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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)

SUPPLEMENTAL ANNOUNCEMENT TO THE ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

This announcement is issued by the board (the “**Board**”) of China Ting Group Holdings Limited (the “**Company**”) for the purpose of provide supplemental information to the annual results announcement (the “**Annual Results Announcement**”) for the year ended 31 December 2019 issued by the Company on 25 March 2020. Unless the context requires otherwise, the capital terms used herein shall have the meanings as defined in the Annual Results Announcement.

The following sets forth an extract of the independent auditor’s report to be issued on the Group’s consolidated financial statements for the year ended 31 December 2019:

EXTRACT OF INDEPENDENT AUDITOR’S REPORT TO BE ISSUED ON THE GROUP’S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Qualified Opinion

As discussed in note 17 to the consolidated financial statements, the Group held financial assets at fair value through profit or loss of HK\$289 million and HK\$305 million with respect to Zhejiang Haoran Property Company Limited (“**Zhejiang Haoran**”) as at 31 December 2018 and 2019, respectively (“**FVPL in Zhejiang Haoran**”). A fair value gain of HK\$21 million and an exchange loss of HK\$5 million have been recognised in the consolidated profit or loss and other comprehensive income during the year ended 31 December 2019, respectively, for such FVPL in Zhejiang Haoran. The FVPL in Zhejiang Haoran represented the Group’s equity interests in, shareholder’s loans and advances granted to Zhejiang Haoran. The Group is continuing to seek for recovery of a portion of the shareholder’s loan and advance to Zhejiang Haoran and to enforce its right as a shareholder of Zhejiang Haoran through legal proceedings.

In assessing the fair value of FVPL in Zhejiang Haoran as at 31 December 2019, management adopted the adjusted net asset value (“**Adjusted NAV**”) approach to estimate the fair value of FVPL in Zhejiang Haoran, which was described in notes 4(a) and 17(ii) to the consolidated financial statements. The Group is unable to obtain sufficient financial information of Zhejiang Haoran as at and for the year ended 31 December 2019 because management of Zhejiang Haoran did not provide such required financial information to the Group.

As such, the fair value of FVPL in Zhejiang Haoran as at 31 December 2019 was estimated by management using the Adjusted NAV approach based on Zhejiang Haoran’s financial information as at 31 December 2016 and certain more up to date financial and other information made available to the Group during the legal proceedings. A number of assumptions were adopted using the information available to arrive at the estimated fair value as at 31 December 2019, the details of which were described in note 17(ii) to the consolidated financial statements. In addition, having obtained advice from the Group’s legal counsel and considering the latest progress of the legal proceedings, the directors of the Company considered the Group has adequate merits and basis on the ongoing proceedings. Thus, the directors of the Company considered that the assumptions and basis applied in the fair value assessment of the FVPL in Zhejiang Haoran, including the recognition of fair value gain of HK\$21 million, are appropriate and continued to represents their best estimates and believe such financial assets will be realised in the next twelve months from 31 December 2019.

As at the date of this report, the outcomes of legal proceedings between Zhejiang Haoran and the Group are uncertain. We were unable to obtain sufficient appropriate audit evidences we considered necessary to assess management’s valuation and classification of the FVPL in Zhejiang Haoran as at 31 December 2019, including a written opinion from the Group’s legal counsel in relation to the likelihood of different outcomes of the legal proceedings, the latest financial information of Zhejiang Haoran, a valuation report from an independent valuer on the relevant property owned by Zhejiang Haoran, and access to the management of Zhejiang Haoran to assess the appropriateness and accuracy of the

financial information, assumptions and basis adopted by Group's management in their assessment of the fair value and classification of FVPL in Zhejiang Haoran. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments to the carrying value of the FVPL in Zhejiang Haoran and the related exchange reserve balances as at 31 December 2018 and 2019 and to the fair value gain and exchange loss in relation to the FVPL in Zhejiang Haoran for the year ended 31 December 2019 were necessary, and whether the classification of FVPL in Zhejiang Haoran as current assets was appropriate.

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

By order of the Board
CHINA TING GROUP HOLDINGS LIMITED
CHENG Ho Lung, Raymond
Company Secretary

Hong Kong, 26 March 2020

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 Mr. WONG Chi Keung, Mr. LEUNG Man Kit and Mr. CHENG Chi Pang.