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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 TRANSACTION ESTABLISHMENT OF HANGZHOU CHINA TING PROPERTY

The Board is pleased to announce that Hangzhou China Ting Property was approved to be established on 24 December 2010. Hangzhou China Ting Property is held as to 49.0% by Zhejiang China Ting and 51.0% by Zhejiang Huading Property, and was established pursuant to the Investors' Cooperative Agreement.

Zhejiang China Ting is a non-wholly owned subsidiary of the Company. Zhejiang Huading Property is a connected person (as defined under the Listing Rules) of the Company. The Investors' Cooperative Agreement therefore constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceeds 0.1% but is less than 5%, the establishment of Hangzhou China Ting Property (pursuant to the Investors' Cooperative Agreement) is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

As of the date of this announcement, the board of directors of Hangzhou China Ting Property has not resolved to invest in any property project in the PRC. The amount committed by Zhejiang China Ting is, as of the date of this announcement, restricted to 49.0% of the registered capital of Hangzhou China Ting Property, i.e. RMB19.6 million (equivalent to approximately HK\$23.1 million). Should there be any additional investment made by Hangzhou China Ting Property or that the capital commitment to Hangzhou China Ting Property be increased in the future, the Company will comply with the applicable disclosure and shareholders' approval requirements under the Listing Rules.

INTRODUCTION

The Board is pleased to announce that Hangzhou China Ting Property was approved to be established on 24 December 2010. Hangzhou China Ting Property is held as to 49.0% by Zhejiang China Ting and 51.0% by Zhejiang Huading Property, and was established pursuant to the Investors' Cooperative Agreement.

INFORMATION ON THE INVESTORS' COOPERATIVE AGREEMENT

The following table sets forth the principal terms of the Investors' Cooperative Agreement:-

Date:	24 December 2010
Parties:	Zhejiang China Ting, a non-wholly owned subsidiary of the Company; and Zhejiang Huading Property, a connected person (as defined in the Listing Rules) of the Company.
Term:	Ten years from the date of issue of its business licence, i.e. 24 December 2010, unless extended upon mutual consent by Zhejiang China Ting and Zhejiang Huading Property.
Scope of business:	Hangzhou China Ting Property is permitted to be engaged in the property development business.
Total investment amount:	RMB40.0 million (equivalent to approximately HK\$47.1 million)
Registered capital:	The registered capital of Hangzhou China Ting Property shall be RMB40.0 million (equivalent to approximately HK\$47.1 million), which shall be contributed by:- — Zhejiang China Ting as to RMB19.6 million, representing 49% of the total registered capital; and — Zhejiang Huading Property as to RMB20.4 million, representing 51% of the total registered capital. The contribution made by Zhejiang China Ting will be funded by its internal resources.
Board of directors:	The board of directors of Hangzhou China Ting Property will consist of five directors, to be nominated by Zhejiang China Ting as to two directors and Zhejiang Huading Property as to three directors.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTORS' COOPERATIVE AGREEMENT

The Group is principally engaged in silk and cotton garment export business (OEM) in the PRC with the principal markets including the United States and selected European countries. The Group is also engaged in retail fashion business in the PRC with its own proprietary brands. The principal production facilities of the Group are situated at Yuhang, Zhejiang

Province, the PRC. In recent years, due to the global financial crisis and the continuous increases in the labour and other operating costs in the PRC, the profit margins for the OEM business of the Group experience continuous decreases, albeit that the turnover of the OEM business of the Group grew steadily during the six months ended 30 June 2010, as compared with the same period in 2009. With the steady revenue growth at decreasing profit margins, the OEM business provides the Group with a steady source of cash inflow. As of 30 June 2010, the Group had cash and bank balances of approximately HK\$470.1 million. The Directors (including the independent non-executive Directors) believe that a diversified investment strategy using the cash and bank balances of the Group would be in the best interest of the Group and would reduce the reliance of the Group on the economic performance of the principal export markets, such as the United States and the European countries.

Zhejiang Huading Property has been engaged in the property business in Zhejiang Province, the PRC since 6 June 2001 and is managed by an independent professional management team. As of the date of this announcement, Zhejiang Huading Property is engaged in the development of five property projects in Zhejiang Province, the PRC. The Directors anticipate that the establishment of Hangzhou China Ting Property will provide a platform for the Group to leverage the expertise and experience of Zhejiang Huading Property in exploring additional business opportunities in the PRC property business in the future.

The Directors (including the independent non-executive Directors) confirm that the terms of the Investors' Cooperative Agreement are negotiated on an arm's length basis and on normal commercial terms and are based on the amount of registered capital required to be contributed by Zhejiang China Ting. The composition of the board of directors of Hangzhou China Ting Property reflects the relative contributions made by the respective parties. On this basis, the Directors (including the independent non-executive Directors) consider the terms of the Investors' Cooperative Agreement to be fair and reasonable and in the interests of the Group and the Shareholders as a whole. Hangzhou China Ting Property will be treated as an investment, but not a non-wholly owned subsidiary of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As Zhejiang Huading Property is a sino-foreign joint venture company held by China Ting Industries, Mr. DING Jianer, an executive Director, and by Mr. DING Xinger, the elder brother of all executive Directors (other than Mr. CHEUNG Ting Yin, Peter) and that China Ting Industries is owned as to 75.0% by Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer, all are executive Directors Zhejiang Huading Property is a connected person (as defined in the Listing Rules) of the Company. Accordingly, the Investors' Cooperative Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Each of Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer has abstained from voting on the board resolution regarding the establishment of Hangzhou China Ting Property pursuant to the Investors' Cooperative Agreement.

As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceeds 0.1% but is less than 5%, the establishment of Hangzhou China Ting Property (pursuant to the Investors' Cooperative Agreement) is subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules.

As of the date of this announcement, the board of directors of Hangzhou China Ting Property has not resolved to invest in any property project in the PRC. The amount committed by Zhejiang China Ting is, as of the date of this announcement, restricted to 49.0% of the

registered capital of Hangzhou China Ting Property, i.e. RMB19.6 million (equivalent to approximately HK\$23.1 million). Should there be any additional investment made by Hangzhou China Ting Property or that the capital commitment to Hangzhou China Ting Property be increased in the future, the Company will comply with the applicable disclosure and shareholders' approval requirements under the Listing Rules.

GENERAL INFORMATION

Information on Zhejiang China Ting and the Company

Zhejiang China Ting is a wholly-foreign owned enterprise established in the PRC and is owned as to 92.0% by the Company with the remaining 8.0% by Mr. DING Xinger, Mr. FU Xiao Bo and Mr. YE Ai Min. Zhejiang China Ting is principally engaged in garment trading. The Company is an investment holding company with all of its shares listed on the Stock Exchange, and the Group is principally engaged in the silk and cotton garment manufacturing and export business and fashion retail business in the PRC.

Information on Zhejiang Huading Property

Zhejiang Huading Property is a sino foreign equity joint venture company established in China and is owned as to 90.0% by China Ting Industries, 7.0% by Mr. DING Jianer and 3.0% by Mr. DING Xinger. Zhejiang Huading Property is a connected person (as defined in the Listing Rules) of the Company. Zhejiang Huading Property is engaged in the property development business in the PRC.

DEFINITIONS

In this announcement, unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:-

“Board”	the board of Directors;
“China Ting Industries”	China Ting Industries Investment (Hong Kong) Limited 華鼎實業投資香港有限公司, a company incorporated in Hong Kong with limited liability on 24 April 2002 and owned as to 25.0% by each of Mr. TING Man Yi, Mr. TING Hung Yi, Mr. DING Jianer and Mr. SHUM Pui Hung;
“Company”	China Ting Group Holdings Limited 華鼎集團控股有限公司, a company incorporated under the laws of the Cayman Islands with limited liability with its Shares being listed on the main board of the Stock Exchange;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hangzhou China Ting Property”	杭州華鼎房地產開發有限公司 (Hangzhou China Ting Property Development Company Limited*), a limited liability company established in the PRC pursuant to the Investors' Cooperative Agreement;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;

“Investors’ Cooperative Agreement”	股東合作經營合同 (the Investors’ Cooperative Agreement*) dated 24 December 2010 entered into between Zhejiang China Ting and Zhejiang Huading Property;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	The People’s Republic of China which excludes, for the purpose of this announcement, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	holders of the Shares;
“Shares”	shares of HK\$0.1 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Zhejiang China Ting”	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 92.0% by the Company and the remaining 8.0% by Mr. DING Xinger, Mr. FU Xiao Bo and Mr. YE Ai Min; and
“Zhejiang Huading Property”	浙江華鼎房地產開發有限公司 (Zhejiang Huading Property Development Company Limited*), a sino-foreign equity joint venture company established in the PRC on 6 June 2001, held as to 90.0% by China Ting Industries, 7.0% by Mr. DING Jianer and 3.0% by Mr. DING Xinger, and a connected person (as defined in the Listing Rules) of the Company.

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

Hong Kong, 30 December 2010

* *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 = RMB0.85. 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, Peter and the independent non-executive Directors are Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit.