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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: 03398)

DISCLOSEABLE TRANSACTION AND ADVANCE TO AN ENTITY

ACQUISITION OF THE ENTIRE EQUITY INTEREST OF ZHEJIANG HUIZE WHICH HOLDS 29% OF THE EQUITY INTEREST IN ZHEJIANG HAORAN

ACCEPTANCE OF THE TRANSFER OF THE HAORAN SHAREHOLDER'S LOAN

The Board is pleased to announce that Zhejiang China Ting Group entered into the Equity Transfer Agreement, the Loan Transfer Agreement and the Escrow Agent Agreement on 19 October 2009 in respect of the Transactions. The Transactions consist of the Acquisition and the acceptance of the transfer of the Haoran Shareholder's Loan.

Following Completion, the Group will hold (through Zhejiang China Ting Group and Zhejiang Huize) 29% of the equity interest in Zhejiang Haoran which is the sole owner of the Land and the developer of the Property Project.

Completion is expected to take place on or about 2 November 2009.

The aggregate consideration payable by Zhejiang China Ting Group for the Acquisition and the acceptance of the transfer of the Haoran Shareholder's Loan is RMB262.58 million (equivalent to approximately HK\$298.12 million) which will be funded by the internal financial resources of the Group.

Pursuant to the Equity Transfer Agreement, Zhejiang China Ting Group shall pay to the Escrow Agent within seven days from the date of the Equity Transfer Agreement RMB55 million (equivalent to approximately HK\$62.44 million), representing the total consideration for the Acquisition net of the amount of PRC tax payable by the Vendors of RMB5 million which shall be withheld by Zhejiang China Ting Group for the Vendors.

Pursuant to the Loan Transfer Agreement, Zhejiang China Ting Group shall also pay to the Escrow Agent within seven days from the date of the Loan Transfer Agreement RMB202.58 million (equivalent to approximately HK\$230 million), representing the total consideration for the transfer of the Haoran Shareholder's Loan.

Pursuant to the Escrow Agent Agreement, the Escrow Agent shall hold the aggregate amount of RMB257.58 million (equivalent to approximately HK\$292.44 million) for Zhejiang China Ting Group and shall only release the amounts to the Vendors and the Existing Lenders upon Completion.

Based on the aggregate consideration, the Transactions constitute a discloseable transaction (as such term is defined under the Listing Rules) for the Company as one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceed 5% but do not exceed 25%. Accordingly, the Company is required to issue this announcement pursuant to rule 14.33 of the Listing Rules.

The amount of the Haoran Shareholder's Loan also exceeds the threshold set forth in rule 13.13 of the Listing Rules in respect of advances to an entity. Accordingly, the Company is required to issue this announcement pursuant to rule 13.15 of the Listing Rules.

The Directors intend to use part of the Property Project as the Group's new headquarters of the retail business in China. The Directors (including the independent non-executive Directors) consider that the Transactions will provide the Group with a good opportunity to participate in the Property Project that would facilitate the business expansion of the Group.

The Directors (including the independent non-executive Directors) also confirm that the terms and conditions of the Transactions are fair and reasonable and negotiated on an arm's length basis upon normal commercial terms. Having considered the terms and conditions of the Transactions and the benefits that may be obtained from the Property Project, the Directors (including the independent non-executive Directors) further confirm that the Transactions are in the interest of the Group and the Shareholders as a whole.

INTRODUCTION

The Board is pleased to announce that Zhejiang China Ting Group entered into the Equity Transfer Agreement, the Loan Transfer Agreement and the Escrow Agent Agreement on 19 October 2009 in respect of the Transactions. The Transactions consist of the Acquisition and the acceptance of the transfer of the Haoran Shareholder's Loan.

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The Directors intend to use part of the Property Project as the Group's new headquarters of the retail business in China. The Directors (including the independent non-executive Directors) consider that the Transactions will provide the Group with a good opportunity to participate in the Property Project that would facilitate the business expansion of the Group.

THE ACQUISITION

The Acquisition represents the acquisition by Zhejiang China Ting Group of the entire equity interest in Zhejiang Huize (which holds 29% of the equity interest in Zhejiang Haoran) for an aggregate consideration of RMB60 million (equivalent to approximately HK\$68.12 million). The following sets forth the detailed terms of the Equity Transfer Agreement:

Date: 19 October 2009

Parties:

- (a) Zhejiang China Ting Group as *the purchaser*;
- (b) the Vendors as *the vendors*; and
- (c) Zhejiang Haoran as *the guarantor to the due performance by the Vendors*.

Zhejiang Haoran will be jointly and severally liable to any obligation or liability of the Vendors under the Equity Transfer Agreement.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Directors confirm that each of the Vendors and Zhejiang Haoran is an Independent Third Party.

Consideration: RMB60 million (equivalent to approximately HK\$68.12 million) representing (i) the amount of registered capital of Zhejiang Huize of RMB35 million and (ii) an investment premium of RMB25 million. The Directors confirm that the amount of consideration was negotiated on an arm's length basis upon normal commercial terms with reference to (a) the amount of registered capital of Zhejiang Huize, (b) the investment return of the Vendors and (c) the contribution and the efforts by the Vendors in securing the equity investment in Zhejiang Haoran.

Payment arrangements: Zhejiang China Ting Group shall pay to the Escrow Agent within seven days from the date of the Equity Transfer Agreement RMB55 million (equivalent to approximately HK\$62.44 million), representing the total consideration for the Acquisition net of the amount of PRC tax payable by the Vendors of RMB5 million which shall be withheld by Zhejiang China Ting Group for the Vendors. The amount of consideration to be paid shall be fully funded by Zhejiang China Ting Group by way of cash out of its internal financial resources.

Other principal terms: Under the Equity Transfer Agreement, the Vendors are required to provide representations and warranties on the corporate status of Zhejiang Huize, the equity investment in Zhejiang Haoran as well as the ownership and the legal status of the Land and the Property Project. The Vendors have also confirmed that the equity interest in Zhejiang Huize is owned by them with no third parties' interests. It is also agreed that all liabilities of whatever nature incurred by Zhejiang Huize prior to the date of Completion shall be solely the Vendors' responsibility and the Vendors shall keep Zhejiang China Ting Group indemnified against all losses and claims arising from any liabilities prior to date of Completion.

In addition, the Vendors will be required to handover all documents and seals of Zhejiang Huize to Zhejiang China Ting Group upon Completion. Both the Vendors and Zhejiang China Ting Group shall endeavour to complete all registrations and filings required to be made for the purpose of Completion.

During the period between the date of the Equity Transfer Agreement and the date of Completion, the Vendors agree that they will not create any encumbrance on the equity interest in Zhejiang Huize and will not allow Zhejiang Huize to create any further liability and obligation or make any distribution of dividends. It is also agreed that Zhejiang Huize will not enter into any contract and will not do any act which would constitute a breach of any contract on the part of Zhejiang Huize.

Completion:

Completion of the Equity Transfer Agreement shall take place simultaneously with the Loan Transfer Agreement, which is expected to be around 2 November 2009. Following completion of the Equity Transfer Agreement, Zhejiang Huize will be a wholly-owned subsidiary of Zhejiang China Ting Group. Zhejiang Haoran will be owned as to 29% by Zhejiang Huize and 71% by eight equity interest holders which are Independent Third Parties. Zhejiang China Ting Group (through its equity interest in Zhejiang Huize) will be the single largest shareholder of Zhejiang Haoran following Completion.

The Escrow Agent shall only release to the Vendors the amount payable under the Equity Transfer Agreement upon Completion.

The PRC Legal Advisers have confirmed to the Board that the Equity Transfer Agreement is valid and constitutes legal binding obligations on the parties thereto with terms and conditions in full compliance with applicable laws and regulations in China.

ACCEPTANCE OF THE TRANSFER OF THE HAORAN SHAREHOLDER'S LOAN

The funding of Zhejiang Haoran is relying on the capital contribution from its shareholders and various shareholders' loans (including the Haoran Shareholder's Loan). As part of the Transactions, Zhejiang China Ting Group will be required to accept the transfer of the Haoran Shareholder's Loan from the Existing Lenders for an aggregate consideration of RMB202.58 million (equivalent to approximately HK\$230 million) comprising the principal amount of the Haoran Shareholder's Loan of RMB172.70 million and accrued interest and tax payment of RMB29.88 million.

Prior to the date of the Equity Transfer Agreement, the Existing Lenders have provided the Haoran Shareholder's Loan as part of the total equity and debt contribution made by the Vendors in their capacity as the ultimate beneficial owners of 29% of the equity interest in Zhejiang Haoran (through Zhejiang Huize). As of the date of this announcement, the total loan from the shareholders (or their affiliates) of Zhejiang Haoran amounts to RMB600 million. The amount of the Haoran Shareholder's Loan, together with a loan from Zhejiang Huize to Zhejiang Haoran of RMB1.30 million, in an aggregate amount of RMB174 million (equivalent to approximately HK\$197.55 million), representing 29% of the total loan from shareholders (or their affiliates) of Zhejiang Haoran of RMB600 million. Most of the loan amount and the capital contribution to Zhejiang Haoran have been used by Zhejiang Haoran

for the acquisition of the Land and the related expenses for the Property Project. All shareholders' loans to Zhejiang Haoran (including the Haoran Shareholder's Loan) are interest-free and re-payable by Zhejiang Haoran only when it generates profit.

Pursuant to the Loan Transfer Agreement, Zhejiang China Ting Group will accept the transfer of the Haoran Shareholder's Loan from the Existing Lenders without changing the terms and conditions. The Haoran Shareholder's Loan will be interest-free and will have no fixed repayment schedule.

The following sets forth the principal terms and conditions of the Loan Transfer Agreement:

- Date:** 19 October 2009
- Parties:**
- (a) The Existing Lenders as *the transferors of the Haoran Shareholder's Loan*;
 - (b) Zhejiang China Ting Group as *the transferee of the Haoran Shareholder's Loan*; and
 - (c) Zhejiang Haoran as *the borrower of the Haoran Shareholder's Loan*.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Directors confirm that each of the Existing Lenders and Zhejiang Haoran is an Independent Third Party.

Consideration: RMB202.58 million (equivalent to approximately HK\$230 million) comprising the principal amount of the Haoran Shareholder's Loan of RMB172.70 million and accrued interest and tax payment of RMB29.88 million. The amount of consideration does not include the loan from Zhejiang Huize to Zhejiang Haoran of RMB1.30 million which will remain to be due from Zhejiang Haoran to Zhejiang Huize.

Payment arrangements: Zhejiang China Ting Group shall pay to the Escrow Agent within seven days from the date of the Loan Transfer Agreement RMB202.58 million (equivalent to approximately HK\$230 million), representing the total consideration for the transfer of the Haoran Shareholder's Loan. The amount of consideration to be paid shall be fully funded by Zhejiang China Ting Group by way of cash out of its internal financial resources.

Other principal terms:

The Haoran Shareholder's Loan will continue to be interest-free and will have no fixed repayment schedule. Under the Loan Transfer Agreement, the Existing Lenders confirm that the Haoran Shareholder's Loan is a debt validly due from Zhejiang Haoran. Zhejiang Haoran also confirms that it owes to the Existing Lenders the Haoran Shareholder's Loan. Following Completion, Zhejiang China Ting Group will be the lender of the Haoran Shareholder's Loan, and Zhejiang Haoran acknowledges and agrees with the transfer and the repayment obligation to Zhejiang China Ting Group.

Completion:

Completion of the Loan Transfer Agreement shall take place simultaneously with the Equity Transfer Agreement, which is expected to be around 2 November 2009. The Escrow Agent shall only release to the Existing Lenders the amount payable under the Loan Transfer Agreement upon Completion.

The PRC Legal Advisers have confirmed to the Board that by entering into the Loan Transfer Agreement, Zhejiang Haoran is under a legally binding obligation to repay the Haoran Shareholder's Loan under the contract law in China. On this basis and taking into consideration the principal asset of Zhejiang Haoran and the control over Zhejiang Haoran following Completion, the Directors believe that there is no significant risk in the recoverability of the Haoran Shareholder's Loan.

THE PROPERTY PROJECT

The principal asset of Zhejiang Haoran is the Land which was acquired in August 2008 for a consideration of approximately RMB670 million. This amount has been fully settled by Zhejiang Haoran through the capital contribution and various shareholders' loans in an aggregate amount of RMB700 million. The PRC Legal Advisers have confirmed to the Board that Zhejiang Haoran will have no legal obstacle in obtaining the land use rights certificates in respect of the land use rights attached with the Land. The Land is located in the newly developed business district in Hangzhou and has a site area of approximately 15,259 sq.m. Based on the existing construction plan, a commercial complex (including an office building, a building for service apartments and a shopping mall with car parking spaces) will be built on the Land with a gross floor area of 122,070 sq.m. Zhejiang Haoran has yet to obtain the final approval for the construction plan of the commercial complex, but the Directors believe, with the advices from the PRC Legal Advisers, that there will not be substantial changes to the construction plan to be raised by the governmental authorities in China.

REASONS FOR ENTERING INTO THE TRANSACTIONS

As mentioned above, the Property Project consists of an office building, a building for service apartments and a shopping mall with car parking spaces. The Directors intend to use part of the office building as the Group's new headquarters of the retail business in China. With the continuous development of the business of the Group, the Directors have been looking for new business headquarters in the downtown business district of Hangzhou. Hangzhou is well-known for fashion production and is the hub for fashion retail business, fashion design and distribution with talented designers and quality customers. With the new business headquarters, the Directors believe that it will promote the corporate image of the Group, enhance the Group's further business development and attract new customers with convenient

offices and supporting business facilities. Hence, the strategic location of the Property Project satisfies the medium-term business needs of the Group with preeminent business presence in Hangzhou. The Directors intend to request for the naming right to the office building comprising the Property Project to be the headquarters of the Group.

The Directors also plan to establish flagship shops of the Group's brands in the shopping mall comprising the Property Project. The flagship shops will showcase the latest collections of the fashion with the Group's brands and are expected to boost the retail sales of Group with enhanced brand image and recognition.

Following Completion, the Group will be the single largest shareholder of Zhejiang Haoran, the lawful owner of the Land and the Property Project. In addition to the establishment of the new headquarters and the new flagship stores, the Transactions will also entitle the Group to enjoy the economic benefit derived from the ownership in the Property Project. The Directors have considered the recent development of the property market in Hangzhou and believe that the Property Project would yield a reasonable investment return to the Group.

The Group will use its internal financial resources to settle the total amount of consideration and as such, the Transactions will have no significant impact on the working capital of the Group and the required capital expenditure as part of the ordinary course of business of the Group.

COMPLETION

Completion is expected to take place on or about 2 November 2009.

GENERAL INFORMATION

Information on Zhejiang Huize

Zhejiang Huize was established under the laws of the PRC as a limited liability company on 11 April 2008 with a registered capital of RMB35 million, and its principal business is real estate investment, investment advisory services, industrial investment, sale of metal and construction materials. The Vendors are currently the holders of the entire equity interest in Zhejiang Huize.

The audited net assets value of Zhejiang Huize as at 31 August 2009 was approximately RMB35.0 million, which was based on the generally accepted accounting standards in China. As Zhejiang Huize does not carry on business activities, it has not generated any profit in each of the two years ended 31 December 2007 and 2008, being the two financial years immediately preceding the date of the Equity Transfer Agreement.

Information on Zhejiang Haoran

Zhejiang Haoran was established under the laws of the PRC as a limited liability company on 10 March 2008. Zhejiang Huize owns 29% of the equity interest in Zhejiang Haoran and is the single largest shareholder. The remaining 71% of the equity interest in Zhejiang Haoran is owned by eight holders who are Independent Third Parties.

Immediate following Completion, the registered capital of and the total amount of shareholders' loans to Zhejiang Haoran will remain unchanged. If the construction work of the Property Project is commenced, Zhejiang Haoran will need to raise additional funding by way of different sources to be decided by the board of directors of Zhejiang Haoran.

Information on Zhejiang China Ting Group and the Company

Zhejiang China Ting Group is a wholly-foreign owned enterprise established in China and is owned as to 92% by the Company with the remaining 8% by Mr. DING Xinger, Mr. FU Xiaobo and Mr. YE Aimin. Zhejiang China Ting Group is principally engaged in garment trading and property development. The Company is an investment holding company with all of its shares listed on the Stock Exchange. The Group is a vertically integrated large-scale garment manufacturer, exporter and retailer with headquarters and corporate management situated in Hong Kong.

LISTING RULES IMPLICATIONS

Based on the aggregate consideration, the Transactions constitute a discloseable transaction (as such term is defined under the Listing Rules) for the Company as one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceed 5% but do not exceed 25%. Accordingly, the Company is required to issue this announcement pursuant to rule 14.33 of the Listing Rules.

The amount of the Haoran Shareholder's Loan also exceeds the threshold set forth in rule 13.13 of the Listing Rules in respect of advances to an entity. Accordingly, the Company is required to issue this announcement pursuant to rule 13.15 of the Listing Rules.

The Directors (including the independent non-executive Directors) also confirm that the terms and conditions of the Transactions are fair and reasonable and negotiated on an arm's length basis upon normal commercial terms. Having considered the terms and conditions of the Transactions and the benefits that may be obtained from the Property Project, the Directors (including the independent non-executive Directors) further confirm that the Transactions are in the interest of the Group and the Shareholders as a whole.

DEFINITIONS

In this announcement, the capitalised terms used herein shall have the following meanings:

“Acquisition”	the acquisition of the entire equity interest in Zhejiang Huize pursuant to the Equity Transfer Agreement;
“Board”	the board of Directors;
“China” or “PRC”	The People’s Republic of China which, for the purpose of this announcement, excludes The Hong Kong Special Administrative Region of the PRC, The Macau Special Administrative Region of the PRC and Taiwan;
“Company”	China Ting Group Holdings Limited (華鼎集團控股有限公司) (Stock code: 03398), a company incorporated under the laws of the Cayman Islands with limited liability on 31 May 2005 with all of its shares listed on the Stock Exchange;
“Completion”	completion of the Transactions;
“Directors”	the directors of the Company;
“Equity Transfer Agreement”	the equity transfer agreement dated 19 October 2009 and entered into between Zhejiang China Ting Group, the Vendors and Zhejiang Haoran in respect of the acquisition of the entire equity interest in Zhejiang Huize;
“Escrow Agent”	浙江時代商務律師事務所 (Zhejiang Times Commercial Law Firm*), the escrow agent pursuant to the Escrow Agent Agreement, an Independent Third Party;
“Escrow Agent Agreement”	the escrow agent agreement dated 19 October 2009 signed between the Vendors, Zhejiang China Ting Group and the Escrow Agent pursuant to which the Escrow Agent shall hold in escrow the amounts payable by Zhejiang China Ting Group for the Transactions until Completion;
“Existing Lenders”	the Vendors, Shanghai Pingying Electric Limited Company, YANG Wenhuan and CHEN Pingping, all of them are Independent Third Parties and the transferors of the Haoran Shareholder’s Loan;
“Group”	the Company and its subsidiaries;
“Haoran Shareholder’s Loan”	the interest-free and unsecured loan of RMB172.70 million (equivalent to approximately HK\$196.07 million) provided to Zhejiang Haoran by the Existing Lenders, which will be transferred to Zhejiang China Ting Group following Completion pursuant to the terms and conditions of the Loan Transfer Agreement;

“Independent Third Party(ies)”	third party(ies) who is/are independent of the Company, the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates as defined in the Listing Rules;
“Land”	a parcel of land with an area of approximately 15,259 sq.m. situated at Lot B-06-1, Qianjiang New City, Hangzhou, Zhejiang Province, China which has been acquired by Zhejiang Haoran pursuant to a land transfer contract (Hang Tu He Zi (2008) No. 111) dated 30 January 2008;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Loan Transfer Agreement”	the loan transfer agreement dated 19 October 2009 and entered into between Zhejiang China Ting Group, the Existing Lenders and Zhejiang Haoran in respect of the transfer of the Haoran Shareholder’s Loan from the Existing Lenders to Zhejiang China Ting Group;
“PRC Legal Advisers”	浙江金道律師事務所 (Zhejiang Brighteous Law Firm*), the PRC legal advisers to the Company and Zhejiang China Ting Group on the Transactions;
“Property Project”	the business building development project with a gross floor area of approximately 122,070 sq.m. proposed to be erected by Zhejiang Haoran on the Land;
“RMB”	Renminbi yuan, the lawful currency of China;
“Shareholders”	holders of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Transactions”	the Acquisition and the transfer of the Haoran Shareholder’s Loan;
“Vendors”	Mr. PAN Miaofei and Mr. CHEN Hanpin, the holders of all equity interest in Zhejiang Huize holding 90% and 10%, respectively, both are Independent Third Parties;
“Zhejiang China Ting Group”	浙江華鼎集團有限責任公司 (Zhejiang China Ting Group Company Limited*), a limited liability company established under the laws of the PRC on 16 August 2001 and is owned as to 92% of its equity interest by the Company and the remaining 8% of its equity interest by Mr. DING Xinger, Mr. FU Xiao Bo and Mr. YE Ai Min;
“Zhejiang Haoran”	浙江浩然置業有限公司 (Zhejiang Haoran Property Company Limited*), a limited liability company established under the laws of the PRC on 10 March 2008;

“Zhejiang Huize”

浙江惠澤投資有限公司 (Zhejiang Huize Investment Company Limited*), a limited liability company established under the laws of the PRC on 11 April 2008; and

“sq.m.”

square metre.

By order of the Board of
China Ting Group Holdings Limited
TING HUNG YI
Chief Executive Officer

Hong Kong, 19 October 2009

* *English translation for identification only.*

Unless otherwise specified, translations of RMB into HK\$ in this announcement are based on the rates of HK\$1.0 = RMB0.8808. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

As at the date of this announcement, the executive Directors are Mr. TING Man Yi, Mr. TING Hung Yi, Mr. DING Jianer and Mr. CHEUNG Ting Yin and the independent non-executive Directors are Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit.