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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 AND CONNECTED TRANSACTION LOAN GUARANTEE TO BE PROVIDED TO HANGZHOU CHINA TING PROPERTY**

#### **BACKGROUND INFORMATION ON HANGZHOU CHINA TING PROPERTY**

Hangzhou China Ting Property was established pursuant to the Investors' Cooperative Agreement and is owned as to 49.0% by Zhejiang China Ting and 51.0% by Zhejiang Huading Property. As of the date of this announcement, the investment amount committed by Zhejiang China Ting is restricted to 49.0% of the registered capital of Hangzhou China Ting Property of RMB40.0 million (equivalent to approximately HK\$47.1 million), i.e. RMB19.6 million (equivalent to approximately HK\$23.1 million).

At the time of establishment of Hangzhou China Ting Property, the commitments made by the respective parties were restricted to the amount of registered capital. As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceeded 0.1% but was less than 5%, the establishment of Hangzhou China Ting Property (pursuant to the Investors' Cooperative Agreement) was, as of the date of the Announcement, subject to the reporting and announcement requirements, but was exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **LOAN GUARANTEE TO BE PROVIDED TO HANGZHOU CHINA TING PROPERTY**

On 12 January 2011, the board of directors of Hangzhou China Ting Property resolved to acquire the Land from Zhejiang Huading Property for a total consideration of RMB690.0 million (equivalent to approximately HK\$811.8 million). In order to finance this acquisition, Zhejiang China Ting and Zhejiang Huading Property have agreed to provide additional funding to Hangzhou China Ting Property by way of entering into entrusted loan arrangements in favour of Hangzhou China Ting Property. Pursuant to the proposed entrusted loan arrangements, Zhejiang China Ting would provide, subject to full compliance with the applicable laws and regulations which include, but without limitation to, the Listing Rules, a loan guarantee to a bank in the PRC for the loan to Hangzhou China Ting Property in proportion to its equity interest in Hangzhou China Ting Property. On this basis, the amount of the loan guarantee to be provided by Zhejiang China Ting will amount to RMB343.0 million (equivalent to approximately HK\$403.5 million) and the amount of the loan guarantee to be provided by Zhejiang Huading Property will amount to RMB357.0 million (equivalent to approximately HK\$420.0 million).

The PRC legal advisers to the Company has confirmed that the above loan guarantees and the entrusted loan arrangements are valid and lawful under the laws and regulations in the PRC.

### **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 14.22 of the Listing Rules, the proposed loan guarantee by Zhejiang China Ting to Hangzhou China Ting Property would be considered as part of the transaction on the establishment of Hangzhou China Ting Property as the two transactions are conducted within a 12-month period and are closely related. Hence, the proposed loan guarantee, even though that it is provided by Zhejiang China Ting in proportion to its equity interest in Hangzhou China Ting Property, is deemed to be part of a connected transaction (as defined in the Listing Rules) for the Company relating to the establishment of Hangzhou China Ting Property which, in aggregate, would amount to RMB362.6 million (equivalent to approximately HK\$426.6 million). The amount of the loan guarantee and the investment amount provided by Zhejiang China Ting exceed 5% but are less than 25% of any of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules), and constitute a discloseable and connected transaction for the Company under the Listing Rules that would be subject to the reporting, announcement and independent Shareholders' approval requirement under the Listing Rules.

An independent board committee of the Company will be established to advise the independent Shareholders, and an independent financial adviser will be appointed to advise the independent board committee of the Company and the independent Shareholders, in relation to the proposed loan guarantee by Zhejiang China Ting to Hangzhou China Ting Property.

A circular containing, among other things, further information on the loan guarantee, together with the recommendation of the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee and the independent Shareholders and a notice convening the EGM, will be despatched to the Shareholders on or before 2 February 2011.

## **BACKGROUND INFORMATION ON HANGZHOU CHINA TING PROPERTY**

The Directors refer to the Announcement.

Hangzhou China Ting Property was established pursuant to the Investors' Cooperative Agreement and is owned as to 49.0% by Zhejiang China Ting and 51.0% by Zhejiang Huading Property. As of the date of this announcement, the investment amount committed by Zhejiang China Ting is restricted to 49.0% of the registered capital of Hangzhou China Ting Property of RMB40.0 million (equivalent to approximately HK\$47.1 million), i.e. RMB19.6 million (equivalent to approximately HK\$23.1 million).

Zhejiang Huading Property is a sino-foreign joint venture company held by China Ting Industries, Mr. DING Jianer, an executive Director, and Mr. DING Xinger, the elder brother of all the executive Directors (other than Mr. CHEUNG Ting Yin, Peter). 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 therefore a connected person (as defined in the Listing Rules) of the Company. Accordingly, the Investors' Cooperative Agreement constitutes a connected transaction (as defined in the Listing Rules) for the Company under Chapter 14A of the Listing Rules.

At the time of establishment of Hangzhou China Ting Property, the commitments made by the respective parties were restricted to the amount of registered capital. As one or more of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceeded 0.1% but was less than 5%, the establishment of Hangzhou China Ting Property (pursuant to the Investors' Cooperative Agreement) was, as of the date of the Announcement, subject to the reporting and announcement requirements, but was exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **LOAN GUARANTEE TO BE PROVIDED TO HANGZHOU CHINA TING PROPERTY**

On 12 January 2011, the board of directors of Hangzhou China Ting Property resolved to acquire the Land from Zhejiang Huading Property for a total consideration of RMB690.0 million (equivalent to approximately HK\$811.8 million). In order to finance this acquisition, Zhejiang China Ting and Zhejiang Huading Property have agreed to provide additional funding to Hangzhou China Ting Property by way of entering into entrusted loan arrangements in favour of Hangzhou China Ting Property. Pursuant to the proposed entrusted loan arrangements, Zhejiang China Ting would provide, subject to full compliance with the applicable laws and regulations which include, but without limitation to, the Listing Rules, a loan guarantee to a bank in the PRC for the loan to Hangzhou China Ting Property in proportion to its equity interest in Hangzhou China Ting Property. On this basis, the amount of the loan guarantee to be provided by Zhejiang China Ting will amount to RMB343.0 million (equivalent to approximately HK\$403.5 million) and the amount of the loan guarantee to be provided by Zhejiang Huading Property will amount to RMB357.0 million (equivalent to approximately HK\$420.0 million).

Pursuant to the entrusted loan arrangement, Zhejiang China Ting proposes to provide a sum of not more than RMB343.0 million (equivalent to approximately HK\$403.5 million) to a bank as surety for a loan to be provided by the bank to Hangzhou China Ting Property.

The following sets forth the principal terms and conditions of the entrusted loan arrangement proposed to be entered into between Zhejiang China Ting, Hangzhou China Ting Property and a bank in the PRC which is an Independent Third Party.

<b>Parties:</b>	(a) Zhejiang China Ting, as guarantor; (b) Hangzhou China Ting Property, as borrower; and (c) a recognised bank in China, as lender.
<b>Principal:</b>	Not more than RMB343.0 million
<b>Term of the entrusted loan:</b>	Not more than three years
<b>Annual interest rate:</b>	The relevant prevailing RMB lending rate for the same loan period published by The People's Bank of China plus 20%, or cost of financing of the Group, whichever is higher.
<b>Purpose of the entrusted loan:</b>	The loan is to be used by Hangzhou China Ting Property for partial payment of purchase price of the Land and as general working capital

### **Security**

The entrusted loan is to be secured by a deposit of not more than RMB343.0 million (equivalent to approximately HK\$403.5 million) provided by Zhejiang China Ting and a deposit of not more than RMB357.0 million (equivalent to approximately HK\$420.0 million) provided by Zhejiang Huading Property in proportion to their respective equity interests in Hangzhou China Ting Property.

### **INFORMATION ON THE LAND**

The Land is a parcel of land owned by Zhejiang Huading Property as of the date of this announcement. The Land has a site area of approximately 32,345 square meters and is located on the western side of South Avenue and the northern side of Halian Peninsula Residence, Linping New Town, Yuhang District, Hangzhou, Zhejiang Province, the PRC. The market value of the Land as appraised by an independent valuer, Savills Valuation and Professional Services Limited, is RMB700.0 million as of 31 December 2010. The original purchase cost of the Land by Zhejiang Huading Property is RMB690.0 million which was fully settled by Zhejiang Huading Property as of the date of this announcement. Zhejiang Huading Property has agreed to sell the Land to Hangzhou China Ting Property at the original purchase cost.

As of the date of this announcement, Zhejiang Huading Property has entered into the contract for the grant of state-owned land use rights and is entitled to transfer the Land to Hangzhou China Ting Property. All taxes, imposes, charges and expenses relating to the transfer shall be borne by Zhejiang Huading Property. The PRC legal advisers to the Company confirm that there is no legal impediment for the transfer of Land from Zhejiang Huading Property to Hangzhou China Ting Property upon the payment of the consideration of RMB690.0 million (equivalent to approximately HK\$811.8 million).

## **DEVELOPMENT OF THE LAND AND THE REASONS FOR THE DEVELOPMENT**

The Directors consider that the Land is situated at the center of Yuhang District and is very close to the high-speed railway and subway stations. Given the blooming of the PRC economy and the increase in the demand for high-end residential apartments, the Directors believe that the Land will have significant potential in building a residential complex. The following sets forth the restrictions that would be applied in developing property project on the Land:-

Usage	:	Commercial and Residential
Land use term	:	Commercial: 40 years Residential: 70 years
Permissible aboveground gross floor area	:	Not exceeding 80,862.50 square meters
Greenery ratio	:	Not less than 30%
Building density	:	Not exceeding 28%
Building height	:	100 meters

The Directors also believe that the entrusted loan arrangement is the most appropriate form of funding to Hangzhou China Ting Property without increasing the amount of registered capital. As mentioned in the Announcement, the Directors believe that a diversified investment strategy using the available financial resources 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. The loan guarantee and the related entrusted loan arrangement will provide funding to Hangzhou China Ting Property for the acquisition of the Land, which would be beneficial to the Group to explore the property development business in China. The Directors also believe that although the loan guarantee, which is to be provided in proportion to the Group's interest in Hangzhou China Ting Property, will increase the gearing ratio of the Group, the Group is still in healthy position as the Group has solid financial background and the Land will have significant development potential and will provide promising return in the future years. The Directors further believe that the development of the Land will benefit the Group in its future business development and expansion.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to Rule 14.22 of the Listing Rules, the proposed loan guarantee by Zhejiang China Ting to Hangzhou China Ting Property would be considered as part of the transaction on the establishment of Hangzhou China Ting Property as the two transactions are conducted within a 12-month period and are closely related. Hence, the proposed loan guarantee, even though that it is provided by Zhejiang China Ting in proportion to its equity interest in Hangzhou China Ting Property, is deemed to be part of a connected transaction (as defined in the Listing Rules) for the Company relating to the establishment of Hangzhou China Ting Property which, in aggregate, would amount to RMB362.6 million (equivalent to approximately HK\$426.6 million). The amount of the loan guarantee and the investment amount provided by Zhejiang China Ting exceed 5% but are less than 25% of any of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules), and constitute a discloseable and connected transaction for the Company under the Listing Rules that would be subject to the reporting, announcement and independent Shareholders' approval requirement under the Listing Rules.

An independent board committee of the Company will be established to advise the independent Shareholders, and an independent financial adviser will be appointed to advise the independent board committee of the Company and the independent Shareholders, in relation to the proposed loan guarantee by Zhejiang China Ting to Hangzhou China Ting Property.

A circular containing, among other things, further information on the loan guarantee, together with the recommendation of the independent board committee of the Company, the advice from the independent financial adviser to the independent board committee and the independent Shareholders and a notice convening the EGM, will be despatched to the Shareholders on or before 2 February 2011.

The Directors (excluding the independent non-executive Directors whose views are to be included in the shareholders' circular to be issued by the Company as mentioned in this announcement) consider that the proposed loan guarantee by Zhejiang China Ting to Hangzhou China Ting Property is on normal commercial terms and fair and reasonable and in the interest of the Company and the Shareholders as a whole.

## **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:-*

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| “Announcement”   | the announcement of the Company dated 30 December 2010 on the establishment of Hangzhou China Ting Property;  |
| “Board”          | the board of Directors;   |
| “China” or “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; |

“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;
“EGM”	the extraordinary general meeting proposed to be convened for the purpose of considering and if thought fit, approving, the proposed guarantee to be provided by Zhejiang China Ting for the bank loan proposed to be made to Hangzhou China Ting Property;
“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;
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are not connected with (within the meaning of the Listing Rules) any Directors, chief executive or substantial shareholders (within the meaning of the Listing Rules) of the Company, its subsidiaries or any of their respective associates;
“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;
“Land”	a parcel of land with a site area of 32,345 square meters and is located on the western side of South Avenue and the northern side of Halian Peninsula Residence, Linping New Town, Yuhang District, Hangzhou, Zhejiang Province, the PRC;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“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, 12 January 2011

\* *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.*