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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)

PROFIT WARNING FOR THE SIX MONTHS ENDED 30 JUNE 2014

This announcement is made by the Board pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions.

Based on the unaudited management accounts of the Group for the 2014 First Six-Month Period and the currently available information, the Board wishes to inform the Shareholders and prospective investors of the Company that the operating profit of the Group during the 2014 First Six-Month Period would be adversely affected, and is expected to decrease significantly, because of (a) the amount due from Coldwater Creek to be written-off in full, (b) the possible provision for doubtful debts in respect of the defaulted NBC Entrusted Loans and the BOCOM Entrusted Loans, and (c) the fair value loss on derivative financial instruments.

The Board expects that the announcement of the results of the Group for the 2014 First Six-Month Period would be published around the end of August 2014.

This profit warning is based on the unaudited management accounts of the Group for 2014 First Six-Month Period and the information currently available to the Board. There may be changes or adjustments following further review and finalisation of the unaudited management accounts by the Board.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by the board (the “**Board**”) of directors (the “**Directors**”) of China Ting Group Holdings Limited (the “**Company**” which together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the inside information provisions (the “**Inside Information Provisions**”) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Based on the unaudited management accounts of the Group for the six months ended 30 June 2014 (the “**2014 First Six-Month Period**”) and the currently available information, the Board wishes to inform the shareholders (the “**Shareholders**”) of the Company and prospective investors of the Company that the operating profit of the Group during the 2014 First Six-Month Period would be adversely affected by, and is expected to decrease significantly, because of the following reasons:-

- (a) As set forth in the announcements (the “**Coldwater Creek Announcements**”) of the Company dated 9 May and 9 June 2014, one of the customers of the Group, Coldwater Creek (as defined in the Coldwater Creek Announcements), filed voluntary petitions of relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware on 11 April 2014. The Group filed proof of claim of US\$2.16 million (equivalent to HK\$16.85 million) on 6 June 2014. The Directors expect that full provision for doubtful debts of the claim amount would need to be made in the profit and loss of the Group for the 2014 First Six-Month Period.
- (b) As set forth in the announcements (the “**Entrusted Loans Announcements**”) of the Company dated 20 June and 23 June 2014, the Group may not be able to recover in full or in part of the NBC Entrusted Loans (as defined in the Entrusted Loan Announcements) and the BOCOM Entrusted Loans (as defined in the Entrusted Loans Announcements) in the total amount of RMB160.0 million (equivalent to HK\$200.0 million). These two loans are in default by the borrowers, and the Group has instructed PRC legal advisers to take the appropriate steps to recover the outstanding amount and/or obtain the collaterals for the defaulted entrusted loans. The Directors confirm that the relevant banks have initiated appropriate legal proceedings on behalf of the Group for the recovery of the total amount of the NBC Entrusted Loans and the BOCOM Entrusted Loans. The Group is in the process of evaluating (i) the recoverability of the defaulted entrusted loans and (ii) the value of the collaterals, and the Directors would decide whether any provision for doubtful debts be required to be made in profit and loss of the Group for the 2014 First Six-Month Period. The Directors are of the view that the loan default would not have any immediate adverse impact on the business operation and the cash flow position of the Group as the loans were made by the Group in the two previous financial years out of its own financial resources.
- (c) The Group entered into certain foreign exchange contracts (between US\$ and RMB) during the year of 2013 and the 2014 First Six-Month Period as part of the measures to mitigate the foreign exchange risk arising from the OEM trading business of the Group. According to the applicable accounting policies of the Group, the contracts would need to be evaluated against the market value of the corresponding currencies as of 30 June 2014. Based on the preliminary information available to the Board, the Group might record a fair value loss on derivative financial instruments of not more than HK\$35 million. Such loss does not represent any cash inflow/outflow during the 2014 First Six-Month Period but will be reflected in the profit and loss of the Group for the 2014 First Six-Month Period.

The Board expects that the announcement of the results of the Group for the 2014 First Six-Month Period would be published around the end of August 2014.

This profit warning is based on the unaudited management accounts of the Group for 2014 First Six-Month Period and the information currently available to the Board. There may be changes or adjustments following further review and finalisation of the unaudited management accounts by the Board.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 8 July 2014

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.