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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**

**Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders**



Haitong International Capital Limited

A letter from the Board is set forth on pages 4 to 12 of this circular and a letter from the Independent Board Committee is set forth on pages 13 to 14 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set forth on pages 15 to 24 of this circular.

A notice convening the EGM to be held at China Ting Industrial Complex, 56 Beisha East Road, Linping Industrial Area, Yuhang District, Hangzhou, China on Friday, 25 February 2011 at 11:00 a.m. is set forth on pages EGM-1 to EGM-2 of this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish.

2 February 2011

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DEFINITIONS

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

“Announcement”	the announcement of the Company dated 30 December 2010 on the establishment of Hangzhou China Ting Property
“associate(s)”	having the meaning ascribed to such term in the Listing Rules
“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
“connected person(s)”	having the meaning ascribed to such term in the Listing Rules
“Controlling Shareholders”	Longerview Investments Limited, Mr. TING Man Yi (and his investment holding company), Mr. TING Hung Yi (and his investment holding company) and Mr. DING Jianer (and his investment holding company)
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held at China Ting Industrial Complex, 56 Beisha East Road, Linping Industrial Area, Yuhang District, Hangzhou, China at 11:00 a.m. on Friday, 25 February 2011, for the purpose of considering and, if thought fit, approving the proposed loan guarantee to be provided to Hangzhou China Ting Property, a notice of which is set forth on pages EGM-1 and EGM-2 of this circular or, where the context so admits, any adjournment thereof
“Group”	the Company and its subsidiaries from time to time

DEFINITIONS

“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 Board Committee”	an independent board committee of the Company comprising Dr. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit, all being the independent non-executive Directors
“Independent Financial Adviser” or “Haitong International Capital”	Haitong International Capital Limited, a corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO and the independent financial adviser of the Company to advise the Independent Board Committee and the Independent Shareholders on the proposed loan guarantee to be provided by Zhejiang China Ting to Hangzhou China Ting Property
“Independent Shareholders”	the Shareholders who are not required to abstain from voting at the EGM for the relevant resolution under the Listing Rules which shall not include the Controlling Shareholders
“Independent Third Party”	an individual(s) or a company(ies) who or which is/are not connected with 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 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, further information on which is set forth in Appendix I to this circular
“Latest Practicable Date”	31 January 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“OEM”	Original equipment manufactures

DEFINITIONS

“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong
“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
“subsidiary(ies)”	has the meaning ascribed to such term in the Listing Rules
“Valuer”	Savills Valuation and Professional Services Limited, an independent property valuer
“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
“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
“%”	per cent.

* *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 = RMB0.85. 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.



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)

Executive Directors:–

Mr. TING Man Yi (*Chairman*)
Mr. TING Hung Yi
Mr. DING Jianer
Mr. CHEUNG Ting Yin, Peter

Registered office:–

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Independent non-executive Directors:–

Dr. CHENG Chi Pang
Mr. WONG Chi Keung
Mr. LEUNG Man Kit

*Head office and principal place of business
in Hong Kong:–*

28th Floor, Futura Plaza
111–113 How Ming Street
Kwun Tong
Kowloon
Hong Kong

2 February 2011

To the Shareholders

Dear Sir or Madam,

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

INTRODUCTION

We refer to the announcements of the Company dated 30 December 2010 and 12 January 2011 in relation to the establishment of Hangzhou China Ting Property and a proposed loan guarantee to be provided by Zhejiang China Ting to Hangzhou China Ting Property for its acquisition of the Land from Zhejiang Huading Property.

LETTER FROM THE BOARD

BACKGROUND INFORMATION ON HANGZHOU CHINA TING PROPERTY

Hangzhou China Ting Property was approved to be established on 24 December 2010 pursuant to the Investors' Cooperative Agreement and is owned as to 49.0% by Zhejiang China Ting and 51.0% by Zhejiang Huading Property. At the time of establishment of Hangzhou China Ting Property, the investment amount committed by Zhejiang China Ting was 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).

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 of the Company.
Term:	10 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 is RMB40.0 million (equivalent to approximately HK\$47.1 million), which shall be contributed by:– <ul style="list-style-type: none">— Zhejiang China Ting as to RMB19.6 million (equivalent to approximately HK\$23.1 million), representing 49% of the total registered capital; and— Zhejiang Huading Property as to RMB20.4 million (equivalent to approximately HK\$24.0 million), representing 51% of the total registered capital.

The contribution made by Zhejiang China Ting will be funded by its internal resources.

LETTER FROM THE BOARD

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.

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.

PROVISION OF FINANCIAL ASSISTANCE BY WAY OF PROPOSED LOAN GUARANTEE 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 financial assistance under the loan guarantee of 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.

LETTER FROM THE BOARD

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.

Parties:	(a) Zhejiang China Ting, as guarantor (b) Hangzhou China Ting Property, as borrower (c) a recognised bank in China, as lender
Principal:	Not more than RMB343.0 million
Term of the entrusted loan:	Not more than three years
Annual interest rate:	The relevant prevailing RMB lending rate for the same loan period published by The People's Bank of China plus 20% thereof, or cost of financing of the Group, whichever is higher.
Purpose of the entrusted loan:	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 the Valuer was 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 circular. The market value of the Land as of 31 December 2010, as confirmed by the Valuer, was RMB700.0 million. A copy of the valuation report of the Land is set forth in Appendix I to this circular. 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 circular, 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

LETTER FROM THE BOARD

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).

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

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. Zhejiang Huading Property is currently 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's property business in the future.

As of the Latest Practicable Date, Zhejiang Huading Property was developing five residential and commercial property projects at locations different from the Land. In the event that Zhejiang Huading Property is proposed to engage in new property development projects, it shall direct such new projects to the Company. Zhejiang Huading Property shall only pursue the relevant new project if the Company decides not to pursue such new project which shall be subject to the approval by the independent non-executive Directors.

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

LETTER FROM THE BOARD

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.

Development of the Land

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 of the Company dated 30 December 2010, 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 proposed 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 even though the proposed 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 is expected to provide investment 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

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'

LETTER FROM THE BOARD

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 resolutions regarding the establishment of Hangzhou China Ting Property pursuant to the Investors' Cooperative Agreement and the provision of the proposed loan guarantee.

At the time of establishment of Hangzhou China Ting Property, 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 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).

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 subject to the reporting and announcement requirements, but is exempt from the independent Shareholders' approval requirement, under Chapter 14A of the Listing Rules. The Company therefore issued an announcement on 30 December 2010.

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 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 proposed 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.

The proposed loan guarantee also constitutes a provision of financial assistance to a connected person that would be exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.65(3)(b)(i) of 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.

LETTER FROM THE BOARD

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.

EGM

A notice convening the EGM to be held on Friday, 25 February 2011 at 11:00 a.m. at China Ting Industrial Complex, 56 Beisha East Road, Linping Industrial Area, Yuhang District, Hangzhou, China is set forth on pages EGM-1 to EGM-2 of this circular for the purpose of considering and, if thought fit, approving the proposed loan guarantee to be provided to Hangzhou China Ting Property.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof (as the case may be) if you so wish.

In accordance with the Listing Rules, the Controlling Shareholders, being connected persons of the Company and having material interests (which are different from those of the Independent Shareholders) in the proposed loan guarantee, will abstain from voting at the EGM for the relevant resolution. Further information on the shareholding of the Controlling Shareholders is set forth in the Appendix II to this circular.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, other than the Controlling Shareholders, there is no connected person of the Company, any Shareholders or their respective associates with a material interest in the relevant transactions required to abstain from voting at the EGM.

VOTING AT THE EGM

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll. The results of the voting will be announced in accordance with Rule 2.07C of the Listing Rules after the EGM.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders as to whether the provision and the terms and conditions of the proposed loan guarantee to be provided by Zhejiang China Ting to Hangzhou China Ting Property are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Haitong International Capital, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in the same regard.

RECOMMENDATION

Based on the above, the Directors (including the independent non-executive Directors) consider that the provision and the terms of the loan guarantee to be provided by Zhejiang China Ting to Hangzhou China Ting Property are on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend all the Independent Shareholders to vote in favour of the ordinary resolution as set forth in the notice of the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the valuation report of the Land set forth in Appendix I to this circular. Certain additional information, as required to be disclosed under the Listing Rules, is set forth in the Appendix II to this circular and the notice of the EGM.

Yours faithfully,
By Order of the Board
China Ting Group Holdings Limited
TING Hung Yi
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in connection with provision and the terms of the proposed loan guarantee to Hangzhou China Ting Property for inclusion in this circular.



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)

2 February 2011

To the Independent Shareholders

Dear Sir or Madam,

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

Unless the context requires otherwise, the capitalised terms used herein shall have the same meanings as defined in the circular.

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholder as to whether, in our opinion, the provision and the terms of the proposed loan guarantee to be provided by Zhejiang China Ting to Hangzhou China Ting Property, further information on which is set forth in the circular issued by the Company to the Shareholders dated 2 February 2011 (the “**Circular**”), of which this letter forms part.

We wish to draw the attention of the Independent Shareholders to the letter from the Board and letter of advice from Haitong International Capital, the Independent Financial Adviser, set forth on pages 4 to 12 and pages 15 to 24 of the Circular, respectively.

Having taken into account the principal factors and reasons considered by Haitong International Capital, its conclusion and advice, we concur with the view of Haitong International Capital and consider that the provision and the terms of the proposed loan guarantee to be provided by Zhejiang China Ting to Hangzhou China Ting Property are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholder to vote in favour of the ordinary resolution to be proposed at the EGM.

Yours faithfully,

**Independent Board Committee of
China Ting Group Holdings Limited**

Dr. CHENG Chi Pang

Mr. WONG Chi Keung

Mr. LEUNG Man Kit

Independent non-executive Directors

LETTER FROM HAITONG INTERNATIONAL CAPITAL

The following is the letter of advice to the Independent Board Committee and Independent Shareholders from Haitong International Capital Limited for the purpose of incorporation into this circular.



25th Floor
New World Tower
16–18 Queen’s Road Central
Hong Kong

2 February 2011

To the Independent Board Committee and the Independent Shareholders
China Ting Group Holdings Limited
28th Floor, Futura Plaza
111–113 How Ming Street
Kwun Tong
Kowloon
Hong Kong

Dear Sirs,

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

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed loan guarantee to be provided by Zhejiang China Ting to Hangzhou China Ting Property, details of which are set out in the Letter from the Board (the “Board Letter”) contained in this circular (the “Circular”) dated 2 February 2011 issued by the Company to the Shareholders, of which this letter forms part. Capitalized terms used in this letter shall have the same respective meanings as those defined in the Circular unless the context requires otherwise.

LETTER FROM HAITONG INTERNATIONAL CAPITAL

As referred to in the Board Letter, Hangzhou China Ting Property was established with a registered capital of RMB40.0 million pursuant to the Investors' Cooperative Agreement and is owned as to 49.0% by Zhejiang China Ting (a non-wholly owned subsidiary of the Company) and 51.0% by Zhejiang Huading Property (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). 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). 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 arrangement, 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 be granted by such bank to Hangzhou China Ting Property in proportion to its equity interest in Hangzhou China Ting Property, which is not more than RMB343.0 million (equivalent to approximately HK\$403.5 million). 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 as those two transactions are conducted within a 12-month period and are closely related. The amount of the loan guarantee to be provided by Zhejiang China Ting, when aggregated with its capital contribution amount in Hangzhou China Ting Property, exceed 5% but are less than 25% of any of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules), and therefore constitutes a discloseable and connected transaction for the Company under the Listing Rules that would be subject to the requirements of reporting, announcement and approval by the Independent Shareholders at the EGM.

An Independent Board Committee comprising all the independent non-executive Directors, namely Dr. Cheng Chi Pang, Mr. Wong Chi Keung and Mr. Leung Man Kit, has been established to advise the Independent Shareholders in respect of the terms of the entrusted loan arrangement and whether or not to vote in favour of the entrusted loan arrangement. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, our role is to provide the Independent Board Committee and the Independent Shareholders with an independent opinion and recommendation as to whether the terms of the entrusted loan arrangement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and the entering into of the entrusted loan arrangement is in the interests of the Company and the Independent Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the information, financial information and the facts supplied to us and representations expressed by the Directors and/or management of the Group and have assumed that all such information, financial information and facts and any representations made to us, or referred to in the Circular, in all material aspects, are true, accurate and complete as at the time they were made and continue to be so as at the date of the Circular, has been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors and/or the management of the Group have confirmed that, after having made all reasonable enquiries and to the best of their knowledge and belief, all relevant information has been supplied to us and that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analyses were based upon, among others, the information provided by the Group including the annual report of the Company for the year ended 31 December 2009 (the “2009 Annual Report”), the interim report of the Company for the six months ended 30 June 2010 (the “2010 Interim Report”), the Circular and certain published information from the public domain.

We have also discussed with the Directors and/or the management of the Group with respect to the terms of and reasons for the entering into of the entrusted loan arrangement, and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification or appraisal of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position, profitability or prospects of the Group, Hangzhou China Ting Property and the parties involved in the entrusted loan arrangement. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the terms of the entrusted loan arrangement, we have considered the following principal factors and reasons:–

1 Background to and reasons for and benefits of the entering into the entrusted loan arrangement

1.1 Background information

1.1.1 Information on the Group

The Group is principally engaged in silk and cotton garment export business (mainly on an OEM basis) 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 District, Zhejiang Province, the PRC.

Set out below is a summary of the financial highlights of the Group for the six months ended 30 June 2010 and 2009 as extracted from the 2010 Interim Report and the two years ended 31 December 2009 and 2008 as extracted from the 2009 Annual Report:–

	For the six months ended 30 June		For the year ended 31 December	
	2010	2009	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	1,305,383	973,888	2,090,980	2,333,734
— OEM	1,109,747	810,353	1,755,635	2,047,845
— Retail	195,636	163,535	335,345	285,889
Overall gross profit	428,769	348,775	721,870	744,467
<i>Gross profit margin</i>	<i>32.8%</i>	<i>35.8%</i>	<i>34.5%</i>	<i>31.9%</i>
Profit for the period/year	145,933	154,065	382,607	290,699
Profit for the period/year attributable to equity holders of the Company	145,540	153,921	376,625	291,184

As shown from the above, the Group's revenue for the year ended 31 December 2009 decreased by approximately 10.4% to approximately HK\$2,091.0 million from approximately HK\$2,333.7 million for the year ended 31 December 2008, as a result of decrease in revenue from its OEM business (which contributed about 84% of the Group's total revenue). The Group's gross profit margin for the year ended 31 December 2009 was about 34.5% and increased by about 2.6% from about 31.9% for the year ended 31 December 2008. Such increase was mainly driven by increase in revenue from retail segment which has higher gross profit margin. The Group's net profit

attributable to equity holders of the Company was approximately HK\$376.6 million for the year ended 31 December 2009, representing an increase of about 29.3% as compared with approximately HK\$291.2 million for the year ended 31 December 2008. Such increase was mainly due to the negative goodwill of approximately HK\$92.7 million arising on the acquisition of a subsidiary in the PRC.

For the six months ended 30 June 2010, the Group's revenue amounted to approximately HK\$1,305.4 million, representing an increase of about 34.0% as compared with approximately HK\$973.9 million for the corresponding period in 2009. It was resulted from the increased contribution from both OEM and retail sectors. Despite this, the Group's gross profit margin for the six months ended 30 June 2010 decreased by about 3.0% to approximately 32.8 % from approximately 35.8% for the six months ended 30 June 2009. The Group's net profit attributable to equity holders of the Company for the six months ended 30 June 2010 was approximately HK\$145.5 million, representing a decrease of about 5.4% from approximately HK\$153.9 million for the corresponding period in 2009. As set out in the 2010 Interim Report, excluding the effect of fair value losses of financial assets at fair value through profit or loss of approximately HK\$9.0 million (2009: Fair value gains of approximately HK\$17.6 million), the Group's profit for the six months ended 30 June 2010 would be approximately HK\$154.9 million (2009: approximately HK\$136.5 million), representing an increase of approximately 13.5% as compared to corresponding period in 2009.

As advised by the Directors, despite the revenue growth of the Group's OEM business for the six months ended 30 June 2010 over the corresponding period in 2009, the profit margins from such business segment have been squeezed continuously in recent years, as a result of the global financial crisis and the continuous increases in the labour and other operating costs in the PRC. Hence, the Directors believe that a diversified investment strategy 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, which would be in the interest of the Group.

As set out in the 2009 Annual Report, the Group has acquired 29% equity interest in Zhejiang Haoran Property Company Limited which owns a parcel of land situated in Qianjiang New City, Hangzhou, Zhejiang Province, the PRC for a proposed business building development project. The Directors intended to locate the Group's new headquarters of the retail business in such development project. The Directors considered that the transactions would provide the Group with a good opportunity to participate in such property development project that would facilitate the business expansion of the Group.

1.1.2 Information on the Land

As set out in the Board Letter, the Land, currently owned by Zhejiang Huading Property, 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. Zhejiang Huading Property has agreed to sell the Land to Hangzhou China Ting Property at the fully-settled original purchase cost (which was through a public tender and represents a fair market value) of RMB690.0 million (equivalent to approximately HK\$811.8 million) and bear all taxes, imposes, charges and expenses relating to the transfer. As advised by the Company's PRC legal advisers, there should be no legal impediment for the transfer of the Land from Zhejiang Huading Property to Hangzhou China Ting Property upon the settlement of the consideration of RMB690.0 million. The market value of the Land as appraised by the Valuer, was RMB700.0 million as of 31 December 2010.

As set out in the Board Letter, the Land would be developed into a residential complex with the following parameters:–

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

As advised by the Directors, based on current development plan, the development of the Land is expected to complete within 3 years and the development costs are expected to be financed by bank borrowings.

1.1.3 Prospect of the property market in Yuhang District

Set out below is the website information published by Bureau of Statistics of Yuhang District, Hangzhou.

	2005	2006	2007	2008	2009	compound annual growth rate ("CAGR")
<i>General economic conditions</i>						
Gross domestic products ("GDP") (RMB'billion)	28.9	35.0	42.5	50.2	53.2	16.5%
Annual disposable income of urban resident per capita (RMB'000)	16.9	18.9	21.1	23.7	26.1	11.5%
<i>Statistics related to residential property market</i>						
Total gross floor area ("GFA") sold (million square meters)	N/A	N/A	2.2	0.9	2.7	10.8%
Total sales revenue (RMB'billion)	N/A	N/A	13.8	6.2	24.6	33.8%

Source: Bureau of Statistics of Yuhang District, Hangzhou

As shown from the above, the GDP of Yuhang District increased from approximately RMB28.9 billion in 2005 to approximately RMB53.2 billion in 2009, representing a CAGR of approximately 16.5%, which signified the sustained rapid growth of the economy of Yuhang District. Sustainable growth is also noted for annual disposable income of urban resident per capita, which in turn can boost the demand for high quality residential properties. In addition, notwithstanding the dip in both the total GFA sold and the total revenue achieved from the sales of residential properties in 2008 as affected by the global financial tsunami, those figures bounced back in 2009 which showed the speedy recovery of the residential property market in Yuhang District.

Furthermore, based on the website information of Yuhang Municipal People's Government, Linping New Town, where the Land is situated, would be designated as one of the key development focuses in The Twelfth Five-Year Guideline for 2011 to 2015 and Linping New Town would be developed as a core business and metro economic complex. It is also stated that Linping New Town would be very close to the interchange station of Huhang high-speed railway and subway station, which would allow a speedy connection from Linping New Town to other PRC's major cities and facilitate the development of the economy as well as the residential property market of Linping New Town.

1.2 Reasons for and benefits of entering into the entrusted loan arrangement

As set out in the Board Letter, Zhejiang Huading Property has been engaged in the property business in Zhejiang Province, the PRC since 2001 and is managed by an independent professional management team. As at the Latest Practicable Date, Zhejiang Huading Property was engaged in the development of five property projects in Zhejiang Province, the PRC. The Directors anticipated that the establishment of Hangzhou China Ting Property jointly with Zhejiang Huading Property would provide a platform for the Group to leverage the expertise and experience of Zhejiang Huading Property in exploring additional business opportunities in the PRC's property market.

As set out in the Board Letter, 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) on 12 January 2011. 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, which they believe will have significant potential in building a residential complex given the encouraging development of the PRC's economy and the increase in demand for high-end residential apartments. The Directors also believe that the entrusted loan arrangement, which can provide funding to Hangzhou China Ting Property for the acquisition of the Land, is the most appropriate form of funding to Hangzhou China Ting Property without increasing the amount of registered capital.

In view that (i) the entrusted loan arrangement can provide funding to Hangzhou China Ting Property for the acquisition of the Land, the development of which would enable the Group to diversify its business into property development segment and reduce its reliance on the economic performance of the principal export markets; and (ii) the Land is situated at Linping New Town which is one of the new towns to be developed by Yuhang District Government during the period of 2011 to 2015, we concur with the Directors' view that the entering into of the entrusted loan arrangement enables the Group to secure a rational opportunity for its business diversification, which is beneficial to the Company and the Shareholders as a whole.

2 Principal terms of the entrusted loan arrangement

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

Parties:	(a) Zhejiang China Ting, as guarantor; (b) Hangzhou China Ting Property, as borrower; and (c) a recognised bank in the PRC, as lender.
Principal:	Not more than RMB343.0 million
Term of the entrusted loan:	Not more than three years
Annual interest rate:	The relevant prevailing RMB lending rate for the same loan period published by The People's Bank of China plus 20% thereof, or cost of financing of the Group, whichever is higher.
Purpose of the entrusted loan:	The entrusted 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, which is in proportion to its equity interest in Hangzhou China Ting Property.

Given that (i) the deposit as the security for the entrusted loan are to be provided by Zhejiang China Ting in proportion to its equity interest in Hangzhou China Ting Property; and (ii) the interest income from the entrusted loan arrangement can cover the Group's financing cost for arranging the security deposit under the entrusted loan arrangement as detailed below, we are of the view that the terms of the entrusted loan arrangement are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned.

3 Possible financial effects of the entrusted loan arrangement

As advised by the Directors, the entrusted loan arrangement would have no material impact to the Group's net asset position. Based on the Group's current bank balance and cash position and its working capital needs for daily operation, it intends to finance part of the security deposit under the entrusted loan arrangement by seeking bank borrowings of HK\$300.0 million, which would increase its debt to equity ratio from approximately 3.0% as at 30 June 2010 to approximately 14.8%. Given that (i) the Group's financing cost for arranging the security deposit would be covered by the interest income on the entrusted loan arrangement; (ii) the Group's debt to equity

LETTER FROM HAITONG INTERNATIONAL CAPITAL

ratio, although increasing, is still maintained at a reasonably healthy position; and (iii) balanced by the development potential of the Land, we concur with the Directors' view that the increase in the Group's gearing level as a result of the entering into of the entrusted loan arrangement is justifiable.

It should be noted that the aforementioned analyses are for illustrative purpose only and does not purport to represent how the financial position of the Group will be upon the entering into of the entrusted loan arrangement.

RECOMMENDATION

Having considered the above principal terms of and reasons for and benefits of entering into the entrusted loan arrangement, we are of the view that (i) the terms of the entrusted loan arrangement are on normal commercial terms which are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) although the entering into of the entrusted loan arrangement is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the entering into of the entrusted loan arrangement and we recommend the Independent Shareholders to vote in favour of such resolution in this regard.

Yours faithfully,
For and on behalf of
Haitong International Capital Limited

Derek C.O. Chan **Terry Chu**
Managing Director *Executive Director*

The following is the text of a letter and valuation certificate prepared for inclusion in this circular received from Savills Valuation and Professional Services Limited, an independent property valuer, in connection with their valuation as of 31 December 2010 of the Property held by Zhejiang Huading Property.

The Directors
China Ting Group Holdings Limited
28th Floor, Futura Plaza
111-113 How Ming Street
Kwun Tong
Kowloon
Hong Kong



T : (852) 2801 6100
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23/F Two Exchange Square
Central, Hong Kong

EA Licence: C-023750
savills.com

2 February 2011

Dear Sirs,

RE: A parcel of land located on the western side of South Avenue and the northern side of Hailan Peninsula Residence, Linping New Town, Yuhang District, Hangzhou, Zhejiang Province, The People's Republic of China (the "Property")

In accordance with the instructions from China Ting Group Holdings Limited (the "Company") for us to value the Property situated in The People's Republic of China ("PRC") held by 浙江華鼎房地產開發有限公司 (Zhejiang Huading Property Development Company Limited) ("Zhejiang Huading Property"), we confirm that we have carried out an inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 December 2010 ("Valuation Date") for public circular purpose. The Property is to be transferred to 杭州華鼎房地產開發有限公司 (Hangzhou China Ting Property Development Company Limited).

Our valuation of the Property is our opinion of its market value which we would define as intended to mean "the estimated amount for which a property should exchange on the date of Valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

The market value is the best price reasonably obtainable in the market by the seller and the most advantageous price reasonably obtainable in the market by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value. The market value of a property is also estimated without regard to the costs of sale and purchase, and without offsetting any associated taxes.

In the course of our valuation, we have assumed that transferable land use rights of the Property for its specific terms have been granted at nominal annual land use fees and that any land grant premium payable has already been fully paid. In valuing the Property, unless otherwise stated, we have also assumed that Zhejiang Huading Property has an enforceable title to the Property and has free and uninterrupted rights to use, occupy or assign the Property for the whole of the unexpired terms as granted.

In valuing the Property, we have adopted the Direct Comparison Approach by making reference to comparable market transactions assuming sale with vacant possession.

We have been provided with copies of extracts of title documents relating to the Property. However, we have not searched the original documents to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Company and its PRC legal adviser, 浙江民禾律師事務所 (Zhejiang Minhe Law Firm), on the title to the Property. We have also accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, particulars of occupancy, identification of the Property, site and floor areas and all other relevant matters. Dimensions, measurements and areas included in the valuation certificate are based on the information provided by the Company and are therefore approximations only. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us, which is material to our valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We have inspected the Property and did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other defects. No tests were carried out on any of the services.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the Property, or for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature which could affect its value.

Our valuation is prepared in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited and Valuation Standards on Properties published by The Hong Kong Institute of Surveyors.

Unless otherwise stated, all money amounts are stated in Renminbi.

We enclose herewith our valuation certificate.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Charles C K Chan
MSc FRICS FHKIS MCI Arb RPS(GP)
Managing Director

Note:-

Mr Charles C K Chan is a qualified valuer and has about 26 years' experience in the valuation of properties in Hong Kong and has about 21 years' experience in the valuation of properties in the PRC.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 December 2010
A parcel of land located on the western side of South Avenue and the northern side of Hailan Peninsula Residence, Linping New Town, Yuhang District, Hangzhou, Zhejiang Province, PRC	<p>The Property comprises a parcel of land with a site area of approximately 32,345 sq.m. (348,162 sq.ft.).</p> <p>The permissible aboveground gross floor area is approximately 80,862.50 sq.m. (870,404 sq.ft.).</p> <p>The land use rights of the Property were granted for terms of 40 years for commercial use and 70 years for residential use.</p>	The Property is vacant.	RMB700,000,000

Notes:-

- Pursuant to the Contract for the Grant of State-owned Construction Land Use Rights No. 3301102010A21190 dated 4 November 2010 ("Land Contract"), the land use rights of the Property with a site area of approximately 32,345 sq.m. were granted to Zhejiang Huading Property for terms of 40 years for commercial use and 70 years for residential use. The said contract contains, inter-alia, the salient conditions as follows:

Site area	:	32,345 sq.m.
Usage	:	Commercial and Residential
Land use term	:	Commercial: 40 years Residential: 70 years
Permissible aboveground gross floor area	:	Not exceeding 80,862.50 sq.m.
Greenery ratio	:	Not less than 30%
Building density	:	Not exceeding 28%
Building height	:	100m
Land grant premium	:	RMB690,000,000

- The legal opinion issued by Zhejiang Minhe Law Firm states that:
 - Zhejiang Huading Property has fully paid the land grant premium in accordance with the stipulations as stated in the Land Contract; and
 - Zhejiang Huading Property legally owns the land use rights of the Property and has the rights to transfer such land use rights.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group.

The Directors having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors' and Chief Executive's interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations

As of the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, the underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO"), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors or the chief executive were taken or deemed to have under such provisions) and the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as adopted by the Company, were as follows:–

The Company

Long position in the Shares

<u>Name of Director</u>	<u>Nature of interest</u>	<u>Number of ordinary shares held</u>	<u>Approximate percentage of the Shares in issue</u>
Mr. TING Man Yi	Interest of controlled corporation	1,490,000,000 (Note 1)	71.09%
Mr. TING Hung Yi	Interest of controlled corporation	1,490,000,000 (Note 2)	71.09%
Mr. DING Jianer	Interest of controlled corporation	1,490,000,000 (Note 3)	71.09%
Dr. CHENG Chi Pang	Directly beneficially owned	200,000	0.01%
	Directly beneficially owned	1,000,000 (Note 4)	0.05%
Mr. WONG Chi Keung	Directly beneficially owned	1,000,000	0.05%
Mr. LEUNG Man Kit	Directly beneficially owned	670,000 (Note 4)	0.03%

Notes:-

1. Longerview Investments Limited (“**Longerview**”) is owned as to 41.5% by Firmsuccess Limited (“**Firmsuccess**”) which is wholly-owned by Mr. TING Man Yi. Longerview is a controlled corporation (within the meaning of the SFO) of Mr. TING Man Yi. As such, under the SFO, Mr. TING Man Yi is deemed to be interested in the 1,490,000,000 Shares held by Longerview.
2. Longerview is owned as to 40.5% by In Holdings Limited (“**In Holdings**”) which is wholly-owned by Mr. TING Hung Yi. Longerview is controlled corporation (within the meaning of the SFO) of Mr. TING Hung Yi. As such, under the SFO, Mr. TING Hung Yi is deemed to be interested in the 1,490,000,000 Shares held by Longerview.
3. Pursuant to a shareholders’ agreement dated 18 November 2005 and entered into between Mr. TING Man Yi, Firmsuccess, Mr. TING Hung Yi, In Holdings, Mr. DING Jianer, Willport Investments Limited (“**Willport**”) and Longerview (collectively the “**Controlling Shareholders**”), each of the Controlling Shareholders (other than Longerview) has agreed to enter into pre-emptive arrangements in respect of their shareholding in Longerview. For the purpose of Part XV of the SFO, each of Mr. TING Man Yi, Mr. TING Hung Yi, and Mr. DING Jianer is therefore deemed to have effective voting power in respect of the 1,490,000,000 Shares held by Longerview. As such, under the SFO, Mr. DING Jianer is also deemed to be interested in the 1,490,000,000 Shares held by Longerview.
4. The interest in the Shares is represented by options granted by the Company is pursuant to the share option scheme adopted on 18 November 2005.

Associated corporations

<u>Name of Director</u>	<u>Name of associated corporation</u>	<u>Nature of interest</u>	<u>Total number of ordinary shares</u>	<u>Approximate percentage of interest in the associated corporation</u>
Mr. TING Man Yi	Firmsuccess	Personal interest	1	100%
	Longerview	Corporate interest	415 <i>(Note 1)</i>	41.5%
Mr. TING Hung Yi	In Holdings	Personal interest	1	100%
	Longerview	Corporate interest	405 <i>(Note 2)</i>	40.5%
Mr. DING Jianer	Willport	Personal interest	1	100%
	Longerview	Corporate interest	180 <i>(Note 3)</i>	18.0%

Notes:-

1. The 415 shares in Longerview are held by Firmsuccess, which is wholly-owned by Mr. TING Man Yi.
2. The 405 shares in Longerview are held by In Holdings, which is wholly-owned by Mr. TING Hung Yi.

3. The 180 shares in Longerview are held by Willport, which is wholly-owned by Mr. DING Jianer.

Save as disclosed above, none of the Directors and chief executive of the Company has interests in the Shares, underlying shares or debentures of the Company and its associated corporations that are required to notify the Company and the Stock Exchange pursuant to the said provisions of the SFO and the Model Code.

Substantial shareholders' interests and short positions in shares and underlying shares of the Company

As of the Latest Practicable Date, the interests and short positions of the persons, other than Directors and chief executive of the Company, in the Shares and the underlying shares of the Company, as notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or who is, directly or indirectly, interested in 10 per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, were as follows:—

Long position in the Shares

<u>Name of substantial Shareholders</u>	<u>Capacity</u>	<u>Number of Shares</u>	<u>Approximate percentage of interest in the Company</u>
Longerview	Beneficial owner	1,490,000,000	71.09%
Firmsuccess	Interest of controlled corporation	1,490,000,000 <i>(Note 1)</i>	71.09%
In Holdings	Interest of controlled corporation	1,490,000,000 <i>(Note 2)</i>	71.09%
Willport	Interest of controlled corporation	1,490,000,000 <i>(Note 3)</i>	71.09%

Notes:—

1. Longerview is owned as to 41.5% by Firmsuccess. As such, Longerview is a controlled corporation (within the meaning of the SFO) of Firmsuccess. Firmsuccess is therefore deemed to be interested in the 1,490,000,000 Shares held by Longerview.
2. Longerview is owned as to 40.5% by In Holdings. As such, Longerview is a controlled corporation (within the meaning of the SFO) of In Holdings. In Holdings is therefore deemed to be interested in the 1,490,000,000 Shares held by Longerview.
3. Pursuant to a shareholders' agreement dated 18 November 2005 and entered into amongst the Controlling Shareholders, each of the Controlling Shareholders (other than Longerview) has agreed to enter into pre-emptive arrangements in respect of their shareholding in Longerview. For the

purpose of Part XV of the SFO, each of FirmSuccess, In Holdings and Willport is therefore deemed to have effective voting power in respect of the 1,490,000,000 Shares held by Longerview. As such, Willport is also deemed to be interested in the 1,490,000,000 Shares held by Longerview.

Save as disclosed above, there is no person who has interest or short position in the Shares and the underlying shares of the Company that is required to notify the Company pursuant to the aforesaid provisions of the SFO.

3. DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

As of the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 December 2009, being the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

4. DIRECTORS' INTERESTS IN CONTRACTS OF THE GROUP

Save for the loan guarantee proposed to be provided to Hangzhou China Ting Property and the transactions that constitute connected transactions (as defined in the Listing Rules) for the Company as disclosed by the Company in accordance with the Listing Rules, there is no other contract or arrangement subsisting as of the date of this circular and in which any Director is materially interested and which is significant in relation to the business of the Group.

5. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As of the Latest Practicable Date, save as Zhejiang Huading Property which is engaged in property development business, none of the Directors or their respective associates had any business or interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group. Zhejiang Huading Property was developing five residential and commercial property projects at locations different from the Land. In the event that Zhejiang Huading Property is proposed to engage in new property development projects, it shall direct such new projects to the Company. Zhejiang Huading Property shall only pursue the relevant new project if the Company decides not to pursue such new project which shall be subject to the approval by the independent non-executive Directors.

6. SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors has entered or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

7. LITIGATION

As of the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

8. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2009, being the date of the latest published audited financial statements of the Company.

9. EXPERTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:—

Name	Qualifications
Haitong International Capital	A corporation licensed to carry out type 6 (advising on corporate finance) regulated activity under the SFO
Savills Valuation and Professional Services Limited	Independent property valuer
浙江民禾律師事務所 (Zhejiang Minhe Law Firm*)	PRC legal advisers to the Company

Haitong International Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or its name in the form and context in which they respectively appear.

Savills Valuation and Professional Services Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its valuation report on the Land and its advice with respect to the valuation of the Land or its name in the form and context in which they respectively appear.

浙江民禾律師事務所 (Zhejiang Minhe Law Firm*) has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its advice with respect to certain issues under the PRC law or its name in the form and context in which they respectively appear.

As of the Latest Practicable Date, none of Haitong International Capital, Savills Valuation and Professional Services Limited and 浙江民禾律師事務所 (Zhejiang Minhe Law Firm*) has any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As of the Latest Practicable Date, none of Haitong International Capital, Savills Valuation and Professional Services Limited and 浙江民禾律師事務所 (Zhejiang Minhe Law Firm*) has any direct or indirect interests in any assets which have been, since 31 December 2009 (the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

10. MISCELLANEOUS

- (a) The registered office of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong.
- (b) The company secretary of the Company is Mr. CHENG Ho Lung, Raymond, who is an associate member of the Hong Kong Institute of Certified Public Accountant and a fellow member of the Association of Chartered Certified Accountants.
- (c) The Company's branch share registrar in Hong Kong is Computershare Hong Kong Investor Services Limited, which is situated at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

11. DOCUMENTS AVAILABLE FOR PUBLIC INSPECTION IN HONG KONG

Copies of the following documents are available for inspection at the principal place of business of the Company at 28th Floor, Futura Plaza, 111–113 How Ming Street, Kwun Tong, Kowloon, Hong Kong during normal business hours of the Company on any business day, from the date of this circular up to and including the date of the EGM:–

- (a) the Investors' Cooperative Agreement;
- (b) the draft document confirming the entrusted loan arrangement pursuant to which Zhejiang China Ting would provide loan guarantee to Hangzhou China Ting Property which will be entered into by the Group following the approval of the relevant resolution at the EGM;
- (c) the letter from the Independent Board Committee, the text of which is set forth under the section headed "Letter from the Independent Board Committee" of this circular;

- (d) the letter from Haitong International Capital, the Independent Financial Adviser, the text of which is set forth under the section headed “Letter from Haitong International Capital” of this circular;
- (e) the valuation report prepared by Savills Valuation and Professional Services Limited, the text of which is set forth in Appendix I to this circular; and
- (f) the consent letters from Haitong International Capital, Savills Valuation and Professional Services Limited and 浙江民禾律師事務所 (Zhejiang Minhe Law Firm*) referred to in the paragraphs under “Experts” in this appendix.

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

NOTICE OF EGM

Unless the context requires otherwise, the capitalised terms used in this notice of EGM shall have the same meanings as defined in the circular of China Ting Group Holdings Limited of which this notice of EGM forms part:–



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)

Notice of Extraordinary General Meeting

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of China Ting Group Holdings Limited (the “**Company**”) will be held at China Ting Industrial Complex, 56 Beisha East Road, Linping Industrial Area, Yuhang District, Hangzhou, China on Friday, 25 February 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without modifications or amendments, the following resolution as ordinary resolution of the Company to be taken by way of poll:–

ORDINARY RESOLUTION

“**THAT** the provision of a loan guarantee in a sum of not more than RMB343.0 million (equivalent to approximately HK\$403.5 million) by Zhejiang China Ting to a bank as surety for a loan to Hangzhou China Ting Property in order to finance the acquisition by Hangzhou China Ting Property of the Land be and is hereby approved and any Director be and is authorised to do such acts and things, to sign and execute such other documents and to take such steps as he considers necessary, appropriate, desirable or expedient to carry out or give effect to or otherwise in connection with or in relation to the proposed loan guarantee.”

By Order of the Board
China Ting Group Holdings Limited
TING Hung Yi
Chief Executive Officer

Hong Kong, 2 February 2011

NOTICE OF EGM

Registered office:–
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

*Head office and principal place of business
in Hong Kong:–*
28th Floor, Futura Plaza
111–113 How Ming Street
Kwun Tong
Kowloon
Hong Kong

Notes:–

- (1) A form of proxy for the EGM of the Company to be held on 25 February 2011 is enclosed with the circular of which this notice forms part.
- (2) Any Shareholder entitled to attend and vote at the EGM shall be entitled to appoint another person as his proxy to attend and vote at the EGM. A Shareholder who is the holder of two or more Shares may appoint more than one proxy to vote on its or his or her behalf at the EGM. A proxy need not be a Shareholder.
- (3) In order to be valid, the form of proxy completed in accordance with the instructions set out therein, together with the power of attorney or other authority (if any) under which it is signed (or a certified copy of that power or authority) must be deposited at the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.
- (4) In case of joint holders of any Share, any one of such joint holders may vote at the EGM, either in person or by proxy, in respect of such Share as if it or he or she were solely entitled thereto, but if more than one of such joint holders are present at the EGM in person or by proxy, then one of the said persons so present whose name stands first on the register of members in respect of such Share shall alone be entitled to vote in respect thereof.
- (5) The register of members of the Company will be closed from Tuesday, 22 February 2011 to Friday, 25 February 2011, both days inclusive, during which period no transfer of Shares will be registered. In order to be entitled to attend and vote at the EGM, all transfers of Shares accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 21 February 2011.
- (6) As of the date of this notice, the executive Directors are Mr. TING Man Yi (Chairman), Mr. TING Hung Yi (Chief Executive Officer), Mr. DING Jianer, 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.