

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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CHINA TING GROUP HOLDINGS LIMITED

華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

CONNECTED AND DISCLOSEABLE TRANSACTION

Acquisition of the Equity Interest

Independent Financial Adviser



A letter from the Board is set forth on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set forth on page 12 of this circular. A letter from Access Capital containing its advice to the Independent Board Committee and the Independent Shareholders is set forth on pages 13 to 20 of this circular.

A notice convening the EGM to be held at Charter Room I, Function Room Level, The Ritz-Carlton, Hong Kong, 3 Connaught Road Central, Hong Kong at 11:00 a.m. on 23 October 2006 is set forth on pages 32 to 33 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and deposit with the Company at its principal place of business in Hong Kong at 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of EGM. **Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so wish.**

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DEFINITIONS

Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings: —

“Access Capital”	Access Capital Limited, a licensed corporation to carry out types 1, 4, 6 and 9 regulated activities under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Conditional Sale and Purchase Agreement;
“Acquisition”	the acquisition contemplated under the Conditional Sale and Purchase Agreement;
“Appraised Property Value”	the market value of the Properties as at 31 August 2006 of RMB168,200,000 (equivalent to approximately HK\$163.3 million) confirmed by the Valuer, with the full-text of the valuation report included in appendix I to this circular;
“associates”	has the ascribed meaning under the Listing Rules;
“Board”	the board of Directors;
“Company”	China Ting Group Holdings Limited (華鼎集團控股有限公司), a company incorporated in the Cayman Islands with limited liability with the Shares listed on the Main Board;
“Completion”	completion of the Acquisition;
“Concept Creator Fashion”	Concept Creator Fashion Limited (創越時裝有限公司), a company incorporated in Hong Kong with limited liability on 12 May 1994 and a wholly-owned subsidiary of the Company;
“Conditional Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 5 September 2006 and entered into between the Vendors and Concept Creator Fashion in relation to the Acquisition;
“Conditions”	the conditions to Completion;
“connected person”	has the meaning ascribed thereto under the Listing Rules;
“Controlling Shareholders”	the controlling shareholders (as such term is defined under the Listing Rules) of the Company, namely Mr. TING Man Yi, Mr. TING Hung Yi, Mr. DING Jianer, Firmsuccess Limited, In Holdings Limited, Willport Investments Limited and Longerview;
“Director(s)”	the director(s) of the Company;
“EGM”	an extraordinary general meeting of the Company to be held to approve the Conditional Sale and Purchase Agreement on 23 October 2006;

DEFINITIONS

“Equity Interest”	the 92 per cent. of the registered capital in Zhejiang Huading Group which is currently owned by the Vendors being the subject matter of the Acquisition;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Independent Board Committee”	the committee of the Board established on 4 September 2006 for the purpose of advising the Independent Shareholders on the Acquisition, the members of which include all the independent non-executive Directors, namely Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit;
“Independent Shareholders”	the Shareholders other than Longerview and its associates;
“Latest Practicable Date”	25 September 2006, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Longerview”	Longerview Investments Limited, one of the Controlling Shareholders holding approximately 72.15 per cent. of the issued Shares;
“Main Board”	the stock market operated by the Stock Exchange which is in parallel with, and distinct from, the Growth Enterprise Market of the Stock Exchange;
“Net Asset Value”	the audited net asset value of Zhejiang Huading Group as of 31 August 2006 based on the generally accepted accounting principles in the PRC of RMB19,611,694 (equivalent to approximately HK\$19.0 million) which excludes the aggregate value of the Properties as at the same date;
“PRC”	the People’s Republic of China which for the purpose of this circular does not include Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan;

DEFINITIONS

“Properties”	the headquarters building and the industrial complex No. 3 situated within the China Ting Industrial Complex at No. 56 Beisha Road East, Yuhang District, Hangzhou City, Zhejiang Province, the PRC, the staff dormitory blocks, a senior staff dormitory block, a guest house and various ancillary buildings and facilities situated next to the China Ting Industrial Complex, together with the land they are situated and the land of approximately 8,447 sq.m., and an office unit situated at rooms A and D, 19th Floor, Catic Tower, 212 Jiangning Road, Shanghai, the PRC;
“Prospectus”	the prospectus issued by the Company dated 30 November 2005 for the purpose of the Share Offer;
“Reorganisation”	the corporate reorganisation undergone by members of the Group in preparation for the listing of the Shares on the Main Board;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong);
“Share(s)”	the ordinary share(s) of the Company of HK\$0.10 each;
“Share Offer”	the share offer made by the Company in December 2005 as part of the listing of the Shares on the Main Board;
“Shareholder(s)”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“US”	the United States of America;
“US\$”	United States dollars, the lawful currency of the US;
“Valuer”	Savills Valuation and Professional Services Limited, an independent valuer appointed by the Company;
“Vendors”	Mr. DING Xinger, Mr. YE Ai Min, Ms. JIN Xiao Ying and Mr. FU Xiao Bo, the holders of the equity interests in Zhejiang Huading Group; and
“Zhejiang Huading Group”	浙江華鼎集團有限責任公司 (Zhejiang Huading Group Company Limited), a limited liability company established under the laws of the PRC on 16 August 2001 and owned by the Vendors.

Unless otherwise specified, the Renminbi amounts shown in this circular have been translated into Hong Kong dollars at an exchange rate of HK\$1.00 = RMB1.03. Such translation should not be construed as a representation that the RMB amounts have been, could have been or could be converted into HK\$ at this or any other rates or at all.



CHINA TING GROUP HOLDINGS LIMITED

華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

Executive Directors: —

Mr. TING Man Yi (*Chairman*)
Mr. TING Hung Yi (*Chief Executive Officer*)
Mr. DING Jianer
Mr. CHEUNG Ting Yin, Peter
Mr. WONG Sin Yung

Independent non-executive Directors: —

Dr. CHENG Chi Pang
Mr. WONG Chi Keung
Mr. LEUNG Man Kit

Registered office: —

Century Yard
Cricket Square
Hutchins Drive
P.O. Box 2681 GT
George Town
Grand Cayman
British West Indies

*Head office and principal place of business
in Hong Kong: —*

28th Floor
Futura Plaza
111–113 How Ming Street
Kwun Tong
Kowloon
Hong Kong

28 September 2006

To the Shareholders

Dear Sir/Madam,

CONNECTED AND DISCLOSEABLE TRANSACTION

Acquisition of the Equity Interest

INTRODUCTION

On 6 September 2006, the Board announced that the Conditional Sale and Purchase Agreement was entered into on 5 September 2006 pursuant to which Concept Creator Fashion has agreed, subject to the Conditions, to acquire the Equity Interest from the Vendors at a total consideration of RMB174,292,768 (equivalent to approximately HK\$169.2 million). The total consideration is based on the Net Asset Value and the Appraised Property Value and certain adjustments after arm's length negotiation between the Vendors and Concept Creator Fashion. Following Completion, Zhejiang Huading Group will become a 92 per cent. owned subsidiary of the Company.

LETTER FROM THE BOARD

The Acquisition constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. As the applicable ratios set out in Chapter 14 of the Listing Rules in respect of the Acquisition are more than five per cent. but less than 25 per cent., the Acquisition also constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company.

As a result, Completion is subject to the approval of the Independent Shareholders by poll at the EGM at which Longerview and its associates will abstain from voting.

The purpose of this circular is (i) to provide you with further information in respect of the Conditional Sale and Purchase Agreement; (ii) to set forth the recommendation of the Independent Board Committee to the Independent Shareholders; (iii) to set forth the advice from Access Capital to the Independent Board Committee and the Independent Shareholders; (iv) to set forth the valuation report prepared by the Valuer in respect of the Properties; and (v) to give you the notice of the EGM. The purpose of this circular is therefore to give you all the information necessary for you to make an informed decision at the EGM.

CONDITIONAL SALE AND PURCHASE AGREEMENT

- Signing date: 5 September 2006
- Parties: The Vendors as the vendors; and
Concept Creator Fashion as the purchaser.
- Equity Interest to be acquired: 92 per cent. of the registered capital of RMB50 million of Zhejiang Huading Group.
- Consideration: RMB174,292,768 (equivalent to approximately HK\$169.2 million) which is based on 92 per cent. of the aggregate of (1) the Net Asset Value of RMB19,611,694 (equivalent to approximately HK\$19.0 million); (2) the Appraised Property Value of RMB168,200,000 (equivalent to approximately HK\$163.3 million); and (3) certain adjustments on tax refund and deferred tax and unrecorded expenses of a net balance of RMB1,636,967 (equivalent to approximately HK\$1.59 million).
- Completion Date: No later than 31 October 2006 or such later date as may be agreed between the Vendors and Concept Creator Fashion.
- Conditions: Completion is conditional upon the following conditions: —
- (a) all the approvals and consents under the applicable PRC laws and regulations having been obtained as confirmed by the PRC legal advisers to the Company; and
 - (b) the Independent Shareholders approving the Acquisition; and
 - (c) such other conditions as the Vendors and Concept Creator Fashion may agree from time to time subject to full compliance with the applicable requirements under the Listing Rules.

LETTER FROM THE BOARD

All of the above Conditions (except (c)) cannot be waived by the Vendors and Concept Creator Fashion.

Payment method: Full amount of the total consideration of RMB174,292,768 (equivalent to approximately HK\$169.2 million) will be payable by Concept Creator Fashion in cash to the Vendors (in proportion to their respective holdings of the Equity Interest) upon Completion.

Representations and undertakings from the Vendors: The Vendors have jointly and severally given customary representations and undertakings to Concept Creator Fashion as to the ownership of the Equity Interest and no third-parties' claims and demands against any of the assets of Zhejiang Huading Group and the Properties.

Since completion of the Reorganisation, Zhejiang Huading Group has not engaged in any business activities other than receiving rental from members of the Group and holding certain long-term investments. As such, the Vendors have further jointly and severally undertaken that Zhejiang Huading Group will not be involved in any business activities from the date of the Conditional Sale and Purchase Agreement to the date of Completion and that all the books and records of Zhejiang Huading Group have been handed over to Concept Creator Fashion from the date of the Conditional Sale and Purchase Agreement.

The Vendors have also jointly and severally given in favour of Concept Creator Fashion tax indemnity and indemnity on other receivables of approximately RMB10.4 million if the amount of which cannot be received by Zhejiang Huading Group within 60 days from the date of Completion. These other receivables represent the miscellaneous balances due from members of the Group on rental payable on the Properties and third parties arising from the previous business activities engaged by Zhejiang Huading Group.

Concept Creator Fashion has given customary representations to the Vendors on due authority of signing the Conditional Sale and Purchase Agreement.

Governing law: The Conditional Sale and Purchase Agreement is governed by the laws of the PRC.

LETTER FROM THE BOARD

CESSATION OF CONTINUING CONNECTED TRANSACTIONS

The holdings of the equity interests in Zhejiang Huading Group immediately before and after Completion are set out in the following table: —

Name of holder of equity interest in Zhejiang Huading Group	Percentage of equity interest held immediately before the date of Completion	Percentage of equity interest held immediately after the date of Completion
DING Xinger	82	2
FU Xiao Bo (<i>Note</i>)	6	3
YE Ai Min (<i>Note</i>)	6	3
JIN Xiao Ying (<i>Note</i>)	6	—
Concept Creator Fashion	—	92
Total	100	100

Note: Mr. FU Xiao Bo, Mr. YE Ai Min and Ms. JIN Xiao Ying are not connected persons of the Company. All of them are senior management of the weaving and apparel production business of the Group, as disclosed in the Prospectus.

Mr. DING Xinger currently holds 82 per cent. of the total equity interest in Zhejiang Huading Group and is an elder brother of Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer, the executive Directors. Hence Mr. DING Xinger and Zhejiang Huading Group are connected persons of the Company.

Following Completion, Zhejiang Huading Group will become a 92 per cent. owned subsidiary of the Company. As none of the connected persons of the Company and their respective associates will be a substantial shareholder (as such term is defined under the Listing Rules) of Zhejiang Huading Group, Zhejiang Huading Group will cease to be a connected person of the Company. Hence, all the existing lease agreements between Zhejiang Huading Group and members of the Group in respect of lease of part of the Properties will cease to be continuing connected transactions (as such term is defined under the Listing Rules) for the Company and are expected to be terminated. All the Properties will be used by the Group for nil consideration.

For the financial year ended 31 December 2005 and the six months ended 30 June 2006, the rental for the use of the Properties incurred by the Group amounted to RMB3,452,045 (equivalent to approximately HK\$3.35 million) and RMB6,971,000 (equivalent to approximately HK\$6.77 million) respectively. According to the relevant lease agreements, the Group will be obliged to pay an annual rental of RMB13.94 million (equivalent to approximately HK\$13.41 million) to Zhejiang Huading Group for each of the two financial years ending 31 December 2007.

REASONS FOR, AND BENEFITS OF, THE ACQUISITION

The Properties are currently used by the members of the Group as office premises, factory plant and staff quarters and guest house pursuant to the lease agreements entered into between Zhejiang Huading Group and members of the Group as disclosed in the Prospectus. All of these lease agreements constitute non-exempt continuing connected transactions (as such term is defined under the Listing Rules) for the Company.

LETTER FROM THE BOARD

With the increasing demand for industrial land in Zhejiang Province, the PRC, the executive Directors expect that the price of land in Zhejiang Province, the PRC will continue to increase in the future. This will also increase the amount of rental payment in respect of the Properties upon expiry of the terms of the existing related lease agreements. The executive Directors therefore consider that the Group will not be required to continue to pay substantial amount of rental each year as a result of the Acquisition.

The executive Directors confirm that the cash consideration payable under the Conditional Sale and Purchase Agreement is to be funded by the internally generated financial resources derived from the trading activities of the Group. As such, the executive Directors further confirm that the Acquisition will not affect the future plans and the proposed use of net proceeds from the Share Offer set out in the Prospectus.

The Group will not acquire all the equity interest in Zhejiang Huading Group pursuant to the Conditional Sale and Purchase Agreement because certain existing holders of equity interests in Zhejiang Huading Group would like to retain a small portion of their respective equity interests therein.

The executive Directors also consider that the Acquisition will achieve the effective control of the Properties without going through the procedure of revising the building ownership certificates of the Properties. The PRC legal advisers to the Group has confirmed that the entering into the Conditional Sale and Purchase Agreement is in full compliance with the applicable laws and regulations in the PRC and that Zhejiang Huading Group has good title to the Properties.

In light of the foregoing, the executive Directors are of the view that the Acquisition is entered into upon normal commercial terms and fair and reasonable to the Group and the Shareholders as a whole.

EFFECT OF THE ACQUISITION ON EARNINGS AND ASSETS AND LIABILITIES OF THE COMPANY

Following Completion, Zhejiang Huading Group will become a 92 per cent. subsidiary of the Company and as such, its assets and liabilities will be consolidated in the consolidated balance sheet of the Company. As the consideration of the Acquisition is based on the Net Asset Value and the Appraised Property Value and certain adjustments as described under "Conditional Sale and Purchase Agreement", the executive Directors are of the view that the net effect of the Acquisition immediately upon Completion will be minimal as the Company will be entitled to account for the value of the 92 per cent. of the equity interest in Zhejiang Huading Group.

In terms of the earnings of the Group, as Zhejiang Huading Group has no business activities since completion of the Reorganisation, it will not result in any substantive loss or profit that may be consolidated into the profit and loss account of the Company following Completion. The Group will not be required to pay rental for the Properties following Completion and as such, the Group may reduce a cash outlay of HK\$13.41 million, albeit that the annual depreciation expense of the Properties will be consolidated into the accounts of the Group, the amount of which is expected to be substantially less than the amount of rental. There will also be a minority interest in the profit and loss account of the Group for the financial year ending 31 December 2006 for the remaining eight per cent. of the equity interest in Zhejiang Huading Group which the executive Directors consider to have minimal impact on the overall earnings of the Company.

LETTER FROM THE BOARD

CONNECTED AND DISCLOSEABLE TRANSACTION

Mr. DING Xinger, who currently holds 82 per cent. of the total equity interest in Zhejiang Huading Group, is an elder brother of Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer, the executive Directors, and is a connected person of the Company. As such, the Acquisition constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As the applicable ratios set out in Chapter 14 of the Listing Rules are more than five per cent. but less than 25 per cent., the Acquisition constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company.

As a result, Completion is subject to the approval of the Independent Shareholders by poll at the EGM at which Longerview and its associates will abstain from voting. Longerview is owned by Mr. TING Man Yi as to 41.5 per cent., Mr. TING Hung Yi as to 40.5 per cent. and Mr. DING Jianer as to 18 per cent., and holds approximately 72.15 per cent. of the issued share capital of the Company.

GENERAL INFORMATION ON ZHEJIANG HUADING GROUP

Zhejiang Huading Group was previously one of the operating entities in the PRC forming part of the business of the Group and controlled by the Controlling Shareholders. As disclosed in the Prospectus, following completion of the Reorganisation, the business, together with the assets and liabilities of Zhejiang Huading Group, were assumed by the Company except for the Properties and certain receivables and payables. Afterwards, Zhejiang Huading Group has conducted no business activities other than holding the Properties and certain assets, such as long-term investments and cash balance.

The Appraised Property Value is RMB168,200,000 (equivalent to approximately HK\$163.3 million) and the Net Asset Value is RMB19,611,694 (equivalent to approximately HK\$19.0 million). As at 31 August 2006, the total assets and total net assets of Zhejiang Huading Group (including the Properties based on their respective net book values) were approximately RMB138,861,691 and RMB129,170,369 (equivalent to approximately HK\$134.8 million and HK\$125.4 million, respectively) under the generally accepted accounting principles in the PRC. The total assets of Zhejiang Huading Group as at 31 August 2006 included the book value of the Properties of approximately RMB109.6 million; other miscellaneous fixed assets of approximately RMB12.8 million; cash and bank balance of approximately RMB2.6 million; other receivables of approximately RMB10.4 million; prepaid expenses of approximately RMB0.1 million and investment in other companies of approximately RMB3.3 million. The liabilities of Zhejiang Huading Group as at 31 August 2006 represented miscellaneous amounts due to third parties principally on construction projects and provision for taxation.

For the financial year ended 31 December 2004, the net profit before and after taxation of Zhejiang Huading Group was approximately RMB30.5 million (equivalent to approximately HK\$29.6 million) and approximately RMB28.0 million (equivalent to approximately HK\$27.2 million), respectively.

For the financial year ended 31 December 2005, the net profit before and after taxation of Zhejiang Huading Group was approximately RMB74.9 million (equivalent to approximately HK\$72.7 million) and approximately RMB67.7 million (equivalent to approximately HK\$65.7 million), respectively.

LETTER FROM THE BOARD

Following the Completion, the appointment of all members of the board of directors of Zhejiang Huading Group will be subject to the approval of by Concept Creator Fashion.

GENERAL INFORMATION ON THE GROUP

The Group is a vertically integrated and large scale garment manufacturer, exporter and retailer based in the PRC with the business activities comprising two distinctive, but related parts: (i) the provision of vertically integrated garment manufacturing solutions for middle to high-end fashion apparel, primarily for women, using predominately silk or silk-blended fabric, on an OEM basis for international fashion brands chain retailers and department stores and (ii) manufacturing and retailing of branded apparel, primarily for women, in the PRC. The Shares have been listed on the Main Board since 15 December 2005.

EGM

The notice covering the EGM is set forth on pages 32 to 33 of this circular. The EGM is to be held at Charter Room I, Function Room Level, The Ritz-Carlton, Hong Kong, 3 Connaught Road Central, Hong Kong on 23 October 2006 at 11:00 a.m. An ordinary resolution will be proposed at the EGM for the Independent Shareholders to consider and if appropriate, to approve by way of poll the Conditional Sale and Purchase Agreement and such other matter incidental thereto. Longerview and its associates will abstain from voting at the EGM.

The Independent Board Committee has been established to advise the Independent Shareholders on whether or not the Conditional Sale and Purchase Agreement was entered into in the ordinary and usual course of the Company and on normal commercial terms, and the terms of the Conditional Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Access Capital was appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder.

You will find enclosed a form of proxy for use at the EGM. Whether or not you are able to attend the EGM in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's principal place of business in Hong Kong at 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM. **Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.**

PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 66 of the Articles, at any general meeting a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the designated stock exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded: —

- (i) by the chairman of such meeting; or
- (ii) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

LETTER FROM THE BOARD

- (iii) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (iv) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right; or
- (v) if required by the rules of the designated stock exchange, by any Director or Directors who, individually or collectively, hold proxies in respect of shares representing five per cent. or more of the total voting rights at such meeting.

According to Rule 13.39(4) of the Listing Rules, a vote of the Shareholders taken at a general meeting to approve connected transactions pursuant to the Listing Rules must be taken on a poll. The resolution to be proposed at the EGM to approve the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder will therefore be voted by way of a poll.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of Access Capital, considers that the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder was entered into in the ordinary and usual course of the Company and on normal commercial terms, and the terms of the Conditional Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder.

You are advised to read carefully the letter from the Independent Board Committee (which contains its recommendation to the Independent Shareholders as to voting at the EGM) on page 12, the letter from Access Capital (which contains its advice to the Independent Board Committee and Independent Shareholders in relation to the terms of the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder, and the principal factors and reasons it considered in arriving at its opinion) on pages 13 to 20, the valuation report included in appendix I to this circular, the additional information included in appendix II to this circular and other information as set out in this circular.

By Order of the Board of
CHINA TING GROUP HOLDINGS LIMITED
TING Hung Yi
Executive Director and Chief Executive Officer



CHINA TING GROUP HOLDINGS LIMITED

華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

To the Independent Shareholders

28 September 2006

Dear Sir/Madam,

We refer to the circular of the Company dated 28 September 2006 (the "**Circular**") of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

We have been appointed by the Board to consider the terms of the Conditional Sale and Purchase Agreement and to advise the Independent Shareholders in connection with the Conditional Sale and Purchase Agreement as to whether, in our opinion, the Conditional Sale and Purchase Agreement was entered into in the ordinary and usual course of the Company and on normal commercial terms, and the terms of the Conditional Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Access Capital has been appointed as the independent financial adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board, and the letter from Access Capital to us which contains its advice in relation to the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder together with the principal factors taken into consideration in arriving at such, as set out in the Circular.

Having considered the principal factors and reasons considered by, and the advice of Access Capital as set out in its letter of advice, we consider that the Conditional Sale and Purchase Agreement was entered into in the ordinary and usual course of the Company and on normal commercial terms, and the terms of the Conditional Sale and Purchase Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Conditional Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

Independent Board Committee

Dr. CHENG Chi Pang

Mr. WONG Chi Keung

Mr. LEUNG Man Kit

Independent non-executive Directors

LETTER FROM ACCESS CAPITAL

The following is the full text of the letter of advice to the Independent Board Committee and the Independent Shareholders from Access Capital prepared for incorporation in this circular.



Suite 606, 6th Floor
Bank of America Tower
12 Harcourt Road
Central
Hong Kong

28 September 2006

To: The Independent Board Committee and the Independent Shareholders of China Ting Group Holdings Limited

Dear Sirs,

CONNECTED AND DISCLOSEABLE TRANSACTION

Acquisition of the Equity Interest

I. INTRODUCTION

We refer to our appointment as Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the terms of the Acquisition. Details of the Acquisition are contained in the “Letter from the Board” of the circular to the Shareholders dated 28 September 2006 (the “Circular”), of which this letter forms part. The terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise specifies.

Pursuant to the Conditional Sale and Purchase Agreement, Concept Creator Fashion has agreed, subject to the Conditions, to acquire the Equity Interest from the Vendors at a consideration of RMB174,292,768 (equivalent to approximately HK\$169,216,280). Upon Completion, Zhejiang Huading Group will become a 92 per cent. owned subsidiary of the Company and hence, the existing lease agreements entered into between Zhejiang Huading Group and members of the Group, as disclosed in the Prospectus, will cease to be non-exempt continuing connected transactions (as such term is defined under the Listing Rules) for the Company.

Mr. DING Xinger, who currently holds 82 per cent. of the total equity interest in Zhejiang Huading Group, is an elder brother of Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer, the executive Directors, and is a connected person (as such term is defined under the Listing Rules) of the Company. As such, the Acquisition constitutes a connected transaction (as such term is defined under the Listing Rules) for the Company and is therefore subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. As the applicable

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ratios set forth in Chapter 14 of the Listing Rules are more than 5 per cent. but less than 25 per cent., the Acquisition also constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company.

As a result, Completion is subject to the approval of the Independent Shareholders by poll at the EGM at which Longerview and its associates (as such term is defined under the Listing Rules) will abstain from voting.

II. THE INDEPENDENT BOARD COMMITTEE

The Board currently consists of five executive Directors, namely Mr. TING Man Yi (Chairman), Mr. TING Hung Yi (Chief Executive Officer), Mr. DING Jianer, Mr. CHEUNG Ting Yin, Peter, Mr. WONG Sin Yung; and three independent non-executive Directors, namely Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit.

The Independent Board Committee comprising the independent non-executive Directors, Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit, has been established to consider the terms of the Acquisition.

We have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the Acquisition were agreed on normal commercial terms and are fair and reasonable; and as to whether the Acquisition is in the interests of the Company and the Shareholders as a whole; as well as to give our opinion in relation to the Acquisition for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

III. BASES OF AND ASSUMPTIONS OF THE ADVICE

In formulating our advice, we have relied solely on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company and/or the executive Directors. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Company and/or its senior management staff and/or the executive Directors and for which it is/they are solely responsible were true and accurate and valid at the time they were made and given and continue to be true and valid as at the date of the Circular. We have assumed that all the opinions and representations made or provided by the executive Directors and/or the senior management staff of the Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or its senior management staff and/or the executive Directors that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed all currently available information and documents which are available to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinions. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Company and/or its senior management staff and/or the executive Directors and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out an independent verification of the information provided, nor have we conducted an independent investigation into the business and affairs of the Company or any of its subsidiaries.

IV. PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion, we have taken into consideration the following principal factors and reasons:

1. Background to the Acquisition

1.1 *Principal activities of the Group*

The Group is a vertically integrated and large scale garment manufacturer, exporter and retailer based in the PRC with the business activities comprising two major divisions: (i) the provision of vertically integrated garment manufacturing solutions for middle to high-end fashion apparel, primarily for women, using predominately silk or silk-blended fabric, on an original equipment manufacture ("OEM") basis for international fashion brands, chain retailers and department stores; and (ii) manufacturing and retailing of branded apparel, primarily for women, in the PRC. The Shares have been listed on the Main Board since 15 December 2005.

According to the audited accounts of the Group for the year ended 31 December 2005, the Group recorded a turnover of approximately HK\$1,894.8 million, representing a growth of approximately 35.2 per cent. over the financial year 2004. The increase was mainly due to an increase of approximately HK\$477.6 million in turnover from OEM sales of garment, which was driven primarily by the increase in the purchase orders from key OEM customers in the US. OEM sales have been represented a majority of the Group's total turnover. For the financial year 2005, OEM sales were approximately HK\$1,722.1 million, representing an increase of approximately 38.4 per cent. which accounted for approximately 90.9 per cent. of the Group's turnover, whereas retail sales was approximately HK\$172.7 million, representing an increase of approximately 10.1 per cent., accounted for approximately 9.1 per cent. of the Group's turnover.

According to the unaudited interim results of the Group for the six months ended 30 June 2006, the Group's turnover amounted to approximately HK\$922.8 million, representing a decrease of approximately 9.7 per cent. when compared with approximately HK\$1,021.5 million for the same period in 2005, the decrease was partly attributable to the decrease in OEM sales from the sales of silk and silk-blended apparel as a result of the substantial increase in the raw silk price.

1.2 *Business operation and locations*

The Group currently have 10 OEM production facilities located in various provinces/city in the PRC, namely Zhejiang, Jiangsu and Shenzhen. The production facilities consist of factories for woven apparel and knitwear production, silk processing and weaving, home textiles production and jacquard fabric weaving.

According to the management of the Company, the Group has also since May 2003 (prior to the listing of the Company on the Stock Exchange) occupied and operated in the Properties. As disclosed in the Prospectus, Zhejiang Huading Group was previously one of the operating entities in the PRC forming part of the business of the Group and commonly controlled by the Controlling Shareholders. Also disclosed in the Prospectus, following completion of the Reorganisation, the business, together with the assets and liabilities of Zhejiang Huading Group, were assumed by the Company except for the

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Properties (as additional time was required to obtain all the relevant title certificates which would, in turn, prolong the implementation of the transfer of ownership of the Properties to the Group) and certain receivables and payables. Since completion of the Reorganisation, Zhejiang Huading Group has not engaged in any business activities other than receiving rental from members of the Group and holding certain long-term investments. Due to the aforesaid reasons, Zhejiang Huading Group (holding principally the Properties) was not included as part of the Group prior to the listing of the Company on the Main Board, and members of the Group would have to continue to lease the Properties from Zhejiang Huading Group.

The Properties set out below are leased by members of the Group as office premises, factory plant and staff quarters and guest house:

- (i) the headquarters building and the industrial complex No. 3 situated within the China Ting Industrial Complex at No. 56 Beisha Road East, Yuhang District, Hangzhou City, Zhejiang Province, the PRC;
- (ii) the staff dormitory blocks, a senior staff dormitory block, a guest house and various ancillary buildings and facilities situated next to the China Ting Industrial Complex, together with the land they are situated; and the land of approximately 8,447 sq. m. situated in the China Ting Industrial Complex; and
- (iii) an office premises situated at rooms A and D, 19th Floor, CATIC Tower, No. 212 Jiangnan Road, Shanghai, the PRC.

1.3 *Reasons for and benefits of the Acquisition*

The existing lease agreements entered into between Zhejiang Huading Group and members of the Group, as disclosed in the Prospectus, constitute as non-exempt continuing connected transactions (as such term is defined under the Listing Rules) for the Company. Upon Completion, Zhejiang Huading Group will become a 92 per cent. subsidiary of the Company. As none of the connected persons (as such term is defined under the Listing Rules) of the Company and their associates will be a substantial shareholder (as such term is defined under the Listing Rules) of Zhejiang Huading Group, Zhejiang Huading Group will cease to be a connected person (as such term is defined under the Listing Rules) of the Company. Hence, all the existing lease agreements entered into between Zhejiang Huading Group and members of the Group in respect of leasing the Properties will be terminated and ceased to be continuing connected transactions (as such term is defined under the Listing Rules) for the Company.

For the financial year ended 31 December 2005 and the six months ended 30 June 2006, the Group had made accrual for the rental expenses, but not yet settled/paid to Zhejiang Huading Group of RMB3,452,045 (equivalent to approximately HK\$3,351,500) and RMB6,971,000 (equivalent to approximately HK\$6,767,961) as the rental for the use of the Properties. Such amount of rental was negotiated and determined by reference to the market rate in general. According to the relevant lease agreements, the Group will be obliged to pay an annual rental of RMB13.94 million (equivalent to approximately HK\$13.41 million) to Zhejiang Huading Group for each of the two financial years ending 31 December 2007.

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As stated in the “Letter from the Board”, with the increasing demand for industrial land in Zhejiang Province, the PRC, the executive Directors expect that the price of land in Zhejiang Province, the PRC will continue to increase in the future. In addition, the executive Directors anticipate that the aforesaid increasing demand for industrial land in Zhejiang Province, the PRC will drive up the rental for industrial land in that area in general and, in turn, the rental for the Properties upon expiry of the tenure of the existing lease agreements may rise. Accordingly, the executive Directors consider that by implementing the Acquisition, the Group will be able to save the rental payment of each year.

The executive Directors also consider that the Acquisition will achieve the effective control of the Properties without going through the procedure of revising the building ownership certificates of the Properties. The PRC legal advisers to the Group has confirmed that the entering into the Conditional Sale and Purchase Agreement is in full compliance with the applicable laws and regulations in the PRC and that Zhejiang Huading Group has good title to the Properties and is entitled to transfer, lease, mortgage or dispose of the Properties.

The executive Directors confirm that the cash consideration payable under the Conditional Sale and Purchase Agreement is to be funded by the internally generated financial resources derived from the operating activities of the Group. As such, the executive Directors further confirm that the Acquisition will not affect the future plans and the proposed use of net proceeds from the Share Offer as described in the Prospectus.

Given that (i) the Properties have always been utilised by the Group for its core business, (ii) the background to and reasons for Zhejiang Huading Group not being included as part of the Group prior to the listing of the Company on the Stock Exchange, (iii) the Acquisition will achieve the effective control of the Properties without going through the procedure of revising the building ownership certificates of the Properties, (iv) the possible increase in future rental upon expiry of the existing lease agreements due to the increasing demand for industrial land in Zhejiang Province, the PRC, (v) the non-exempt continuing connected transactions between Zhejiang Huading Group and members of the Group will be eliminated upon Completion and (iv) the potential savings on rental payment, we concur with the view of the executive Directors and are of the opinion that the Acquisition is in the interests of the Company and the Shareholders as a whole.

2. Terms of the Agreement

2.1 *Assets to be acquired*

Pursuant to the Conditional Sale and Purchase Agreement, Concept Creator Fashion has agreed, subject to the Conditions, to acquire the Equity Interest from the Vendors. Upon Completion, Zhejiang Huading Group will become a 92 per cent. owned subsidiary of the Company. As mentioned in paragraph 1.2 above, the business, together with the assets and liabilities of Zhejiang Huading Group, were assumed by the Company except for the Properties and certain receivables and payables. Thereafter, Zhejiang Huading Group has not engaged in any business activities other than receiving rental from members of the Group and holding certain long-term investments.

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As at 31 August 2006, the total assets and the net assets of Zhejiang Huading Group (including the Properties based on their respective net book values) were approximately RMB138,861,691 and RMB129,170,369 (equivalent to approximately HK\$134,817,176 and HK\$125,408,125, respectively) under the generally accepted accounting principles in the PRC. The Appraised Property Value is RMB168,200,000 (equivalent to approximately HK\$163,300,971) and the Net Asset Value is RMB19,611,694 (equivalent to approximately HK\$19,040,480).

2.2 *Consideration*

Pursuant to the Conditional Sale and Purchase Agreement, Concept Creator Fashion has agreed, subject to the Conditions, to acquire the Equity Interest from the Vendors at a consideration of RMB174,292,768 (equivalent to approximately HK\$169,216,280).

The consideration was reached after arm's length negotiations between the parties which is based on 92 per cent. of the aggregate of (i) the Net Asset Value of RMB19,611,694 (equivalent to approximately HK\$19,040,480); (ii) the Appraised Property Value of RMB168,200,000 (equivalent to approximately HK\$163,300,971); and (iii) certain adjustments on tax refund and deferred tax and unrecorded expenses of a net balance of RMB1,636,967 (equivalent to approximately HK\$1,589,288).

The entire amount of the total consideration of RMB174,292,768 (equivalent to approximately HK\$169,216,280) will be payable by Concept Creator Fashion in cash to the Vendors (in proportion to their respective holdings of the Equity Interest) upon Completion. As stated in the "Letter from the Board", the executive Directors confirm that the cash consideration payable under the Conditional Sale and Purchase Agreement is to be funded by the internally generated financial resources derived from the operating activities of the Group.

In light of the reasons mentioned above, the executive Directors are of the view that the Acquisition is entered into upon normal commercial terms and fair and reasonable to the Group and the Shareholders as a whole. Taking into account the consideration is equivalent to 92% of the aggregate of the Net Asset Value, the Appraised Property Value and certain adjustments as mentioned above, and the reasons for and benefits of the Acquisition set out in paragraph 1.3 of this letter, we are of the view that the consideration to be payable by the Group under the Acquisition was agreed on normal commercial terms and to be fair and reasonable.

3. **Expected financial/other impact on the Group as a result of the Acquisition**

3.1 *Corporate structure*

Upon Completion of the Acquisition, Zhejiang Huading Group will become 92 per cent. subsidiary of the Company and its financial results will be consolidated into the Group.

3.2 *Total assets, total liabilities and net asset value*

As at 31 December 2005, the audited consolidated total assets of the Group was approximately HK\$1,856.0 million. Given that the cash consideration for the Acquisition will be satisfied by the internally generated financial resources derived from the operating

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activities of the Group, the amount originally classified under “Cash and bank balances” under current assets will be reclassified into “Properties, plants and equipments” and/or other assets in the consolidated balance sheet of the Group. Hence, there will be no material impact on the total assets of the Group as a result of the Acquisition.

As at 31 December 2005, the audited consolidated total liabilities of the Group was approximately HK\$401.6 million. Given that the cash consideration for the Acquisition will be satisfied by the internally generated financial resources derived from the operating activities of the Group and Zhejiang Huading Group has no material liabilities, there will be no material impact on the total liabilities of the Group as a result of the Acquisition.

As at 31 December 2005, the audited consolidated net asset value of the Group was approximately HK\$1,440.4 million, representing an audited consolidated net asset value per Share of approximately HK\$0.72 (on the basis of 1,990,000,000 Shares in issue as at 31 December 2005). Taking into account that there will be no material impact to the total assets and total liabilities of the Group as a result of the Acquisition as mentioned above, and the basis of determining the consideration for the Acquisition as mentioned above, there will be no material impact on the Group’s net asset value.

3.3 *Cost savings*

As mentioned in paragraph 1.3 above, according to the relevant lease agreements, the Group will be obliged to pay an annual rental of RMB13.94 million (equivalent to approximately HK\$13.41 million) to Zhejiang Huading Group for each of the two financial years ending 31 December 2007. Upon Completion, all of these lease agreements will be terminated and ceased to be continuing connected transactions (as such term is defined under the Listing Rules) for the Company.

We have reviewed a calculation prepared by the Company and noted that based on the expected savings on the annual rental expenses, less (i) the expected annual depreciation of the Properties and (ii) the annual interest forgone consequent to the payment of the consideration for the Acquisition in cash (based on the rate of interest of 4 per cent. per annum), the Acquisition should result in the Group achieving an overall net cost saving. We are of the view that the basis for the preparation of the aforesaid calculation is reasonable.

3.4 *Cash position, gearing and current ratio*

As the cash consideration for the Acquisition will be satisfied by the internally generated financial resources derived from the operating activities of the Group, the “Cash and bank balances” classified under current assets of the consolidated balance sheet of the Group will be reduced by RMB174,292,768 (equivalent to approximately HK\$169,216,280).

Gearing means total borrowings divided by shareholders’ equity. As the cash consideration for the Acquisition will be satisfied by the internally generated financial resources derived from the operating activities of the Group, and Zhejiang Huading Group has no borrowings, there will be no material impact on the gearing ratio of the Group as a result of the Acquisition.

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Based on the unaudited interim report of the Group for the six months ended 30 June 2006, the current ratio (i.e. current assets divided by current liabilities) was approximately 6.15 times. We have reviewed a calculation prepared by the Company and noted that based on the interim report of the Group for the six months ended 30 June 2006 and assuming the Acquisition has been taken place, the current ratio would decrease to approximately 5.36 times which was mainly due to the deployment of cash and bank balances for the payment of the consideration for the Acquisition. Despite the decrease in current ratio which still represented an adequate coverage over the current liabilities, taking into account various factors including the reasons for and benefits of the Acquisition, we are of the view that the Acquisition is fair and reasonable.

V. RECOMMENDATION

In considering the terms of the Acquisition, we have taken into account the following factors:

- the principal activities and the business operation and locations of the Group as described in paragraphs 1.1 and 1.2 above;
- the reasons for and benefits of the Acquisition as described in paragraph 1.3 above;
- the terms of the Conditional Sale and Purchase Agreement with regard to the basis of the consideration, which were arrived at following arm's length negotiations between relevant parties and by reference to the aggregate of the Net Asset Value and an independent valuation of the Property and certain adjustments as described in paragraph 2.2 above; and
- the expected financial and/or other impact to the Group as described in paragraph 3 above.

After having considered the above principal factors and based on the information provided and the representations made to us, we consider the terms of the Acquisition were agreed on normal commercial terms and to be fair and reasonable so far as the Independent Shareholders are concerned; and that the Acquisition is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the relevant resolution which will be proposed at the EGM to approve the Acquisition.

Yours faithfully,
For and on behalf of
ACCESS CAPITAL LIMITED
Jeanny Leung
Managing Director



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The Directors
China Ting Group Holdings Limited
28th Floor, Futura Plaza
111–113 How Ming Street
Kwun Tong
Kowloon

4 September 2006

Dear Sirs,

- RE: (1) AN INDUSTRIAL COMPLEX AT NO. 56 BEISHA ROAD EAST, YUHANG DISTRICT, HANGZHOU CITY, ZHEJIANG PROVINCE, THE PEOPLE'S REPUBLIC OF CHINA**
- (2) UNITS A AND D ON 19TH FLOOR, CATIC BUILDING, NO. 212 JIANGNING ROAD, JIANAN DISTRICT, SHANGHAI CITY, THE PEOPLE'S REPUBLIC OF CHINA**

In accordance with your instructions for us to value the captioned property interests to be acquired by China Ting Group Holdings Limited (the "Company") and its subsidiaries (hereinafter referred to as the "Group") in the People's Republic of China ("the PRC"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of values of such property interests as at 31 August 2006.

Our valuation of each of the property interests is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as a typical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to costs of sale and purchase, and without offset for any associated taxes.

In the course of our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the properties for respective specific terms at nominal annual land use fee have been granted and that any premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the properties have enforceable title to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the terms as granted.

Due to the specific purpose for which the Property (1) and structures of the Property (1) have been constructed, there are no readily identifiable market comparable, and these buildings and structures cannot be valued on the basis of direct comparison. They have therefore been valued on the basis of their depreciated replacement cost. We would define "depreciated replacement cost" to be our opinion of the land value in its existing use and an estimate of the new replacement costs of these buildings and structures, including fees and finance charges, from which deductions are then made to allow for age, condition and functional obsolescence. The depreciated replacement cost approach generally provides the most reliable indication of value for a property in the absence of known market based on comparables sales. In the course of valuation of Property (2), we have valued it by making reference to market sales evidence as available on the market.

We have been provided with copies of extracts of title documents relating to the properties. However, we have not inspected the original documents to verify the ownership or to verify any amendments, which may not appear on the copies handed to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Group and its legal advisers on PRC Law, Zhejiang Brighteous Law Firm (浙江金道律師事務所) regarding the titles and other legal matters relating to the properties and have accepted advice given to us on matters such as planning approvals or statutory notices, easements, tenure, identification of the properties, occupancy, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on information contained in the documents provided to us by the Group and are therefore only approximations. We have not been able to carry out on-site measurements to verify the correctness of the site and floor areas of the properties. We have assumed that the site and floor areas shown on the documents handed to us are correct. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to our valuation. We are also advised by the Group that no material facts have been omitted from the information supplied.

We have inspected the exterior and, where possible, the interior of the properties. Moreover, no structural survey has been made. However, in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

In the course of valuation, we have complied with all the requirements which apply to the valuation of the Group's properties under Chapter 5 and Practice Note 12 of the Hong Kong Listing Rules and the HKIS Valuation Standards on Properties (1st Edition) published by the Hong Kong Institute of Surveyors.

Unless otherwise stated, all monetary amounts stated are in Renminbi.

We enclose herewith our summary of values and valuation certificate.

Yours faithfully
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Note: — Charles C K Chan, Chartered Estate Surveyor, MSc, FRICS, FHKIS, MCI Arb, RPS(GP), has about 18 years' experience in the valuation of properties in the PRC

SUMMARY OF VALUES

No.	Property	Market value in existing state as at 31 August 2006
(1)	An Industrial complex at No. 56 Beisha Road East, Yuhang District, Hangzhou City, Zhejiang Province, The People's Republic of China	RMB151,300,000
(2)	Units A and D on 19th Floor, CATIC Building, No. 212 Jiangning Road, Jianan District, Shanghai City, The People's Republic of China	RMB16,900,000
Total:		<u>RMB168,200,000</u>

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2006
(1) An Industrial complex at No. 56 Beisha Road East, Yuhang District, Hangzhou City, Zhejiang Province, The People's Republic of China	<p>The property comprises an industrial complex erected upon five parcels of contiguous land with a total site area of approximately 97,017.00 sq.m. (1,044,291 sq.ft.).</p> <p>The property comprises 30 blocks of single to 7-storey industrial, office and dormitory building with a total gross floor area of approximately 93,427.59 sq.m. (1,005,655 sq.ft.) completed between 2002 and 2006.</p> <p>The land use rights of the property are granted for various terms for industrial uses (Please refer to note (1) below for details).</p>	The property is currently occupied for production, office, dormitory and ancillary uses.	RMB151,300,000

Notes: —

- (1) Pursuant to five Land Use Right Certificates all issued by Hangzhou State Land Resource Bureau, the land use rights of five parcels of land of the property are granted to Zhejiang Huading Group Company Limited (浙江華鼎集團有限責任公司). The salient conditions as stated in the certificates, *inter alia*, are summarized below: —

Certificate No.	Site area (sq.m.)	Land use term	Uses
Hang Yu Chu Guo Yong (2004) Zi Di No. 1–252	19,768.60	Expiring on 18 February 2053	Industrial
Hang Yu Chu Guo Yong (2005) Zi Di No. 102–747	14,001.30	Expiring on 25 September 2052	Industrial
Hang Yu Chu Guo Yong (2004) Zi Di No. 1–253	29,518.10	Expiring on 18 February 2053	Industrial
Hang Yu Chu Guo Yong (2005) Zi Di No. 102–213	25,282.00	Expiring on 7 October 2054	Industrial
Hang Yu Chu Guo Yong (2006) Di No. 102–678	<u>8,447.00</u>	Expiring on 30 November 2055	Industrial
Total:		<u>97,017.00</u>	

- (2) Pursuant to 17 Realty Title Certificates all issued by Hangzhou Real Estate Administration Bureau, the ownership of the buildings of the property with a total gross floor area of 93,427.59 sq.m. is vested in Zhejiang Huading Group Company Limited.
- (3) We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:
- i. Zhejiang Huading Group Company Limited has acquired the land use rights and building ownership of the property.
 - ii. Zhejiang Huading Group Company Limited is entitled to transfer, lease, mortgage or dispose of the property by other means.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2006
(2) Units A and D on 19th Floor, CATIC Building, No. 212 Jiangning Road, Jianan District, Shanghai City, The People's Republic of China	<p>The property comprises two office units on the 19th level of a 28-storey office building completed in 2000.</p> <p>The property has a total gross floor area of approximately 766.88 sq.m. (8,255 sq.ft.).</p> <p>The land use rights of the property are granted for office uses.</p>	The property is occupied for office uses.	RMB16,900,000

Notes: —

- (1) Pursuant to two Realty Title Certificates both issued by Shanghai Housing and Land Resources Administration Bureau on 20 September 2005, the ownership of the property is vested in Zhejiang Huading Group Company Limited.
- (2) We have been provided with legal opinion on the title to the property issued by the Group's PRC legal advisers, which contains, *inter alia*, the following information:
 - i. Zhejiang Huading Group Company Limited has acquired the title to the property.
 - ii. Zhejiang Huading Group Company Limited is entitled to transfer, lease, mortgage or dispose of the property by other means.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: —

- (a) the information contained in this circular is accurate and complete in all material respects and not misleading in any material respect;
- (b) there are no matters the omission of which would make any statement in this circular misleading in any material respect; and
- (c) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

DIRECTORS' INTERESTS

As at the Latest Practicable Date, the interest of the Directors in the Shares and underlying shares or debentures of the Company and associated corporation 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, or which were required pursuant to section 352 of the SFO to be entered in the register maintained by the Company referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in appendix 10 to the Listing Rules adopted by the Company, were as follows: —

(a) Long position in the Shares

Name of Director	Capacity	Number of Shares	Approximate percentage of shareholding of the Company
Mr. TING Man Yi	Interest of controlled corporation	1,490,000,000 (Note 1)	72.15%
Mr. TING Hung Yi	Interest of controlled corporation	1,490,000,000 (Note 2)	72.15%
Mr. DING Jianer	Interest of controlled corporation	1,490,000,000 (Note 3)	72.15%

Notes: —

1. Longerview is owned as to 41.5% by Firmsuccess Limited ("**Firmsuccess**") which is wholly-owned by Mr. TING Man Yi. Longerview is a controlled corporation (within the meaning of the SFO) of Mr. TING Man Yi. As such, under the SFO, Mr. TING Man Yi is deemed to be interested in the 1,490,000,000 Shares held by Longerview.
2. Longerview is owned as to 40.5% by In Holdings Limited ("**In Holdings**") which is wholly-owned by Mr. TING Hung Yi. Longerview is a controlled corporation (within the meaning of the SFO) of Mr. TING Hung Yi. As such, under the SFO, Mr. TING Hung Yi is deemed to be interested in the 1,490,000,000 Shares held by Longerview.

3. Pursuant to a shareholders' agreement dated 18 November 2005 and entered into amongst the Controlling Shareholders, each of the Controlling Shareholders (other than Longerview) has agreed to enter into pre-emptive arrangements in respect of their shareholding in Longerview. For the purpose of Part XV of the SFO, each of Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer is therefore deemed to have effective voting power in respect of the 1,490,000,000 Shares held by Longerview. As such, under the SFO, Mr. DING Jianer is also deemed to be interested in the 1,490,000,000 Shares held by Longerview under the SFO.

(b) Long position in the shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Total number of ordinary shares	Approximate percentage of shareholding of the associated corporation
Mr. TING Man Yi	Firmsuccess Longerview	Beneficial owner	1	100%
		Interest of controlled corporation	415 (Note 1)	41.5%
Mr. TING Hung Yi	In Holdings Longerview	Beneficial owner	1	100%
		Interest of controlled corporation	405 (Note 2)	40.5%
Mr. DING Jianer	Willport Longerview	Beneficial owner	1	100%
		Interest of controlled corporation	180 (Note 3)	18%

Notes: —

- The 415 shares in Longerview are held by Firmsuccess, which is wholly-owned by Mr. TING Man Yi.
- The 405 shares in Longerview are by In Holdings, which is wholly-owned by Mr. TING Hung Yi.
- The 180 shares in Longerview are held by Willport Investments Limited ("**Willport**"), which is wholly-owned by Mr. DING Jianer.

Substantial shareholders' interests in shares and underlying shares

As at the Latest Practicable Date, the persons, other than Directors and chief executive of the Company, having interests or short positions of 5% or more in the shares or underlying shares of the Company, which were required to be entered into the register kept by the Company pursuant to 336 of the SFO, were as follows: —

Name of substantial shareholder	Capacity	Number of Shares	Approximate percentage of shareholding of the Company
Longerview	Beneficial owner	1,490,000,000	72.15%
Firmsuccess	Interest of controlled corporation	1,490,000,000 (Note 1)	72.15%
In Holdings	Interest of controlled corporation	1,490,000,000 (Note 2)	72.15%
Willport	Interest of controlled corporation	1,490,000,000 (Note 3)	72.15%

Notes: —

1. Longerview is owned as to 41.5% by Firmsuccess. As such, Longerview is a controlled corporation (within the meaning of the SFO) of Firmsuccess. Firmsuccess is therefore deemed to be interested in the 1,490,000,000 Shares held by Longerview.
2. Longerview is owned as to 40.5% by In Holdings. As such, Longerview is a controlled corporation (within the meaning of the SFO) of In Holdings. In Holdings is therefore deemed to be interested in the 1,490,000,000 Shares held by Longerview.
3. Pursuant to a shareholders' agreement dated 18 November 2005 and entered into between the Controlling Shareholders, each of the Controlling Shareholders (other than Longerview) has agreed to enter into pre-emptive arrangements in respect of their shareholding in Longerview. For the purpose of Part XV of the SFO, each of Firmsuccess, In Holdings and Willport is therefore deemed to have effective voting power in respect of the 1,490,000,000 Shares held by Longerview. As such, Willport is also deemed to be interested in the 1,490,000,000 Shares held by Longerview.

LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and there was no litigation, arbitration or claim of material importance known by the Directors to be pending or threatened against any member of the Group.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has entered into any service contract with any member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

EXPERTS

The following is the qualification of the experts who have given opinion or advice which is contained in this circular: —

Name	Qualifications
Access Capital Limited	Licensed corporation to carry out types 1, 4, 6 and 9 regulated activities under the SFO
Savills Valuation and Professional Services Limited	Property valuer
Zhejiang Brighteous Law Firm (浙江金道律師事務所)	Legal advisers to the Group as to PRC law

As at the Latest Practicable Date: —

- (a) Access Capital, the Valuer and the PRC legal advisers to the Group did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, since 31 December 2005 (being the date to which the latest published audited consolidated accounts of the Group were made up) or which were proposed to be so acquired or, disposed of by or leased to, the Company or any member of the Group; and
- (b) Access Capital, the Valuer and the PRC legal advisers to the Group was not interested beneficially or non-beneficially in any shares in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

CONSENTS

Each of Access Capital, the Valuer and the PRC legal advisers to the Group has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its statement, letter and/or valuation certificate and all references to its name, in the form and context in which they respectively appear.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors and their respective associates or the controlling shareholders of the Company (as defined in the Listing Rules) had any interest in a business, which competes or may compete with the business of the Group.

NO MATERIAL ADVERSE CHANGE

Since 31 December 2005, being the date to which the latest published audited accounts of the Company have been made up, the Directors are not aware of any material adverse change in the financial or trading position of the Group.

MISCELLANEOUS

- (a) The registered office of the Company is at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, Cayman Islands, British West Indies. The head office and principal place of business in Hong Kong is at 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong.
- (b) The Company's Hong Kong branch share registrar and transfer office is Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) The company secretary of the Company is Mr. WONG Sin Yung, an executive Director. Mr. WONG is an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. WONG obtained a Master's Degree in Business Administration from the University of Hong Kong in 1999 and a Master of Arts Degree in Human Resource Management from Macquarie University, Australia in 1996.

The qualified accountant of the Company is Mr. CHENG Ho Lung, Raymond. Mr. CHENG graduated with a Bachelor's Degree in Business Administration (Accounting) from the Hong Kong University of Science and Technology in 1999. Mr. CHENG is an associate member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

- (d) As at the Latest Practicable Date, the Directors did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to, since 31 December 2005 (being the date to which the latest published audited consolidated accounts of the Group were made up) or which were proposed to be so acquired or, disposed of by or leased to, the Company or any member of the Group.
- (e) No contracts of significance in relation to the Group's business in which a Director had a material interest, whether directly or indirectly, subsisted as at the Latest Practicable Date.
- (f) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at any weekday (public holiday excepted) at the Company's principal place of business in Hong Kong, at 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong from the date of this circular up to and including the date of the EGM: —

- (a) the Conditional Sale and Purchase Agreement;
- (b) the letter from the Independent Board Committee to the Independent Shareholders, the text of which is set forth on page 12 of this circular;
- (c) the letter from Access Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set forth on pages 13 to 20 of this circular;
- (d) the letter, summary of valuations and valuation certificate prepared by the Valuer, the text of which is set forth in appendix I to this circular; and
- (e) the written consents referred to under the paragraphs "Consents" in this appendix.



CHINA TING GROUP HOLDINGS LIMITED

華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

NOTICE IS HEREBY GIVEN THAT the extraordinary general meeting (the “EGM”) of China Ting Group Holdings Limited will be held at 11:00 a.m. on 23 October 2006 at Charter Room I, Function Room Level, The Ritz-Carlton, Hong Kong, 3 Connaught Road Central, Hong Kong for the purpose of considering and, if thought fit, passing the following resolution, with or without amendment, as an ordinary resolution: —

ORDINARY RESOLUTION

“THAT

- (a) the Conditional Sale and Purchase Agreement (as defined in the Circular and the details of which are set out in the circular of the Company dated 28 September 2006 to its shareholders (the “**Circular**”) (a copy of the Conditional Sale and Purchase Agreement has been produced at this meeting and marked as “Exhibit-A” and signed by the chairman of the meeting for the purpose of identification) entered into between the Vendors (as defined in the Circular) and Concept Creator Fashion (as defined in the Circular) and all transactions contemplated thereunder be and are hereby approved; and
- (b) any one of the directors of the Company be and are hereby authorised for and on behalf of the Company to do all such things and sign, seal, execute, perfect, perform and deliver all such documents as they may in their absolute discretion consider necessary or desirable or expedient to give effect to the Conditional Sale and Purchase Agreement or for the implementation of all transactions contemplated thereunder.”

By Order of the Board of
CHINA TING GROUP HOLDINGS LIMITED
TING Hung Yi
Executive Director and Chief Executive Officer

Hong Kong, 28 September 2006

Notes: —

- (1) Any Shareholder entitled to attend and vote at the EGM shall be entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a Shareholder.
- (2) Where there are joint Shareholders of any Share, any one of such joint Shareholders may vote, either in person or by proxy, in respect of such Share as if he were solely entitled thereto, but if more than one of such joint Shareholders be present at the EGM the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of

NOTICE OF EGM

the other joint Shareholders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the joint shareholding.

- (3) A form of proxy for use at the EGM is enclosed. In order to be valid, the form of proxy completed in accordance with the instructions set forth therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the principal place of business of the Company in Hong Kong at 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or adjourned meeting. **Completion and return of the form of proxy will not preclude members from attending and voting in person at the EGM.**