
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>
Definitions	1
Letter from the Board	
Introduction	3
The Agreement	4
Reasons for the Disposal	6
Financial Effect of the Disposal	6
Use of Proceeds	7
Further Information	7
Appendix — General Information	8

DEFINITIONS

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

“Agreement”	the sale and purchase agreement dated 6 June 2005 entered into between the Vendor and Purchaser in relation to the sale of the Sale Shares and the Shareholder’s Loans and the repayment of the Inter-companies Debt by the Purchaser on behalf of the PRC Company
“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 Sale Shares and the Shareholder’s Loans and the repayment of the Inter-companies Debt by the Purchaser on behalf of the PRC Company pursuant to the Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Honour Rich”	Honour Rich Development Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Inter-companies Debt”	the aggregate net balance remaining in the inter-companies current accounts between the PRC Company and the subsidiaries and/or associated companies of the Company and due and owing from the PRC Company to the subsidiaries and/or associated companies of the Company as at the completion of the sale and purchase under the Agreement which net balance as at 6 June 2005 amounting to RMB11,269,524
“Latest Practicable Date”	27 June 2005, 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

DEFINITIONS

“PRC Company”	Dalian Qinggang Hotel (大連慶港大酒店), a Sino-foreign Equity Joint Venture incorporated under the Law of the PRC concerning Sino-foreign Equity Joint Venture (中華人民共和國中外合資企業法)
“PRC Property”	a piece of land of approximately 22,058 square metres located and situated in Dalian City, Liaoning Province of the PRC, the land use rights of which have been granted to the PRC Company
“Purchaser”	Win Jewel Holdings 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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sale Shares”	(i) 2 fully paid ordinary shares of par value HK\$1.00 each of and in the capital of Vivien Resources representing the entire issued share capital of Vivien Resources, and (ii) 2 fully paid ordinary shares of par value HK\$1.00 each of and in the capital of Honour Rich representing the entire issued share capital of Honour Rich
“Shareholder’s Loans”	the aggregate amount of the shareholder’s loans advanced by the Vendor to Vivien Resources and Honour Rich which shareholder’s loans are outstanding, unsecured, interest-free and with no fixed term of repayment and amounted to HK\$49,394,668 as at 6 June 2005
“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”	Dongola Holdings Limited, a company with limited liability incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company
“Vivien Resources”	Vivien Resources Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company



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*)

Non-executive Director:

Mr. Hung Ting Ho, Richard

Independent Non-executive Directors:

Sir David Akers-Jones (*Deputy Chairman*)
Mr. Lau Wong Fat
Mr. Li Hui Yan
Mr. Danny T Wong

Registered office:

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Principal place of business:

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

4 July 2005

To Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION

INTRODUCTION

It was announced on 10 June 2005 that on 6 June 2005, the Company through the Vendor which is a wholly-owned subsidiary of the Company, has entered into the Agreement with the Purchaser in relation to the sale of the Sale Shares and the Shareholder's Loans and the Purchaser has agreed to repay on behalf of the PRC Company the Inter-companies Debt for the aggregate consideration of RMB47.5 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

6 June 2005

Parties

Vendor : Dongola Holdings Limited, a company with limited liability incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company

Purchaser : Win Jewel Holdings Limited, a company with limited liability incorporated in the British Virgin Islands

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 Shares and the Shareholder's Loans and the Purchaser agreed to repay on behalf of the PRC Company the Inter-companies Debt.

Vivien Resources and Honour Rich are both companies incorporated in Hong Kong and are indirect wholly-owned subsidiaries of the Company through the Vendor. Vivien Resources and Honour Rich are the owners of 80% and 15% respectively of the registered capital of the PRC Company, with the remaining 5% of the registered capital of the PRC Company being held by an independent third party not connected with any Directors, chief executive or substantial shareholders of the Company and its subsidiaries or any of their respective associates (as defined under the Listing Rules). The sole business and asset of Vivien Resources and Honour Rich are the holding of 95% in aggregate of the registered capital of the PRC Company. Vivien Resources and Honour Rich will cease to be subsidiaries of the Company following completion of the sale and purchase under the Agreement.

The PRC Company is a Sino-foreign Equity Joint Venture established in Dalian City, Liaoning Province of the PRC under the Law of the PRC concerning Sino-foreign Equity Joint Venture (中華人民共和國中外合資企業法). The PRC Company has been granted the land use rights of the PRC Property and the principal activities of the PRC Company are the construction and development of multi-storey buildings on the PRC Property. The PRC Company has no major assets other than the PRC Property.

LETTER FROM THE BOARD

The combined audited net tangible assets of Vivien Resources, Honour Rich and the PRC Company (attributable to the interests held by Vivien Resources and Honour Rich) as at 31 December 2003 were approximately HK\$12.87 million and the combined audited net liabilities of Vivien Resources, Honour Rich and the PRC Company (attributable to the interests held by Vivien Resources and Honour Rich) as at 31 December 2004 were approximately HK\$59.46 million. The combined audited net loss (after deducting all charges and excluding extraordinary items) before and after taxation of Vivien Resources, Honour Rich and the PRC Company (attributable to the interests held by Vivien Resources and Honour Rich) for the financial years ended 31 December 2003 and 31 December 2004 were HK\$1.65 million and HK\$72.33 million (mainly due to the diminution of the value of the PRC Property) respectively.

The multi-storey buildings to be constructed and developed on the PRC Property are still under construction and no profit or revenue has been made or generated from the PRC Property through Vivien Resources, Honour Rich and the PRC Company (attributable to the interests held by Vivien Resources and Honour Rich) in the financial year of 2004.

As at 31 December 2004, the book value of the PRC Property with reference to the valuation as at that date as assessed by an independent professional valuer was approximately HK\$60.38 million.

Consideration

The consideration for the sale of the Sale Shares and the Shareholder's Loans and the repayment of the Inter-companies Debt by the Purchaser on behalf of the PRC Company is RMB47.5 million. There will be no adjustment on the consideration arising from the change in the amount of the Inter-companies Debt before completion of the sale and purchase under the Agreement, if any. The consideration shall be payable in cash as follows:

- (a) RMB4.75 million has been paid by the Purchaser to the Vendor upon signing of the Agreement;
- (b) RMB9 million shall be payable by the Purchaser to the Vendor on or before 30 November 2005;
- (c) RMB18.75 million shall be payable by the Purchaser to the Vendor on or before 31 May 2006; and
- (d) the balance of RMB15 million shall be payable by the Purchaser to the Vendor on or before 30 November 2006.

The consideration is arrived at after arm's length negotiations between the Vendor and the Purchaser and after the Vendor had considered the current property market of the PRC, the future investment to be made and the development costs to be incurred in the development of the PRC Property through Vivien Resources, Honour Rich and the PRC Company.

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.

Completion

Completion of the Agreement is conditional upon full payment of the consideration but is otherwise unconditional. The Agreement shall be completed within 30 days after the payment of the balance of the consideration on or before 30 November 2006.

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 Vivien Resources, Honour Rich and the PRC Company with an estimated amount of approximately HK\$153 million and the impact thereof on the working capital of the Company required to meet the payment of the same, 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 Shares and the Shareholder's Loans and the repayment of the Inter-companies Debt by the Purchaser on behalf of the PRC Company. Further, the Company can make use of the proceeds from the sale of the Sale Shares and the Shareholder's Loans and the repayment of the Inter-companies Debt by the Purchaser on behalf of the PRC Company for its general working capital.

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 on 31 December 2004 was approximately HK\$195.83 million.

Through the Disposal, the Group has an estimated gain (before deduction of expenses) of approximately HK\$2.77 million after taking into account the combined net liabilities of Vivien Resources, Honour Rich and the PRC Company (attributable to the interests held by Vivien Resources and Honour Rich) as at 31 December 2004, the investment of the Company in the PRC Property (through Vivien Resources, Honour Rich and the PRC Company (attributable to the interests held by Vivien Resources and Honour Rich)) which had previously been written off in the sum of approximately HK\$36.41 million by the Company mainly due to the diminution of the value of the PRC Property during previous financial years, the Shareholder's Loans, the repayment of the Inter-companies Debt and the estimated expenses relating to Vivien Resources, Honour Rich and the PRC Company (attributable to the interests held by Vivien Resources and Honour Rich) up to completion of the Agreement.

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

LETTER FROM THE BOARD

USE OF PROCEEDS

The Company intends to use the proceeds from the sale of the Sale Shares and the Shareholder's Loans and the repayment of the Inter-companies Debt by the Purchaser on behalf of the PRC Company for its general working capital.

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 INTERSTS 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 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 the 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%
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%

Name	Note	Capacity	Number of shares	Number of underlying shares (unlisted/ physically settled equity derivatives)	Percentage of issued share capital
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%
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") is 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 persons (other than the 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 and an accommodation allowance of not more than HK\$60,000 per month. The agreement provides that the Company may terminate the agreement by giving Mr. Lam not less than six months' notice in writing and in the event that the Company shall terminate Mr. Lam's employment, Mr. Lam is entitled to receive a compensation that equals to the total amount of Mr. Lam's remuneration including salary and year-end payment of one month's salary (exclusive of fringe benefits) for the remaining term of his employment.
- (b) On 11 May 2002, a director's service agreement was entered into between the Company and Mr. Tsui Yam Tong, Terry for a term of nine years expiring on 2 May 2011. Under the agreement, Mr. Tsui is entitled to the payment of a monthly salary of HK\$110,000 and an accommodation allowance of not more than HK\$100,000 per month. The agreement provides that the Company may terminate the agreement by giving Mr. Tsui not less than six months' notice in writing and in the event that the Company shall terminate Mr. Tsui's employment, Mr. Tsui is entitled to receive a compensation that equals to the total amount of Mr. Tsui's remuneration including salary and year-end payment of one month's salary (exclusive of fringe benefits) for the remaining term of his employment.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

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 Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, 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 Company 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.