Press Release **For immediate release**

CHINA TING GROUP
華鼎集團

China Ting Posts HK$221 Million Net Profit for 2006 Interim Results

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Sustainable Margin Expansion
Positive Outlook for Garment OEM Business

Financial Highlights

HK$ Million	For the six months ended 30 June		Change (%)
	2006	**2005**	
Turnover	**923**	1,021	-9.6
Gross profit	**346**	416	-16.8
Operating profit	**256**	295	-13.2
Profit attributable to shareholders	**221**	240	-7.9
Dividend per share (HK cents)			
- Interim	**5.4**	-	-
- Special	**1.0**	-	-

(7 September 2006 – Hong Kong) **China Ting Group Holdings Limited** ("China Ting" or the "Group"; HKEX stock code: 3398), a leading silk apparel manufacturer and exporter and a branded fashion retailer in China, announced today its interim results for the six months ended 30 June 2006. The turnover of China Ting amounted to approximately HK$923 million, representing a decrease of approximately 9.6% as compared with the same period last year. It was principally attributable to the unexpected surge in silk price during the period between December 2005 and March 2006 which prompted certain customers to put on hold their orders. Despite this, harnessing the benefits of its vertically integrated manufacturing base and enhanced supply chain management which successfully maximized operating efficiencies and effectiveness, the Group's gross and operating margins further expanded to 37.5% and 27.7% respectively for the first half of the year, as compared to 36.6% and 24.4% for the previous fiscal year.

Net profit attributable to shareholders amounted to HK$221million, representing a decrease of 7.9% as compared with the same period last year. The Board of Directors resolved to declare an interim dividend of 5.4 HK cents per share plus a special dividend of 1.0 HK cents per share for the first half of 2006, which in aggregate is equivalent to a payout ratio of 60%.

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Commenting on the interim results, Mr. Ting Hung Yi, CEO of China Ting Group, said, "We experienced an unprecedented period during which raw silk prices rose to a record high level of approximately HK$330,000 per tonne. Despite this, we took all necessary measures to control our costs and fully utilize the benefits of economies of scale of our operations, vertically and horizontally. We are pleased to see our gross margin during the period increased to 37.5%. This demonstrated China Ting's strong capability, throughout the period since its establishment, to maximize its profit with good return of investment to shareholders. We explored new and quality customers during the period and strengthened the relationship with our existing customers. We also set a solid foundation for our future development projects. Although the OEM business for silk and silk-blended apparel saw a decline, our other businesses such as the sales of linen and linen-blended apparels and the retail business in China recorded robust growth in the period under review."

Sales from the fashion retailing business in the PRC surged year-on-year by 6.5% to HK$88 million for the period under review. Same store sales during the period under review recorded a 3% growth. As at 30 June 2006, the total number of retail outlets increased by 15 to 317 stores, spanning across 26 provinces and centrally governed municipalities. The Group's target to open up to 345 retail fashion stores by the end of September 2006, and 365 stores by the end of 2006.

Sales from home textile business also posted an impressive increase of 471.7%, mainly driven by strong demand for home textile fabric and accessories, such as pillow case, bed sheets and duvet covers from the United States. With the success of home textile OEM business, the Group further expanded into the retail business in this area. The first home textile retail store selling products under the "BURLINGTON HOUSE" brand was opened in July this year. The Group plans to open a total of five home textile retail outlets by end of 2006 and open another 10 stores by the end of 2007.

During the period under review, the industry in which China Ting operates faced a number of challenges – the surge in raw silk prices, high-level crude oil price, and appreciation in RMB and increase in labor cost in China. These exerted an impact on all industry players alike. Nonetheless, China Ting has managed all these unfavorable factors well through its vertically integrated production setup, managing wisely on the procurement of raw materials, shortening the production lead time and strengthening the control over the cost of production.

"We are optimistic on the performance of the second half of 2006. Raw silk prices remain stable since April this year and the movements in crude oil price are within the general expectation. More importantly, we have established a strong customer base, and all of our customers are very active in placing their orders. We are very pleased to see that orders for silk and silk-blended apparel from our OEM customers picked up rapidly in the third quarter. We expect that our retail business in China to grow substantially, fuelled by the expanding sales network and the booming retail industry in China. We are actively planning steps to capture opportunities in this emerging market. We are therefore confident that China Ting will achieve a satisfactory and sustainable growth in the coming years," Mr. Ting said.

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About China Ting Group

China Ting Group is one of the largest silk apparel manufacturers and exporters in China. Headquartered in Hong Kong and supported by a vertically integrated manufacturing base in Hangzhou, the PRC, the Group principally engages in the provision of OEM garment manufacture one-stop solutions to international brands and chain retailers. It has established a branded fashion apparel retail business in China under its own brands, namely, FINITY, ÉLANIE, Dbni and a licensed brand, MAX STUDIO. The Group has also diversified into the home textile business. It also operates the retail business of home textile products in the PRC under the brand name of "Burlington House", selling products such as bed covers, bed skirts, pillow cases, cushion coves and sofa covers.

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