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CNT GROUP LIMITED

(北海集團有限公司)

(Incorporated in Bermuda with limited liability)

(Stock Code: 701)

**SUBSCRIPTION OF NEW SHARES
AND RESUMPTION OF TRADING**

SUBSCRIPTION OF NEW SHARES

On 27 May 2010, the Company has entered into the Subscription Agreement with the Subscriber, pursuant to which the Company agrees to issue and allot, and the Subscriber agrees to subscribe for 314,734,281 Shares at the Subscription Price of HK\$0.33725 per Subscription Share.

The Subscription Shares represent approximately 20.00% of the existing Shares in issue and approximately 16.67% of the Shares in issue as enlarged by the Subscription Shares.

The Subscription Price represents (i) a discount of approximately 13.53% to the closing price of HK\$0.390 per Share as quoted on the Stock Exchange on the Last Trading Date, (ii) a discount of approximately 6.06% to the average closing price of approximately HK\$0.359 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date, and (iii) a discount of approximately 6.84% to the average closing price of approximately HK\$0.362 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

The Subscription is conditional upon the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares.

The Subscription Shares will be allotted and issued pursuant to the Existing Mandate granted to the Directors by a resolution of the Shareholders passed at the AGM. An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

The estimated net proceeds under the Subscription will be approximately HK\$105,969,136. The Company intends to apply the net proceeds primarily for funding the construction costs of its production facilities and factory premises in the PRC and for general working capital purposes.

Shareholders and potential investors should note that completion of the Subscription is subject to the satisfaction of the condition precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors 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 has been suspended from 9:30 a.m. on 27 May 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 2:30 p.m. on 27 May 2010.

THE SUBSCRIPTION AGREEMENT

The Subscription Agreement was made between the Company and the Subscriber on 27 May 2010 pursuant to which the Company will issue and allot, and the Subscriber will subscribe for 314,734,281 Shares at the Subscription Price of HK\$0.33725 per Subscription Share.

THE SUBSCRIPTION

Parties

- (1) the Company; and
- (2) the Subscriber

Subscriber

Diamond Season Limited which is part of the Estate of Kung Nina (Nina TH Wang), who and whose ultimate beneficial owners are, to the best of Director's knowledge, information and belief having made all reasonable enquiries, independent third parties and are not Connected Persons of the Company.

Subscription Price

HK\$0.33725 per Share. The Subscription Price was determined on an arm's length basis among the Company and the Subscriber, and the Board considers the Subscription Price to be fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole. The Subscription Price represents (i) a discount of approximately 13.53% to the closing price of HK\$0.390 per Share as quoted on the Stock Exchange on the Last Trading Date, (ii) a discount of approximately 6.06% to the average closing price of approximately HK\$0.359 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Date, and (iii) a discount of approximately 6.84% to the average closing price of approximately HK\$0.362 per Share as quoted on the Stock Exchange for the last 10 trading days up to and including the Last Trading Date.

Subscription Shares

314,734,281 Shares, representing approximately 20.00% of the existing Shares in issue and will represent approximately 16.67% of the Shares in issue as enlarged by the Subscription Shares.

Ranking

The Subscription Shares, when issued and fully paid, will rank *pari passu* in all respects with the existing Shares in issue.

Condition of the Subscription

The Subscription Agreement is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares).

Completion of the Subscription

Completion of the Subscription is expected to take place on the second business day following the fulfillment of the condition listed above (or such later date as may be nominated by the Company by notice in writing to the Subscriber). In the event that the condition for the completion of the Subscription is not fulfilled within 14 days after the date of the Subscription Agreement or such later date as may be agreed between the Company and Subscriber, the obligations and liabilities of the Company and the Subscriber under the Subscription Agreement shall be null and void.

Lock-up

The Subscription Shares are not subject to any lock-up or other disposal restriction under the terms of the Subscription Agreement.

Completion of the Subscription is subject to the satisfaction of the condition precedent in the Subscription Agreement. As the Subscription may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholdings in the Company before and after the Subscription are summarized as follows:

	At Present		After Subscription	
	<i>No. of Shares</i>	<i>%</i>	<i>No. of Shares</i>	<i>%</i>
		<i>(approx.)</i>		<i>(approx.)</i>
Rapid Growth Ltd.	346,231,521	22.00%	346,231,521	18.33%
Chinaculture.com Limited	195,500,000	12.42%	195,500,000	10.35%
West Avenue Group				
Company Limited	173,006,693	10.99%	173,006,693	9.16%
Broadsino Investment				
Company Limited	98,000,000	6.23%	98,000,000	5.19%
Tsui Ho Chuen, Philip	19,681,414	1.25%	19,681,414	1.04%
Tsui Yam Tong, Terry	1,162,231	0.07%	1,162,231	0.06%
Subscriber	—	—	314,734,281	16.67%
Public shareholders	<u>740,089,550</u>	<u>47.03%</u>	<u>740,089,550</u>	<u>39.19%</u>
Total issued share capital	<u><u>1,573,671,409</u></u>	<u><u>100.00</u></u>	<u><u>1,888,405,690</u></u>	<u><u>100.00</u></u>

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD

The Company has not conducted any equity fund raising activity in the past twelve-month period immediately preceding this announcement.

REASONS FOR THE SUBSCRIPTION

The Subscription will broaden the shareholder and capital base of the Company. In view of the recent market condition and given the lower costs and shorter time involved in the Subscription when compared with other means of fund raising

exercises, the Directors believe that the Subscription offers a good opportunity to raise funds for the Group. The Group can be better equipped with the financial flexibility for future business development purposes.

The Directors consider that the terms of the Subscription are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

USE OF PROCEEDS FROM THE SUBSCRIPTION

The gross proceeds from the Subscription are approximately HK\$106,144,136. After deducting the professional fees and other expenses incurred by the Company in relation to the Subscription, the aggregate net proceeds are estimated to be approximately HK\$105,969,136. The Company intends to use such proceeds primarily to fund the construction costs of its production facilities and factory premises in the PRC, and for general working capital purposes.

GENERAL MANDATE

The Subscription Shares will be allotted and issued pursuant to the Existing Mandate granted to the Directors at the AGM.

At the date of the AGM, the total number of Shares in issue was 1,573,671,409. The maximum number of new Shares which can be issued pursuant to the Existing Mandate is 314,734,281 (representing approximately 20.00% of the issued share capital of the Company as at the date of the AGM). As at the date of this announcement, no Shares have been allotted and issued pursuant to such Existing Mandate. The issue of the Subscription Shares pursuant to the Existing Mandate is not subject to the approval of the Shareholders.

COMPANY'S PRINCIPAL ACTIVITIES AND GENERAL INFORMATION

The principal activities of the Group are the manufacturing and sale of paint products, trading of iron and steel products, and property investment and development in Hong Kong and the PRC.

As at the date of this announcement, the authorised share capital of the Company consists of 2,880,000,000 Shares out of which 1,573,671,409 are issued and fully paid up.

APPLICATION FOR LISTING

The Company will apply to the Listing Committee of the Stock Exchange for listing of and permission to deal in the Subscription Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 27 May 2010 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 2:30 p.m. on 27 May 2010.

DEFINITIONS

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

“AGM”	the annual general meeting of the Company held on 5 June 2009 at which (among others) resolution for the grant of the Existing Mandate to the Directors was passed by the Shareholders
“associates”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“Company”	CNT Group Limited, a company incorporated under the laws of Bermuda with limited liability and the shares of which are listed on the Stock Exchange
“Completion Date”	the date of completion of the Subscription
“Connected Persons”	has the meaning ascribed thereto in the Listing Rules
“Directors”	the directors of the Company
“Existing Mandate”	The general mandate granted by the Shareholders to the Directors at the AGM to allot, issue and otherwise deal with additional Shares not exceeding 20.00% of the issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of The People’s Republic of China
“Last Trading Date”	26 May 2010, being the last full trading day for the Shares before the date of the Subscription Agreement

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Diamond Season Limited, a company incorporated under the laws of Hong Kong with limited liability
“Subscription”	the Subscription of Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the Subscription Agreement dated 27 May 2010 made between the Company and the Subscriber for the Subscription
“Subscription Price”	HK\$0.33725 per Share
“Subscription Shares”	314,734,281 new Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
Lam Ting Ball, Paul
Chairman

Hong Kong, 27 May 2010

As at the date of this announcement, the Executive Directors are Messrs. Lam Ting Ball, Paul, Tsui Ho Chuen, Philip, Tsui Yam Tong, Terry and Chong Chi Kwan; the Non-executive Directors are Messrs. Hung Ting Ho, Richard, Zhang Yulin and Ko Sheung Chi; and the Independent Non-executive Directors are Sir David Akers-Jones, Messrs. Danny T Wong, Chan Wa Shek and Dr. Steven Chow.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.