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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 TRANSACTIONS

FACTORY LEASE AGREEMENT AND MACHINERY LEASE AGREEMENT

The Board wishes to announce that the Factory Lease Agreement and the Machinery Lease Agreement have been entered into as part of the ordinary course of business of the Group. The two agreements constitute ongoing connected transactions for the Company. The transactions contemplated under the two agreements, which will generate additional rental and lease income to the Group on the under-utilised assets, are entered into on an arm's length basis and upon normal commercial terms. The Directors (including the independent non-executive Directors) consider that the Factory Lease Agreement and the Machinery Lease Agreement are fair and reasonable and entered into in the interest of the Shareholders as a whole.

As the applicable percentage ratios (under Chapter 14 of the Listing Rules) represented by the aggregated amount of the rental and lease income under the Factory Lease Agreement and the Machinery Lease Agreement is less than five percent, the transactions contemplated thereunder constitute continuing connected transactions for the Company which are exempt from the independent Shareholders' approval but subject to the reporting, announcement and annual review requirements under Rule 14A.76(2) of the Listing Rules.

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INFORMATION ON THE FACTORY LEASE AGREEMENT

Background information

The relevant factory premises are owned by Huabeina and have been leased to Dingyuan since 1 June 2017 under the Factory Lease Agreement. The Directors are of the view that the Factory Lease Agreement is beneficial to the Group because the relevant factory premises have not been used by the Group as a result of re-arranging the production activities of the Group. The Factory Lease Agreement will provide the Group with fixed amount of monthly rental income during the term hereof.

Principal terms of the Factory Lease Agreement

The following sets forth the principal terms of the Factory Lease Agreement:

Date:	1 June 2017
Parties:	(a) Huabeina as the lessor; and (b) Dingyuan as the lessee.
Leased property:	Part of the factory premises owned by Huabeina with a total gross area of 22,184 sq.m. located at 191 Xin Tian Lu, National Economic and Technological Development Zone, Yuhang District, Hangzhou, the PRC.
Annual rental payment:	The annual rental payment is fixed at RMB2,662,080 (equivalent to HK\$3.1 million) which has been determined on an arm's length basis upon normal commercial terms with reference to the prevailing market rates of comparable properties in the area.
Payment terms:	The rental payment will be settled by Dingyuan on a quarterly basis.
Duration:	From 1 June 2017 to 31 December 2019.

INFORMATION ON THE MACHINERY LEASE AGREEMENT

Background information

Huabeina is the owner of certain textile waste processing machinery for the use of recycling textile waste. Such machinery has not been fully utilised since December 2016. The Directors consider that leasing of the textile waste processing machinery to Dingyuan could generate lease income to the Group. The following sets forth the principal terms of the Machinery Lease Agreement:

Principal terms of the Machinery Lease Agreement

The following sets forth the principal terms of the Machinery Lease Agreement:

Date:	1 June 2017
Parties:	(a) Huabeina as lessor; and (b) Dingyuan as lessee.

- Leased equipment:** Textile waste processing machinery including the textile waste sorting machinery and the relevant machinery for the textile waste airlift process with the capacity of 10,000 tons per annum.
- Terms of leasing:**
- (a) Huabeina will deliver the textile waste processing machinery to the designated location required by Dingyuan, and the delivery costs incurred will be borne by Dingyuan.
 - (b) Inspection of the textile waste processing machinery provided by Huabeina will be conducted by Dingyuan. Any quality issue on the machinery must be notified to Huabeina in writing within three (3) days from the date of delivery, failing which Huabeina will not be responsible for such issue.
 - (c) Dingyuan will be responsible for the maintenance of the textile waste processing machinery during the lease period.
- Annual lease payment:** The annual lease payment is fixed at RMB5,480,000 (equivalent to HK\$6.3 million) which has been determined on an arm's length basis upon normal commercial terms with reference to the depreciation of the machinery, the historical cost of the machinery and the management fee.
- Payment terms:** The lease payment will be settled by Dingyuan on a quarterly basis.
- Duration:** From 1 June 2017 to 31 December 2019.

REASONS FOR, AND BENEFITS OF, ENTERING INTO THE FACTORY LEASE AGREEMENT AND THE MACHINERY LEASE AGREEMENT

As mentioned above, the factory premises under the Factory Lease Agreement have not been fully utilised. The textile waste processing machinery has not been fully used in its fully capacity by Huabeina. Because of the under-utilisation of these assets, the Directors consider that the Factory Lease Agreement and the Machinery Lease Agreement are beneficial to the Group with additional rental and lease income which is determined on an arm's length upon normal commercial terms with reference to prevailing market rates and the depreciation of machinery, the historical cost of the machinery and the management fee, respectively. The Factory Lease Agreement and the Machinery Lease Agreement are entered into in the ordinary and usual course of business of the Group. In light of above, the Directors (including the independent non-executive Directors) consider that the Factory Lease Agreement and the Machinery Lease Agreement are fair and reasonable and entered into in the interest of the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

General information on Dingyuan

Dingyuan is a company established in the PRC with limited liability on 9 April 2015. Dingyuan is owned as to 2.5% by 上海緣源實業有限公司 and as to 97.5% by 杭州荃特服飾有限公司 which is owned by Ms. SHEN Xuan. Ms. SHEN is the niece of Mr. TING Man Yi, the Chairman and an executive Director and thus, a deemed connected person as defined under

Rule 14A.21(1)(b) of the Listing Rules. Hence, any transactions entered into with Dingyuan are connected transactions for the Company. The principal business activities of Dingyuan are the recycling of textiles, sales of environmental equipment and technical consultancy services.

Mr. TING Man Yi, Mr. DING Jianer and Mr. TING Hung Yi have abstained from voting at the meeting of the Board approving the Factory Lease Agreement and Machinery Lease Agreement.

As the applicable percentage ratios (under Chapter 14 of the Listing Rules) represented by the aggregated amount of the rental and lease income under the Factory Lease Agreement and the Machinery Lease Agreement is less than five per cent., the transactions contemplated thereunder constitute continuing connected transactions for the Company which are exempt from the independent Shareholders' approval but subject to the reporting, announcement and annual review requirements under Rule 14A.76(2) 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:

“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;
“Dingyuan”	鼎緣(杭州)紡織品科技有限公司 (Dingyuan (Hangzhou) Textile Technology Limited), a company established in the PRC with limited liability and a connected person of the Company;
“Directors”	the directors of the Company;
“Factory Lease Agreement”	the factory lease agreement dated 1 June 2017 entered into between Huabeina and Dingyuan for the purpose of leasing of certain factory premises to Dingyuan;
“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;
“Huabeina”	華貝納(杭州)毛紡染整有限公司 (China Ting Woollen Textile Company Limited), a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Machinery Lease Agreement”	the machinery lease agreement dated 1 June 2017 entered into between Huabeina and Dingyuan for the leasing of certain textile waste processing machinery to Dingyuan;
“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;
“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;
“sq.m.”	square metre;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent. or percentage.

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

Hong Kong, 1 June 2017

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.