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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any 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 in **CHINA TING GROUP HOLDINGS LIMITED**, you should at once hand this circular 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 transferee.

This circular is for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

**The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.**

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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)

**DISCLOSEABLE TRANSACTION**

**Acquisition of 60 per cent. of the issued share capital of  
Interfield Industrial Limited (中都實業有限公司)**

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## DEFINITIONS

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*In this circular, unless the context requires, capitalised terms used herein shall have the following meanings:—*

- “Acquisition”** means the proposed acquisition of 60 per cent. of the issued share capital of Interfield pursuant to the Sale and Purchase Agreement;
- “Board”** means the board of Directors;
- “China Ting Garment”** means China Ting Garment MFG (Group) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
- “Company”** means 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 Stock Exchange;
- “Completion”** means completion of the allotment and issuance of the Consideration Shares;
- “Completion Date”** means any date on which Completion is taken place;
- “Consideration Shares”** means 45,900,000 Shares representing approximately 2.22 per cent. and approximately 2.17 per cent. of the existing and the enlarged number of issued Shares following Completion, respectively;
- “Directors”** means the directors of the Company;
- “General Mandate”** means the general mandate granted to the Directors on 8 May 2007, being the date of annual general meeting of the Company, for the allotment and issue of 413,250,000 Shares;
- “Group”** means the Company and its subsidiaries (with the same meaning as defined in the Companies Ordinance (Chapter 32 of the Laws of Hong Kong));
- “HK\$”** means the lawful currency of Hong Kong;
- “HKFRS”** means The Hong Kong Financial Reporting Standards;
- “Hong Kong”** means The Hong Kong Special Administrative Region;
- “Independent Director(s)”** means the independent non-executive Director(s);
- “Interfield”** means Interfield Industrial Limited (中都實業有限公司), a company incorporated in Hong Kong on 15 June 1990, which, before Completion, was owned by China Ting Garment as to 40 per cent.
- “Interfield Group”** means Interfield and its subsidiaries, namely Hangzhou Huaxing Silk Printing and Dyeing Company Limited\* (杭州華星絲綢印染企業有限公司) and Heshan Tri-Star Silk Dyeing and Printing Works Limited\* (鶴山三星絲綢印染企業有限公司);

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## DEFINITIONS

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- “Latest Practicable Date”** means 27 December 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
- “Listing Rules”** means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
- “OEM/ODM Business”** means the business of the Group of manufacturing of silk and silk-blended apparel items;
- “PRC”** means The People’s Republic of China which for the purpose of this circular does not include Hong Kong, Taiwan and The Macau Special Administrative Region of the PRC;
- “Sale and Purchase Agreement”** means the sale and purchase agreement dated 11 December 2007 entered into between the Vendor, China Ting Garment, Mr. SHIH Hing Wong, Stephen (being the controlling shareholder (as such term is defined under the Listing Rules)) and the Company in respect of the Acquisition;
- “Share(s)”** means the ordinary shares of the Company of HK\$0.1 each;
- “Shareholder(s)”** means holder(s) of the Shares;
- “Stock Exchange”** means The Stock Exchange of Hong Kong Limited; and
- “Vendor”** means Tri-Star Fabrics Printing Works Limited (三星印花廠有限公司), a company incorporated in Hong Kong and the 60 per cent. shareholder of Interfield.

\* *For identification purpose only*



**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. WONG Sin Yung  
Mr. CHEUNG Ting Yin, *Peter*

*Registered office:—*

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman  
KYI-1111  
Cayman Islands

*Independent non-executive Directors:—*

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

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

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

31 December 2007

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**Acquisition of 60 per cent. of the issued share capital of  
Interfield Industrial Limited (中都實業有限公司)**

**INTRODUCTION**

On 11 December 2007, the Board announced that the Sale and Purchase Agreement had been entered into pursuant to which the Vendor, as the transferor, has agreed to transfer 14,046,000 shares of Interfield to China Ting Garment, as the transferee, subject to the terms and conditions thereof.

It was announced on 11 December 2007 that Completion would be taken place when the Consideration Shares are allotted and issued to the Vendor following the receipt of the listing approval from the Stock Exchange.

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## LETTER FROM THE BOARD

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Based on the applicable ratios (other than the consideration ratio and the equity capital ratio) set forth in Chapter 14 of the Listing Rules, the Acquisition constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company under rule 14.06(2) of the Listing Rules.

The purpose of this circular is to provide you with further information regarding the Sale and Purchase Agreement.

### PRINCIPAL TERMS OF THE SALE AND PURCHASE AGREEMENT

#### Date

11 December 2007, after 4:00 p.m.

#### Parties

Purchaser: China Ting Garment

Vendor: Tri-Star Fabric Printing Works Limited (三星印花廠有限公司) which and its ultimate beneficial owners, to the best knowledge, information and belief of the Directors, are third parties independent of the Company and connected persons (as such term is defined under the Listing Rules) of the Company. Members of the Group have no prior business relationship or transactions with the Vendor and its ultimate beneficial owners which require aggregation under rule 14.22 of the Listing Rules, except that Mr. SHIH Hing Wong, Stephen, Mr. YIP Kwan Sang and Mr. LAI Shing, being the controlling shareholders (as such term is defined under the Listing Rules) of Interfield are working for the Interfield Group.

Vendor's guarantor: Mr. SHIH Hing Wong, Stephen, the controlling shareholder (as such term is defined in the Listing Rules) of the Vendor

Purchaser's guarantor: the Company

#### Major terms and conditions

##### *The Acquisition*

Pursuant to the Sale and Purchase Agreement, China Ting Garment, as purchaser, has agreed to purchase, and the Vendor, as vendor, has agreed to sell 14,046,000 shares of Interfield, representing 60 per cent. of the issued share capital of Interfield, subject to the terms and conditions therein contained.

Prior to Completion, Interfield was 40 per cent. owned by China Ting Garment. Following Completion, Interfield will be wholly-owned by China Ting Garment and will become a wholly-owned subsidiary of the Company.

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## LETTER FROM THE BOARD

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### *Basis of determining the amount of the total consideration*

The consideration for the Acquisition will be settled by way of the Consideration Shares to be allotted and issued under the General Mandate. Based on closing price of each Share of HK\$1.98 on 10 December 2007, the total consideration for the Acquisition is approximately HK\$90.88 million.

The amount of consideration is based on (i) the audited consolidated total assets of the Interfield Group of approximately HK\$131.54 million as at 31 March 2007; (ii) the audited consolidated net assets of the Interfield Group as at 31 March 2007 of approximately HK\$125.27 million and (iii) the unaudited consolidated net profit after taxation of the Interfield Group of approximately HK\$11.66 million for the six-month period ended 30 September 2007. The audited consolidated net profit before and after taxation of Interfield for the financial year ended 31 March 2006 was approximately HK\$20.16 million and HK\$16.22 million, respectively. The audited consolidated net profit before and after taxation of Interfield for the financial year ended 31 March 2007 was approximately HK\$23.64 million and HK\$19.36 million, respectively. All financial information mentioned above is prepared in accordance with HKFRS.

Based on the above financial information and the valuation of comparable companies, taking into consideration the fact that the Interfield Group is working with the Group, the Directors consider that the consideration for the Acquisition in the amount of HK\$90.88 million is fair and reasonable.

The closing price of each Share on 10 December 2007 was HK\$1.98 and the average closing price of each Share for the last five trading days and ten trading days was HK\$1.96 and HK\$1.97, respectively.

### *Lock-up period for the Consideration Shares*

The Consideration Shares will be subject to a lock-up period of up to five (5) years from the date of issue of the Consideration Shares except that the Vendor may dispose of,

- (a) immediately after the first anniversary of the Completion Date, up to 20 per cent. of the Consideration Shares;
- (b) immediately after the second anniversary of the Completion Date, up to 30 per cent. of the Consideration Shares;
- (c) immediately after the third anniversary of the Completion Date, up to 40 per cent. of the Consideration Shares; and
- (d) immediately after the fourth anniversary of the Completion Date, up to 50 per cent. of the Consideration Shares.

### **Completion**

Completion shall take place when the Consideration Shares are allotted and issued to the Vendor following the receipt of the listing approval from the Stock Exchange. An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

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## LETTER FROM THE BOARD

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Prior to allotment and issuance of the Consideration Shares, the Company has 413,250,000 Shares available under the General Mandate. Following the allotment and issuance of the Consideration Shares, the General Mandate will have 367,350,000 Shares unutilized. The General Mandate will expire on the date of the next annual general meeting of the Company.

Prior to Completion, Interfield is 40 per cent. owned by the Company and is an associate of the Company and the investment in associate is accounted for using the equity method of accounting. Following Completion, Interfield will be wholly-owned by China Ting Garment and will become a wholly-owned subsidiary of the Company. Hence, the results of the Interfield Group will be consolidated into the accounts of the Company following Completion.

As at the date of this circular, the Company has 2,065,254,000 Shares in issue. Following Completion, the Company will have 2,111,154,000 Shares in issue with particulars set forth below:

Shareholders	As at the date of this circular		Following Completion but before full exercise of the outstanding option		Following Completion but after full exercise of the outstanding option	
	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%	<i>Number of Shares</i>	%
Longerview Investments Limited	1,490,000,000	72.15	1,490,000,000	70.58	1,490,000,000	70.33
Vendor			45,900,000	2.17	45,900,000	2.17
Grantee under the share option scheme ( <i>Note</i> )					7,500,000	0.35
Public Shareholders	<u>575,254,000</u>	<u>27.85</u>	<u>575,254,000</u>	<u>27.25</u>	<u>575,254,000</u>	<u>27.15</u>
<b>Total</b>	<b><u>2,065,254,000</u></b>	<b><u>100</u></b>	<b><u>2,111,154,000</u></b>	<b><u>100</u></b>	<b><u>2,118,654,000</u></b>	<b><u>100</u></b>

*Note:*

The option was granted under the share option scheme entered into by the Company on 18 November 2005 to a director of a subsidiary of the Company.

The allotment and issue of the Consideration Shares will not result in a change of control of the Company.

As at the date of this circular, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares. The authorised share capital of the Company will not change following Completion.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE INTERFIELD GROUP AND REASONS FOR THE ACQUISITION

Interfield Group is principally engaged in printing and dyeing business for silk and silk-blended garment. Interfield Group has two printing and dyeing plants located in Hangzhou and Heshan which has an aggregate annual production capacity of 10.0 million meters. Prior to Completion, Interfield was 40 per cent. owned by China Ting Garment. Consistent with one of the business objectives of the Group to enhance the OEM/ODM Business, the Directors believe that the Acquisition represents a good opportunity for the Group to further vertically integrate the production process of the Group which is expected to result in the following advantages:

- (1) the Group will have complete ownership in all production plants that are vertically integrated in the production process of the OEM/ODM Business;
- (2) the Group will have better control on the production capacity of the Interfield Group and may expand the production capacity of the Interfield Group to support the business plans of the Group; and
- (3) the Group will have better control on and access to the printing and dyeing technology and may leverage it to develop further business opportunities with other business partners.

The Vendor is an investment holding company with no substantive business activities.

In light of the foregoing, the Directors, including the Independent Directors, believe that the Acquisition will enhance the production efficiency of the existing vertically integrated business model of the OEM/ODM Business.

The Directors, including the Independent Directors, confirm the terms of the Sale and Purchase Agreement were negotiated on arm's length basis and fair and reasonable to the Company and the Shareholders as a whole. The Directors further consider that the Acquisition enables the Group to further vertically integrate the production process of the OEM/ODM Business. Hence, the Directors, including the Independent Directors consider that the Acquisition is in the best interest of the Group and the Shareholders as a whole.

### BUSINESS OF THE GROUP

As at the date of this circular, the business of the Group includes the OEM/ODM Business and the fashion retail business. The OEM/ODM Business includes the manufacturing of a variety of fashion and garment with silk, silk-blended, cotton, cotton-blended or synthetic fabrics as raw materials. The fashion retail business of the Group is focusing in the PRC with four brands and three licensed brands.

There will be no change in the composition of the Board following Completion.

### DISCLOSEABLE TRANSACTION

Based on the applicable ratios (other than the consideration ratio and the equity capital ratio) set forth in Chapter 14 of the Listing Rules, the Acquisition constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company under rule 14.06(2) of the Listing Rules.

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## LETTER FROM THE BOARD

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

Following Completion, Interfield will be a wholly-owned subsidiary of China Ting Garment and an indirect wholly-owned subsidiary of the Company. As a result, its results of operations and net assets will be consolidated into the consolidated accounts of the Company.

Taking into consideration the additional income and net profit that are to be consolidated into the consolidated accounts of the Group and the expected reduction in cost of production because of enhanced production efficiency of the Group's vertically integrated business model, the Directors consider that the Acquisition will not result in any adverse impact on the assets and liabilities. In addition, the Directors do not expect that the Acquisition will have any material impact on the Group in the short term, but expect to have additional contribution to the overall performance of the Group in the long term.

### GENERAL INFORMATION

Your attention is also drawn to the general information set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board of  
**CHINA TING GROUP HOLDINGS LIMITED**  
**TING Man Yi**  
*Chairman*

**RESPONSIBILITY STATEMENT**

This document includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement in this document misleading.

**DISCLOSURE OF INTERESTS****Directors' and Chief Executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:

**The Company***Long position in the Shares*

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of ordinary Shares held</b>	<b>Approximate Percentage of the Shares in issue</b>
Mr. TING Man Yi	Interest of controlled corporation	1,490,000,000 <i>(Note 1)</i>	72.15%
Mr. TING Hung Yi	Interest of controlled corporation	1,490,000,000 <i>(Note 2)</i>	72.15%
Mr. DING Jianer	Interest of controlled corporation	1,490,000,000 <i>(Note 3)</i>	72.15%
Dr. CHENG Chi Pang	Directly beneficially owned	200,000	0.01%

*Notes:*

1. Longerview Investments Limited (“**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 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 between Mr. TING Man Yi, Firmsuccess, Mr. TING Hung Yi, In Holdings, Mr. DING Jianer, Willport Investments Limited (“**Willport**”) and Longerview (collectively 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.

**Associated corporations**

<b>Name of Director</b>	<b>Name of associated corporation</b>	<b>Nature of interest</b>	<b>Total number of ordinary shares</b>	<b>Approximate percentage of interest in the associated corporation</b>
Mr. TING Man Yi	Firmsuccess	Personal interest	1	100%
	Longerview	Corporate interest	415	41.5%
			<i>(Note 1)</i>	
Mr. TING Hung Yi	In Holdings	Personal interest	1	100%
	Longerview	Corporate interest	405	40.5%
			<i>(Note 2)</i>	
Mr. DING Jianer	Willport	Personal interest	1	100%
	Longerview	Corporate interest	180	18%
			<i>(Note 3)</i>	

*Notes:*

1. The 415 shares in Longerview are held by Firmsuccess, which is wholly-owned by Mr. TING Man Yi.
2. The 405 shares in Longerview are held by In Holdings, which is wholly-owned by Mr. TING Hung Yi.
3. The 180 shares in Longerview are held by Willport, which is wholly-owned by Mr. DING Jianer.

Save as disclosed above, none of the Directors and chief executive of the Company has interests in the Shares, underlying shares or debentures of the Company and its associated corporations that are required to notify the Company and the Stock Exchange pursuant to the said provisions of the SFO and the Model Code.

**Substantial shareholders' interests and short positions in shares and underlying shares of the Company**

As at the Latest Practicable Date, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the Shares and the underlying shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:

*Long position in the Shares*

<b>Name of substantial Shareholders</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of interest in the Company</b>
Longerview	Beneficial owner	1,490,000,000	72.15%
Firmsuccess	Interest of controlled corporation	1,490,000,000 <i>(Note 1)</i>	72.15%
In Holdings	Interest of controlled corporation	1,490,000,000 <i>(Note 2)</i>	72.15%
Willport	Interest of controlled corporation	1,490,000,000 <i>(Note 3)</i>	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.

Save as disclosed above, there is no person who has interest or short position in the Shares and the underlying shares of the Company that is required to notify the Company pursuant the aforesaid provisions of the SFO.

**SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service contract with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

**LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries.

**MISCELLANEOUS**

- (a) The company secretary of the Company is Mr. WONG Sin Yung. Mr. WONG is an associate member of The Hong Kong Institute of Certified Public Accountants.
- (b) The qualified accountant of the Company is Mr. CHENG Ho Lung, Raymond. Mr. CHENG is an associate member of The Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.
- (c) The registered office of the Company is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KYI-1111, Cayman Islands and its principal office in Hong Kong is situated at 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong. The address of the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited, is at Room 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) As at the Latest Practicable Date, none of the Directors or their respective associates had personal interests in companies engaged in businesses, which compete or may compete with the Group.