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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

The Board presents the unaudited consolidated results of the Group for the six months ended 30 June 2015 as follows:

	Six months ended 30 June		
	2015	2014	
	HK$ million	*HK$ million*	*% Change*
Revenue			
OEM/ODM Business	**1,005.7**	1,067.4	(5.8)
Fashion Retail Business	**251.0**	259.7	(3.4)
	1,256.7	1,327.1	(5.3)
Operating profit	**29.3**	44.8	(34.6)
Profit before tax	**30.7**	57.0	(46.1)
Significant items:			
Impairment loss on loan to an associate	**20.6**	—	N/A
Impairment loss on an available-for-sale financial asset	**20.2**	—	N/A
(Gains)/losses on derivative financial instruments	**(25.0)**	32.3	N/A
Impairment loss on goodwill	**35.0**	—	N/A
Profit before tax before the significant items	**81.5**	89.3	(8.7)
Equity attributable to the Company's equity holders	**2,532.9**		
Equity per share *(HK$)*	**1.21**		

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Ting Group Holdings Limited (the "**Company**") presents the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2015, together with the unaudited comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2015

		Six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	3	**1,256,708**	1,327,149
Cost of sales		**(887,537)**	(953,942)
Gross profit		**369,171**	373,207
Other income	4	**7,335**	12,981
Other losses, net	5	**(39,278)**	(25,575)
Selling, marketing and distribution costs		**(150,767)**	(151,718)
Administrative expenses		**(157,129)**	(164,134)
Operating profit	6	**29,332**	44,761
Finance income	7	**10,552**	24,984
Finance costs	7	**(7,362)**	(8,587)
Share of profits/(losses) of associates		**4**	(3,916)
Share of losses of joint ventures		**(1,851)**	(223)
Profit before income tax		**30,675**	57,019
Income tax expense	8	**(27,053)**	(22,064)
Profit for the period		**3,622**	34,955
Other comprehensive (loss)/income for the period:			
Items that may be reclassified to profit or loss			
— Currency translation differences		**(2,092)**	(73,413)
— Revaluation loss on an available-for-sale financial asset		**(20,384)**	—
— Reclassification adjustment upon impairment of an available-for-sale financial asset		**20,243**	—
Other comprehensive loss for the period, net of tax		**(2,233)**	(73,413)
Total comprehensive income/(loss) for the period		**1,389**	(38,458)

	Note	Six months ended 30 June 2015 (Unaudited) *HK$'000*	2014 (Unaudited) *HK$'000*
Profit/(loss) attributable to:			
Equity holders of the Company		**5,606**	36,034
Non-controlling interests		**(1,984)**	(1,079)
		3,622	34,955
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**3,117**	(36,166)
Non-controlling interests		**(1,728)**	(2,292)
		1,389	(38,458)
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	9	**0.27 cent**	1.72 cents
— diluted	9	**0.27 cent**	1.72 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As At 30 June 2015

	Note	As at 30 June 2015 (Unaudited) HK$'000	As at 31 December 2014 (Audited) HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**708,161**	741,296
Investment property		**26,000**	23,000
Land use rights		**83,915**	84,688
Intangible assets		**53,035**	91,170
Interests in associates		**2,083**	2,048
Loan to an associate		**201,173**	216,448
Interests in joint ventures		**17,812**	19,842
Promissory note	11	**41,111**	51,800
Deferred income tax assets		**54,132**	51,773
		1,187,422	1,282,065
Current assets			
Inventories		**666,349**	713,751
Trade and other receivables	11	**741,026**	719,336
Entrusted loans	11	**181,988**	182,113
Tax recoverable		—	10,907
Available-for-sale financial assets		**327,418**	348,071
Financial assets at fair value through profit or loss		**27,311**	22,116
Term deposits		**45,870**	75,783
Pledged bank deposits		**26,683**	32,167
Cash and cash equivalents		**334,721**	229,482
		2,351,366	2,333,726
Total assets		**3,538,788**	3,615,791

	Note	As at 30 June 2015 (Unaudited) HK$'000	As at 31 December 2014 (Audited) HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**209,982**	209,982
Reserves		**2,322,950**	2,319,833
		2,532,932	2,529,815
Non-controlling interests		**29,854**	31,582
Total equity		**2,562,786**	2,561,397
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**12,464**	12,959
Current liabilities			
Trade and other payables	12	**583,733**	662,046
Bank borrowings		**369,876**	340,358
Derivative financial instruments		**4,415**	29,378
Current income tax liabilities		**5,514**	9,653
		963,538	1,041,435
Total liabilities		**976,002**	1,054,394
Total equity and liabilities		**3,538,788**	3,615,791
Net current assets		**1,387,828**	1,292,291
Total assets less current liabilities		**2,575,250**	2,574,356

NOTES TO THE CONDENSED ANNOUNCEMENT

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2015 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2014, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

The following new or amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
Annual improvements 2010 to 2012	Improvements to HKASs and HKFRSs
Annual improvements 2011 to 2013	Improvements to HKASs and HKFRSs

(b) The following new standards and amendments/revisions to standards have been issued, but are not effective for the financial year beginning 1 January 2015 and have not been early adopted.

		Effective for annual periods beginning on or after
Annual improvements 2012 to 2014	Improvements to HKASs and HKFRSs	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: Applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41	Agriculture: Bearer plants	1 January 2016
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS 9	Financial instruments	1 January 2018

The Group has already commenced an assessment of the impact of adopting the above new standards and amendments/revision to standards. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and financial statement presentation will result.

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors consider the Group has three reportable segments: (1) manufacturing and sale of garments on an OEM basis ("OEM"); (2) manufacturing and retailing of branded fashion apparel ("Retail"); and (3) property development in the PRC ("Property development").

The executive directors assess the performance of the operating segments based on profit before income tax, which is consistent with that in the financial statements. Other information, as noted below, is also provided to the executive directors.

Total segment assets exclude investment properties, deferred income tax assets, financial assets at fair value through profit or loss, entrusted loans and tax recoverable, all of which are managed on a central basis.

These are part of the reconciliation to total consolidated balance sheet assets.

Turnover comprises sale of goods. Sales between segments are carried out based on terms agreed. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

	(Unaudited)			
	OEM *HK$'000*	**Retail** *HK$'000*	**Property development** *HK$'000*	**Total** *HK$'000*
Six months ended 30 June 2015				
Total revenue	**1,011,008**	**250,978**	**—**	**1,261,986**
Inter-segment revenue	**(5,278)**	**—**	**—**	**(5,278)**
Revenue (from external customers)	**1,005,730**	**250,978**	**—**	**1,256,708**
Segment profit/(loss) before income tax	**31,333**	**5,648**	**(34,649)**	**2,332**
Impairment loss on goodwill	**(35,000)**	**—**	**—**	**(35,000)**
Impairment loss on an available-for-sale financial asset	**—**	**—**	**(20,243)**	**(20,243)**
Impairment loss on loan to an associate	**—**	**—**	**(20,584)**	**(20,584)**
Depreciation of property, plant and equipment	**(35,022)**	**(14,910)**	**—**	**(49,932)**
Amortisation of land use rights	**(1,647)**	**(41)**	**—**	**(1,688)**
Amortisation of intangible assets	**(2,286)**	**(833)**	**—**	**(3,119)**
Finance income	**4,140**	**234**	**6,178**	**10,552**
Finance costs	**(5,494)**	**(1,868)**	**—**	**(7,362)**
Share of profits of associates	**4**	**—**	**—**	**4**
Share of losses of joint ventures	**(2)**	**(1,849)**	**—**	**(1,851)**
Income tax expense	**(25,535)**	**(1,518)**	**—**	**(27,053)**

	(Unaudited)			
	OEM	Retail	Property development	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Six months ended 30 June 2014				
Total revenue	1,071,851	259,757	—	1,331,608
Inter-segment revenue	(4,459)	—	—	(4,459)
Revenue (from external customers)	1,067,392	259,757	—	1,327,149
Segment profit before income tax	63,384	11,895	5,054	80,333
Depreciation of property, plant and equipment	(38,386)	(18,199)	—	(56,585)
Amortisation of land use rights	(1,522)	(36)	—	(1,558)
Amortisation of intangible assets	(2,286)	(2,134)	—	(4,420)
Finance income	4,842	513	6,335	11,690
Finance costs	(8,026)	(561)	—	(8,587)
Share of losses of associates	(78)	(2,557)	(1,281)	(3,916)
Share of losses of joint ventures	(47)	(176)	—	(223)
Income tax expense	(16,025)	(6,039)	—	(22,064)

	(Unaudited)			
	OEM	**Retail**	**Property development**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
As at 30 June 2015				
Total segment assets	**1,879,174**	**840,226**	**528,591**	**3,247,991**
Total assets include:				
Interests in associates	**2,083**	**—**	**—**	**2,083**
Loan to an associate	**—**	**—**	**201,173**	**201,173**
Interests in joint ventures	**2,576**	**15,236**	**—**	**17,812**
Available-for-sale financial assets	**—**	**—**	**327,418**	**327,418**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**7,737**	**14,245**	**—**	**21,982**

	(Audited)			
	OEM	Retail	Property development	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2014				
Total segment assets	1,907,361	853,245	564,519	3,325,125
Total segment assets include:				
Interests in associates	2,048	—	—	2,048
Loan to an associate	—	—	216,448	216,448
Interests in joint ventures	2,652	17,190	—	19,842
Available-for-sale financial assets	—	—	348,071	348,071
Additions to non-current assets (other than financial instruments and deferred income tax assets)	11,584	55,320	—	66,904

A reconciliation of reportable segments' profit before income tax to total profit before income tax is provided as follows:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Total segment profit before income tax	**2,332**	80,333
Net fair value gains/(losses) of financial assets at fair value through profit or loss	**3,982**	(694)
Corporate overhead	**(4,724)**	(4,808)
Fair value gain on investment property	**3,000**	—
Rental income	**383**	129
Interest income from entrusted loans	**—**	13,294
Net fair value gains/(losses) on derivative financial instruments	**24,963**	(32,266)
Realised gains on derivative financial instruments	**739**	1,031
Profit before income tax per condensed consolidated statement of comprehensive income	**30,675**	57,019

A reconciliation of reportable segments' assets to total assets is provided as follows:

	As at 30 June 2015	As at 31 December 2014
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Total segment assets	**3,247,991**	3,325,125
Financial assets at fair value through profit or loss	**27,311**	22,116
Corporate assets	**1,366**	757
Investment property	**26,000**	23,000
Deferred income tax assets	**54,132**	51,773
Entrusted loans	**181,988**	182,113
Tax recoverable	**—**	10,907
Total assets per condensed consolidated balance sheet	**3,538,788**	3,615,791

The Company is domiciled in the Cayman Islands. The results of its revenue from external customers located in the following geographical areas are as follows:

	Six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
North America	**696,415**	795,287
European Union	**125,567**	122,702
Mainland China	**382,219**	362,572
Hong Kong	**40,986**	40,737
Other countries	**11,521**	5,851
	1,256,708	1,327,149

The total of non-current assets other than interests in associates, loan to an associate, interests in joint ventures, promissory note and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in the following geographical areas are as follows:

	As at 30 June 2015 (Unaudited) *HK$'000*	As at 31 December 2014 (Audited) *HK$'000*
Mainland China	**700,386**	753,628
Hong Kong	**170,318**	186,103
North America	**407**	423
	871,111	940,154

For the six months ended 30 June 2015, revenue of approximately HK$224,957,000 (2014: HK$211,142,000) was derived from one external customer (2014: one) attributable to the OEM reportable segment and accounted for greater than 10% of the Group's revenue.

4 OTHER INCOME

	Six months ended 30 June	
	2015 (Unaudited) *HK$'000*	2014 (Unaudited) *HK$'000*
Commission income	**1,601**	1,343
Government grants	**935**	5,005
Rental income	**2,415**	2,314
Others	**2,384**	4,319
	7,335	12,981

5 OTHER LOSSES, NET

	Six months ended 30 June	
	2015 (Unaudited) *HK$'000*	2014 (Unaudited) *HK$'000*
Impairment loss on an available-for-sales asset	**(20,243)**	—
Impairment loss on goodwill	**(35,000)**	—
Impairment loss on loan to an associate	**(20,584)**	—
Fair value gain on investment property	**3,000**	—
Loss on disposals of property, plant and equipment	**(3,912)**	(546)
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**3,982**	(694)
Net exchange gains	**7,777**	6,900
Net fair value gains/(losses) on derivative financial instruments	**24,963**	(32,266)
Realised gains on derivative financial instruments	**739**	1,031
	(39,278)	(25,575)

6 OPERATING PROFIT

The following items have been charged to the operating profit during the period:

	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Depreciation of property, plant and equipment	**49,932**	56,585
Amortisation of land use rights	**1,688**	1,558
Amortisation of intangible assets	**3,119**	4,420
Employee benefit expenses	**375,291**	387,859
Provision for inventories	**6,879**	5,884
Provision for impairment of trade receivables	**11,122**	19,070

7 FINANCE INCOME, NET

	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Finance income — interest income on		
— bank deposits	**1,468**	1,687
— amounts due from associates	**—**	528
— loan to an associate	**6,178**	6,335
— promissory notes	**2,906**	3,140
— entrusted loans	**—**	13,294
	10,552	24,984
Finance costs — interest expense on		
— bank borrowings	**(7,362)**	(8,587)
Finance income, net	**3,190**	16,397

8 INCOME TAX EXPENSE

	Six months ended 30 June 2015 (Unaudited) HK$'000	2014 (Unaudited) HK$'000
Current income tax		
— Hong Kong profits tax	**12,850**	1,397
— PRC enterprise income tax	**17,066**	24,621
— Under-provision in prior years	**—**	662
— PRC corporate withholding income tax	**—**	250
Deferred income tax	**(2,863)**	(4,866)
	27,053	22,064

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the period.

PRC enterprise income tax is provided on the basis of the profits of the PRC established and operating subsidiaries for statutory financial reporting purposes, adjusted for income and expense items which are not assessable or deductible for income tax purposes. The applicable enterprise income tax rate for these subsidiaries of the Group is 25% (2014: 25%).

Under the new Corporate Income Tax Law, corporate withholding income tax is levied on the foreign investor incorporated in Hong Kong for dividend which arises from profit of foreign investment enterprises earned after 1 January 2008 at a tax rate of 5%.

As at 30 June 2015, deferred income tax liabilities of approximately HK$60,417,000 (31 December 2014: HK$57,779,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries in the PRC in the total amount of HK$1,208,346,000 (31 December 2014: HK$1,155,584,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and the related temporary difference will not be reversed or will not be taxable in the foreseeable future.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately HK$5,606,000 (2014: HK$36,034,000) and weighted average number of ordinary shares in issue during the period of approximately 2,099,818,000 (2014: 2,099,818,000).

Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares.

During the six months ended 30 June 2015 and 2014, there were no dilutive potential ordinary shares deemed to be issued at no consideration for all outstanding share options granted under the share option scheme. There were no outstanding options as at 30 June 2015.

10 DIVIDENDS

At a meeting held on 27 August 2015, the directors do not recommend the payment of any dividend for the six months ended 30 June 2015 (2014: Nil).

11 TRADE AND OTHER RECEIVABLES

	As at 30 June 2015 (Unaudited) ***HK$'000***	As at 31 December 2014 (Audited) *HK$'000*
Trade and bill receivables	**538,373**	517,045
Less: Provision for impairment	**(57,750)**	(49,459)
Trade and bill receivables, net *(Note (i))*	**480,623**	467,586
Amounts due from joint ventures	**1,842**	2,159
Promissory note *(Note (ii))*	**67,904**	70,708
Entrusted loans *(Note (iii))*	**181,988**	182,113
Other receivables, deposits and prepayments	**231,768**	230,683
	964,125	953,249
Less: Non-current portion of promissory note	**(41,111)**	(51,800)
Current portion	**923,014**	901,449

Notes:

(i) The ageing analysis of gross trade and bill receivables based on invoice date is as follows:

	As at 30 June 2015 (Unaudited) *HK$'000*	As at 31 December 2014 (Audited) *HK$'000*
0 to 30 days	**231,526**	285,945
31 to 60 days	**117,266**	86,511
61 to 90 days	**75,658**	56,657
91 to 120 days	**51,166**	41,266
Over 120 days	**62,757**	46,666
	538,373	517,045

For OEM garment sales, the Group's trade receivables from its customers are generally settled by way of letters of credit or telegraphic transfer with credit periods of not more than 120 days. The grant of open account terms without security coverage is generally restricted to large or long-established customers with good repayment history. Sales to these customers comprise a significant proportion of the Group's OEM garment sales. On the other hand, for new and existing customers with short trading history, letters of credit issued by these customers are normally demanded for settlement purposes.

For sales of branded fashion apparel to franchisees, the Group normally requests payments in advance or deposits from such customers, with the remaining balances settled immediately upon delivery of goods. The Group also grants open account terms of 30 credit days to long-established customers with good repayment history.

Retail sales are in cash or by credit cards or collected by department stores on behalf of the Group. The department stores are normally required to settle the proceeds to the Group within 2 months from the date of sale.

Bill receivables are with average maturity dates within 2 months.

The carrying amounts of trade and other receivables approximate their fair value.

(ii) The promissory note represents a senior unsecured promissory note with principal amounted to US$9,000,000 (equivalent to approximately HK$69,615,000) converted from trade receivables due from a major customer which will be payable in various installments until the end of 2016. The promissory note is interest bearing at 5.25% per annum.

(iii) On 24 December 2012, the Group entered into three secured entrusted loans ("Entrusted Loan A") with total principals amounting to RMB30,000,000 (equivalent to approximately HK$37,449,000) due from a company established in the PRC ("Borrower A") through a lending agent, a commercial bank in the PRC. Entrusted Loan A is interest-bearing at 18% per annum payable on a quarterly basis and the principal will be payable on or before 25 December 2014. An affiliate of Borrower A pledged to the lending agent certain number of properties located at Yuhang District in Hangzhou as collaterals.

Further on 5 February 2013, the Group entered into another eight secured entrusted loans ("Entrusted Loan B") with total principals amounting to RMB130,000,000 (equivalent to approximately HK$162,276,000) due from a company established in the PRC, an affiliate of Borrower A ("Borrower B"), through a lending agent, a commercial bank in the PRC. Entrusted Loan B is interest-bearing at 18% per annum payable on a monthly basis and the principal will be payable on or before 5 February 2014. An affiliate of Borrower B pledged to the lending agent a parcel of land located at Lin'an City in Hangzhou as collateral.

On 27 January 2014, the Group renewed Entrusted Loan B with the borrower for twelve months from the original expiry date of 5 February 2014 to 5 February 2015. The terms and conditions of Entrusted Loan B, other than the repayment period, remained unchanged.

Corporate and personal guarantees were provided by affiliates of Borrower A and B in favour of the lending agents to secure the obligations of Borrower A and B under the entrusted loan agreements.

In June 2014, there was a failure for Borrower A and B to settle the interest within the agreed payment schedules set forth in the agreements for both Entrusted Loan A and B.

On 5 August 2014, the lending agent of Entrusted Loan B has reached eight civil claim mediation agreements with Borrower B, in which Borrower B has agreed to pay the principal of Entrusted Loan B amounting to RMB130,000,000 and the interest due up to 20 June 2014 before 31 October 2014. In addition, according to the civil claim mediation agreements, Borrower B is required to settle the interest incurred during the period from 21 June 2014 to the date of settlement at 22.5% per annum.

On 17 November 2014, the lending agent of Entrusted Loan A has reached three civil claim mediation agreements with Borrower A, in which Borrower A has agreed to pay the principal of Entrusted Loan A amounting to RMB30,000,000 and the interest due at the rate of 18% per annum before 30 November 2014.

Borrower A and B have failed to settle the principal and the related interest in accordance with the civil claim mediation agreements by 30 November 2014.

On 18 November 2014, Borrower A and B filed voluntary bankruptcy at the People's Court of Yuhang District (the "Court"). The Court approved the appointment of the administrator and accepted the petition for bankruptcy proceedings. The legal proceedings are still in progress up to the date of this report.

As at 30 June 2015, Entrusted Loan A of approximately HK$17,737,000 (31 December 2014: HK$17,737,000) was considered impaired.

12 TRADE AND OTHER PAYABLES

	As at 30 June 2015 (Unaudited) *HK$'000*	As at 31 December 2014 (Audited) *HK$'000*
Trade and bill payables	**329,519**	449,897
Other payables and accruals	**251,946**	210,857
Amount due to an associate	**1,084**	1,292
Amount due to a joint venture	**1,184**	—
	583,733	662,046

The ageing analysis of trade and bill payables based on invoice date is as follows:

	As at 30 June 2015 (Unaudited) *HK$'000*	As at 31 December 2014 (Audited) *HK$'000*
0 to 30 days	**201,487**	315,738
31 to 60 days	**57,777**	51,766
61 to 90 days	**16,378**	32,113
Over 90 days	**53,877**	50,280
	329,519	449,897

Bill payables are with average dates within 2 months.

INTERIM DIVIDEND

The Board has decided not to declare and pay any interim dividend for the six months ended 30 June 2015.

BUSINESS REVIEW

During the six months ended 30 June 2015, whilst the economies in the U.S. and the European countries have recovered modestly, the economy of Japan still hovered at low levels.

The U.S. remained the principal export market of the Group. During the six months ended 30 June 2015, the economic development in the U.S. showed overall improvements, but the reorganisation and adjustment of overseas brands and retailers, and the increasing costs of raw materials and labour in China affected the profitability of the OEM/ODM business of the Group. The turnover of the Group's OEM/ODM business for the first half of 2015 amounted to HK$1,005.7 million, representing a decrease of 5.8% compared with the turnover of the OEM/ODM business during the same period in the last year.

In respect of the retail business, the Group adopted different strategies for different brands. However, due to the changes in the macro-economic structure and the spending patterns of consumers, as well as the adjustment and upgrade of certain brands by the Group, the turnover of the Group's retail business for the first half of 2015 recorded a slight decrease to HK$251.0 million, on 3.4%, compared with the turnover of the retail business during the same period in the last year.

FINANCIAL REVIEW

Review of operations

During the six months ended 30 June 2015, the Group's revenue amounted to HK$1,256.7 million, representing a slight decrease of 5.3% compared with the total revenue of the Group of HK$1,327.1 million for the six months ended 30 June 2014. The gross profit for the six months ended 30 June 2015 was HK$369.2 million, representing a slight decrease of approximately 1.1% compared with the amount of gross profit of HK$373.2 million for the six months ended 30 June 2014. The operating profit of the Group for the six months ended 30 June 2015 recorded a decrease of 34.6% compared with the operating profit of the Group of HK$44.8 million for the six months ended 30 June 2014. The decrease in the profitability of the Group was primarily a result of the following factors:

(1) Additional impairment of loan to Hangzhou China Ting Property Development Company Limited ("**Hangzhou China Ting Property**"), an associate of the Company, of approximately HK$20.6 million being charged to the profit and loss of the Group because of the sluggish residential property condition in Hangzhou, the People's Republic of China.

(2) Additional impairment amount of approximately HK$20.2 million being charged to the profit and loss of the Group representing the difference between the investment cost and the fair value of the equity investment in Zhejiang Haoran Property Company Limited ("**Zhejiang Haoran**"), further information on which is set forth in the announcement of the Company dated 25 March 2015.

(3) Additional impairment loss of HK$35.0 million being charged to the profit and loss of the Group for the goodwill arising from the acquisition of Interfield Industrial Limited ("**Interfield**") in 2008. Interfield is engaged in the fabric printing and dyeing business.

(4) The Group entered into certain foreign exchange contracts (between US$ and RMB) during the year of 2014 and 2015 as part of the measures to mitigate the foreign exchange risk arising from the OEM trading business of the Group. A fair value gain on derivative financial instruments of HK$25.0 million in 2015 (2014: Loss of HK$32.3 million).

As a result, the net profit and net asset value per share attributable to equity holders for the six months ended 30 June 2015 were HK$5.6 million and HK$1.21 respectively.

OEM and ODM Business

During the six months ended 30 June 2015, the turnover derived from our OEM/ODM business recorded a slight decrease to HK$1,005.7 million from HK$1,067.4 million for the six months ended 30 June 2014. Apparel in silk, cotton and synthetic fabrics continued to be the principal products of the Group, which had a contribution of HK$740.9 million (2014: HK$834.9 million), representing 73.7% (2014: 78.2%) of the total turnover of our OEM/ODM business.

The U.S. continued to be the Group's principal market with sales amounted to HK$696.4 million (2014: HK$795.3 million), representing 69.2% (2014: 74.5%) of the total turnover of our OEM/ODM business. Sales to Europe and other markets were HK$125.6 million (2014: HK$122.7 million) and HK$183.7 million (2014: HK$149.4 million), respectively.

Fashion Retail Business

During the six months ended 30 June 2015, the retail sales of the Group also recorded a decrease to HK$251.0 million from HK$259.7 million for the six months ended 30 June 2014. *Finity*, the major brand of the Group, contributed HK$139.1 million to the retail business, representing a decrease of 2.1% compared with HK$142.1 million for the six months ended 30 June 2014.

In terms of retail revenue analysis by sales channel, sales from concessions amounted to HK$211.8 million (2014: HK$195.4 million), representing 84.4% of total retail turnover. Sales from free-standing stores and franchisees amounted to HK$20.2 million (2014: HK$37.7 million) and HK19.0 million (2014: HK$26.6 million), respectively.

Liquidity and Financial Resources

During the six months ended 30 June 2015, the Group satisfied its working capital needs principally from the financial resources generated from its business operations. As of 30 June 2015, the Group had cash and cash equivalent of HK$334.7 million, representing an increase of HK$105.2 million compared with HK$229.5 million as of 31 December 2014. The Group's total bank borrowings were HK$369.9 million (31 December 2014: HK$340.4 million). The debt to equity ratio (total borrowings as a percentage of total equity) of the Group was 14.4% (31 December 2014: 13.3%). The Directors are of the opinion that, after taking into account the existing available bank borrowing facilities and the internal financial resources of the Group, the Group has adequate financial resources to support its working capital requirement and future expansion.

The sales of the Group are mainly denominated in U.S. dollars and Renminbi, and the purchase of raw materials is mainly made in Renminbi, U.S. dollars and Hong Kong dollars. As of 30 June 2015, all cash and cash equivalents, and bank borrowings were mainly denominated in U.S. dollars, Renminbi and Hong Kong dollars. Hence, the Group considers that its foreign exchange risk is insignificant for the period. The Group has entered into certain foreign exchange contracts (between U.S. dollars and Renminbi) as part of its efforts to mitigate the foreign exchange risk arising from the OEM/ODM and trading business of the Group. According to the applicable accounting policies of the Group, the forex contracts would need to be measured at market value of the corresponding currencies as of 30 June 2015. As of 30 June 2015, the Group recorded a net fair value gain on derivative financial instruments of HK$25.0 million. Such gain does not represent any cash inflow/outflow, but has been included in the profit and loss of the Group during the six months ended 30 June 2015.

Impairment loss on loan to Hangzhou China Ting Property

Hangzhou China Ting Property has launched for sales of 君臨天峯府 (C. Ting King's Summit), its residential property development project, since the fourth quarter of 2014. The average launch price of the residential units was set at a low level at around RMB10,800 (equivalent to HK$13,500) per square meter in order to promote the sales. However, there were only a small number of units sold as of 30 June 2015 and the date of this announcement. The low average launch price was primarily due to the fact that a number of property developers in Hangzhou started promoting and launching their residential property projects in the third quarter of 2014 following the relaxation of the relevant government policies in home purchases, which resulted in an increase in the supply of the residential property units and greater downward pressure on the selling prices. After review of the sales progress of the property project and the fact that the number of residential units sold is less than the expected level, the Directors considered that the fair value of Hangzhou China Ting Property would need to be adjusted downward. During the six months ended 30 June 2015, the Group shared a loss arising from fair value adjustment, which has been recorded as an impairment loss on the loans to and the equity holding percentage held by the Group in Hangzhou China Ting Property.

Entrusted loans to Zhongdou Group and Zhongdou Shopping Centre

The Company announced the updated status of the NBC Entrusted Loans and the BOCOM Entrusted Loans in its announcements dated 10 February 2015, 10 December, 3 November, 19 August, 23 June 2014 and 5 February 2013 (the "Entrusted Loans Announcements"). The total amount of these two entrusted loans is RMB160.0 million (equivalent to HK$199.9 million). The borrowers of these two entrusted loans have failed to make repayments, and the borrowers and the related companies, namely 中都控股集團有限公司 (Zhongdou Group Holdings Limited*), 浙江中都房地產集團有限公司 (Zhejiang Zhongdou Property Group Company Limited*), 浙江中都百貨有限公司 (Zhejiang Zhongdou Department Store Company Limited*), 杭州中都購物中心有限公司 (Hangzhou Zhongdou Shopping Centre Company Limited*) have filed voluntary bankruptcy at the People's Court of Yuhang District, Hangzhou City. A creditor served a petition for bankruptcy proceedings against 浙江臨安中都置業有限公司 (Zhejiang Linan Zhongdou Property Company Limited*) which has pledged a parcel of land to secure due performance of obligations under the NBC Entrusted Loan, at the People's Court of Yuhang District, Hangzhou City.

In respect of such proceedings, the People's Court of Yuhang District, Hangzhou City, approved the appointment of the administrator and accepted the petition for bankruptcy proceedings. The first creditors' meetings were held on 19, 20 March and 2 April 2015.

Pursuant to the order, each of the Bank of Communications Limited, Zhejiang Branch and Ningbo Bank Corporation lodged a proof of debt to the administrator in respect of the claims under the BOCOM Entrusted Loans and NCB Entrusted Loans in the amount of RMB33.6 million (equivalent to HK$42.0 million) and RMB141.8 million (equivalent to HK$177.1 million) on 9 February 2015 and 16 February 2015, respectively.

Reclassificaion of the Group's equity investments in Zhejiang Haoran

As set forth in the announcement of the Company dated 25 March 2015, the Group has reclassified its equity investment in Zhejiang Haoran as a result of the Group's representatives being removed as directors of Zhejiang Haoran since July 2014. The removal decision was unilaterally approved by a majority of the equity holders of Zhejiang Haoran. The equity investment was previously recorded under the equity method as the Group's investment in an associate. Following the removal of the Group's representatives as directors of Zhejiang Haoran, the Group's equity investment in Zhejiang Haoran is currently treated as available-for-sale financial assets which are stated at fair value. For the six months ended 30 June 2015, an amount of HK$20.2 million was charged to the profit and loss of the Group representing the change in the fair value of the equity investment.

Human Resources

As of 30 June 2015, the Group employed a total of 9,500 employees in Mainland China, Hong Kong and the United States.

The Group recognises the importance of good relationships with its employees and has established an incentive bonus scheme for them, in which the benefits are determined based on the performance of the Group and individual employees, reviewable every year. The Directors believe that a comparative remuneration scheme, a safe and comfortable workplace, and career development opportunities are incentives for employees to excel in their areas of responsibilities.

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administrated by the Chinese government authorities for the Group's employees in China. For the Group's employees in Hong Kong, all the arrangements pursuant to the mandatory provident fund requirements set forth under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) are duly implemented. There is no mandatory retirement schemes under the applicable laws and regulations in the U.S.. The Group has not implemented retirement schemes for the Group's employees in the U.S..

Contingent Liabilities

The Group had no material contingent liabilities as of 30 June 2015.

BUSINESS OUTLOOK

In the second half of 2015, with the global economy facing numerous uncertainties, the demand for clothing and apparel items would continue to fluctuate. The Directors are generally positive on the continuous business development of the Group. The Group will continue to adjust its business structure to cope with increasing integration in the business sectors, so that it will be able to continue to grow amid the uncertain market conditions.

The Group will continue to work with its major customers in the OEM/ODM business. The Group will also provide better services with more selections by the customers in respect of fabric designs so as to enhance the value of the Group's products. Leveraging its existing weaving business, the Group will further develop knitwear products with new technologies, new fabrics and new production techniques to satisfy the increasing demand from the customers of fashionable and quality products.

In terms of market presence, the Group will continue to focus on the U.S. market. The Group will take full advantage of its overseas companies which have access to local markets and customers to proactively and quickly respond to market needs. The Group will also expedite its development in Europe, Japan and emerging markets and explore customers through multiple channels with the aim of gaining a foothold in more markets and obtaining more orders.

The Group believes that the retail market will flourish going forward. Population in China receives increasing amount of income and have become more demanding in selection of the quality and quantity of apparel. The Group will seize this business opportunity and proactively expand its brand retail business.

The Group will put more efforts on brand promotion, improve product design, revamp store image, optimise sales network, consolidate resources, enhance terminal training and adopt a combination of various measures to increase the profitability and recognition of its brands.

The Group will deepen its cooperation with international brands. In the second half of 2015, the Group will introduce *Trenta*, a popular, trendy and fashionable brand from Korea, to offer customers another range of choices of eyewear, hats and accessories. The Group is committed to introducing more international and fashionable brands to China to offer alternate choices to local customers.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's shares during the six months ended 30 June 2015.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management and the independent auditor the accounting principles and practices adopted by the Group and discussed auditing, internal controls, and financial reporting matters including the review of the unaudited interim financial information. In addition, the Group's independent auditor has carried out a review of the unaudited interim results in accordance with the Hong Kong Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE

The Board is committed to enhancing the corporate governance of the Group, and the Group reviews and updates all such necessary measures in order to promote good corporate governance.

The Company has complied with the applicable code provisions of the Code on Corporate Governance Practices as set out in appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the period under review.

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set forth in appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiry of all directors, no Director is aware of any non-compliance with the Model Code throughout the period under review.

GENERAL INFORMATION

An interim report containing all the relevant information required by Appendix 16 to the Listing Rules will be subsequently published on the Stock Exchange's website and on the Company's website in due course.

As of the date of this announcement, the Board comprises the following Directors:

Executive Directors:
Mr. TING Man Yi *(Chairman)*
Mr. TING Hung Yi *(Chief Executive Officer)*
Mr. DING Jianer
Mr. CHEUNG Ting Yin, Peter

Independent non-executive Directors:
Mr. WONG Chi Keung
Mr. LEUNG Man Kit
Dr. CHENG Chi Pang

By Order of the Board
CHINA TING GROUP HOLDINGS LIMITED
TING Hung Yi
Chief Executive Officer

Hong Kong, 27 August 2015