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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)**

### **ANNOUNCEMENT PURSUANT TO RULES 13.13 AND 13.15 OF THE LISTING RULES ADVANCE TO HANGZHOU CHINA TING PROPERTY**

This announcement is made by the Board pursuant to Rules 13.13 and 13.15 of the Listing Rules.

#### **INFORMATION ON THE ADVANCE**

On 15 December 2014, the Advance has been made to Hangzhou China Ting Property in proportion to the percentage of its equity interest held by Zhejiang China Ting. Hangzhou China Ting Property is owned as to 49.0% by Zhejiang China Ting and 51% by Zhejiang Huading Property. The total amount of the latest advance to Hangzhou China Ting Property from its equity holders is RMB40.0 million (equivalent to HK\$50.6 million). Hence, the amount of the Advance is RMB19.6 million (equivalent to HK\$24.8 million), representing 49.0% of the total amount of the latest advance. Zhejiang Huading Property has made an advance of RMB20.4 million (equivalent to HK\$25.8 million). The total amount of the latest advance received by Hangzhou China Ting Property will be used for its general working capital purpose.

The Directors consider that it is appropriate for the Group to continue to provide additional funding to Hangzhou China Ting Property for the purpose of maintaining the business operations of Hangzhou China Ting Property amid the unfavourable operating environment. The Directors confirm that the Advance has been made on normal commercial terms.

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

The Advance constitutes an “advancement to an entity” under Rule 13.13 of the Listing Rules. As of the date of this announcement, the Group has advanced to Hangzhou China Ting Property an aggregate amount of RMB221.8 million (equivalent to HK\$280.8 million) by way of equity holder’s loan, and the interests accrued thereon amounts to RMB21.7 million (equivalent to HK\$27.5 million). The total amount due from Hangzhou China Ting Property to the Group, including the Advance, is RMB263.1 million (equivalent to HK\$333.1 million).

As the total amount due from Hangzhou China Ting Property to the Group exceeds 8.0% under the asset ratio (as set forth in Chapter 14 of the Listing Rules), the Company is required to issue this announcement under Rule 13.15 of the Listing Rules.

Hangzhou China Ting Property is a non-wholly owned subsidiary of Zhejiang Huading Property which is owned by certain connected persons (as defined under the Listing Rules) of the Company. Hence, Hangzhou China Ting Property is an associate of the Company. The Advance constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.89, financial assistance provided by the Group for the benefit of Hangzhou China Ting Property on normal commercial terms and in proportion to its equity interest in Hangzhou China Ting Property are exempt from the reporting, announcement and independent Shareholders' approval requirements.

The Directors consider that the Advance is fair and reasonable and in the interest of the Group and the Shareholders as a whole with no material adverse impact on the financial position of the Group. The interested Directors, namely Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer, have abstained from voting on the relevant board resolutions approving the Advance.

This announcement is made by the Board pursuant to rules 13.13 and 13.15 of the Listing Rules.

#### **INFORMATION ON THE ADVANCE**

On 15 December 2014, the Advance has been made to Hangzhou China Ting Property in proportion to the percentage of its equity interest held by Zhejiang China Ting. Hangzhou China Ting Property is owned as to 49.0% by Zhejiang China Ting and 51% by Zhejiang Huading Property. The total amount of the latest advance to Hangzhou China Ting Property from its equity holders is RMB40 million (equivalent to HK\$50.6 million). Hence, the amount of the Advance is RMB19.6 million (equivalent to HK\$24.8 million), representing 49.0% of the total amount of the latest advance. Zhejiang Huading Property has made an advance of RMB20.4 million (equivalent to HK\$25.8 million). The total amount of the latest advance received by Hangzhou China Ting Property will be used for its general working capital purpose.

The Advance is made under the laws of the PRC for a fixed repayment term of one year with interest payable at the rate of 6.0% per annum. The Advance will be subordinated to all the existing loans of Hangzhou China Ting Property (other than the equity holders' loans made to it).

The Directors confirm that the Advance has been made on normal commercial terms.

#### **No collateral under the Advance**

The Directors do not consider it necessary to obtain collateral from Hangzhou China Ting Property for the Advance because of the equity interest held by the Group.

#### **REASONS FOR AND BENEFITS OF THE ADVANCE**

The residential property market in Hangzhou remains sluggish. Although Hangzhou China Ting Property has launched for sales its residential property development project, namely 君臨天峯府 (C. Ting King's Summit), since the end of October 2014, there is only a small number

of residential units sold to the customers. The average launch price of the residential units was set at a low level at around RMB10,800 (equivalent to HK\$13,670.9) per sq.m. The low average launch price and the small number of residential units sold adversely affect the short-term cash inflow of Hangzhou China Ting Property.

The Directors have been constantly reviewing the residential property market condition in Hangzhou preparing for the launch of the residential property project by Hangzhou China Ting Property. When the Company prepared its interim results for the six months ended 30 June 2014, the Directors assessed the then prevailing residential property market condition and expected that the residential property market in Hangzhou would be stabilised with the relaxation of the residential property purchase restrictions towards the end of July 2014. However, in spite of the policy change, there has been no significant increase in the level of demand for residential property. A number of property developers in Hangzhou also launch their residential property projects in the third quarter of 2014 with aggressive pricing strategies, which has resulted in an increasing supply of the residential property units and greater pressure on the selling prices. Hangzhou China Ting Property therefore encounters short-term cash inflow problem primarily due to the accumulation of unsold residential property units.

The Directors consider that it is appropriate for the Group to continue to provide additional funding to Hangzhou China Ting Property for the purpose of maintaining the business operations of Hangzhou China Ting Property amid the unfavourable operating environment.

Before making the decision on the Advance, the Directors considered the latest cash and bank balances of the Group of HK\$350.5 million as of 30 November 2014 as well as the undesirable consequence if the business operations of Hangzhou China Ting Property is ceased due to insufficient short-term funding. The amount of the Advance represents an insignificant portion of the cash and bank balances of the Group. The Group does not have any short-term expansion plan, nor does it require any significant amount of financial resources for its core business. The core business of the Group continues to generate positive operating cash flows. On this basis and given the fact that the other equity holder of Hangzhou China Ting Property, namely Zhejiang Huading Property, has made further advance on a pro rata basis, the Directors consider that making the Advance is appropriate and is in the interest of the Group and the Shareholders as a whole with no material adverse impact on the financial position of the Group.

The Directors understand that Hangzhou China Ting Property will continue to adjust and enhance its business strategies and to promote the sales of the residential property units with the objective of generating sufficient financial resources to sustain its business.

## **GENERAL INFORMATION**

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

Hangzhou China Ting Property is a limited liability company established in the PRC, and is owned as to 51.0% by Zhejiang Huading Property and 49.0% by Zhejiang China Ting. Hangzhou China Ting Property is an associate of the Company. Hangzhou China Ting Property is permitted to be engaged in the property development business.

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

Zhejiang China Ting is a non-wholly owned subsidiary of the Company 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.

China Ting Subsidiaries means 浙江華鼎紡織科技有限公司 (Zhejiang China Ting Textile Technology Company Limited\*) and 浙江華鼎針織品有限公司 (Zhejiang China Ting Knitwear Company Limited\*), both are wholly-foreign owned enterprises established in the PRC and wholly-owned subsidiaries of the Company.

The Company is an investment holding company with the Shares listed on the Stock Exchange. The Group is engaged in the business of garment manufacturing for export and retailing branded fashion and apparel items in China. The garment export business represents the principal source of income for the Group. The Group's garment is exported to almost all leading markets in the world, including the United States and major European countries.

## **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 an associate of certain connected persons of the Company. Zhejiang Huading Property is engaged in the property development business in the PRC.

## **IMPLICATIONS UNDER THE LISTING RULES**

The Advance constitutes an “advancement to an entity” under Rule 13.13 of the Listing Rules. As of the date of this announcement, the Group has advanced to Hangzhou China Ting Property an aggregate amount of RMB221.8 million (equivalent to HK\$280.8 million) by way of equity holder's loan, and the interests accrued thereon amounts to RMB21.7 million (equivalent to HK\$27.5 million). The total amount due from Hangzhou China Ting Property to the Group, including the Advance, is RMB263.1 million (equivalent to HK\$333.1 million).

As the total amount due from Hangzhou China Ting Property to the Group exceeds 8.0% under the asset ratio (as set forth in Chapter 14 of the Listing Rules), the Company is required to issue this announcement under Rule 13.15 of the Listing Rules.

Hangzhou China Ting Property is a non-wholly owned subsidiary of Zhejiang Huading Property which is owned by certain connected persons of the Company. Hence, Hangzhou China Ting Property is an associate of the Company. The Advance constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.89, financial assistance provided by China Ting Subsidiaries for the benefit of Hangzhou China Ting Property on normal commercial terms and in proportion to its equity interest in Hangzhou China Ting Property are exempt from the reporting, announcement and independent Shareholders' approval requirements.

The Directors consider that the Advance is fair and reasonable and in the interest of the Group and the Shareholders as a whole with no material adverse impact on the financial position of the Group. The interested Directors, namely Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer, have abstained from voting on the relevant board resolutions approving the Advance.

## DEFINITIONS USED IN THIS ANNOUNCEMENT

*Unless the context requires otherwise, the capitalised terms used herein shall have the following meanings:-*

“Advance”	means the amount of advance of RMB 19.6 million (equivalent to HK\$24.8 million) made by China Ting Subsidiaries to Hangzhou China Ting Property on 15 December 2014;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	means the board of Directors;
“China Ting Industries”	means 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;
“China Ting Subsidiaries”	means 浙江華鼎紡織科技有限公司 (Zhejiang China Ting Textile Technology Company Limited*) and 浙江華鼎針織品有限公司 (Zhejiang China Ting Knitwear Company Limited*), both are wholly-foreign owned enterprises established in the PRC and wholly-owned subsidiaries of the Company;
“Company”	refers to China Ting Group Holdings Limited (華鼎集團控股有限公司), a company incorporated in the Cayman Islands with all the Shares listed on the Stock Exchange;
“Directors”	means the directors of the Company;
“Group”	refers to the Company and its subsidiaries;
“Hangzhou China Ting Property”	means 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;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“PRC”	means The People’s Republic of China which for the purpose of this announcement, does not include The Hong Kong Special Administrative Region of the PRC, The Macau Special Administrative Region of the PRC and Taiwan;
“Shares”	means the shares of the Company with a par value of HK\$0.10;
“Shareholder(s)”	means shareholder(s) of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;

“Zhejiang China Ting”	means 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 and a non-wholly owned subsidiary of the Company, in which 92.0% of the equity interest is owned by the Company and the remaining 8.0% by Mr. DING Xinger, Mr. FU Xiao Bo and Mr. YE Ai Min;
“Zhejiang Huading Property”	means 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 and is owned 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;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	means Renminbi, the lawful currency of the PRC; and
“sq.m.”	means square metre(s).

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

Hong Kong, 15 December 2014

*\* For identification purposes only. The English names are only translation of the official Chinese names. In case of inconsistency, the Chinese names shall prevail.*

*Unless otherwise specified, translations of RMB into HK\$ in this circular are based on the rate of HK\$1.0 = RMB0.79. No representation is made that any amount in HK\$ and RMB can be or could have been converted at the relevant dates at this rate or any other rates at all.*

*As of the date of this announcement, the executive Directors are Mr. TING Man Yi (Chairman), Mr. TING Hung Yi (Chief Executive Officer), Mr. DING Jianer and Mr. CHEUNG Ting Yin, Peter and the independent non-executive Directors are Mr. WONG Chi Keung, Dr. CHENG Chi Pang and Mr. LEUNG Man Kit.*