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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)

GRANT OF SHARE OPTIONS AND JOINT VENTURE AGREEMENT

On 24 March 2012, the Company has conditionally granted the Options to G-III Hong Kong to subscribe for an aggregate of 80,000,000 Shares at the Option Price. The number of the Options is fixed subject only to the adjustments set forth below. The grant of the Options is part of the business cooperation with G-III. On 19 March 2012, Finity and G-III entered into the Joint Venture Agreement pursuant to which GT (Hong Kong) and Hangzhou Trading will commence the business of marketing and distribution of *Calvin Klein Performance* apparel items in China.

The Option Shares will be issued under the General Mandate and the issue of the Option Shares will not be subject to the approval by the Shareholders. Application will be made to the Stock Exchange for the listing of, and permission to deal, in the Option Shares.

The entering into the Joint Venture Agreement, even though it is a transaction as defined in Rule 14.04(f) of the Listing Rules, would not constitute a notifiable transaction (as defined in Chapter 14 of the Listing Rules) for the Company as all of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) is less than five per cent.

BACKGROUND INFORMATION

On 19 March 2012, Finity and G-III entered into the Joint Venture Agreement pursuant to which GT (Hong Kong) and Hangzhou Trading will commence the business of marketing and distribution of *Calvin Klein Performance* apparel items in China. Pursuant to the Joint Venture Agreement, each of Finity and G-III will contribute US\$147,000 and US\$153,000, respectively, as the share capital of GT (Hong Kong) and following which, the issued share capital of GT (Hong Kong) will be US\$300,000 divided into 300,000 shares of US\$1.0 each and will be owned as to 51.0% by G-III and 49.0% by Finity. GT (Hong Kong) will then cease to be a subsidiary of the Company. Within thirty (30) days after completion of the allotment and issue of the shares by GT (Hong Kong), G-III shall provide a shareholder's loan of

US\$1,632,000 to GT (Hong Kong) and Finity shall provide a shareholder's loan of US\$1,568,000 to GT (Hong Kong). The loans will be used as working capital of GT (Hong Kong). GT (Hong Kong) will be the sole equity holder of Hangzhou Trading.

As part of the business cooperation between the Company and G-III, G-III will be granted by the Company the Options under the Share Option Deed.

THE SHARE OPTION DEED

Date: 24 March 2012

Parties: Company (as the grantor of the Options)
G-III as the guarantor of certain covenants and undertakings
G-III Hong Kong (as the grantee of the Options)

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, G-III, G-III Hong Kong and their beneficial owners are Independent Third Parties.

Option Shares

The 80,000,000 Option Shares granted represent 3.81% of the total number of Shares in issue as of the date of this announcement and 3.67% of the enlarged number of Shares following full exercise of the Options. On the basis that the number of Option Shares is 80,000,000, the aggregate nominal value of the Option Shares is HK\$8,000,000.

Option Period

The Options are exercisable by G-III Hong Kong at any time during a period of thirty-six (36) months from the date of the Share Option Deed, subject to full compliance with the applicable laws and regulations.

G-III Hong Kong is entitled to make multiple applications for issuance of the Option Shares, with a minimum of 20,000,000 Shares under each application, during the Option Period.

Option Price

The Option Price is HK\$1.0 for each Option Share and represents:–

- (a) a premium of 92.3% to the closing price of HK\$0.520 for each Share as quoted on the Stock Exchange on 23 March 2012, being the trading day immediately preceding the date of the Share Option Deed;
- (b) a premium of 89.4% to the average of the closing prices of HK\$0.528 for each Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 23 March 2012;
- (c) a premium of 83.8% to the average of the closing prices of HK\$0.544 for each Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 23 March 2012; and

- (d) a discount of 23.3% to the consolidated audited net asset value for each Share of HK\$1.3 as of 31 December 2011 based on the latest published audited consolidated financial statements of the Group.

The Option Price will be paid to the Company upon the exercise of the Options.

The Option Price was negotiated on an arm's length basis between the Company and G-III and G-III Hong Kong and was determined with reference to, among other things, the prevailing market prices of each Shares and the duration of the exercise period under Share Option Deed.

Condition

The grant of the Options is conditional upon the Stock Exchange granting the listing of, and permission to deal in, the Option Shares having been obtained. If such condition is not fulfilled within twenty (20) Business Days immediately after the date of the Share Option Deed, the Options will lapse.

Ranking of the Option Shares

The Option Shares, when issued, will rank pari passu in all respects with all other Shares in issue as of the date of allotment and issue and be entitled to all dividends and other distributions the record date of which falls on a date on or after the date of allotment and issue.

Transfer

The Options shall not be assignable or transferable by G-III Hong Kong and G-III Hong Kong shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any of the Options.

Lapse of the Options and undertakings given by G-III and G-III Hong Kong

The Options shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:—

- (a) the expiry of the Option Period;
- (b) G-III Hong Kong ceases to be wholly-owned subsidiary of G-III;
- (c) the date of filing of the winding-up petition of the Company;
- (d) the date on which G-III Hong Kong commits a breach in regard to the selling, transferring, charging, mortgaging, encumbering or creating any interest in favour of any other person over or in relation to any of the Options; and
- (e) the date on which G-III or G-III Hong Kong commits a breach of any term or condition attached to the grant of the Option or the Share Option Deed.

G-III undertakes to and covenants with the Company that it shall not, within the Option Period, (a) sell, transfer or dispose of, or enter into any agreement to sell, transfer or dispose of or otherwise create any options, rights, interests or encumbrances (including the creation or entry into of any agreement to create any pledge or charge) on any of the shares of G-III Hong Kong or any voting right attached therewith or (b) approve or agree to approve any allotment

or issue of shares by G-III Hong Kong or any securities that may be converted into or vested with the voting rights of any shares of G-III Hong Kong to the extent G-III Hong Kong ceases to be a wholly-owned subsidiary of G-III.

G-III Hong Kong hereby undertakes and covenants with the Company that it shall not allot or issue, or agree to allot or issue (conditionally or unconditionally), any shares or securities convertible into shares of G-III Hong Kong or grant, or agree to grant (conditionally or unconditionally), any options, rights or interests carrying the rights to subscribe for or otherwise acquire or convertible or exchangeable into the shares of G-III Hong Kong or other securities of G-III Hong Kong.

Reorganisation of capital structure and adjustments

If there is an alteration in the capital structure of the Company whilst any of the Options remains exercisable by way of capitalisation issue, bonus issue, rights issue, open offer, subdivision or consolidation of shares, or reduction of the share capital of the Company (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding adjustments (if any) shall be made to:–

- (i) the number or nominal amount of Option Shares so far as unexercised; or
- (ii) the Option Price;

or any combination thereof, provided that:–

- (a) any such adjustments give G-III Hong Kong as nearly as possible the same proportion of the issued share capital of the Company as that to which that G-III Hong Kong was previously entitled; and
- (b) notwithstanding the above, any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, shall be made in accordance with the requirements set forth in Rule 17.03(13) of the Listing Rules and the Supplementary Guidance or such other guidelines or supplementary guidance as may be issued by the Stock Exchange from time to time,

but no such adjustments shall be made pursuant to the above paragraphs to the extent that a Share would be issued at less than its nominal value.

Subject to the applicable laws and regulations, if the Company splits its Shares by way of issuing additional Shares whilst any of the Options remains exercisable, the Board shall make such adjustment as it considers appropriate by increasing the number of the Option Shares and reducing the Option Price for the sole purpose of achieving that the total number of the Option Shares, as a percentage of the total number of Shares in issue after the full implementation of the Share split, would be the same as the percentage set forth in the Share Option Deed and that the total amount of consideration payable by G-III Hong Kong for the exercise of the Option in full shall remain unchanged.

The adjustment above shall only be applicable to the outstanding Option, but not retroactively to the number of Option Shares issued prior to the Share split.

GENERAL MANDATE TO ISSUE THE OPTION SHARES

The issue of the Option Shares will not be subject to the approval by the Shareholders and the Option Shares will be issued under the General Mandate granted to the Directors at the AGM. The total number of issued Shares as of the date of the AGM was 2,096,068,000 Shares. Pursuant to the General Mandate, the total number of new Shares that the Company is authorised to issue is 419,213,600 Shares, representing 20% of the issued share capital of the Company as of the date of the AGM. Since the date of the AGM and up to the date of this announcement, no new Shares have been allotted and issued by the Company pursuant to the General Mandate.

APPLICATION FOR LISTING

Application will be made by the Company to the Stock Exchange for the listing of and permission to deal in the Option Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets forth the shareholding structure of the Company (i) as of the date of this announcement and (ii) immediately after the exercise of the Options in full (assuming that there are no other allotment and issue of Shares upon the subsequent exercise of any option granted under the Share Option Scheme and the Pre-IPO Share Option Deed):-

<u>Shareholders</u>	<u>Immediately before the grant of the Options</u>		<u>Immediately after exercise of the Options in full</u>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Longerview Investments Limited ⁽¹⁾	1,490,000,000	71.04	1,490,000,000	68.43
Public Shareholders	607,318,000	28.96	607,318,000	27.89
G-III Hong Kong	—	—	80,000,000	3.68
Total	<u>2,097,318,000</u>	<u>100.0</u>	<u>2,177,318,000</u>	<u>100.0</u>

Note:-

Longerview Investments Limited is owned as to 41.5% by Firmsuccess Limited which is wholly-owned by Mr. TING Man Yi; 40.5% by In Holdings Limited which is wholly-owned by Mr. TING Hung Yi; and 18.0% by Willport Investments Limited which is wholly-owned by Mr. DING Jianer. Mr. TING Man Yi, Mr. TING Hung Yi and Mr. DING Jianer are executive Directors.

THE JOINT VENTURE AGREEMENT

On 19 March 2012, Finity and G-III entered into the Joint Venture Agreement pursuant to which the parties have agreed to establish GT (Hong Kong) and Hangzhou Trading for the joint venture business of marketing and distribution of *Calvin Klein Performance* apparel items in the PRC.

GT (Hong Kong) has been established and is currently a wholly-owned subsidiary of the Company with one share in issue held by Finity. GT (Hong Kong) will be owned as to 51.0% by G-III and 49.0% by Finity. GT (Hong Kong) will then cease to be a subsidiary of the Company. GT (Hong Kong) will be the sole equity holder of Hangzhou Trading.

The principal terms of the Joint Venture Agreement are set forth below:-

Date: 19 March 2012

Parties: Finity
G-III

GT (Hong Kong)

GT (Hong Kong) will be an investment holding company. The issued share capital of GT (Hong Kong) will be US\$300,000 divided into 300,000 shares of US\$1.0 each. Finity and G-III will contribute US\$147,000 and US\$153,000, respectively, to GT (Hong Kong) and following which, GT (Hong Kong) will be owned as to 51.0% by G-III and 49.0% by Finity.

The board of directors of GT (Hong Kong) will comprise five (5) Directors, three (3) of whom will be nominated by G-III and two (2) of whom will be nominated by Finity. The chairman of the board of directors of GT (Hong Kong) will be nominated by G-III and the chief executive officer of GT (Hong Kong) will be nominated by Finity.

Within thirty (30) days after completion of the allotment and issue of the GT (Hong Kong) shares set forth above, G-III will provide a shareholder's loan of US\$1,632,000 to GT (Hong Kong) and Finity will provide a shareholder's loan of US\$1,568,000 to GT (Hong Kong). The loans will be used as working capital of GT (Hong Kong). The shareholders' loans are interest-free and have no fixed repayment term.

Hangzhou Trading

GT (Hong Kong) shall establish Hangzhou Trading. The registered capital of Hangzhou Trading will be US\$3,000,000 and the total investment (including the registered capital contribution) to Hangzhou Trading by GT (Hong Kong) would be not more than US\$6,000,000. The registered capital of Hangzhou Trading shall be contributed by GT (Hong Kong) in cash within two (2) years from the establishment date of Hangzhou Trading.

Business scope

The business scope of Hangzhou Trading shall be engaging in the business of the marketing and distribution of apparel items in China.

Board composition

The board of directors of Hangzhou Trading will include five (5) directors, three (3) of whom will be nominated by G-III and two (2) of whom will be nominated by Finity. The chairman of the board of directors will be appointed by Finity who will act as the legal representative of the Hangzhou Trading.

Distribution of profit and profit sharing

All the profit of Hangzhou Trading will be distributed to GT (Hong Kong) upon the recommendation of its board of directors and in accordance with the applicable PRC laws. Finity and G-III will be entitled to the dividends declared by GT (Hong Kong) on a pro rata basis.

Additional funding and guarantee

Upon the unanimous approvals from the boards of directors of Hangzhou Trading and GT (Hong Kong), Hangzhou Trading may take loans from local banks in the PRC. In that event, Finity will provide a guarantee up to 49% of such loan to Hangzhou Trading and G-III will provide guarantee up to 51% of such loan to Hangzhou Trading. As of the date of the announcement, there is no plan for Hangzhou Trading making any loan from third party.

REASONS FOR AND BENEFITS OF ENTERING INTO THE JOINT VENTURE AGREEMENT AND GRANT OF OPTIONS

The Directors consider that the business cooperation with G-III will provide the Group with an opportunity to engage in the business of marketing and distribution of international brand of young fashion sportswear and apparel items in the PRC by leveraging the strong brand recognition and leading market position of the joint venture partner. The Directors believe that this business opportunity will assist the Group in strengthening its retail business.

The Directors also consider that the granting of the Options is in the interests of the Company and the Shareholders as a whole. The terms and conditions of the Joint Venture Agreement and the Share Option Deed are negotiated on an arm's length basis and on normal commercial terms, which are considered by the Directors (including the independent non-executive Directors) to be fair and reasonable.

The gross proceeds of the Option Shares will be HK\$80,000,000. The net proceeds (after deducting all applicable costs and expenses) of HK\$79,900,000 from the full exercise of the Options will be used for the general working capital of the Group. The net price of each Option Share will be HK\$1.0.

Save for the options granted under the Share Option Scheme and the Pre-IPO Share Option Deed, the Company has no other warrants, options or other convertible securities which are still outstanding as of the date of this announcement.

INFORMATION ON THE COMPANY, FINITY, G-III AND G-III HONG KONG

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 435 retail stores as of 31 December 2011.

Finity is a wholly-owned subsidiary of the Company.

G-III Hong Kong is a wholly-owned subsidiary of G-III. G-III is a leading manufacturer and distributor of outerwear, dresses, sportswear and women's suits, as well as handbags and luggage, under licensed brands, its own brands and private label brands. G-III sells outerwear and dresses under its own Andrew Marc, Marc New York and Marc Moto brands and has

licensed these brands to select third parties in certain product categories. G-III has fashion licenses under the Calvin Klein, Sean John, Kenneth Cole, Cole Haan, Guess?, Jones New York, Jessica Simpson, Vince Camuto, Nine West, Ellen Tracy, Tommy Hilfiger, Kensie, Levi's and Dockers brands and sports licenses with the National Football League, National Basketball Association, Major League Baseball, National Hockey League, Touch by Alyssa Milano and more than 100 U.S. colleges and universities.

As of the date of this announcement, save as the interest in the Options, G-III, G-III Hong Kong and its associates have confirmed that they have no other interest in the Shares or any underlying securities that may be converted into Shares.

IMPLICATIONS OF THE JOINT VENTURE AGREEMENT UNDER THE LISTING RULES

The entering into the Joint Venture Agreement, even though it is a transaction as defined in Rule 14.04(f) of the Listing Rules, would not constitute a notifiable transaction (as defined in Chapter 14 of the Listing Rules) for the Company as all of the applicable percentage ratios (as defined in Chapter 14 of the Listing Rules) is less than five per cent.

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding 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:—

“AGM”	refers to the annual general meeting of the Company held on 26 May 2011;
“associate(s)”	has the meaning ascribed to it under the Listing Rules;
“Board”	means the board of Directors;
“Business Day”	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks are open for business in Hong Kong throughout its normal hours;
“Company”	refers to China Ting Group Holdings Limited (華鼎集團控股有限公司), a company incorporated in the Cayman Islands with the Shares listed on the Stock Exchange;
“Directors”	means the directors of the Company;
“Finity”	means Finity Apparel Retail Limited 菲妮迪國際時裝零售有限公司, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“G-III”	means G-III Apparel Group, Ltd, a company established in the State of the Delaware, the United States and an Independent Third Party prior to entering into the Joint Venture Agreement;

“G-III Hong Kong”	G-III Hong Kong Limited, a company incorporated in Hong Kong on 21 December 1990 and a wholly-owned subsidiary of G-III;
“Group”	refers to the Company and its subsidiaries;
“GT (Hong Kong)”	means G-T (International) Fashion Company Limited (思銳(國際)時尚有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company as of the date of this announcement with one share in issue held by Finity;
“Hangzhou Trading”	means a wholly-foreign invested commercial enterprise to be established in China for conducting fashion and apparel retail business in China pursuant to the Joint Venture Agreement;
“Hong Kong”	means The Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	means any person or corporation which is independent from and not connected with any of the controlling shareholders (as such term is defined under the Listing Rules) of the Company and their associates;
“Joint Venture Agreement”	means the joint venture agreement dated 19 March 2012 entered into between Finity and G-III;
“Listing Rules”	means The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Option Period”	a period of thirty-six (36) months from the date of the Share Option Deed;
“Option Price”	means HK\$1.0 per Option Share or as adjusted in accordance with the Share Option Deed;
“Option Shares”	means 80,000,000 Shares as of the date of the Share Option Deed or as adjusted in accordance with the Share Option Deed;
“Options”	means the options to subscribe for the Option Shares at the Option Price granted to G-III pursuant to the Share Option Deed;
“Pre-IPO Share Option Deed”	means the share option deed entered into between the Company and Ms. LI Yuet Mui, Xera on 18 November 2005;
“Share Option Deed”	means the share option deed dated 24 March 2012 entered into between the Company and G-III;
“Share Option Scheme”	means the share option scheme adopted by the Company on 18 November 2005;
“Shares”	means the ordinary shares of the Company with a par value of HK\$0.10 each;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;

“Supplementary Guidance”	refers to the supplementary guidance on rule 17.03(13) of the Listing Rules issued by the Stock Exchange dated 5 September 2005;
“United States”	means the United States of America;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong; and
“US\$”	means United States dollars; the lawful currency of the United States.

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

Hong Kong, 24 March 2012

Unless otherwise specified, translations of US\$ into HK\$ in this announcement are based on the rates of US\$1.0 = HK\$7.8. No representation is made that any amounts in US\$ and HK\$ can be or could have been converted at the relevant dates at the above rates or any other rates at all.

As of the date of this announcement, the executive Directors are Mr. TING Man Yi, Mr. TING Hung Yi, Mr. DING Jianer and 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.