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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)

CONTINUING CONNECTED TRANSACTION

The Board refers to the Previous Announcements, in which the Company announced the New Supply Agreement and the New Lease Agreements. These agreements will expire on 31 December 2016, and the purpose of this announcement is to provide the Shareholders with information on the 2016 Supply Agreement and the 2016 Lease Agreements.

The Directors confirm that the 2016 Supply Agreement and the 2016 Lease Agreements are the continuation of the existing arrangements which have been in place since the Listing Date. Other than the time period covered, there will be no changes to the principal terms and conditions of the 2016 Supply Agreement and the 2016 Lease Agreements, as compared with the existing and previous arrangements. In light of the facts that the Group have long-term and stable business relationship with Huasheng Accessories (for the 2016 Supply Agreement) and Yuhang Huaming (for the 2016 Lease Agreements), the Directors confirm that the terms of the 2016 Supply Agreement are not less favourable than the terms offered to independent third parties and that the annual lease payments remain unchanged for a period of more than a decade. Hence, the Directors, including the independent non-executive Directors, consider that the entering into the 2016 Supply Agreement and the 2016 Lease Agreements are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

The 2016 Supply Agreement and the 2016 Lease Agreements will constitute continuing connected transaction for the Company. Each of the annual caps for the 2016 Supply Agreement and the 2016 Lease Agreements (in aggregate) is expected to be less than five per cent. of the applicable ratios (other than the profits ratio which is not applicable) set forth in Chapter 14A of the Listing Rules. On this basis, the transactions under the 2016 Supply Agreement and the 2016 Lease Agreements are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules and are only subject to the reporting and announcement requirements under Rules 14A.68 to 14A.71 of the Listing Rules.

The Board refers to the Previous Announcement, in which the Company announced the New Supply Agreement (as defined therein) and the New Lease Agreements (as defined therein) were entered into for the business operations of the Group. These agreements constitute continuing connected transactions for the Company and will expire on 31 December 2016. The purpose of this announcement is to provide the Shareholders with information on:

- (1) the 2016 Supply Agreement, which contains identical terms and conditions, as compared with the Existing Supply Agreement, to be entered into between members of the Group and Huasheng Accessories; and
- (2) the 2016 Lease Agreements, which continues the lease of the factory premises and staff quarters under the Existing Lease Agreements, to be entered into between members of the Group and Yuhang Huaming.

Each of the 2016 Supply Agreement and the 2016 Lease Agreements constitutes continuing connected transactions (as such term is defined under the Listing Rules) for the Company and subject to the reporting and announcement requirements under Rules 14A.68 to 14A.71 of the Listing Rules.

INFORMATION ON THE 2016 SUPPLY AGREEMENT

Background information

Huasheng Accessories commenced its business in September 2004. The production facilities of Huasheng Accessories are adjacent to the production facilities of the Group. The principal business of Huasheng Accessories is the production of plastic bags, hangers, and other garment packaging materials. Members of the Group started sourcing the ancillary materials from Huasheng Accessories in September 2004, and the latest renewal was set forth in the Existing Supply Agreement.

The 2016 Supply Agreement is a renewal of the present arrangements upon the expiry of the Existing Supply Agreement on the same terms and conditions. The Directors consider that the quality of the products of Huasheng Accessories satisfy the requirements of the Group. Purchase from Huasheng Accessories can reduce the transportation costs incurred by the Group and are beneficial to the business development of the Group as a whole. The following sets forth the principal terms of the 2016 Supply Agreement:

Principal terms of the 2016 Supply Agreement

The following sets forth the principal terms of the 2016 Supply Agreement:

Date: 20 December 2016

Parties: (a) Huasheng Accessories, as seller, and
(b) Designated Group Members, as buyers.

- Terms of supply:**
- (a) Huasheng Accessories agrees to supply and the Designated Group Members agree to purchase, garment accessories manufactured by Huasheng Accessories subject to the terms of the 2016 Supply Agreement and subsequent detailed commercial agreements to be entered into between the parties. The subsequent purchase orders will include the specifications including the quantity, type and price of ancillary materials to be supplied and purchased.
 - (b) Huasheng Accessories agrees that:
 - (i) the prices of the ancillary materials provided under the 2016 Supply Agreement will not be higher than such prices offered to independent third parties at the same time taking into consideration the prevailing market prices for providing similar ancillary materials;
 - (ii) all Designated Group Members will have priority over other purchasers in respect of the ancillary materials sourced by them; and
 - (iii) the delivery time and the transportation of the ancillary materials will be in accordance with the relevant purchase orders.
 - (c) Inspection of the ancillary materials supplied by Huasheng Accessories will be conducted by the relevant Designated Group Members and any quality issue arising from such inspection must be notified to Huasheng Accessories within 15 days from the date of delivery, failing which Huasheng Accessories will not be responsible for such issues.
 - (d) Either party will not terminate or amend the contractual terms under the detailed purchase orders without serving 15 days' written notice to the other party.

Payment terms: Upon satisfactory inspection of the ancillary materials, the relevant Designated Group Members will make payment by way of bank transfers or bank acceptance bills.

Duration: The 2016 Supply Agreement is for a term of three years commencing from 1 January 2017 to 31 December 2019.

INFORMATION ON THE 2016 LEASE AGREEMENTS

Background information

The relevant factory building and staff quarters have been leased by the Group from Yuhang Huaming (as defined below) since October 2005 initially under two lease agreements dated 9 September 2005. The two lease agreements were renewed and the last renewal was set forth in the Existing Lease Agreements. The Directors confirm that members of the Group will continue to use the factory building and staff quarters and on this basis, the Directors decide to renew and enter into the 2016 Lease Agreements of identical terms and conditions as set forth below.

Principal terms of the 2016 Lease Agreements

The following sets forth the principal terms of the 2016 Lease Agreements:

- Date:** 20 December 2016
- Parties:**
- (a) Yuhang Huaming, as the lessor; and
 - (b) Zhejiang Huali Fashion Company Limited and Hangzhou Fuding Fashion Company Limited, being wholly-owned subsidiaries of the Company and members of the Designated Group Members, as the lessees.
- Properties leased:**
- (i) A portion of the factory building and staff quarters owned by Yuhang Huaming with a total gross area of 6,414 square meters, which are currently used by Zhejiang Huali for its production and staff accommodation purpose.
 - (ii) A portion of the factory building and staff quarters owned by Yuhang Huaming with a total gross area of 4,644 square meters, which are currently used by Hangzhou Fuding for its production and staff accommodation purpose.
- Annual lease payment:**
- (i) The annual lease payment is fixed at RMB846,610 (equivalent to HK\$940,678) which remains unchanged since the original lease agreement dated 9 September 2005.
 - (ii) The annual lease payment is fixed at RMB613,020 (equivalent to HK\$681,133) which remains unchanged since the original lease agreement dated 9 September 2005.

The aggregate rental of the 2016 Lease Agreements is RMB1,459,630 (equivalent to HK\$1,621,811) which will remain unchanged throughout the term of the 2016 Lease Agreements.

Payment terms: The lease payments will be settled by the Group on a monthly basis.

Duration: Each of the 2016 Lease Agreements is for a term of three years commencing from 1 January 2017 to 31 December 2019. Each of the 2016 Lease Agreements has an option to review another term of three years upon the expiry of the term thereof.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE 2016 SUPPLY AGREEMENT AND THE 2016 LEASE AGREEMENTS

Renewal of the existing arrangements

The Directors confirm that the 2016 Supply Agreement and the 2016 Lease Agreements are the renewal of the existing arrangements which have been in place since the Listing Date. Other than the time period covered, there will be no changes to the principal terms and conditions of the 2016 Supply Agreement and the 2016 Lease Agreements, as compared with the existing and previous arrangements. In light of the facts that the Group have long-term and stable business relationship with Huasheng Accessories (for the 2016 Supply Agreement) and Yuhang Huaming (for the 2016 Lease Agreements), the Directors confirm that the terms of the 2016 Supply Agreement are not less favourable than the terms offered to independent third parties and that the annual lease payments remain unchanged for a period of more than a decade. Hence, the Directors, including the independent non-executive Directors, consider that the entering into the 2016 Supply Agreement and the 2016 Lease Agreements are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Annual caps under the 2016 Supply Agreement and the 2016 Lease Agreements

Based on the growing business needs and the respective terms of the 2016 Supply Agreement and the 2016 Lease Agreements, the respective annual caps under the 2016 Supply Agreement and the 2016 Lease Agreements for each of three years ending 31 December 2019 are set forth in the following table:

	Annual cap for the year ending 31 December 2016 <i>(HK\$ million)</i>	Annual caps for the year ending 31 December		
		2017 <i>(HK\$ million)</i>	2018 <i>(HK\$ million)</i>	2019 <i>(HK\$ million)</i>
Transaction under the 2016 Supply Agreement	24.6	25	25.5	26
Transaction under the 2016 Lease Agreement	2.3	2.3	2.3	2.3

The Directors also confirm that the annual caps during the three years ended 31 December 2016 in respect of the purchase from Huasheng Accessories and the payment of annual lease payments to Yuhang Huaming were not exceeded.

IMPLICATIONS UNDER THE LISTING RULES

General information on Huasheng Accessories and Yuhang Huaming

Huasheng Accessories is a company established in the PRC with limited liability. Huasheng Accessories is owned as to 25% by Hong Kong Fuhowe and as to 75% by Mr. MO Jiangtao, who is the brother-in-law of Ms. ZHOU Shi Min. Ms. ZHOU is the spouse of Mr. DING Jianer, an executive Director, and thus, a close relative (as defined in Rule 1.01 of the Listing Rules) of a connected person of the Company. Therefore, Huasheng Accessories is an

associate of a connected person of the Company pursuant to Rule 14A.12 of the Listing Rules. The principal business activities of Huasheng Accessories are production of a series of plastic bags and hangers for third parties.

Yuhang Huaming is owned by Mr. DING Minger as to 58%. Mr. DING Minger is the eldest brother of Mr. TING Man Yi, Mr. DING Jianer and Mr. TING Hung Yi, all being executive Directors. Mr. DING Minger is also a director of certain subsidiaries of the Company. As such, Mr. DING Minger is an associate of a connected person of the Company as defined under Rule 14A.12(2)(a) of the Listing Rules. Yuhang Huaming is therefore an associate of a connected person of the Company as defined under Rule 14A.12 of the Listing Rules. The principal business activities of Yuhang Huaming are production of garment on OEM basis.

Applicable requirements under the Listing Rules

Huasheng Accessories and Yuhang Huaming are connected persons of the Company. Hence, any transactions entered into with Huasheng Accessories and Yuhang Huaming are connected transactions for the Company.

Each of the annual caps for the 2016 Supply Agreement and the 2016 Lease Agreements (in aggregate) is expected to be less than five per cent. of the applicable ratios (other than the profits ratio which is not applicable) set forth in Chapter 14A of the Listing Rules. On this basis, the transactions under the 2016 Supply Agreement and the 2016 Lease Agreements are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules and are only subject to the reporting and announcement requirements under Rules 14A.68 to 14A.71 of the Listing Rules.

GENERAL INFORMATION ON THE GROUP

The Company is an investment holding company with all of its 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. The fashion retail business of the Group had more than 400 retail stores in China as of the date of this announcement.

DEFINITIONS USED IN THIS ANNOUNCEMENT

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

“2016 Lease Agreements”	the two lease agreements dated 20 December 2016 entered into between members of the Group and Yuhang Huaming for the purpose of continued leasing of certain factory premises and staff quarters from Yuhang Huaming;
“2016 Supply Agreement”	the supply agreement dated 20 December 2016 entered into between members of the Group and Huasheng Accessories for the sourcing the supply of apparel items and accessories from Huasheng Accessories;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;

“Company”	China Ting Group Holdings Limited (華鼎集團控股有限公司), a company incorporated in the Cayman Islands with its shares listed on the Stock Exchange (stock code: 03398);
“connected person(s)”	has the meaning ascribed to it under the Listing Rules;
“Designated Group Members”	Hangzhou Fuding Fashion Company Limited, Zhejiang China Ting Textile Technology Company Limited, Zhejiang China Ting Knitwear Company Limited, Hangzhou China Ting Fashion Company Limited, China Ting (Hangzhou) Textile Technology Company Limited, Zhejiang Huali Fashion Company Limited, Zhejiang Concept Creator Fashion Company Limited, Zhejiang Fucheng Fashion Company Limited, Zhejiang China Ting Brand Management Company Limited, Zhejiang Fuhowe Fashion Company Limited, Finity International Fashion Company Limited, Zhejiang Xinan Fashion Company Limited, Diny (Hangzhou) Fashion Company Limited, Hangzhou China Ting Tailored Fashion Company Limited, China Ting Woollen Textile Company Limited (formerly known as “Chain Ting Pietraluna (Hangzhou) Wool Textile Dyeing & Finishing Company Limited”), Finity Fashion (Shenzhen) Company Limited, Shenzhen Fuhowe Fashion Company Limited, Zhejiang China Ting Jincheng Silk Company Limited, Hangzhou Huaxing Silk Printing Company Limited and Zhejiang Huayue Silk Products Company Limited, all of them are subsidiaries of the Company;
“Directors”	the directors of the Company;
“Existing Lease Agreements”	the two lease agreements dated 18 December 2013 referred to in the Previous Announcement;
“Existing Supply Agreement”	the supply agreement dated 18 December 2013 referred to in the Previous Announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of The People’s Republic of China;
“Huasheng Accessories”	杭州華盛輔料有限公司 (Hangzhou Huasheng Accessories Company Limited), a company established in the PRC with limited liability on 23 July 2013 and a connected person of the Company;
“Listing Date”	15 December 2005, being the date on which dealings in the Shares on the Stock Exchange first commenced;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

“PRC”	The People’s Republic of China which for the purpose of this announcement and for geographical reference only, does not include Hong Kong, Macau Special Administrative Region and Taiwan;
“Previous Announcement”	the announcement of the Company dated 18 December 2013;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“Share(s)”	the share(s) in issue of the Company with the nominal value of HK\$0.1 each;
“Shareholder(s)”	the shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Yuhang Huaming”	杭州余杭華明製衣有限公司 (Hangzhou Yuhang Huaming Garment Manufacturing Company Limited), a company established in the PRC with limited liability on 13 June 1992 and a connected person of the Company; and
“%” or “per cent.”	percentage.

By order of the Board
TING HUNG YI
Executive Director and Chief Executive Officer

Hong Kong, 20 December 2016

Unless otherwise specified, translations of RMB into HK\$ in this announcement are based on the rate of HK\$1.0 = RMB0.9. 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 Board comprises seven Directors, of which Mr. TING Man Yi (Chairman of the Board), Mr. TING Hung Yi (Chief Executive Officer), Mr. DING Jianer and Mr. CHEUNG Ting Yin, Peter are executive Directors, and Mr. WONG Chi Keung, Dr. CHENG Chi Pang, and Mr. LEUNG Man Kit are independent non-executive Directors.