; and
- (c) Mr. Tang, as guarantor of Jetco.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, both Jetco and its ultimate beneficial owner(s) and Mr. Tang are Independent Third Parties.

Assets to be disposed of by Tatpo : the entire issued share capital of Ocean Wide and the Ocean Wide Shareholder's Loan.

Assets to be acquired by Tatpo : the entire issued share capital of Nigon and the Nigon Shareholder's Loan.

Consideration : The consideration for the Proposed Disposal is HK\$900 million (subject to the Ocean Wide Adjustments), which shall be satisfied in cash by Jetco in the following manner:

- (a) as to HK\$37 million (the "**Deposit**"), being the deposit and the part payment towards the consideration for the Proposed Disposal, shall be paid by Jetco to Tatpo upon signing of the Share Exchange Agreement; and
- (b) as to HK\$863 million, being the remaining balance of the consideration for the Proposed Disposal, after deducting the amount to (i) fully set off against consideration for the Proposed Acquisition (i.e. HK\$530 million); and (ii) repay any amount that may be required to release the Tatpo Securities (which shall be payable to the relevant bank), (if any), shall be paid by Jetco to Tatpo at Completion.

The consideration for the Proposed Acquisition is HK\$530 million (subject to the Nigon Adjustments), shall be satisfied by Tatpo to Jetco at Completion by way of set-off against part of the consideration for the Proposed Disposal abovementioned.

Pursuant to the Share Exchange Agreement, the consideration of the Proposed Disposal and the consideration of the Proposed Acquisition will be adjusted upward or downward on a dollar-to-dollar basis with reference to the Nigon Net Asset Value and the Ocean Wide Net Asset Value.

The amount to be paid on Completion will be based on the Nigon Net Assets Value stated in the Nigon Pro Forma Completion Accounts and the Ocean Wide Net Asset Value stated in the Ocean Wide Pro Forma Completion Accounts respectively.

In the event that the consideration for the Proposed Disposal and the consideration for the Proposed Acquisition are required to be further adjusted after finalisation of the Ocean Wide Completion Accounts and the Nigon Completion Accounts, Tatpo and Jetco shall settle the balance within 10 business days after the finalisation of the said completion accounts in cash.

Based on the information currently available, the Directors expect that no outstanding amount will be required to pay for the release of the Tatpo Securities upon Completion. As such, the Directors expect that the Group will receive not less than HK\$370 million (subject to the Ocean Wide Adjustments and the Nigon Adjustments) by way of cash upon Completion.

Basis of Consideration : The consideration of the Proposed Disposal and the consideration of the Proposed Acquisition were determined after arm's length negotiations between Tatpo and Jetco on normal commercial terms principally with reference to, among others, (i) the preliminary valuations of the Sai Kung Property at HK\$415 million carried out by BMI Appraisals Limited; (ii) the preliminary valuation of the Wan Chai Property at HK\$530 million carried out by Centaline Surveyors Limited on 31 July 2018 respectively; and (iii) the premium over the appraised value of the Sai Kung Property that Mr. Tang is willing to pay.

BMI Appraisals Limited and Centaline Surveyors Limited are independent surveyors to the Company. The valuers valued the Sai Kung Property and the Wan Chai Property by comparison approach with reference to comparable market transactions as reported in the market at similar locations. The Company will include the valuation reports of both the Sai Kung Property and the Wan Chai Property in the Circular.

The Directors (including the independent non-executive Directors) consider that the consideration involved in the Proposed Disposal and the Proposed Acquisition are favourable to the Group and are in the interest of the Company and the Shareholders as a whole.

Interest on late payment : If a party fails to pay an amount required to be paid under the Share Exchange Agreement when it is due, that party must pay interest on the amount due at the rate per year of 2.0 per cent above the best lending rate from time to time of The Hongkong and Shanghai Banking Corporation Limited.

Conditions of the Proposed Disposal : Completion of the Proposed Disposal is subject to the following Disposal Conditions:

- (i) the passing by the Shareholders in the Special General Meeting approving the Share Exchange Agreement and the transactions contemplated in or accidental thereunder;

- (ii) Jetco having undertaken a due diligence review of the Ocean Wide Group and the Sai Kung Property and has not identified any issues which may have a material adverse effect on the financial position of Ocean Wide and/or the Sai Kung Property;
- (iii) Conley is the sole registered and beneficial owner of the Sai Kung Property free from Encumbrances and is able to show and give good title to the Sai Kung Property in accordance with the Share Exchange Agreement;
- (iv) Tatpo is the sole and beneficial owner of the Ocean Wide Share and Ocean Wide Shareholder's Loan free from all Encumbrances and has the capacity and power to sell the Ocean Wide Share and assign the Ocean Wide Shareholder's Loan to Jetco free from all Encumbrances;
- (v) there having been no breach by Tatpo of the fundamental warranties it provided under the Share Exchange Agreement;
- (vi) no part of the Sai Kung Property is, for any reason, condemned, closed or declared dangerous by the relevant Government Authority, damaged, destroyed, rendered inaccessible or subject to demolition order(s) of closure order(s) under BO or DBO or any other applicable legislation of a like nature; and
- (vii) the Proposed Acquisition being completed simultaneously.

Other than the Disposal Conditions (i) and (vii) abovementioned which are not waivable, Jetco may waive all the other Disposal Conditions.

If the Disposal Condition (i) has not been satisfied at or before 1:00 p.m. on 31 May 2019, Tatpo and Jetco shall postpone the Completion Date to the Long-stop Date. If the Disposal Condition (i) has not been satisfied at or before 1:00 p.m. on the Long-stop Date, the Share Exchange Agreement shall be terminated and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement.

If the Disposal Condition (vii) has not been satisfied at or before 1:00 p.m. on 31 May 2019 as a result of (x) a default by Tatpo of using its reasonable endeavour to procure satisfaction of certain Acquisition Conditions; or (y) a default by Tatpo to complete the Share Exchange Agreement, Jetco may at its option postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Jetco chooses not to postpone the Completion Date, the Share Exchange Agreement shall be terminated and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement.

If any of the Disposal Conditions (other than the Disposal Conditions (i) or (vii)) has not been satisfied (or waived by Jetco to the extent it may be waived) at or before 1:00 p.m. on 31 May 2019, Jetco may at its option postpone the Completion Date to the Long-Stop Date. However, if Jetco chooses not to postpone the Completion Date to the Long-stop Date or if any of such Disposal Conditions has not been satisfied (or waived by Jetco to the extent that it may be waived) on or before the Long-stop Date, the Share Exchange Agreement shall be terminated and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement.

- Conditions of the Proposed Acquisition :
- Completion of the Proposed Acquisition is subject to the following Acquisition Conditions:
- (i) Tatpo having undertaken a due diligence review of the Nigon Group and the Wan Chai Property and has not identified any issues which may have a material adverse effect on the financial position of Nigon and/or the Wan Chai Property;

- (ii) Nigon is the sole registered and beneficial owner of the Wan Chai Property free from Encumbrances and is able to show and give good title to the Wan Chai Property in accordance with the Share Exchange Agreement;
- (iii) Jetco is the sole and beneficial owner of the Nigon Shares and Nigon Shareholder's Loan free from all Encumbrances and has the capacity and power to sell the Nigon Shares and assign the Nigon Shareholder's Loan to Tatpo free from all Encumbrances;
- (iv) there having been no breach by Jetco of the fundamental warranties it provided under the Share Exchange Agreement;
- (v) no part of the Wan Chai Property is, for any reason, condemned, closed or declared dangerous by the relevant Government Authority, damaged, destroyed, rendered inaccessible or subject to demolition order(s) of closure order(s) under BO or DBO or any other applicable legislation of a like nature;
- (vi) Nigon has disposed of the entire issued share capital of Lead Creation to Mr. Tang or an entity nominated by him;
- (vii) the passing by the Shareholders in the Special General Meeting approving the Share Exchange Agreement and the transactions contemplated in or accidental thereunder; and
- (viii) the Proposed Disposal being completed simultaneously.

Other than the Acquisition Conditions (vi), (vii) and (viii) which are not waivable, Tatpo may waive all the other Acquisition Conditions.

If the Acquisition Condition (vii) has not been satisfied at or before 1:00 p.m. on 31 May 2019, Tatpo and Jetco shall postpone the Completion Date to the Long-stop Date. If the Acquisition Condition (vii) has not been satisfied at or before 1:00 p.m. on the Long-stop Date, the Share Exchange Agreement shall be terminated and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement.

If the Acquisition Condition (viii) has not been satisfied at or before 1:00 p.m. on 31 May 2019 as a result of (x) a default by Jetco of using its reasonable endeavour to procure satisfaction of certain Disposal Conditions; or (y) a default by Jetco to complete the Share Exchange Agreement, Tatpo may at its option postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Tatpo chooses not to postpone the Completion Date, the Share Exchange Agreement shall be terminated and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall be entitled to forfeit and retain the Deposit.

If any of the Acquisition Conditions (other than the Acquisition Conditions (vii) and (viii)) has not been satisfied (or waived by Tatpo to the extent it may be waived) at or before 1:00 p.m. on 31 May 2019, Tatpo may at its option further postpone the Completion Date to the Long-Stop Date.

However, if Tatpo chooses not to postpone the Completion Date to the Long-stop Date or if any of the abovementioned Acquisition Conditions (other than the Acquisition Conditions (vii) and (viii)) has not been satisfied (or waived by Tatpo to the extent it may be waived) at or before 1:00 p.m. on the Long-stop Date, the Share Exchange Agreement shall be terminated and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall be entitled to forfeit and retain the Deposit.

Completion : The Proposed Disposal and the Proposed Acquisition are inter-conditional. Subject to the conditions being satisfied (or waived in accordance with the terms of the Share Exchange Agreement), Completion is expected to take place on the Completion Date.

In the event that the Completion does not take place as a result of the default of Tatpo to complete the Share Exchange Agreement, Jetco may postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Jetco chooses to terminate the Share Exchange Agreement, Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement.

In the event that the Completion does not take place as a result of the default of Jetco to complete the Share Exchange Agreement, Tatpo may postpone the Completion Date to a business day not later than 10 business days thereafter. However, if Tatpo chooses to terminate the Share Exchange Agreement, Tatpo shall be entitled to forfeit and retain the Deposit.

Termination for defective title : By 12 October 2018, Jetco and Tatpo must indicate to each other that it either accepts or does not accept Conley's good title to the Sai Kung Property or Nigon's good title to the Wan Chai Property (as the case may be).

If the conveyancing solicitor of Jetco insist with its objection or requisitions that the title of Sai Kung Property is defective, Tatpo may at its liberty give Jetco not less than 5 business days notice in writing to terminate the Share Exchange Agreement, in which case, unless the objection or requisition shall have been withdrawn, the Share Exchange Agreement shall be terminated with effect from the expiry of the said notice period and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement.

If the conveyancing solicitor of Tatpo insist with its objection or requisitions that the title of Wan Chai Property is defective, Jetco may at its liberty give Tatpo not less than 5 business days notice in writing to terminate the Share Exchange Agreement, in which case, unless the objection or requisition shall have been withdrawn, the Share Exchange Agreement shall be terminated with effect from the expiry of the said notice period and that none of the parties to the Share Exchange Agreement shall have any claim of any nature or liabilities thereunder whatsoever against any of the other parties, save for (x) any antecedent breach; and (y) Tatpo shall refund the Deposit to Jetco without interest within 5 business days after termination of the Share Exchange Agreement.

Guarantee : Mr. Tang has agreed to unconditionally and irrevocably guarantee the due and punctual performances, observance and discharge by Jetco of all its obligations (whether payment obligations or otherwise) under or pursuant to the Share Exchange Agreement.

- Leaseback of the Wan Chai Property : Immediately before Completion, the Wan Chai Property will be leased back by Nigon, which will become a wholly-owned subsidiary of the Group upon Completion, as landlord to Tang's Living as tenant for a term of 3 years at a monthly rental of HK\$1,325,000 (exclusive of management fees, rates and government rent (if any)) and with an option to renew the lease for two further terms each of 3 years at the then open market rent.
- Grant of Option : The Grantor will become the sole shareholder of Lead Creation on or before Completion. Upon Completion, in consideration of HK\$1, the Grantor will grant the Option to Tatpo pursuant to which Tatpo may require the Grantor to transfer to Tatpo (or its nominee) all the Option Shares during the Option Period at HK\$1. Tatpo and the Grantor will enter into the Option Agreement upon Completion. Mr. Tang will also enter into the Option Agreement as a guarantor of the Grantor to guarantee the due and punctual performances, observance and discharge by the Grantor of all its obligations (whether payment obligations or otherwise) under or pursuant to the Option Agreement.

#### **INFORMATION OF JETCO, MR. TANG AND TANG'S LIVING**

Jetco is an investment holding company and the sole shareholder of Nigon. Mr. Tang is the sole ultimate beneficial owner of Jetco. Tang's Living is a hotel operating company ultimately and wholly-owned by Mr. Tang Yiu Sing, son of Mr. Tang. To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Jetco, Tang's Living and their respective ultimate beneficial owner(s), Mr. Tang Yiu Sing and Mr. Tang are Independent Third Parties.

#### **INFORMATION OF NIGON, LEAD CREATION AND THE WAN CHAI PROPERTY**

Nigon is a company incorporated in Hong Kong with limited liability and is principally engaged in investment holding, property investment and letting of properties.

The Wan Chai Property is a building with gross floor area of approximately 24,283 sq. ft. The Wan Chai Property comprises a 24-storey building and is currently used as a hotel under the name "Minimal Hotel • Urban (簡悅酒店 • 銅鑼灣)". As at the date of this announcement, the Wan Chai Property is subject to two tenancy arrangements with monthly rental of HK\$1,325,000 in aggregate. Based on the information provided by Jetco, it acquired the entire issued share capital of Nigon in February 2018 for a consideration of HK\$395 million.

As at the date of this announcement, Nigon also holds the entire issued share capital of Lead Creation. Lead Creation is a company incorporated in Hong Kong with limited liability and is principally engaged in hotel operation. Lead Creation is currently holding a hotel licence issued under the Hotel and Guesthouse Accommodation Ordinance (Chapter 349 of the Laws of Hong Kong) to operate, keep, manage or otherwise have control of the Wan Chai Property as a hotel and is responsible for ensuring that the Wan Chai Property complies with the licensing conditions and satisfies with the various codes of practices and requirements that is qualified to be operated as a hotel. The Company will not engage in hotel operation business and does not want to take up the statutory responsibility to operate, keep, manage or control the Wan Chai Property. It intends to focus on its investment property business so as to merely act as a landlord of the Wan Chai Property. As such, the Company takes the view that by acquiring Nigon (being the registered owner of the Wan Chai Property) without Lead Creation (being the holder of a hotel licence) will be the best way to achieve its purpose of acting merely as a landlord and to reflect its intention of focusing on its current business. As such, Jetco and Tatpo have agreed that Nigon will transfer the entire issued share capital of Lead Creation to the Grantor on or before Completion under the Share Exchange Agreement.

The selected financial information of Nigon for the two years ended 31 March 2017 and 2018 are as follows:

	<b>Year ended 31 March 2017</b>	<b>Year ended 31 March 2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Profit before tax	1,395	976
Profit after tax	1,165	976

The net asset value of Nigon as at 31 March 2018 amounted to approximately HK\$11.6 million.

The selected financial information of Lead Creation for the two years ended 31 March 2017 and 2018 are as follows:

	<b>Year ended 31 March 2017</b>	<b>Year ended 31 March 2018</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(audited)	(unaudited)
Profit before tax	720	2,546
Profit after tax	633	2,202

The net asset value of Lead Creation as at 31 March 2018 amounted to approximately HK\$8.3 million.

As Nigon will transfer the entire issued share capital of Lead Creation to the Grantor on or before Completion, to the best knowledge of the Board, it is expected that other than the Wan Chai Property, there are no other major assets held by Nigon immediately after Completion. Upon Completion, the Wan Chai Property will be held by the Group as part of its investment property portfolio and will be leased back by Nigon, which will become a wholly-owned subsidiary of the Group upon Completion, as landlord to Tang's Living as tenant for a term of 3 years with an option to renew the lease for two further terms each of 3 years at the then market rent pursuant to the Leaseback Agreement.

As Lead Creation will be held by the Grantor and that the Wan Chai Property will be leased back to Tang's Living upon Completion, the Board takes the view that the operation of the Wan Chai Property will not be interrupted during the terms of the Leaseback Agreement. However, in the event that the Leaseback Agreement has been terminated or expired, the Company will consider to exercise the Option to acquire the entire issued share capital of Lead Creation in HK\$1 in order to allow it to market the Wan Chai Property and Lead Creation as a package in the rental market to other hotel operators. The Board takes the view that by marketing the Wan Chai Property and Lead Creation as a package, the Wan Chai Property will be much popular as the new tenant can simply acquire Lead Creation which already owns the requisite licence to operate the Wan Chai Property as a hotel. The new tenant does not need to apply for a new licence in respect of the Wan Chai Property and therefore can start the operation of the Wan Chai Property seamlessly right after the commencement of the new tenancy agreement.

#### **INFORMATION OF OCEAN WIDE, CONLEY AND THE SAI KUNG PROPERTY**

Ocean Wide is an investment holding company incorporated in the BVI with limited liability and an indirect wholly-owned subsidiary of the Company. Ocean Wide has no business activity other than being the sole shareholder of Conley.

Conley is an investment holding company incorporated in Hong Kong with limited liability. Conley is currently holding the Sai Kung Property.

The Sai Kung Property is a land with gross floor area of approximately 143,252 sq. ft. The Sai Kung Property comprises two 4-storey industrial buildings and is currently leased to subsidiaries of the CPM Group and other Independent Third Parties. The Sai Kung Property was built by members of the Group between 1988 and 1990 for industrial purpose. Since 1993, with the relocation of the paint and coating production lines to the PRC by the subsidiaries of CPM Group, the Sai Kung Property has been treated as an investment property of the Group. In order to secure a re-development opportunity for the purpose of achieving a high investment return or enhancing the property portfolios of the Group, the Group submitted a planning application under Section 16 of Town Planning Ordinance to seek the Town Planning Board's approval for a proposed residential development on the Sai Kung Property in May 2016. On 2 March 2018, the

Town Planning Board has approved the application with conditions. During the year ended 31 December 2017, the Group received gross rental income (including inter-group rental) of HK\$27.0 million from the Sai Kung Property and recorded a fair value gain of HK\$16.6 million. After deducting the relevant expenses borne by the Group, the Group received net rental income (including inter-group rental of HK\$1.3 million from the Sai Kung Property) of HK\$23.9 million during the year ended 31 December 2017.

The selected consolidated financial information of the Ocean Wide Group for the two years ended 31 December 2016 and 2017 are as follows:

	<b>Year ended 31 December 2016 <i>HK\$'000</i> (unaudited)</b>	<b>Year ended 31 December 2017 <i>HK\$'000</i> (unaudited)</b>
Profit before tax	31,850	36,413
Profit after tax	27,841	33,281

The consolidated net asset value of the Ocean Wide Group as at 31 December 2017 amounted to approximately HK\$293.3 million.

Immediately prior to the Completion, Ocean Wide is held as to 100% by the Group. After completion of the Proposed Disposal, the entire issued share capital of Ocean Wide will be held by Jetco and the Group will cease to have any interest in Ocean Wide, Conley and the Sai Kung Property.

## **REASONS FOR AND BENEFITS OF THE PROPOSED DISPOSAL AND THE PROPOSED ACQUISITION**

The Group is principally engaged in the following four business activities: (i) property investment (including the investment in properties for rental income or for sale, and the proposed columbarium development in Hong Kong); (ii) trading of iron and steel products and related investment; (iii) through its non-wholly owned subsidiary, CPM Group, manufacturing and sales of paint products; and (iv) investment holding activities. The property investment business segment, which represents a major business segment of the Group as of the date of this announcement, consists of (a) investments in residential, commercial and industrial properties for their rental income; and (b) development and sales of real estate properties (including columbarium development). The Group intends to continue to conduct all its existing business after Completion and has no intention, negotiation, agreement, arrangement and understanding (concluded or otherwise) about any disposal, scaling-down and/or termination of its existing business on sale of the paint products and sale of iron and steel projects and/or other major operating assets.

As property investment business is one of the core businesses of the Group, the Board reviews the existing investment portfolio from time to time and explores other business opportunities to enhance the value of the Company and return to the Shareholders. Although the Town Planning Board approved the proposed residential development on the Sai Kung Property in March 2018, the Group considers that if the Group would re-develop the Sai Kung Property by itself, the re-development project would require a substantial amount of redevelopment costs and would take a relatively long period of time to complete a project, during which, the Group may encounter various uncertainties, including the fluctuation in the global and local economic and property market and the surge in the bank loan interests. In the first quarter of 2018, Mr. Tang proposed to the Group to acquire the Sai Kung Property in exchange for the Wan Chai Property. Based on the information in public domain, Mr. Tang is the owner of the industrial properties surrounding the Sai Kung Property. After considering the estimated market value on the Sai Kung Property provided by the independent valuers, the Board considers that it will receive a higher investment return by entering the Share Exchange Agreement which can be used for enhancing the investment property portfolio of the Group.

Based on the latest consolidated management account of the Ocean Wide Group, the consolidated net assets value of Ocean Wide as at 30 June 2018 was HK\$361.8 million, including the Ocean Wide Shareholder's Loan of HK\$43.8 million. Taking into account of the consideration of the Proposed Disposal of HK\$900 million, the Directors expect that the Group would record a gain from the Proposed Disposal of approximately HK\$494.4 million before tax and transaction costs and an increase in the net assets of the Group by approximately HK\$494.4 million. Such gain is determined with reference to the unaudited consolidated financial statements of Ocean Wide for the period ended 30 June 2018. Subject to completion of audit, the actual amount of the gain on the Proposed Disposal to be recognised by the Group will be based on the actual net asset value of Ocean Wide as of the Completion Date and therefore may vary from the amount mentioned above.

In light of the gain from the Proposed Disposal, the Board considers that the Proposed Disposal and the Proposed Acquisition provide an opportunity for the Group to realise the Sai Kung Property, being part of its strategic investment in light of the current favourable commercial property environment in Hong Kong in exchange for a whole block of hotel situated in urban area which is expected to bring in steady recurrent income at a gross yield of approximately 3% per annum.

Further, the Proposed Disposal and the Proposed Acquisition may be potentially accretive to the net asset value of the Group as a whole and the net proceeds in the amount of HK\$370 million can further strengthen the cash position of the Group and will allow the Group to acquire additional residential and/or commercial premises in Hong Kong and/or the PRC in order to enhance its investment property portfolio for the purpose of strengthening the recurring income and cash flows for long term investment properties.

The Directors consider that the terms of the Share Exchange Agreement, which are determined after arm's length negotiations between Tatpo and Jetco, are on normal commercial terms which are fair and reasonable, and the entering into of the Share Exchange Agreement is in the interests of the Group and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 14.24 of the Listing Rules, the Stock Exchange will apply the percentage ratios to each of the Proposed Disposal and the Proposed Acquisition.

As certain of the relevant percentages regarding the Proposed Disposal exceed 75%, the Proposed Disposal constitutes a very substantial disposal on the part of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules. As certain of the relevant percentages regarding the Proposed Acquisition exceed 25% but below 100%, the Proposed Acquisition constitutes a major transaction on the part of the Company under Rule 14.06 of the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION**

The Special General Meeting will be convened at which the Shareholders will consider and, if thought fit, approve the Share Exchange Agreement and the transactions contemplated thereunder including the Proposed Disposal and the Proposed Acquisition.

The Company will despatch the Circular in accordance with the Listing Rules, which will contain, among other things, (i) further details on the Share Exchange Agreement and the transactions contemplated thereunder; (ii) the valuation report of the Sai Kung Property; (iii) the valuation report of the Wan Chai Property; and (iv) a notice convening the Special General Meeting. It is expected that the Circular will be despatched to the Shareholders on or before 28 November 2018 so as to allow the Company to have sufficient time to prepare the information to be included in the Circular.

**As the Completion is subject to the fulfillment, or waiver, of the conditions precedent set forth in the Share Exchange Agreement which include, but without limitation to, the approval of the Shareholders at the Special General Meeting by way of ordinary resolutions, the Proposed Disposal and the Proposed Acquisition may or may not proceed. Shareholders and prospective investors of the Company are advised to exercise caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 10 September 2018. Application has been made by the Company to the Stock Exchange for the resumption of trading of the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 September 2018.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Acquisition Condition(s)”	condition(s) precedent to the Proposed Acquisition set forth in the Share Exchange Agreement;
“BO”	Building Ordinance, Chapter 123 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
“Board”	the board of Directors;
“BVI”	the British Virgin Islands;
“Circular”	the circular in respect of the Share Exchange Agreement and the transactions contemplated thereunder to be despatched to the Shareholders;
“Company”	CNT Group Limited, a company incorporated in Bermuda with limited liability with its Shares listed on the main board of the Stock Exchange (stock code: 701);
“Completion”	completion of the Proposed Disposal and the Proposed Acquisition pursuant to the terms and conditions of the Share Exchange Agreement;
“Completion Date”	the date on which Completion shall take place, initially expected to be 31 May 2019;
“Conley”	Conley Investment Limited, a company incorporated in Hong Kong on 3 March 1981 and a wholly-owned subsidiary of Ocean Wide, Conley is the sole owner of the Sai Kung Property;
“Conley Bank Loan”	the bank loan and any banking facilities granted by The Hongkong and Shanghai Banking Corporation Limited to the Company and/or its subsidiaries as secured by, among other things, the Tatpo Securities, and where the context shall so require, the outstanding amount of the principal sum and any interest accrued thereon as at Completion;

“CPM Group”	CPM Group Limited, a company incorporated in the Cayman Islands as exempted company with limited liability with its shares listed on the main board of the Stock Exchange (stock code: 1932);
“DBO”	Demolished Buildings (Re-development of Sites) Ordinance, Chapter 337 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time;
“Director(s)”	the director(s) of the Company;
“Disposal Condition(s)”	condition(s) precedent to the Proposed Disposal set forth in the Share Exchange Agreement;
“Encumbrance”	a mortgage, charge, pledge, lien, option, right of first refusal, right of pre-emption, third-party right or interest, other encumbrance or security interest of any kind, or another type of preferential arrangement (including a title transfer or retention arrangement) having similar effect and any agreement or obligation to create or grant any of the aforesaid;
“Government Authority”	(a) any government (whether supranational, national or local) in any relevant jurisdiction including the Government of Hong Kong or any bureau, department or official of any of the above, (b) any statutory or public authority or body in any relevant jurisdiction, (c) any court, tribunal or other judicial authority in any relevant jurisdiction; (d) the Government of Hong Kong as grantor and/or landlord in respect of the Sai Kung Property Government Lease or the Wan Chai Property Government Lease; and the expression “Government Authority” shall also include (e) any person to whom any power or authority of any of the above is delegated; and (f) any person engaged by any of the above for the purpose of exercising any of its powers or authorities or assisting in the exercise of any of its powers or authorities;
“Grantor”	Mr. Tang (or an entity nominated by him), being the sole shareholder of Lead Creation and the grantor of the Option;
“Group”	the Company and its subsidiaries;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third parties independent of the Company and its connected persons;
“Jetco”	Jetco (H.K.) Limited (怡高(香港)有限公司), a company incorporated in Hong Kong with limited liability and wholly-owned by Mr. Tang, being (a) the vendor of the Nigon Shares and the assignor of the Nigon Shareholder’s Loan under the Proposed Acquisition; and (b) the purchaser of the Ocean Wide Share and assignee of the Ocean Wide Shareholder’s Loan under the Proposed Disposal, both pursuant to the Share Exchange Agreement;
“Jetco Securities”	the security interests given by, over or otherwise affecting Nigon;
“Lead Creation”	Lead Creation Development Limited (領創發展有限公司), a company incorporated in Hong Kong with limited liability on 25 February 2005, the entire issued share capital of which is legally and beneficially owned by Nigon;
“Leaseback Agreement”	the tenancy agreement to be entered into between Nigon, which will become a wholly-owned subsidiary of the Group upon Completion, as landlord and Tang’s Living as tenant immediately before Completion in respect of the Wan Chai Property;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time;
“Long-stop Date”	31 July 2019;
“Mr. Tang”	Mr. Tang Shing Bor (鄧成波), an Independent Third Party and the guarantor of Jetco under the Share Exchange Agreement. Mr. Tang will also be the guarantor of the Grantor under the Option Agreement;

“Nigon”	Nigon Hong Kong Limited (力運香港有限公司), a company incorporated in Hong Kong with limited liability on 15 May 2007 and a wholly-owned subsidiary of Jetco. Nigon is the sole owner of the Wan Chai Property;
“Nigon Adjustments”	any upward or downward adjustments to the Nigon Initial Consideration on a dollar-to-dollar basis with reference to the Nigon Net Asset Value stated in the Nigon Pro Forma Completion Accounts and the Nigon Completion Accounts;
“Nigon Bank Loan”	the bank loan and any banking facilities granted by the United Overseas Bank Limited to Nigon as secured by, among other things, the Jetco Securities and, where the context shall so require, the outstanding amount of the principal sum and any interest accrued thereon as of the Completion Date;
“Nigon Completion Accounts”	the unaudited statement of financial position of Nigon as at close of the business on the Completion Date to be provided to Tatpo within 25 business days after the Completion Date;
“Nigon Group”	Nigon and Lead Creation;
“Nigon Initial Consideration”	HK\$530 million (as adjusted by the Nigon Adjustments);
“Nigon Net Asset Value”	the total assets of Nigon (other than the value of the Wan Chai Property, any intangible assets, other fixed assets and deferred tax assets) less the total liabilities of Nigon (other than the liabilities in respect of the Nigon Shareholder’s Loan, the Nigon Bank Loan and any deferred tax liabilities) as of the Completion Date as shown in the Nigon Pro Forma Completion Accounts or the Nigon Completion Accounts (as the case may be);
“Nigon Pro Forma Completion Accounts”	the pro-forma statement of financial position of Nigon as of close of business on the Completion Date to be provided to Tatpo on or before 5 business days prior to the Completion Date;
“Nigon Shareholder’s Loan”	the loan due from Nigon to Jetco that will be assigned to Tatpo upon Completion under the Share Exchange Agreement, which amounted to be HK\$31.8 million as of 31 July 2018;

“Nigon Shares”	the 100 shares of HK\$1.0 each in the share capital of Nigon, representing all shares in issue of Nigon;
“Ocean Wide”	Ocean Wide Assets Limited, a company incorporated under the laws of BVI with limited liability on 18 May 1999 and is wholly owned by Tatpo as at the date of this announcement. Ocean Wide is the sole shareholder of Conley;
“Ocean Wide Adjustments”	any upward or downward adjustments to the Ocean Wide Initial Consideration on a dollar-to-dollar basis with reference to the Ocean Wide Net Asset Value stated in the Ocean Wide Pro Forma Completion Accounts and the Ocean Wide Completion Accounts;
“Ocean Wide Completion Accounts”	the unaudited consolidated statement of financial position of Ocean Wide as at close of the business on the Completion Date to be provided to Jetco within 25 business days after the Completion Date;
“Ocean Wide Group”	Ocean Wide and Conley;
“Ocean Wide Initial Consideration”	HK\$900 million (as adjusted by the Ocean Wide Adjustments);
“Ocean Wide Net Asset Value”	the total assets of Ocean Wide (other than the value of the Sai Kung Property, any intangible assets, other fixed assets and deferred tax assets) less the total liabilities of Ocean Wide (other than the liabilities in respect of the Ocean Wide Shareholder’s Loan, the Conley Bank Loan and any deferred tax liabilities) as of Completion Date as shown in the Ocean Wide Pro Forma Completion Accounts or the Ocean Wide Completion Accounts (as the case may be);
“Ocean Wide Pro Forma Completion Accounts”	the pro-forma consolidated statement of financial position of Ocean Wide as of close of business on the Completion Date to be provided to Jetco on or before 5 business days prior to the Completion Date;
“Ocean Wide Shareholder’s Loan”	the loan due from Ocean Wide to Tatpo that will be assigned to Jetco upon Completion under the Share Exchange Agreement, which amounted to be HK\$42.3 million as of 31 July 2018;

“Ocean Wide Share”	one issued share of Ocean Wide, being the entire allotted and issued share capital of Ocean Wide;
“Option”	the right to require the Grantor to transfer to Tatpo (or its nominee) all the Option Shares at HK\$1;
“Option Agreement”	the option agreement to be entered into between the Grantor and Tatpo as grantee on the Completion Date in respect of the Option;
“Option Period”	the period commencing on the date of the expiry or earlier termination of the Leaseback Agreement (and any renewal(s) thereof) and ending on the fourteenth day after such expiry or earlier termination date (both days inclusive);
“Option Shares”	the entire issued shares of Lead Creation and any shares issued in exchange therefor by way of conversion or reclassification and any securities representing or deriving from such shares as a result of any increase in or reorganisation or variation of the capital of Lead Creation;
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Taiwan, Macau Special Administrative Region and Hong Kong;
“Proposed Acquisition”	the proposed acquisition of the Nigon Shares and the Nigon Shareholder’s Loan from Jetco by Tatpo (or its nominee) pursuant to the terms and conditions of the Share Exchange Agreement;
“Proposed Disposal”	the proposed disposal of the Ocean Wide Share and the Ocean Wide Shareholder’s Loan by Tatpo to Jetco pursuant to the terms and conditions of the Share Exchange Agreement;
“Sai Kung Property”	all those pieces or parcels of ground respectively registered in the Land Registry as Lot No. 963 in D.D. 215 and the extension thereto & Lot No. 991 in D.D. 215 in Sai Kung, New Territories including and of and in the messuages, erections and buildings thereon now known as Nos. 7 and 9 Hong Ting Road, Sai Kung, New Territories, Hong Kong;

“Sai Kung Property Government Lease”	collectively, New Grant No. 6503 in respect of Lot No. 963 in Demarcation District No. 215 and the Extension thereto and New Grant No. SK7294 in respect of Lot No. 991 in Demarcation District No. 215;
“Share Exchange Agreement”	the Share Exchange Agreement dated 8 September 2018 entered into among Tatpo, Jetco and Mr. Tang for the Proposed Acquisition and the Proposed Disposal;
“Share(s)”	the ordinary share(s) of nominal value of HK\$0.10 each in the share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Special General Meeting”	the special general meeting of the Company to be convened for the purpose of allowing the Shareholders to consider and, if thought fit, approve the Share Exchange Agreement and the transactions contemplated thereunder;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“sq. ft”	square feet;
“Tang’s Living”	Tang’s Living Guesthouse (Morrison Hill Road) Limited (鄧氏賓館(摩理臣山道)有限公司), a company incorporated in Hong Kong with limited liability and ultimately and wholly-owned by Mr. Tang Yiu Sing;
“Tatpo”	Tatpo Corporation Limited, a company incorporated under the laws of Liberia with limited liability and a wholly-owned subsidiary of the Company. Tatpo is (a) the vendor of the Ocean Wide Share and the assignor of the Ocean Wide Shareholder’s Loan under the Proposed Disposal; and (b) the purchaser of the Nigon Shares and assignee of the Nigon Shareholder’s Loan under the Proposed Acquisition, both pursuant to the Share Exchange Agreement;
“Tatpo Securities”	the security interests given by, over or otherwise affecting Ocean Wide, Conley and/or the Sai Kung Property;

“Wan Chai Property”	the messuages, erections and buildings thereon now known as Minimal Hotel • Urban (簡悦酒店 • 銅鑼灣) (previously, Hotel Bonaparte), No. 11 Morrison Hill Road, Wan Chai, Hong Kong;
“Wan Chai Property Government Lease”	collectively, the government leases of Inland Lot No. 3983 and Inland Lot No. 3984; and
“%”	percentage.

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

Hong Kong, 10 September 2018

*As of the date of this announcement, the Board comprises Mr. Lam Ting Ball, Paul and Mr. Chong Chi Kwan as executive Directors; Mr. Tsui Ho Chuen, Philip, Mr. Chan Wa Shek, Mr. Zhang Yulin and Mr. Hung Ting Ho, Richard as non-executive Directors; and Mr. Wu Hong Cho, Mr. Danny T Wong and Mr. Zhang Xiaojing as independent non-executive Directors.*