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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)

ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2017

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2017	2016	
	HK$ million	*HK$ million*	*Change*
Revenue			
OEM Business	**1,855.3**	1,689.0	9.9
Fashion Retail Business	**480.1**	462.5	3.8
	2,335.4	2,151.5	8.5
Operating profit	**158.1**	124.3	27.2
Profit attributable to the Company's equity holders	**149.7**	81.8	83.0
Dividend per share *(HK cents)*			
— Interim and special	**1.97**	1.88	
— Final and special	**—**	0.85	
	1.97	2.73	
Dividend payout ratio	**28%**	70%	
Equity attributable to the Company's equity holders	**2,525.9**	2,268.8	
Equity per share *(HK$)*	**1.20**	1.08	

The board (the "**Board**") of directors (the "**Directors**") of China Ting Group Holdings Limited (the "**Company**") wishes to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2017, together with the comparative figures for the year ended 31 December 2016, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	**2017** **HK$'000**	2016 *HK$'000*
Revenue	*2*	**2,335,429**	2,151,522
Cost of sales		**(1,670,143)**	(1,500,291)
Gross profit		**665,286**	651,231
Other income	*3*	**29,267**	12,704
Other gains, net	*4*	**12,300**	30,974
Selling, marketing and distribution costs		**(277,417)**	(278,655)
Administrative expenses		**(312,478)**	(304,840)
Gain on derivative financial instruments		**—**	3,850
Impairment loss on available-for-sale financial assets		**—**	(1,324)
Reversal of impairment on loans to an associate	*5*	**41,135**	10,391
Operating profit	*6*	**158,093**	124,331
Finance income	*7*	**11,346**	21,090
Finance costs	*7*	**(8,668)**	(19,776)
Share of loss of an associate		**(632)**	(141)
Share of loss of a joint venture		**(2,791)**	(5,088)
Profit before income tax		**157,348**	120,416
Income tax expense	*8*	**(16,901)**	(39,084)
Profit for the year		**140,447**	81,332

	Note	2017 HK$'000	2016 HK$'000
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Currency translation differences		**172,314**	(144,377)
Fair value gain on transfer of owner-occupied property to investment property		**16,952**	—
Release of exchange reserve to profit or loss upon deregistration of an associate		**(20,278)**	—
Other comprehensive income/(loss), net of tax		**168,988**	(144,377)
Total comprehensive income/(loss)		**309,435**	(63,045)
Profit/(loss) attributable to:			
Equity holders of the Company		**149,689**	81,827
Non-controlling interests		**(9,242)**	(495)
		140,447	81,332
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**316,371**	(59,842)
Non-controlling interests		**(6,936)**	(3,203)
		309,435	(63,045)
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents per share)			
— basic	*9*	**7.13**	3.90
— diluted	*9*	**7.13**	3.90

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2017

	Note	2017 HK$'000	2016 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**568,050**	619,848
Investment properties		**88,721**	27,500
Land use rights		**70,334**	72,568
Interests in associates		**1,806**	1,673
Loans to an associate	*5*	**—**	125,977
Interest in a joint venture		**3,307**	5,797
Intangible assets		**22,301**	25,057
Promissory note	*11*	**34,978**	33,867
Deferred income tax assets		**80,862**	59,272
		870,359	971,559
Current assets			
Inventories		**944,406**	729,935
Trade and other receivables	*11*	**729,581**	568,599
Tax recoverable		**15,403**	416
Available-for-sale financial assets		**286,002**	276,712
Financial assets at fair value through profit or loss		**19,967**	19,498
Loans to an associate	*5*	**—**	71,708
Entrusted loans	*11*	**174,443**	160,974
Cash and bank balances		**498,386**	395,147
		2,668,188	2,222,989
Total assets		**3,538,547**	3,194,548

	Note	2017 HK$'000	2016 HK$'000
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**209,982**	209,982
Reserves		**2,315,954**	2,058,797
		2,525,936	2,268,779
Non-controlling interests		**23,325**	30,261
Total equity		**2,549,261**	2,299,040
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**21,752**	13,861
Current liabilities			
Trade and other payables	*12*	**707,889**	582,227
Bank borrowings		**247,271**	283,066
Current income tax liabilities		**12,374**	16,354
		967,534	881,647
Total liabilities		**989,286**	895,508
Total equity and liabilities		**3,538,547**	3,194,548

NOTES

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies ordinance (Chapter 622 of the laws of Hong Kong). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, available-for-sale financial assets and investment properties, which are carried at fair value.

(a) Amendments to existing standards adopted by the Group

The following amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2017:

Amendments to HKAS 7	Statement of cash flows
Amendments to HKAS 12	Income taxes
Amendment to HKFRS 12	Disclosure of interest in other entities

The adoption of these amendments to existing standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New standards and interpretations not yet adopted

		Effective for annual periods beginning on or after
Amendment to HKFRS 1	First time adoption of HKFRS	1 January 2018
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions	1 January 2018
Amendments to HKFRS 4	Insurance contracts — Applying HKFRS 9 financial instruments with HKFRS 4 Insurance contracts	1 January 2018 or when the entity first applies HKFRS 9
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendment to HKAS 28	Investments in associates and joint ventures	1 January 2018
Amendments to HKAS 40	Transfers of investment property	1 January 2018
HK (IFRIC) 22	Foreign currency transactions and advance consideration	1 January 2018
HK (IFRIC) 23	Uncertainty over income tax treatments	1 January 2019
HKFRS16	Leases	1 January 2019
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor associate on joint venture	To be determined

None of the above new standards and amendments is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9 Financial instruments

Nature of change

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

Impact

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

The Group's debt security currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity security currently classified as available-for-sale financial assets for which a FVOCI election is available; and

- equity investments currently measured at fair value through profit or loss ("FVPL") which would likely continue to be measured on the same basis under HKFRS 9.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt security measured at FVOCI, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Date of adoption by the Group

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

HKFRS 15 Revenue from Contracts with Customers

Nature of change

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Impact

Management has assessed the effects of applying the new standard on the Group's financial statements and does not expect the new standard to have a significant impact on the Group's financial statements.

Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

HKFRS 16 Leases

Nature of change

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

Impact

The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$24,114,000. However, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

Mandatory application date/Date of adoption by the Group

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2 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/(loss) 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, corporate assets, financial assets at fair value through profit or loss and entrusted loans, all of which are managed on a central basis. These are part of the reconciliation to total 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 executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

	OEM *HK$'000*	**Retail** *HK$'000*	**Property development** *HK$'000*	**Total** *HK$'000*
Year ended 31 December 2017				
Total revenue	**1,881,921**	**480,310**	**—**	**2,362,231**
Inter-segment revenue	**(26,614)**	**(188)**	**—**	**(26,802)**
Revenue (from external customers)	**1,855,307**	**480,122**	**—**	**2,335,429**
Segment profit/(loss) before income tax	**185,684**	**(78,534)**	**45,668**	**152,818**
Depreciation of property, plant and equipment	**(71,027)**	**(26,279)**	**—**	**(97,306)**
Amortisation of land use rights	**(4,701)**	**(32)**	**—**	**(4,733)**
Amortisation of intangible assets	**(5,193)**	**(2,442)**	**—**	**(7,635)**
Finance income	**6,471**	**342**	**4,533**	**11,346**
Finance costs	**(6,721)**	**(1,947)**	**—**	**(8,668)**
Reversal of impairment loss on loans to an associate	**—**	**—**	**41,135**	**41,135**
Share of loss of an associate	**(632)**	**—**	**—**	**(632)**
Share of loss of a joint venture	**—**	**(2,791)**	**—**	**(2,791)**
Income tax expense	**(8,604)**	**(8,297)**	**—**	**(16,901)**

	OEM *HK$'000*	Retail *HK$'000*	Property development *HK$'000*	Total *HK$'000*
Year ended 31 December 2016				
Total revenue	1,710,590	463,518	—	2,174,108
Inter-segment revenue	(21,619)	(967)	—	(22,586)
Revenue (from external customers)	1,688,971	462,551	—	2,151,522
Segment profit/(loss) before income tax	151,643	(51,969)	22,927	122,601
Depreciation of property, plant and equipment	(68,984)	(24,636)	—	(93,620)
Amortisation of land use rights	(5,703)	(32)	—	(5,735)
Amortisation of intangible assets	(4,571)	(2,055)	—	(6,626)
Finance income	6,905	325	13,860	21,090
Finance costs	(15,964)	(3,812)	—	(19,776)
Reversal of impairment loss on loans to an associate	—	—	10,391	10,391
Share of profit of an associate	(141)	—	—	(141)
Share of losses of joint ventures	—	(5,088)	—	(5,088)
Impairment loss on available-for-sale financial assets	—	—	(1,324)	(1,324)
Income tax expense	(36,496)	(2,588)	—	(39,084)

	OEM *HK$'000*	Retail *HK$'000*	Property development *HK$'000*	Total *HK$'000*
As at 31 December 2017				
Total segment assets	**1,926,587**	**1,039,211**	**286,002**	**3,251,800**
Total segment assets include:				
Interests in associates	**1,806**	—	—	**1,806**
Interest in a joint venture	—	**3,307**	—	**3,307**
Available-for-sale financial assets	—	—	**286,002**	**286,002**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**38,007**	**20,362**	—	**58,369**
Tax recoverable	**15,403**	—	—	**15,403**
Deferred income tax assets	**23,639**	**57,223**	—	**80,862**

	OEM *HK$'000*	Retail *HK$'000*	Property development *HK$'000*	Total *HK$'000*
As at 31 December 2016				
Total segment assets	1,544,935	966,119	474,397	2,985,451
Total segment assets include:				
Interests in associates	1,673	—	—	1,673
Loans to an associate	—	—	197,685	197,685
Interests in joint ventures	—	5,797	—	5,797
Available-for-sale financial assets	—	—	276,712	276,712
Additions to non-current assets (other than financial instruments and deferred income tax assets)	105,143	7,886	—	113,029
Tax recoverable	416	—	—	416
Deferred income tax assets	24,267	35,005	—	59,272

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

	2017	2016
	HK$'000	*HK$'000*
Total segment profit before income tax	**152,818**	122,601
Net fair value gains on financial assets at fair value through profit or loss	**10,429**	1,049
Corporate overhead	**(6,653)**	(7,600)
Rental income	**754**	516
Gains on derivative financial instruments	**—**	3,850
Profit before income tax per consolidated statement of comprehensive income	**157,348**	120,416

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

	2017	2016
	HK$'000	*HK$'000*
Total segment assets	**3,251,800**	2,985,451
Financial assets at fair value through profit or loss	**19,967**	19,498
Corporate assets	**3,616**	1,125
Investment properties	**88,721**	27,500
Entrusted loans	**174,443**	160,974
Total assets per consolidated balance sheet	**3,538,547**	3,194,548

The Company is domiciled in the Cayman Islands. The results of its revenue from external customers based on the destination of the customers are as follows:

	2017	2016
	HK$'000	*HK$'000*
PRC	**1,157,691**	883,949
North America	**940,988**	1,022,461
European Union	**181,152**	175,415
Hong Kong	**33,617**	54,565
Other countries	**21,981**	15,132
	2,335,429	2,151,522

The total of non-current assets other than interests in associates, loans to an associate, interest in a joint venture, 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:

	2017	2016
	HK$'000	*HK$'000*
PRC	**593,898**	563,235
Hong Kong	**151,719**	181,315
North America	**3,789**	423
	749,406	744,973

For the year ended 31 December 2017, revenues of approximately HK$386,920,000 (2016: HK$346,283,000) are derived from a single external customer (2016: Same). These revenues are attributable to the OEM reportable segment and accounted for greater than 10% of the Group's revenue.

3 OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Commission income	**3,694**	2,326
Government grants	**783**	977
Rental income	**9,945**	5,308
Scrap sales	**1,987**	1,698
Compensation received	**10,277**	—
Others	**2,581**	2,395
	29,267	12,704

4 OTHER GAINS, NET

	2017	2016
	HK$'000	*HK$'000*
Net exchange (losses)/gains	**(4,217)**	22,091
Fair value gain on investment properties	**2,186**	2,500
Net fair value gains on financial assets at fair value through profit or loss	**10,429**	1,049
Gain on disposal of property, plant and equipment	**3,902**	7,290
Others	**—**	(1,956)
	12,300	30,974

5 LOANS TO AN ASSOCIATE

As at 31 December 2016, the loans to an associate with carrying amount of approximately HK$197,685,000 were unsecured, interest-bearing at a range from 4.35% to 7.32% per annum on the principal and will be repayable before 31 December 2018 with the principal and all the interest.

During the year, the associate has repaid such loans and interests within its financial capacity. As of 31 December 2017, such associate has been deregistered.

	2017	2016
	HK$'000	*HK$'000*
At 1 January	**197,685**	245,392
Accrued interest income	**4,533**	13,860
Repayment of loans from an associate	**(250,489)**	(57,527)
Reversal of impairment on loans to an associate	**41,135**	10,391
Exchange differences	**7,136**	(14,431)
At 31 December	**—**	197,685

6 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following:

	2017	2016
	HK$'000	*HK$'000*
Amortisation of land use rights	**4,733**	5,735
Amortisation of intangible assets	**7,635**	6,626
Depreciation of property, plant and equipment	**97,306**	93,620
Reversal of impairment loss on loans to an associate *(Note)*	**(41,135)**	(10,391)

Note: Hangzhou China Ting Property Development Company Limited ("China Ting Property") is an associate of the Group engaging in residential property development in Hangzhou. There was a reversal of impairment loss on loan to China Ting Property amounted to HK$41,135,000 (2016: HK$10,391,000) during the year ended 31 December 2017 (Note 5).

7 FINANCE INCOME AND COSTS

	2017 *HK$'000*	2016 *HK$'000*
Finance income — interest income on		
— bank deposits	**3,668**	3,672
— loans to an associate	**4,533**	13,860
— promissory notes	**3,145**	3,558
	11,346	21,090
Finance costs		
— interest expense on bank borrowings	**(8,668)**	(16,413)
— loss on modification of promissory note	**—**	(3,363)
	(8,668)	(19,776)
Finance income, net	**2,678**	1,314

8 INCOME TAX EXPENSE

	2017 *HK$'000*	2016 *HK$'000*
Current income tax		
— Hong Kong profits tax *(Note (a))*	**16,164**	14,934
— PRC enterprise income tax *(Note (b))*	**14,202**	30,129
— Over-provision in prior years	**(58)**	(63)
Withholding tax	**1,074**	—
Deferred income tax	**(14,481)**	(5,916)
	16,901	39,084

Notes:

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profit for the year.

(b) The PRC enterprise income tax is calculated based on the statutory profit of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations. The standard PRC enterprise income tax rate is 25% during the years ended 31 December 2017 and 2016.

During the years ended 31 December 2017 and 2016, one subsidiary of the Group is qualified for a preferential income tax rate of 15% under the tax breaks to small and micro business. The remaining PRC subsidiaries of the Group are subject to standard PRC enterprise income tax rate of 25%.

9 EARNINGS PER SHARE

(a) The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately HK$149,689,000 (2016: HK$81,827,000) and weighted average number of ordinary shares in issue during the year of 2,099,818,000 (2016: 2,099,818,000).

(b) 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 years ended 31 December 2017 and 2016, 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 during the year. There were no outstanding options as at 31 December 2017 and 2016.

10 DIVIDENDS

	2017	2016
	HK$'000	*HK$'000*
Interim dividend, paid, of HK1.41 cents (2016: HK1.34 cents) per ordinary share	**29,607**	28,138
Interim special dividend, paid, of HK0.56 cent (2016: HK0.54 cent) per ordinary share	**11,759**	11,339
Final dividend, nil (2016: HK0.07 cent per ordinary share) *(Note)*	**—**	1,470
Final special dividend, nil (2016: HK0.78 cent per ordinary share) *(Note)*	**—**	16,378
	41,366	57,325

Note:

At a meeting held on 23 March 2018, the directors did not propose any special dividend or final dividend.

11 TRADE AND OTHER RECEIVABLES

	2017	2016
	HK$'000	*HK$'000*
Trade and bill receivables *(Note (i))*	**498,981**	404,328
Less: Provision for impairment	**(48,650)**	(50,655)
Trade and bill receivables, net	**450,331**	353,673
Amounts due from related parties	**15,226**	2,376
Promissory note *(Note (ii))*	**36,914**	35,805
Entrusted loans *(Note (iii))*	**174,443**	160,974
Other receivables, deposits and prepayments	**262,088**	210,612
	939,002	763,440
Less: Non-current portion of promissory note *(Note (ii))*	**(34,978)**	(33,867)
	904,024	729,573

The amounts due from related parties are unsecured, interest-free and repayable on demand.

Notes:

(i) Trade and bill receivables

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

	2017	2016
	HK$'000	*HK$'000*
Up to 30 days	**284,150**	211,382
31 to 60 days	**73,796**	80,998
61 to 90 days	**50,326**	34,279
91 to 120 days	**38,152**	35,818
Over 120 days	**52,557**	41,851
	498,981	404,328

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 90 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 settled 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 of within 2 months.

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

As at 31 December 2017, trade and bill receivables of approximately HK$68,523,000 (2016: HK$54,169,000) were past due but not considered impaired.

(ii) Promissory note

The promissory note represents a senior unsecured promissory note with original principal amounted to US$10,000,000 (equivalent to approximately HK$77,350,000) converted from trade receivables due from a major customer which will be payable in various installments until July 2019. The promissory note is interest-bearing at 5.25% per annum.

(iii) Entrusted loans

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$35,893,000) 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 would 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$155,540,000) 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 would 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, remain 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. In February 2015, the Group lodged proof of debts through its lending agents to the administrator in respect of the claims. The first creditors' meetings were held on 19, 20 March and 2 April 2015.

The legal proceedings are still in progress up to the date of this report.

As at 31 December 2017, Entrusted Loan A of approximately HK$16,990,000 (2016: HK$17,737,000) was impaired.

12 TRADE AND OTHER PAYABLES

	2017	2016
	HK$'000	*HK$'000*
Trade and bill payables	**475,551**	389,567
Other payables and accruals	**231,293**	191,772
Amount due to an associate	**1,045**	888
	707,889	582,227

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

	2017	2016
	HK$'000	*HK$'000*
Up to 30 days	**329,734**	262,327
31 to 60 days	**41,063**	41,569
61 to 90 days	**24,604**	19,095
Over 90 days	**80,150**	66,576
	475,551	389,567

Bill payables are with average maturity dates of within 2 months.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT TO BE ISSUED ON THE GROUP'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

"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 2017, 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 15 to the consolidated financial statements, the Group held available-for-sale financial assets of HK$286 million as of 31 December 2017 which represented 29% equity interest (the "Equity security") in and shareholders' loans (the "Debt security") granted to Zhejiang Haoran Property Company Limited ("Zhejiang Haoran") of HK$44 million and HK$242 million, respectively. In assessing the fair value of the available-for-sale financial assets, management adopted the Adjusted net asset value ("Adjusted NAV") approach to estimate the fair value of 100% equity interest in Zhejiang Haoran; then applied a minority interest discount rate to calculate the value of the 29% equity interest and considered the equity value of Zhejiang Haoran to estimate future expected cash flows under the debt security to assess the fair value of such debt security. Under the Adjusted NAV approach, the book values of Zhejiang Haoran's assets and liabilities are adjusted to their respective fair values. The principal asset of Zhejiang Haoran is a commercial property under construction located in Hangzhou (the "Property"), which is valued using direct comparison approach and residual approach.

The Group was unable to obtain any financial information of Zhejiang Haoran as of and for the year ended 31 December 2017. As such, the fair value of the available-for-sale financial assets as of 31 December 2017 is estimated by management using the Adjusted NAV approach based on Zhejiang Haoran's financial information as of 31 December 2016. The fair value of the Property has been adjusted to take into account the latest market price movements of similar properties at nearby locations during the current year and assumed the construction progress remained unchanged from that as of 31 December 2016. Interest expense for the current year has been accrued for interest-bearing liabilities outstanding as of 31 December 2016 and assuming the balance outstanding and the interest rates remained unchanged from those as of 31 December 2016. Minority interest discount rate applied has been adjusted from 30% as of 31 December 2016 to 40% as of 31 December 2017. Other assumptions adopted in the valuation are assumed to be remained unchanged from that as of 31 December 2016.

In absence of the latest financial information of Zhejiang Haoran and direct access to the management of Zhejiang Haoran, we are unable to obtain sufficient appropriate audit evidence to assess the appropriateness of the financial information and the assumptions adopted by management in their measurement of the fair value of the available-for-sale financial assets. There were no other satisfactory audit procedures that we could perform to determine whether any adjustments to the carrying value of the available-for-sale financial assets as at 31 December 2017 were necessary.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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."

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Business Review

The year of 2017 saw the stable economic recovery across the world, and yet the major economies that had been continuously affected by loose monetary policies for years were facing ongoing increases in debt, consistent high inflationary pressure and decline in the actual consumption power. On the other hand, China's economy grew steadily and achieved remarkable success with a growth of 6.9%, making it an important driver and stabilizer for the global economic recovery.

In 2017, the Group exerted concentrated efforts in developing the business with its domestic brand customers and the new business of intelligent garment manufacturing, so as to change the traditional business mode, by using information-based software and automatic equipment, for improving their production efficiency. The Group's wool textile business achieved profit for the first time in 2017 after eight years of preparation and market exploration. The wool textile business with its robust rise will become an important business segment and source of profit to the Group in the future. By virtue of the efforts above, the Group recorded a turnover of HK$1,855.3 million from its OEM/ODM business, representing a remarkable increase of 9.8% as compared with the same in 2016.

The retail business also recorded a remarkable growth of 3.8% in 2017 primarily because of the enhanced portfolio of brands of the Group after the adjustment and deployment made thereby at the early stage, which boosted the business growth of RIVERSTONE and TRENTA and the e-commerce business, thus facilitating the performance of the Group's retail business as a whole.

(2) Financial Review

Review of operations

During the year ended 31 December 2017, the Group's revenue amounted to HK$2,335.4 million, representing an increase of 8.5% compared with the total revenue of the Group of HK$2,151.5 million in 2016. The gross profit for the year ended 31 December 2017 was HK$665.3 million, representing an increase of 2.2% as compared with HK$651.2 million in 2016. As a result, the net profit attributable to equity holders of the Company for the year ended 31 December 2017 was HK$149.7 million and the net asset value per share as at 31 December 2017 was HK$1.20.

OEM and ODM business

During the year of 2017, the revenue derived from our OEM/ODM business recorded an increase of 9.9% from HK$1,689.0 million in 2016 to HK$1,855.3 million in 2017. Products made from silk, cotton and synthetic fabrics continue to be the major products which contributed HK$1,285.9 million (2016: HK$1,257.9 million), representing 69.3% (2016: 74.5%) of the total turnover of our OEM/ODM business for the year ended 31 December 2017.

In respect of market concentration, sales to the US market amounted to HK$941.0 million in 2017 (2016: HK$1,022.5 million), which accounted for 50.7% (2016: 60.5%) of the OEM/ODM revenue. Sales to European Union and other markets in 2017 were HK$181.2 million (2016: HK$175.4 million) and HK$733.1 million (2016: HK$491.1 million), respectively.

Fashion retail business

During the year ended 31 December 2017, the retail sales of the Group increased by 3.8% from HK$462.5 million to HK$480.1 million. Finity, the major brand of the Group, contributed HK$224.2 million to the retail business, representing an increase of 1.0% as compared with HK$222.1 million for the year 2016.

In terms of retail revenue analysis by sales channels, sales from concessionary counters amounted to HK$295.1 million (2016: HK$312.2 million), accounting for 61.5% of total retail turnover for the year ended 31 December 2017. Sales from e-commerce, freestanding stores and franchisees for the year ended 31 December 2017 amounted to HK$67.5 million (2016: HK$65.3 million), HK$27.2 million (2016: HK$29.4 million) and HK$90.3 million (2016: HK$55.6 million), respectively.

Liquidity and financial resources

The Group continues to retain a solid financial position. During the year, the Group's working capital needs were principally supported by the financial resources generated from its ordinary course of business. As of 31 December 2017, the cash and cash equivalents were HK$469.4 million, representing an increase of 27.6% from HK$368.0 million as of 31 December 2016. The Group had bank borrowings of HK$247.3 million as of 31 December 2017 (2016: HK$283.1 million). The debt to equity ratio (total borrowings as a percentage of total equity) was 9.7% (2016: 12.3%). The Directors consider that the Group has adequate financial resources to support its working capital requirement and future expansion.

The sales of the Group are mainly denominated in US dollars and Renminbi and the purchase of raw materials are mainly made in Renminbi, US dollars and Hong Kong dollars. As of 31 December 2017, all cash and cash equivalents, and bank borrowings were mainly denominated in US dollars, Renminbi and Hong Kong dollars. The Group entered into certain foreign exchange contracts (between United States dollars and Renminbi) as part of the measures to mitigate the foreign exchange risk arising from the OEM trading business of the Group in previous years.

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. Hangzhou China Ting Property has already sold all of completed residential units and deregistered by the end of 2017. As a result, HK$41.1 million of the provisions made in previous years has been written back during the year for 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$191.4 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$40.2 million) and RMB141.8 million (equivalent to HK$169.7 million) on 9 February 2015 and 16 February 2015, respectively.

Available-for-sale financial assets

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.

In June 2016, the Group issued a letter before action to Zhejiang Haoran for a shareholders' loan of RMB8.7 million as Haoran is in default in repaying the balance. In March 2017, Hangzhou Yuhang District Court (the "**Court**") ruled that the Group won the case and Zhejiang Haoran has settled the loan principal of RMB8.7 million together with an interest of RMB8.9 million. Subsequent to the settlement of the above litigation, the Group further issued two legal letters to Zhejiang Haoran for shareholder's loans of RMB7.3 million and RMB172.7 million in March and August 2017, representively. These legal actions are still in progress.

Since the Group has taken legal actions against Zhejiang Haoran, Zhejiang Haoran did not provide any financial information to the Group, and the Group was unable to obtain any financial information of Zhejiang Haoran as at and for the year ended 31 December 2017. As such, the fair value of the available for sale financial assets as at 31 December 2017 is estimated by management using the adjusted net assets value approach based on Zhejiang Haoran's financial information as at 31 December 2016, with the assumption that the construction progress, interest-bearing liabilities and interest rates remained unchanged, and the fair value of the property under development has been adjusted to take into account the latest market price movements of similar properties at nearby locations during the current year. Minority interest discount rate applied has been adjusted upwards as well.

(3) Outlook

In 2018, the Group will further enhance the information-based and automatic management of its factories on the basis of the successful pilot program for intelligent garment manufacturing, with a view to improving the efficiency and flexible manufacturing capability of the factories to satisfy the need of the market for quick response regarding OEM/ODM business. This is designed to improve the loyalty of new and old customers and make further efforts to create better results in the meanwhile of reducing resource consumption and environmental impact.

In addition, the Group will exert greater efforts on the development of domestic customers, and the steadily growing economy in China has not only driven the rapid growth of domestic processing orders, but also enabled the Group to balance its exchange revenue by way of settlement in RMB and thus prevent the impact of any significant fluctuation in the exchange rates between RMB and USD on the profit of the Group.

The brand retail business will remain as the development focus of the Group. In 2018, the Group will not only endeavor to uplift the single-store growth of existing brands, expand the stores with outstanding performance and implement inventory control appropriately, but also exert greater efforts on e-commerce and strive to embark on a glorious journey in the brand e-commerce area by virtue of the strategic cooperation with the companies that run large e-commerce platforms. The Group will officially introduce a brand for children's clothes in this year to share the profits in the children's clothes market arising from the improved quality of people's life and the implementation of the "two-child" policy in China.

The wool textile business will see greater growth after its first profit-making achievement in this year, and the Group will strive to become the most influential supplier of woolens in China. It is anticipated that this business will continue to grow rapidly in this year.

In 2018, China Ting Group will devote itself into internal reform, talent cultivation and market exploration with an active attitude for seeking development through innovation, and provide top-quality products and the most considerate services with an open mind to the greatest extent to embrace the new promising future for the traditional manufacturing enterprises in China together with our customers, staff and investors.

(4) Human Resources

As of 31 December 2017, the Group had approximately 6,800 full-time employees. Staff costs for 2017 stand at HK$554.5 million, representing a decrease of 2.5% over the previous year.

The Group recognises the importance of good relationships with its employees and has adopted an incentive bonus scheme for them, under which bonuses are determined every year based on the performance of individual employees and with reference to the Group's annual profits and performance. Our Directors believe that a competitive remuneration package, 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 US. The Group has not implemented retirement schemes for the Group's employees in the US.

CORPORATE GOVERNANCE

The Board is committed to enhancing the corporate governance of the Group in internal control and compliance; adhere to business code of ethics and advocate environmental awareness. The Group periodically reviews, updates and improve all such necessary measures with reference to the latest corporate governance developments in order to promote good corporate governance.

The Group has during the year ended 31 December 2017 complied with the code provisions of the Corporate Governance Code and the Corporate Governance Report set forth in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The Group was informed by Mr. Cheng Chi Pang, one of the independent non-executive Directors, on 14 March 2018 that he had surrendered the honorary doctorate degree granted to him by Burkes University in November 2003 and that he will not use such honorary title in the future.

According to Mr. Cheng, he received an email in 2003 from Burkes University stating that Mr. Cheng had been short-listed by the Honorary Doctorates Committee for the conferment of an honorary doctorate degree. Mr. Cheng did check the source of the email, and it seemed to him at that time that it was not a scam email or an email from a mendacious email address. Mr. Cheng was fully aware that this kind of doctorate degree is *honorary* in nature, and it did not represent that he had made any significant academic achievement in the accounting profession in Hong Kong or otherwise or contributed to the society or community at which the university was located. Mr. Cheng followed the procedures prescribed in the email message and submitted the copy documents to Burkes University for consideration. On 27 November 2003, the honorary doctorate degree was awarded to Mr. Cheng.

Based on the public information, Mr. Cheng was given to understand that Burkes University is currently referred to as "not a valid UK degree awarding body". There is no current website for Burkes University.

The Company has reviewed the information currently available to it as well as the confirmation from Mr. Cheng that he has surrendered the honorary doctorate degree. It seems from the information that Mr. Cheng may be one of the many victims around the word of scam email messages which might not be readily detectable around 15 years ago. Mr. Cheng is one of the independent non-executive directors of the Company, and the Company is of the view that his honorary doctorate degree may not be accredited by any government body would not affect his integrity and qualifications as an independent non-executive director of the Company.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

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. Having made specific enquiries, all the Directors confirmed that they have complied with the required standard set forth in the Model Code throughout the year ended 31 December 2017.

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive Directors are independent.

AUDIT COMMITTEE

In compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code, the Board has established an audit committee (the "**Audit Committee**") to review the financial reporting procedures and internal control matters with management and our Group's auditors and provide guidance thereto. The members of the Audit Committee comprise all the three independent non- executive Directors. The Audit Committee has considered and reviewed the annual results of the Group for the financial year ended 31 December 2017 and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS HONG KONG

The financial figures in this announcement of the Group's results for the year ended 31 December 2017 have been agreed by the Group's external auditor, PricewaterhouseCoopers Hong Kong (PwC), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by PwC on this announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's shares during the year ended 31 December 2017.

ANNUAL REPORT AND DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is published on the websites of the Company and the Stock Exchange. The annual report of the Company for the year ended 31 December 2017 containing all the information required by the Listing Rules will be dispatched to Shareholders and available on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in May 2018. A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and will be despatched to the Shareholders in due course.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2017.

APPRECIATION

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers, banks, professional parties, business partners, management team and employees of the Company for their continuous support and contribution to the Group.

GENERAL INFORMATION

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

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

Hong Kong, 23 March 2018