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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)**

### CONNECTED TRANSACTION ADDITIONAL CAPITAL INJECTION INTO HANGZHOU CHINA TING PROPERTY

The Board refers to the First Announcement, the Second Announcement and the Circular. The Board also refers to the EGM at which the resolution on the loan guarantee (the “**Loan Guarantee**”) of RMB343.0 million (equivalent to approximately HK\$407.6 million) proposed to be made by Zhejiang China Ting was approved. As of the date of this announcement, the Loan Guarantee as contemplated in the Second Announcement and the Circular and approved by the Independent Shareholders at the EGM has yet to be executed.

Due to the recent stringent bank lending policies to newly established enterprises in the property sector and the measures of the national policy in China to restraint the continuous increases in the residential property prices in China, Hangzhou China Ting Property is not able to secure the entire amount of the required bank loan even though Zhejiang China Ting and Zhejiang Huading Property are prepared to provide the required loan guarantees for the entrusted loan.

The Directors have decided not to proceed with the execution of the Loan Guarantee. Following discussions with Zhejiang Huading Property, the Directors have decided that Zhejiang China Ting will provide additional equity investment to Hangzhou China Ting Property by way of pro rata contribution to the registered capital and the total investment of Hangzhou China Ting Property.

Pursuant to Rule 14.25 of the Listing Rules, the proposed injection of further equity investment into 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 aggregate amount of the two transactions will amount to RMB98.0 million (equivalent to approximately HK\$116.5 million) which exceeds 0.1% but is less than 5.0% of any of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules). The two transactions, in aggregate, constitute a connected transaction (as defined in Chapter 14A of the Listing Rules) which is subject to the reporting and announcement requirements, but is exempt from the Independent Shareholders’ approval requirement under Chapter 14A of the Listing Rules.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the announcements of China Ting Group Holdings Limited (the “**Company**”) dated 30 December 2010 (the “**First Announcement**”) and dated 12 January 2011 (the “**Second Announcement**”) and the shareholders’ circular dated 2 February 2011 (the “**Circular**”), all of which were related to the establishment of Hangzhou China Ting Property and the financing arrangement relating to it.

## **BACKGROUND INFORMATION**

The Board refers to the First Announcement, the Second Announcement and the Circular. The Board also refers to the EGM at which the resolution on the loan guarantee (the “**Loan Guarantee**”) of RMB343.0 million (equivalent to approximately HK\$407.6 million) proposed to be made by Zhejiang China Ting was approved. As of the date of this announcement, the Loan Guarantee as contemplated in the Second Announcement and the Circular and approved by the Independent Shareholders at the EGM has yet to be executed. The Directors confirm that the Loan Guarantee will not be proceeded with for the reasons set forth below. Zhejiang China Ting will provide additional equity investment to Hangzhou China Ting Property on a pro rata basis with the other equity holder, Zhejiang Huading Property.

## **FURTHER INFORMATION ON THE LOAN GUARANTEE AND THE REASONS FOR TERMINATION**

The First Announcement was relating to the establishment of Hangzhou China Ting Property. As described in the Second Announcement and the Circular, 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\$819.9 million). For the purpose of financing this acquisition, Zhejiang China Ting and Zhejiang Huading Property have agreed to provide additional support to Hangzhou China Ting Property by way of an entrusted loan arrangement whereby a loan guarantee will be provided to a bank in the PRC (for the loan to Hangzhou China Ting Property) by each of Zhejiang China Ting and Zhejiang Huading Property in proportion to their respective equity interests in Hangzhou China Ting Property. On this basis, the amount of the proposed Loan Guarantee was RMB343.0 million (equivalent to approximately HK\$407.6 million). The amount of the proposed Loan Guarantee, together with the amount of the equity investment made by Zhejiang China Ting, exceeded 5.0% and were less than 25.0% of any of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules), constituted a discloseable and connected transaction (as defined in Chapter 14A of the Listing Rules) for the Company and was subject to the reporting, announcement and Independent Shareholders’ approval requirements under the Listing Rules. The Independent Shareholders approved the provision of the proposed Loan Guarantee at the EGM on 25 February 2011. An announcement on the poll result of the resolution passed at the EGM was issued by the Company on 25 February 2011.

However, due to the recent stringent bank lending policies to newly established enterprises in the property sector and the measures of the national policy in China to restraint the continuous increases in the residential property prices in China, Hangzhou China Ting Property is not able to secure the entire amount of the required bank loan even though Zhejiang China Ting and Zhejiang Huading Property are prepared to provide the required loan guarantees for the entrusted loan. The current situation is different from the circumstances at the time when the Second Announcement and the Circular were published

and when the EGM was held, during which the Directors were informed by the relevant bank that it was prepared to provide the required entrusted loan to Hangzhou China Ting Property. The Directors expect that such stringent bank lending policies in China would continue for such period of time during which Hangzhou China Ting Property will require additional funding for the acquisition of the Land and the related property development on the Land.

In light of the above recent changes, the Directors have decided not to proceed with the execution of the Loan Guarantee. Following discussions with Zhejiang Huading Property, the Directors have decided that Zhejiang China Ting will provide additional equity investment to Hangzhou China Ting Property by way of pro rata contribution to the registered capital and the total investment of Hangzhou China Ting Property.

## **REASONS FOR AND FURTHER INFORMATION ON THE ADDITIONAL CAPITAL INJECTION INTO HANGZHOU CHINA TING PROPERTY**

The current capitalisation of Hangzhou China Ting Property is RMB40.0 million (equivalent to approximately HK\$47.5 million). Such amount was determined on the basis that the entrusted loan arrangement would be implemented whereby the lending bank would provide the required funding to Hangzhou China Ting Property with the support of the proposed Loan Guarantee and the loan guarantee provided by Zhejiang Huading Property.

In the absence of such bank loan and for the purpose of providing additional funding to Hangzhou China Ting Property, the Directors have decided to approve a proposed increase in the registered capital and the total investment of Hangzhou China Ting Property from RMB40.0 million (equivalent to approximately HK\$47.5 million) to RMB200.0 million (equivalent to approximately HK\$237.7 million). The proposed increased amount of RMB160.0 million (equivalent to approximately HK\$190.1 million) will be contributed by the existing equity holders of Hangzhou China Ting Property, namely Zhejiang China Ting and Zhejiang Huading Property, in proportion to their respective equity interests in Hangzhou China Ting Property. Hence, Zhejiang China Ting will contribute a further amount of RMB78.4 million (equivalent to approximately HK\$93.2 million) and Zhejiang Huading Property will contribute the remaining balance of RMB81.6 million (equivalent to approximately HK\$97.0 million). Zhejiang China Ting would use its available financial resources to make such contribution. Based on the increased amount of registered capital and total investment, together with financial resources available to Hangzhou China Ting Property, the Directors confirm that Hangzhou China Ting Property would not require any further financing, by way of equity or debt, from Zhejiang China Ting. The Directors are also confirmed by Hangzhou China Ting Property that Hangzhou China Ting Property has no intention to obtain further equity funding from other third-party investors.

As the additional equity contribution is proposed to be made on a pro rata basis, the Directors (including the independent non-executive Directors) consider the terms of the additional equity contribution to be fair and reasonable and in the interests of the Group and the Shareholders as a whole. The additional equity contribution will be used by Hangzhou China Ting Property for the acquisition of the Land from Zhejiang Huading Property and for other costs that would be involved in the property development on the Land. The Directors expect that the further equity contribution will be made by Zhejiang China Ting by the end of April 2011.

Save for the above, the Directors have no intention to increase the Group's investment to Hangzhou China Ting Property or to implement any other loan guarantee within a period of 12 months from the date of this announcement. As confirmed by the PRC legal advisers to the Company, all the rights and obligations of Zhejiang China Ting in Hangzhou China Ting Property, as its 49.0% equity holder, will remain unchanged before and after the increase in the registered capital. The PRC legal advisers also confirm that there is no legal obstacle, under the PRC laws and regulations, to the proposed increase in the registered capital and the total investment amount of Hangzhou China Ting Property.

## **IMPLICATIONS UNDER THE LISTING RULES**

As set forth in the First Announcement, Zhejiang Huading Property is a connected person (as defined under the Listing Rules) of the Company. Accordingly, the establishment of Hangzhou China Ting Property constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. Based on the original investment amount of RMB19.6 million (equivalent to approximately HK\$23.3 million), the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) exceeded 0.1% but was less than 5.0%. Hence, the First Announcement was issued for the purpose of compliance with the applicable announcement requirement under Chapter 14A of the Listing Rules.

Pursuant to Rule 14.25 of the Listing Rules, the proposed injection of further equity investment into 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 aggregate amount of the two transactions will amount to RMB98.0 million (equivalent to approximately HK\$116.5 million) which exceeds 0.1% but is less than 5.0% of any of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules). The two transactions, in aggregate, constitute a connected transaction (as defined in Chapter 14A of the Listing Rules) which is subject to the reporting and announcement requirements, but is exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors have no present intention to further increase the equity investment in Hangzhou China Ting Property or implement any loan guarantee within a period of 12 months from the date of this announcement. If there is any such further transaction or other investment, the Company will fully comply with the applicable requirements under the Listing Rules.

## **GENERAL INFORMATION**

### **Information on Zhejiang China Ting and the Company**

Zhejiang China Ting is a limited liability company 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.

### **Information on Hangzhou China Ting Property**

Hangzhou China Ting Property is a limited liability company established in the PRC on 24 December 2010. Hangzhou China Ting Property is owned as to 51.0% by Zhejiang Huading Property and 49.0% by Zhejiang China Ting. Hangzhou China Ting Property is not a non-wholly owned subsidiary of the Company. Hangzhou China Ting is permitted to be engaged in the property development business.

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

Hong Kong, 30 March 2011

*Unless otherwise specified, translations of RMB into HK\$ in this announcement are based on the rates of HK\$1.0 = RMB0.84153. 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 of 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.*