



CHINA TING GROUP
華鼎集團

2012 Interim Results Corporate Presentation

-August, 2012-





Agenda

- **Business Overview**
- **Financial Highlights**
- **Business Outlook
& Strategies**

- OEM/ODM
- RETAIL



BUSINESS OVERVIEW

Business Overview

- **Uncertainty is perhaps the biggest challenge facing the apparel industry in 2012. The poor economic situation in Europe and the US, swings in commodity prices, labour shortages and rising costs, especially in China, all add up to a worrying year. America is still struggling and debt challenges make Europe entirely unpredictable.**
- **The pricing volatility of raw materials and energy resources combined with continued rising labour costs makes long-term pricing nearly impossible to project. Currency management is also a major factor as potential currency weaknesses carry a certain impact on buying potential.**
- **As a result, most suppliers and buyers today are exercising extreme caution when placing orders, risking shortages in some product categories, and thereby creating the need for very quick turns of product. Speed to market will be very important in 2012 and beyond.**
- **2012 will continue to have the same pressures for our customers facing the perennial issue of putting the right product at the right price and time in stores, maintaining existing customer fidelity and, above all, capturing emerging markets, notably China and those in Asia.**



FINANCIAL HIGHLIGHTS

Financial Highlights – Key Figures (1)

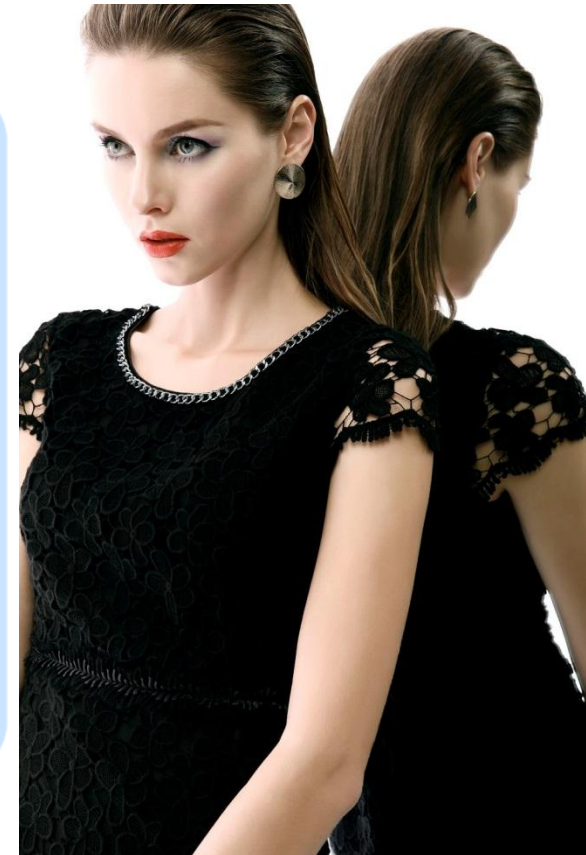


For the six months ended 30 June

HK\$ mil	2012	2011	Change
Turnover	1,350.3	1,227.5	10.0 %
Gross Profit	380.6	392.6	(0.3) %
Profit attributable to equity holders of the Company	62.3	94.3	(33.9) %
Earnings per share (HK dollars)	2.97	4.5	

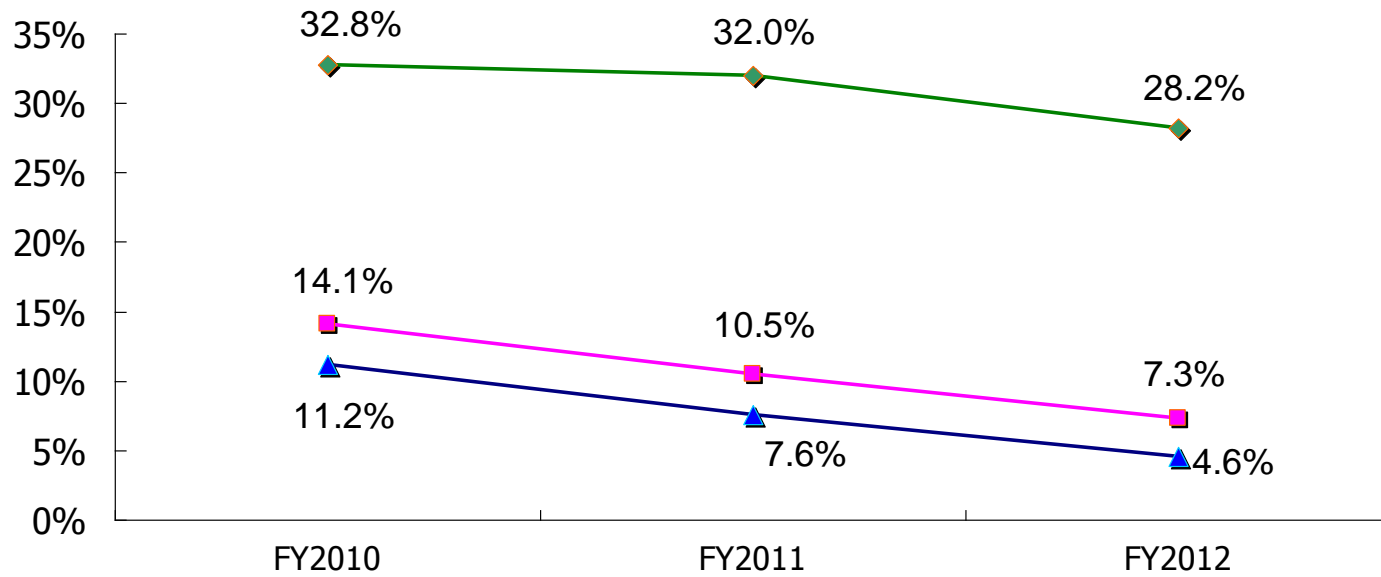
Financial Highlights – Key Figures (2)

	As at 30 Jun 2012	As at 31 Dec 2011
Cash and bank balances (HK\$ 'mil)	499.7	534.9
Current ratio (times)	2.1	2.7
Trade receivable turnover days	62	69
Trade payable turnover days	52	54
Debt to equity (%)	11.3%	7.3%
Equity per shares (HK dollars)	1.29	1.30



Financial Highlights – Margins

For the six months ended 30 June



—◆— **Gross profit margin**

—■— **Operating profit margin**

—▲— **Net profit margin**



BUSINESS OUTLOOK

(OEM/ODM)
Design & Manufacturing

Business Outlook – OEM/ODM (1)

Financial Highlights – Segment Profit

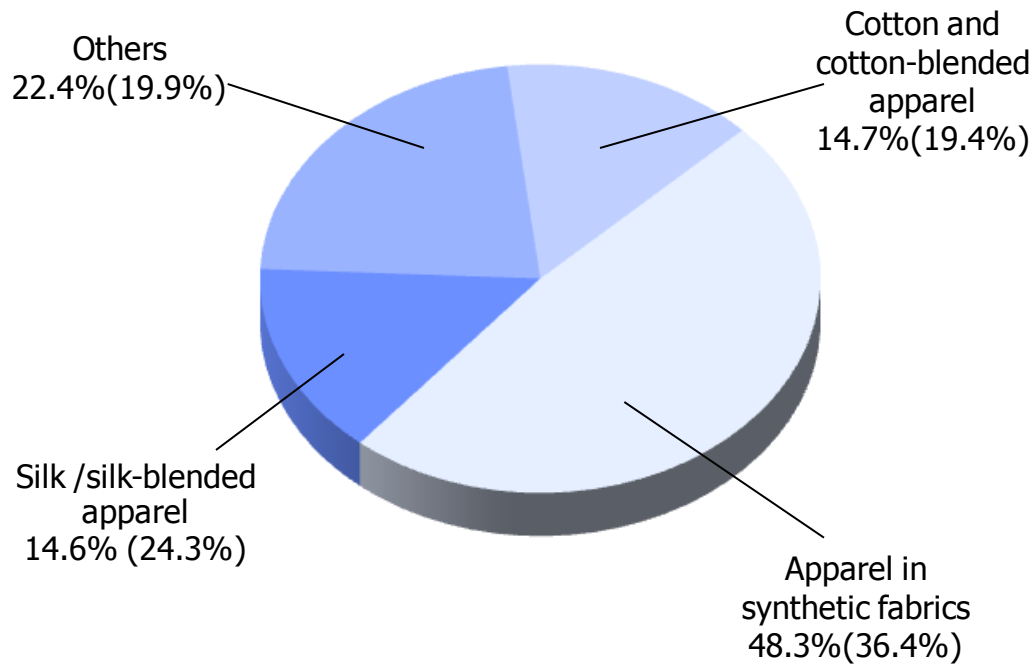


For the six months ended 30 June

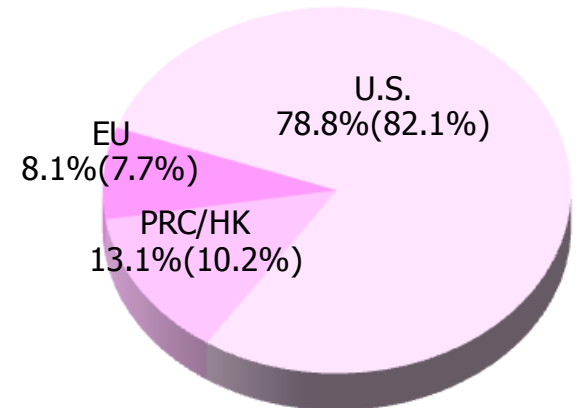
HK\$ mil	2012	2011	Change
Turnover – OEM/ODM	1,127.7	993.3	13.5 %
Segment Profit – OEM/ODM	85.1	94.3	(9.8) %
Segment Profit Margin – OEM/ODM	7.5 %	9.5%	(2.0) p.p.

Business Outlook - OEM/ODM (2)

OEM/ODM Sales by Materials



OEM/ODM Sales by Locations



*For the six months ended 30 June 2012
(Comparative figures for FY2011 in brackets)*

Business Outlook - OEM/ODM (3)

OUR PORTFOLIO OF CUSTOMERS

include:

(in alphabetical order)

U.S. MARKET:

Abercrombie & Fitch

Ann Taylor

Bernard Chaus Inc.**

Calvin Klein**

Dillards

Express **

Gap / Banana Republic

Guess

Jones NY

Limited

Macy's **

Michael Kors

Ralph Lauren

Talbots **

Victoria's Secret

E.U. MARKETS:

All Saints

Armani

BCBG - A. Manoukian

Betty Barclay

Burtons

Celio

Esprit

French Connection UK

Luisa Spagnoli

Marks & Spencer

Max Mara

Mexx

S. Oliver

Ted Baker

*** top five customers*

among others

Business Outlook – A Summary

Increasingly, volatility in costs of raw materials, energy, logistics and labour make long term pricing difficult, seriously undermining the Group's core OEM/ODM business and eroding its profit margins.

Consumer confidence continues to be depressed and unless international markets manage to quickly resolve their debt crises and fiscal problems, the outlook for a tangible rebound is pessimistic.

The Group will continue to work closely with its OEM/ODM business partners through this very difficult period to provide speed-to-market, qualitative and cost competitive supply but the overall outlook is not promising.

The stress on the actual selling price is also forcing buyers to look elsewhere for new sources in face of very stiff competition and China's overall rising costs.



BUSINESS OUTLOOK

(RETAIL)

Business Outlook - Retail (1)

(Store Images)

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RETAIL
BRANDS
in
CHINA



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RIVERSTONE 

Business Outlook - Retail (2)

Financial Highlights

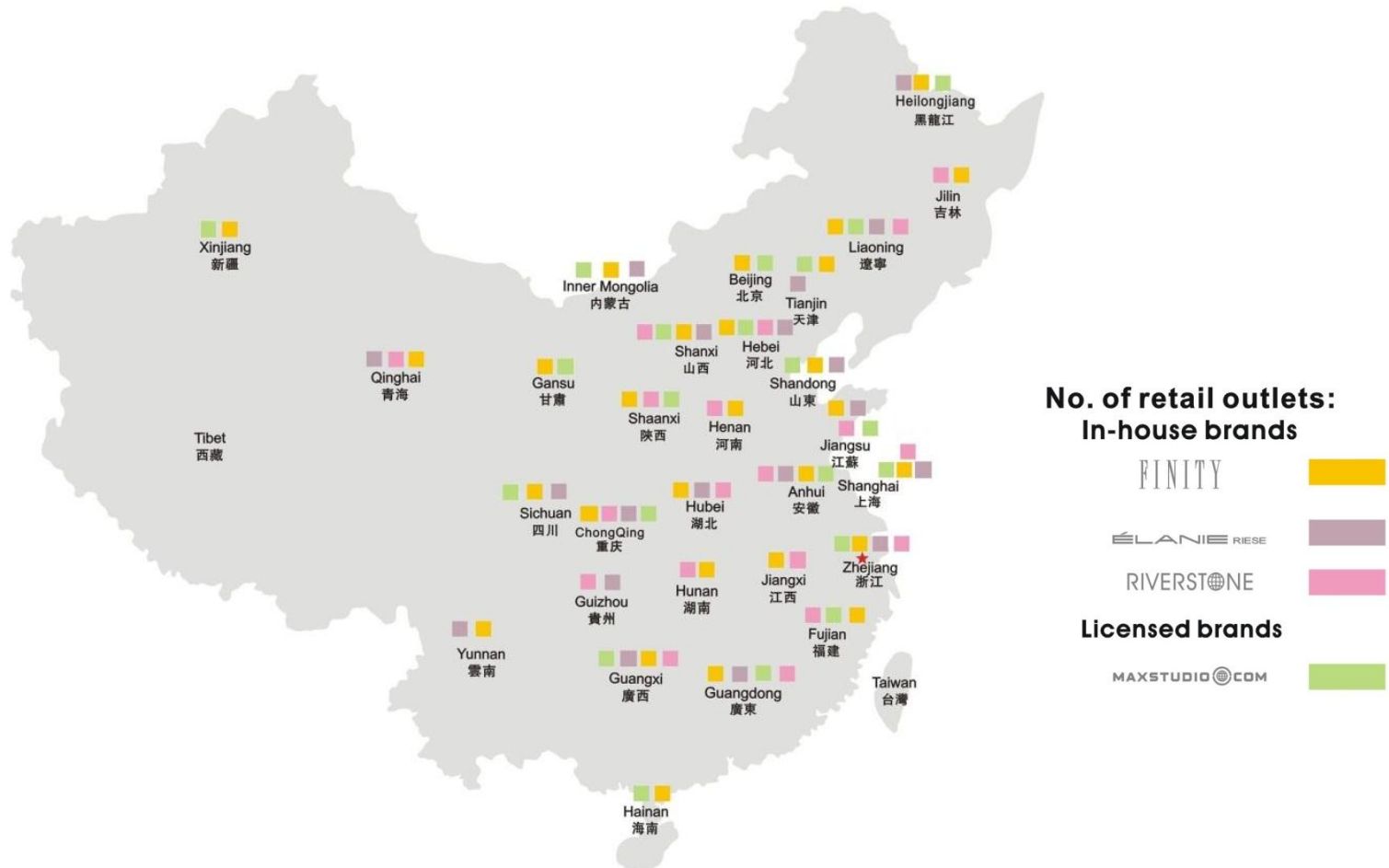


For the six months ended 30 June

HK\$ mil	2012	2011	Change
Turnover – Retail	222.6	234.3	(5) %
Segment Profit – Retail	21.5	32.0	(32.8) %
Segment Profit Margin – Retail	9.7 %	13.7%	(4) p.p.

Business Outlook – Retail (4)

(A Nationwide Retail Network)



Business Strategies & Outlook

– Retail

Retail strategies for 2012 continue to focus on:

- Intensive training particularly for store managers, merchandising and sales staff through professional courses from CTG's fashion school
- Accelerated increase in number of shop openings with upgraded store images and diversification in fashion collections
- A more consolidated structure to improve retail sales and marketing as well as closer inventory management for better results

The overall outlook, however, is not optimistic in view of the notable slowdown in consumer spending on the Chinese local market which has been seriously impacted by the difficulties and debt crises of international countries whose orders have been crucial in sustaining China's own growth and development.

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THANK YOU

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