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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 TRANSACTION DISPOSAL OF 29.0% EQUITY INTEREST IN ZHEJIANG HAORAN**

On 30 June 2020 (after trading hours), the Share Transfer Agreement has been entered into, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, 29.0% equity interest in Zhejiang Haoran for cash consideration of RMB31.9 million (equivalent to HK\$34.9 million). The Disposal is part of the settlement arrangement for the Ongoing Claims. Following the Completion, members of the Group will not hold any equity interest in Zhejiang Haoran.

As the relevant percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds five per cent. but are less than 25 per cent., the Disposal constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company and is subject to the reporting and announcement requirements but is exempted from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

The Directors (including the independent non-executive Directors) consider the amount of the cash consideration for the Disposal is fair and reasonable and negotiated between the Purchaser and the Vendor at arm's length and on normal commercial terms which, together with the other amount which forms part of the aggregate amount of RMB448.0 million (equivalent to HK\$490.8 million) for the full and final settlement of the Ongoing Claims, is in the interests of the Company and the Shareholders as a whole.

## THE DISPOSAL

On 30 June 2020 (after trading hours), the Share Transfer Agreement has been entered into, pursuant to which the Purchaser has agreed to purchase, and the Vendor has agreed to sell, 29.0% equity interest in Zhejiang Haoran for cash consideration of RMB31.9 million (equivalent to HK\$34.9 million). The Disposal is part of the settlement arrangement for the Ongoing Claims. Following the Completion, members of the Group will not hold any equity interest in Zhejiang Haoran.

## PRINCIPAL TERMS OF THE SHARE TRANSFER AGREEMENT

Date: 30 June 2020 (after trading hours of the Stock Exchange)

Parties: (i) the Purchaser; and  
(ii) the Vendor.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and their ultimate beneficial owner(s) are Independent Third Parties.

Subject matter: 29.0% equity interest in Zhejiang Haoran, representing all equity interest in Zhejiang Haoran currently held by members of Group.

Cash consideration: RMB31.9 million (equivalent to HK\$34.9 million), which will be payable to the Vendor in cash upon the Completion.

The amount of the cash consideration was negotiated between the Purchaser and the Vendor at arm's length basis and on normal commercial terms. The amount of the cash consideration forms part of the aggregate amount of RMB448.0 million (equivalent to HK\$490.8 million) for the full and final settlement of the Ongoing Claims.

The Directors (including the independent non-executive Directors) consider the amount of the cash consideration for the Disposal is fair and reasonable and negotiated at arm's length basis on normal commercial term and is in the interests of the Company and the Shareholders as a whole.

Completion: The Disposal will be completed upon completion of the relevant registration and filing procedures in the PRC for effecting the equity interest transfer under the Share Transfer Agreement.

Following the Completion, members of the Group will not hold any equity interest in Zhejiang Haoran.

## **INFORMATION OF THE PURCHASER**

The Purchaser is a company established under the laws of the PRC on 21 March 2019 and an affiliate of Dikai Group being one of parties to the Ongoing Claims. The registered capital of the Purchaser is RMB5.0 million as of the date of this announcement. The Purchaser is principally engaged in the provision of business management and financial consultancy, real estate agency and property management, and general trading.

## **INFORMATION OF THE VENDOR**

The Vendor is an investment holding company established under the laws of the PRC and a wholly-owned subsidiary of the Company. The Group is principally engaged in manufacturing and sale of garments.

## **INFORMATION OF ZHEJIANG HAORAN**

Zhejiang Haoran is a company established under the laws of the PRC on 10 March 2008. The registered capital of Zhejiang Haoran is RMB100.0 million as of the date of this announcement. Zhejiang Haoran is principally engaged in real estate development and property management. The principal asset of Zhejiang Haoran is a commercial property project located in Hangzhou, the PRC. Prior to the Completion, Zhejiang Haoran was owned as to 71.0% and 29.0% by Dikai Group and the Vendor, respectively. As set forth in the 2019 Annual Report, despite the fact that the Group is interested in 29.0% equity interest in Zhejiang Haoran, the Group was unable to obtain sufficient financial information of Zhejiang Haoran for the three years ended 31 December 2019 because of the Ongoing Claims. As such, the fair value of 29.0% equity interest in Zhejiang Haoran of RMB56.4 million (equivalent to HK\$61.8 million) as of 31 December 2019 was estimated by the Directors using the adjusted net asset value approach based on Zhejiang Haoran's financial information as of 31 December 2016. This lack of financial information and the refusal by Zhejiang Haoran to the Group's access to the books and records of Zhejiang Haoran resulted in the qualified opinion by the auditors of the Group in the auditor's report for the three years ended 31 December 2019.

## **REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS**

The Directors refer to the 2019 Annual Report, in which detailed information on the Ongoing Claims has been disclosed. As of the date of this announcement, the Group has entered into the settlement arrangement with Zhejiang Haoran and Dikai Group for the Ongoing Claims, pursuant to which the Group has agreed to dispose the equity investment in Zhejiang Haoran to Dikai Group or its designated party. The Disposal is part of the full and final settlement arrangement for the Ongoing Claims, as confirmed in an agreement dated 19 June 2020 signed by Zhejiang Haoran and Dikai Group. Members of the Group received and signed the agreement on 30 June 2020.

Despite the fact that the Directors consider the Group has merits and bases in the Ongoing Claims, the outcome continued to remain uncertain. The full and final settlement of the Ongoing Claims removes the uncertainty during the previous three years. Having considered that the Group may need to pursue costly and lengthy legal proceedings to enforce its rights under the Ongoing Claims, which would result in diversion of resources of the Group, the settlement arrangement can reduce the Group's continuous exposure to further legal costs and allows the Group to focus on its business without any interruption by the Ongoing Claims.

As disclosed in the 2019 Annual Report, the fair value of 29.0% equity interest in Zhejiang Haoran currently held by the Vendor was RMB56.4 million (equivalent to HK\$61.8 million) as of 31 December 2019. Following the Completion, there would be a non-cash loss arising from the Disposal of RMB24.5 million (equivalent to HK\$26.9 million) based on cash consideration of RMB31.9 million (equivalent to HK\$34.9 million). However, the Directors consider that the terms of the Disposal should be considered in a wider context to include the amount of RMB416.1 million (equivalent to HK\$455.9 million) for the full and final settlement of the Ongoing Claims. Such aggregate amount has been agreed with reference to the full repayment of principal of the shareholders' loan and advance (as set forth in the 2019 Annual Report) and the accrued interest of the amount agreed by the parties to the Ongoing Claims. As of 31 December 2019, the aggregate fair value in Zhejiang Haoran (including the Group's 29.0% equity interest in, shareholders' loans and advances granted to Zhejiang Haoran) amounted to RMB278.3 million (equivalent to HK\$304.9 million). Upon the full and final settlement of the Ongoing Claims and the Disposal, there would be an additional cash received by the Group of RMB169.7 million (equivalent to HK\$185.9 million).

Accordingly, the Directors consider that the full and final settlement arrangement, including the Disposal, offers an opportunity for the Group to terminate the Ongoing Claims upon the acceptable terms and deploy its financial resources to other businesses of the Group with a view to generate better return to the Shareholders. The proceeds from the Disposal will be used to provide additional funding for the Group for its general working capital.

The Directors (including the independent non-executive Directors) consider the amount of the cash consideration for the Disposal is fair and reasonable and negotiated between the Purchaser and the Vendor at arm's length and on normal commercial terms which, together with the other amount which forms part of the aggregate amount of RMB448.0 million (equivalent to HK\$490.8 million) for the full and final settlement of the Ongoing Claims, is in the interests of the Company and the Shareholders as a whole.

## **FINANCIAL IMPACT OF THE DISPOSAL TO THE COMPANY**

The 29.0% equity interest in Zhejiang Haoran held by the Group has been accounted for as a financial asset at fair value through profit or loss of the Company and the financial results of Zhejiang Haoran have never been consolidated in the Group's financial statements since the Group acquired the 29.0% equity interest in Zhejiang Haoran. Upon the Completion, no member of the Group will hold any equity interest in Zhejiang Haoran. The Group will record a loss of RMB24.5 million (equivalent to HK\$26.9 million) from the Disposal, being the difference between (a) the consideration for the Disposal of RMB31.9 million (equivalent to HK\$34.9 million) and (b) the fair value of 29.0% equity interest in Zhejiang Haoran as of 31 December 2019 of RMB56.4 million (equivalent to HK\$61.8 million).

The actual gain or loss on the Disposal to be recorded by the Group will depend on the fair value of 29.0% equity interest in Zhejiang Haoran recorded on the Group's financial statements on the Completion and may be different from the amount mentioned above.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the relevant percentage ratio (as defined in the Listing Rules) in respect of the Disposal exceeds five per cent. but are less than 25 per cent., the Disposal constitutes a discloseable transaction (as such term is defined under the Listing Rules) for the Company and is subject to the reporting and announcement requirements but is exempted from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **DEFINITIONS USED IN THIS ANNOUNCEMENT**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“2019 Annual Report”	the annual report of the Company for the year ended 31 December 2019;
“Board”	the board of Directors;
“Company”	China Ting Group Holdings Limited, a company incorporated in Cayman Islands with limited liability, the issued shares of which are listed on the Stock Exchange;
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Share Transfer Agreement;
“Dikai Group”	迪凱集團股份有限公司 (Dikai Group Holdings Limited*), a company established in the PRC;
“Director(s)”	director(s) of the Company;

“Disposal”	the disposal by the Group of the 29.0% equity interest in Zhejiang Haoran on and subject to the terms and conditions of the Share Transfer Agreement;
“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;
“Independent Third Party(ies)”	third party(ies) who is/are not connected person(s) or core connected person(s) (both as defined in the Listing Rules) of the Company;
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Ongoing Claims”	the legal claims pursued by the Group against Zhejiang Haoran, and the detailed information is set forth in the 2019 Annual Report;
“PRC”	The People’s Republic of China which for the purpose of this announcement, does not include Hong Kong, Taiwan, and The Macau Administrative Region of the PRC;
“Purchaser”	杭州宏毅商業管理有限公司 (Hangzhou Hongyi commercial management Company Limited*), a company established in the PRC with limited liability;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the share(s) of HK\$0.10 each in the capital of the Company (or of such nominal amount as shall result from a subdivision, consolidation, reclassification or reconstruction of the share capital of the Company from time to time);
“Shareholder(s)”	the holder(s) of the Share(s);
“Share Transfer Agreement”	the share transfer agreement entered into between the Purchase and Vendor on 30 June 2020 in relation to the Disposal;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Vendor”	杭州華鼎實業投資有限公司 (Hangzhou China Ting Industries Investment Company Limited*), a wholly foreign owned enterprise established in the PRC;

“Zhejiang Haoran” 浙江浩然置業有限公司 (Zhejiang Haoran Property Company Limited\*), a company established in the PRC with limited liability; and

“%” per cent.

*For the purpose of this announcement, unless the context otherwise requires or expressly specified, conversion of Renminbi into Hong Kong dollars is based on the approximate exchange rate of HK\$1.0 to RMB0.9128. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in Hong Kong dollars or Renminbi has been, could have been or may be converted at such or any other rate or at all.*

By order of the Board  
**CHINA TING GROUP HOLDINGS LIMITED**  
**TING Hung Yi**  
*Executive Director and Chief Executive Officer*

Hong Kong, 30 June 2020

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

\* *The English translation of the Chinese names in this announcement, where indicated, is included for information only, and should not be regarded as the official English names of such Chinese names.*