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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)**

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

<b>FINANCIAL HIGHLIGHTS</b>			
	<b>2013</b>	2012	
	<i>HK\$ million</i>	<i>HK\$ million</i>	<i>% Change</i>
Revenue			
OEM Business	<b>1,915.6</b>	2,109.9	(9.2)
Fashion Retail Business	<b>491.2</b>	472.2	4.0
	<b>2,406.8</b>	2,582.0	(6.8)
Operating profit	<b>171.3</b>	214.4	(20.1)
Profit attributable to the Company's equity holder	<b>151.2</b>	154.9	(2.4)
Dividend per share ( <i>HK cents</i> )	<b>3.96</b>	3.70	
Dividend payout ratio	<b>55%</b>	50%	
Equity attributable to the Company's equity holders	<b>2,956.1</b>	2,806.1	5.3
Equity per share ( <i>HK\$</i> )	<b>1.41</b>	1.34	5.2

## FINAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Ting Group Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2013, together with the comparative figures for the year 2012, as follows: —

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2013*

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Revenue	2	<b>2,406,843</b>	2,582,040
Cost of sales		<b>(1,647,108)</b>	(1,808,881)
<b>Gross profit</b>		<b>759,735</b>	773,159
Other income	3	<b>24,217</b>	13,564
Other (losses)/gains, net	4	<b>(16,337)</b>	5,642
Selling, marketing and distribution costs		<b>(301,813)</b>	(295,959)
Administrative expenses		<b>(294,471)</b>	(282,002)
<b>Operating profit</b>	5	<b>171,331</b>	214,404
Finance income	6	<b>60,696</b>	27,769
Finance costs	6	<b>(18,089)</b>	(12,546)
Share of losses of associates		<b>(9,368)</b>	(3,604)
Share of profits/(losses) of joint ventures		<b>845</b>	(143)
<b>Profit before income tax</b>		<b>205,415</b>	225,880
Income tax expense	7	<b>(54,924)</b>	(72,116)
<b>Profit for the year</b>		<b>150,491</b>	153,764
<b>Other comprehensive income/(loss)</b>			
Items that may be reclassified to profit or loss			
Reclassification adjustment upon disposal of an available-for-sale financial asset		—	233
Currency translation differences		<b>76,427</b>	15,703
Deregistration of a subsidiary		—	(5,439)
Other comprehensive income, net of tax		<b>76,427</b>	10,497
<b>Total comprehensive income</b>		<b>226,918</b>	164,261

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Profit/(loss) attributable to:</b>			
Equity holders of the Company		<b>151,217</b>	154,919
Non-controlling interests		<b>(726)</b>	(1,155)
		<b><u>150,491</u></b>	<u>153,764</u>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the Company		<b>226,313</b>	164,480
Non-controlling interests		<b>605</b>	(219)
		<b><u>226,918</u></b>	<u>164,261</u>
<b>Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in HK cents per share)</b>			
— basic	8	<b><u>7.20 cents</u></b>	<u>7.39 cents</u>
— diluted	8	<b><u>7.20 cents</u></b>	<u>7.39 cents</u>
<b>Dividends</b>	9	<b><u>83,152</u></b>	<u>77,647</u>

**CONSOLIDATED BALANCE SHEET***As At 31 December 2013*

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>835,443</b>	740,938
Investment properties		<b>20,000</b>	18,000
Land use rights		<b>89,218</b>	90,488
Interests in associates		<b>580,601</b>	566,382
Loan to an associate		<b>312,512</b>	238,125
Interests in joint ventures		<b>7,198</b>	2,003
Intangible assets		<b>126,961</b>	135,954
Promissory notes	10	<b>64,869</b>	71,235
Entrusted loans	10	—	37,019
Deposit	10	—	12,713
Deferred income tax assets		<b>50,474</b>	43,291
		<b>2,087,276</b>	1,956,148
<b>Current assets</b>			
Inventories		<b>723,762</b>	563,673
Trade and other receivables	10	<b>665,274</b>	625,968
Tax recoverable		—	2,508
Financial assets at fair value through profit or loss		<b>16,091</b>	18,736
Entrusted loans	10	<b>204,630</b>	—
Derivative financial instruments		<b>1,540</b>	—
Cash and bank balances		<b>222,952</b>	428,711
		<b>1,834,249</b>	1,639,596
<b>Total assets</b>		<b>3,921,525</b>	3,595,744

	<i>Note</i>	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		209,982	209,857
Reserves		2,662,967	2,518,584
Proposed dividends		83,152	77,647
		<u>2,956,101</u>	<u>2,806,088</u>
<b>Non-controlling interests</b>		<u>43,065</u>	<u>42,460</u>
<b>Total equity</b>		<u>2,999,166</u>	<u>2,848,548</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		14,760	15,665
<b>Current liabilities</b>			
Trade and other payables	11	569,300	422,423
Bank borrowings		316,211	293,096
Derivative financial instruments		274	—
Current income tax liabilities		21,814	16,012
		<u>907,599</u>	<u>731,531</u>
<b>Total liabilities</b>		<u>922,359</u>	<u>747,196</u>
<b>Total equity and liabilities</b>		<u>3,921,525</u>	<u>3,595,744</u>
<b>Net current assets</b>		<u>926,650</u>	<u>908,065</u>
<b>Total assets less current liabilities</b>		<u>3,013,926</u>	<u>2,864,213</u>

## NOTES

### 1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). 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 asset and investment properties, which are carried at fair value, as explained below.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) 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 2013:

- Amendment to HKAS 1, ‘Financial Statements Presentation’, regarding other comprehensive income. The main change resulting from this amendment is a requirement for entities to group items presented in ‘other comprehensive income’ on the basis of whether they are potentially reclassifiable to profit or loss subsequently. The impact on the adoption of this amendment is shown in the consolidated statement of comprehensive income.
- HKFRS 10, ‘Consolidated Financial Statements’. Under HKFRS 10, subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over an entity, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases. The Group has applied HKFRS 10 retrospectively in accordance with the transition provisions of HKFRS 10.

The adoption of HKFRS 10 had no impact to the Group’s results and financial position.

- HKFRS 11, ‘Joint Arrangements’, focuses on the rights and obligations of the parties to the arrangement rather than its legal form. The Group has applied HKFRS 11 to all joint arrangements as of 1 January 2012. Under HKFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.
- HKAS 28 (2011), ‘Investments in Associates and Joint Ventures’, includes the requirements for joint ventures and associates to be equity accounted following the issue of HKFRS 11, which is consistent with the Group’s existing policy.
- HKFRS 12, ‘Disclosure of Interests in Other Entities’. The new standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The Group has included the disclosure for associates and joint ventures in these consolidated financial statements.
- HKFRS 13, ‘Fair Value Measurement’, aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The Group has included the disclosure for financial assets and non-financial assets in these consolidated financial statements.

The following new or amended standards and interpretations are also mandatory for the first time for the financial year beginning 1 January 2013 but either have no significant impact to the Group's results and financial position or are not currently relevant to the Group:

HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKFRS 1 (Amendment)	First-time Adoption of Hong Kong Financial Reporting Standards — Government Loans
HKFRS 7 (Amendment)	Disclosures — Offsetting Financial Assets and Financial Liabilities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendment)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HK (IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

- (b) The following new or amended standards and interpretation have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted.

		<b>Effective for accounting periods beginning on or after</b>
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendment)	Consolidation for Investment Entities	1 January 2014
HK(IFRIC)-Int 21	Levies	1 January 2014

The Group is in the process of assessing the impact of adoption of these standards, amendments and interpretations to existing standards, which the Group plans to adopt when they become effective. The Group is not yet in a position to state whether substantial changes to the Group's accounting policies and presentation of the financial statements will be resulted.

## 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 the 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 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 <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2013</b>				
Total revenue	1,926,416	491,777	—	2,418,193
Inter-segment revenue	(10,801)	(549)	—	(11,350)
<b>Revenue (from external customers)</b>	<b>1,915,615</b>	<b>491,228</b>	<b>—</b>	<b>2,406,843</b>
<b>Segment profit/(loss) before income tax</b>	<b>145,903</b>	<b>27,089</b>	<b>(2,004)</b>	<b>170,988</b>
Depreciation of property, plant and equipment	(83,663)	(35,374)	—	(119,037)
Amortisation of land use rights	(3,655)	(35)	—	(3,690)
Amortisation of intangible assets	(4,571)	(4,788)	—	(9,359)
Finance income	9,253	1,694	—	10,947
Finance costs	(18,089)	—	—	(18,089)
Share of losses of associates	(24)	(7,340)	(2,004)	(9,368)
Share of profits/(losses) of joint ventures	862	(17)	—	845
Income tax expense	(43,855)	(11,069)	—	(54,924)
	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property development <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2012</b>				
Total revenue	2,113,956	472,175	—	2,586,131
Inter-segment revenue	(4,091)	—	—	(4,091)
<b>Revenue (from external customers)</b>	<b>2,109,865</b>	<b>472,175</b>	<b>—</b>	<b>2,582,040</b>
<b>Segment profit/(loss) before income tax</b>	<b>192,944</b>	<b>28,542</b>	<b>(1,632)</b>	<b>219,854</b>
Depreciation of property, plant and equipment	(104,488)	(5,459)	—	(109,947)
Amortisation of land use rights	(3,164)	(34)	—	(3,198)
Amortisation of intangible assets	(4,571)	(4,799)	—	(9,370)
Loss on conversion of trade receivables to promissory notes	(10,005)	—	—	(10,005)
Finance income	16,617	1,651	—	18,268
Finance costs	(12,546)	—	—	(12,546)
Share of profits/(losses) of associates	34	(2,006)	(1,632)	(3,604)
Share of loss of a joint venture	(143)	—	—	(143)
Income tax expense	(57,967)	(14,149)	—	(72,116)

	<b>OEM</b> <i>HK\$'000</i>	<b>Retail</b> <i>HK\$'000</i>	<b>Property development</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>As at 31 December 2013</b>				
<b>Total segment assets</b>	<u>1,951,161</u>	<u>798,757</u>	<u>878,940</u>	<u>3,628,858</u>
Total segment assets include:				
Interests in associates	2,312	11,861	566,428	580,601
Interests in joint ventures	2,866	4,332	—	7,198
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>161,259</u>	<u>37,511</u>	<u>74,387</u>	<u>273,157</u>

	<b>OEM</b> <i>HK\$'000</i>	<b>Retail</b> <i>HK\$'000</i>	<b>Property development</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
<b>As at 31 December 2012</b>				
<b>Total segment assets</b>	<u>1,989,223</u>	<u>695,927</u>	<u>790,779</u>	<u>3,475,929</u>
Total segment assets include:				
Interests in associates	2,365	11,363	552,654	566,382
Interest in a joint venture	2,003	—	—	2,003
Additions to non-current assets (other than financial instruments and deferred income tax assets)	<u>15,381</u>	<u>37,369</u>	<u>248,945</u>	<u>301,695</u>

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

	<b>2013</b> <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Total segment profit before income tax</b>	<b>170,988</b>	219,854
Net fair value (losses)/gains of financial assets at fair value through profit or loss	<b>(2,844)</b>	2,116
Corporate overhead	<b>(13,108)</b>	(8,779)
Rental income	<b>630</b>	630
Gain on disposal of an available-for sale financial asset	—	2,558
Interest income from an associate	<b>18,995</b>	9,501
Interest income from entrusted loans	<b>30,754</b>	—
<b>Profit before income tax per consolidated statement of comprehensive income</b>	<u><b>205,415</b></u>	<u>225,880</u>

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
<b>Total segment assets</b>	<b>3,628,858</b>	3,475,929
Financial assets at fair value through profit or loss	<b>16,091</b>	18,736
Corporate assets	<b>1,472</b>	261
Investment properties	<b>20,000</b>	18,000
Deferred income tax assets	<b>50,474</b>	43,291
Entrusted loans	<b>204,630</b>	37,019
Tax recoverable	—	2,508
	<hr/>	<hr/>
<b>Total assets per consolidated balance sheet</b>	<b><u>3,921,525</u></b>	<b><u>3,595,744</u></b>

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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
North America	<b>1,418,924</b>	1,630,249
European Union	<b>171,636</b>	200,151
Mainland China	<b>725,143</b>	644,944
Hong Kong	<b>78,502</b>	96,702
Other countries	<b>12,638</b>	9,994
	<hr/>	<hr/>
	<b><u>2,406,843</u></b>	<b><u>2,582,040</u></b>

The total of non-current assets other than interests in associates, loan to an associate, interest in joint ventures, promissory notes, entrusted loans 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:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Mainland China	<b>888,852</b>	936,111
Hong Kong	<b>182,479</b>	61,659
North America	<b>291</b>	323
	<hr/>	<hr/>
	<b><u>1,071,622</u></b>	<b><u>998,093</u></b>

For the year ended 31 December 2013, revenues of approximately HK\$343,856,000 (2012: HK\$366,875,000) are derived from a single external customer (2012: one). These revenues are attributable to the OEM reportable segments and accounted for greater than 10% of the Group's revenue.

### 3 OTHER INCOME

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Commission income	3,499	5,162
Government grants	3,336	41
Rental income	6,119	1,968
Scrap sales	3,729	432
Others	7,534	5,961
	<u>24,217</u>	<u>13,564</u>

### 4 OTHER (LOSSES)/GAINS, NET

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Net exchange (losses)/gains	(17,667)	1,803
Fair value gain on investment properties	2,000	4,000
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(2,844)	2,116
Loss on disposal of property, plant and equipment	(378)	(269)
Gain on deregistration of a subsidiary	—	5,439
Loss on conversion of trade receivables to promissory notes	—	(10,005)
Gain on disposal of an available-for-sale financial asset	—	2,558
Net fair value gain on derivative financial instruments	1,266	—
Realised gain on derivative financial instruments	1,286	—
	<u>(16,337)</u>	<u>5,642</u>

### 5 OPERATING PROFIT

Operating profit is stated after charging the following:

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Amortisation of land use rights	3,690	3,198
Amortisation of intangible assets	9,359	9,370
Depreciation of property, plant and equipment	119,037	109,947

## 6 FINANCE INCOME AND COSTS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Finance income — interest income on		
— bank deposits	4,844	9,793
— amounts due from associates	407	130
— loan to an associate	18,995	9,501
— entrusted loans	30,754	8,345
— promissory notes	5,696	—
	<u>60,696</u>	<u>27,769</u>
Finance costs — interest expense on		
— bank borrowings	(18,089)	(12,546)
	<u>42,607</u>	<u>15,223</u>

## 7 INCOME TAX EXPENSE

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Current income tax		
— Hong Kong profits tax ( <i>Note (a)</i> )	18,619	17,946
— PRC enterprise income tax ( <i>Note (b)</i> )	44,110	52,240
— Over-provision in prior years	(155)	(4)
— PRC corporate withholding income tax ( <i>Note (c)</i> )	—	4,236
Deferred income tax	(7,650)	(2,302)
	<u>54,924</u>	<u>72,116</u>

*Notes:*

### (a) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year.

### (b) PRC enterprise income tax

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% (2012: 25%).

The new Corporate Income Tax Law increases the corporate income tax rate for foreign investment enterprises from previous preferential rates to 25% with effect from 1 January 2008. Companies established in the PRC before 16 March 2007 and previously taxed at the rate lower than 25% were offered a gradual increase of tax rate to 25% within 5 years. Certain subsidiaries of the Group established in the PRC enjoyed preferential income tax rate from 2008 to 2012 and be taxed at the rate of 25% from 2012 or when the preferential treatment expires. Certain subsidiaries established in the PRC were entitled to exemption and concessions from income tax under tax holidays during the year ended 31 December 2012. Income tax was calculated at rates given under the concessions.

- (c) 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%.

## 8 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\$151,217,000 (2012: HK\$154,919,000) and weighted average number of ordinary shares in issue during the year of 2,099,523,000 (2012: 2,097,332,000).
- (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 2013 and 2012, 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.

## 9 DIVIDENDS

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Final ( <i>Note</i> )		
Proposed final dividend of HK3.60 cents (2012: HK3.70 cents) per ordinary share	75,593	77,647
Proposed special dividend of HK0.36 cents (2012: Nil) per ordinary share	7,559	—
	<u>83,152</u>	<u>77,647</u>

### *Note:*

The amount of 2013 proposed final dividend is based on 2,099,818,000 shares in issue as at 26 March 2014 (2012: 2,098,568,000 shares in issue as at 26 March 2013).

At a meeting held on 26 March 2014, the directors proposed a special dividend of HK\$0.36 cent per ordinary share in addition to a final dividend of HK3.60 cents per ordinary share. The proposed dividends are not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2014.

The actual final dividend for 2012 was approximately HK\$77,693,000 due to 1,250,000 additional shares issued during the period from 27 March 2013 to 3 June 2013, the date of closure of the register of the members, and were paid out on 14 June 2013.

## 10 TRADE AND OTHER RECEIVABLES

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade and bill receivables	469,520	457,801
Less: Provision for impairment	<u>(16,141)</u>	<u>(12,837)</u>
Trade and bill receivables, net	453,379	444,964
Amounts due from associates	37,120	26,179
Amounts due from joint ventures	3,739	325
Promissory notes ( <i>Note (a)</i> )	72,356	86,693
Entrusted loans ( <i>Note (b)</i> )	204,630	37,019
Other receivables, deposits and prepayments	<u>163,549</u>	<u>151,755</u>
	934,773	746,935
Less: Non-current portion of promissory notes, entrusted loans and deposit	<u>(64,869)</u>	<u>(120,967)</u>
	<u><u>869,904</u></u>	<u><u>625,968</u></u>

The amounts due from associates and joint ventures are unsecured, interest-free and repayable on demand, except for the amount due from an associate of approximately HK\$1,279,000 (2012: HK\$2,487,000), which bears interest at 6.65% (2012: 6.65%) per annum.

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

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
0 to 30 days	211,689	222,499
31 to 60 days	124,381	114,094
61 to 90 days	55,061	56,927
91 to 120 days	47,184	37,964
Over 120 days	<u>31,205</u>	<u>26,317</u>
	<u><u>469,520</u></u>	<u><u>457,801</u></u>

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.

Notes:

**(a) Promissory notes**

The promissory notes represent two senior unsecured promissory notes with principal amounting to US\$12,000,000 (equivalent to approximately HK\$92,820,000) converted from trade receivables due from a major customer which are payable in various installments until the end of 2016. The promissory notes are interest bearing at 5.25% per annum. As a result of the conversion of trade receivables to promissory notes on 20 January 2012, loss of approximately HK\$10,005,000 has been recognised in “other (losses)/gains, net” in 2012.

As at 31 December 2013, the promissory note with principal amounting to US\$2,000,000 (equivalent to approximately HK\$15,470,000) was fully repaid as scheduled. The carrying value of the remaining US\$10,000,000 promissory note was approximately HK\$72,356,000.

**(b) Entrusted loans**

On 24 December 2012, the Group entered into three secured entrusted loans (“Entrusted Loan A”) with total principal amounting to RMB30,000,000 (equivalent to approximately HK\$38,368,000) 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\$166,262,000) 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 a 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.

**11 TRADE AND OTHER PAYABLES**

	2013 <i>HK\$'000</i>	2012 <i>HK\$'000</i>
Trade and bill payables	387,086	246,111
Other payables and accruals	180,311	172,507
Amount due to an associate	1,903	1,170
Amount due to a joint venture	—	2,635
	<u>569,300</u>	<u>422,423</u>

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

	<b>2013</b>	2012
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
0 to 30 days	<b>281,132</b>	170,847
31 to 60 days	<b>55,819</b>	34,514
61 to 90 days	<b>18,333</b>	12,339
Over 90 days	<b>31,802</b>	28,411
	<hr/> <b>387,086</b> <hr/>	<hr/> 246,111 <hr/>

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### (1) Business Review

During the second half of 2013, the economy of certain developed countries which are the target markets of the Group started to recover gradually. Among the major economies in the world, the economic performance of the U.S. and China continued to improve. The Eurozone economy was bottoming out with a weak growth during the year. The China economy has maintained a stable growth, and it is still in the course of structural adjustment and deepening reform.

The markets of the Group's major export countries and regions remained weak, and consumers were still price sensitive in their consumption. On the other hand, the Renminbi continued to appreciate, which led to continued increases in the domestic raw materials and labour costs and resulted in exchange loss during the year as part of ordinary course of business of the Group. Combining the effect of all these factors, the Group's OEM/ODM business has maintained a steady development, while the sales amounted to HK\$1,915.6 million.

The PRC government has strengthened the adjustment and reform as its main tasks. Under the action of this macro environment, the China economy has entered into a period of structural slowdown. The consumption growth was, however, at a slower pace than 2012. The Group was also adjusting its own brands in a timely manner for the purpose of formulating different development strategies for each brand. Couple with the ongoing rationalisation and integration, the sales in the retail business of the Group in 2013 amounted to HK\$491.2 million, representing an increase of 4.0% over last year.

### (2) Financial Review

#### *Results Performance*

During the year ended 31 December 2013, the Group's revenue amounted to HK\$2,406.8 million, representing a decrease of 6.8% as compared with HK\$2,582.0 million in 2012. The gross profit for the year ended 31 December 2013 was HK\$759.7 million, representing an insignificant decrease of 1.7% as compared with HK\$773.2 million in 2012. The decrease in the gross profit was less than the decrease in revenue because of the stringent cost coated measures implemented by the Group. As a result, the net profit attributable to equity holders was HK\$151.2 million. Earnings per share were HK7.20 cents and net asset value per share was HK\$1.41.

#### *OEM and ODM Business*

During the year, the revenue derived from our OEM/ODM business recorded a decrease to HK\$1,915.6 million from HK\$2,109.9 million in 2013. Silk, cotton and synthetic fabrics continues to be the major products which contributed HK\$1,472.8 million (2012:HK\$1,686.5 million), representing 76.9 % (2012: 79.9 %) of the total turnover of our OEM/ODM business.

In terms of markets, sales to the US market amounted to HK\$1,418.9 million (2012: 1,630.2 million), which accounted for 74.1% (2012 : 77.3%) of the OEM/ODM revenue. Sales to European Union and other markets were approximately HK\$171.6 million (2012 : HK\$200.2 million) and HK\$325.1 million (2012 : HK\$279.5 million), respectively.

## *Fashion Retail Business*

During the year ended 31 December 2013, the retail sales of the Group increased by 4.03% from HK\$472.2 million to HK\$491.2 million. Finity, the major brand of the Group, contributed HK\$278.5 million to the retail business, representing an increase of 4.1% as compare with HK\$267.5 million for the year 2012.

In terms of retail revenue analysis by sales channel, sales from concessions amounted to HK\$390.3 million (2012 : HK\$346.5 million), accounting for 79.5% of total retail turnover. Sales from freestanding stores and franchisees amounted to HK\$35.2 million (2012 : HK\$38.5 million) and HK\$65.7 million (2012 : HK\$87.2 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 normal operations. As of 31 December 2013, the cash and cash equivalents were approximately HK\$178.8 million, representing a decrease of approximately 44.2% from approximately HK\$320.4 million as of 31 December 2012. The decrease in the cash balance was primarily due to the entrusted loans entered with the borrowers, which are companies established in the PRC, through the lending agent, a commercial bank in the PRC. The entrusted loan arrangements would, in the opinion of the Directors, have a better utilisation of the financial resources of the Group. The Group had bank borrowings of HK\$316.2 million (2012 : HK\$293.1 million), repayable within one year. The debt to equity ratio (total borrowings as a percentage of total equity) was 10.5% (2012 : 10.3%). The Directors are confident 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 2013, all cash and cash equivalents, and bank borrowings were mainly denominated in US dollars, Renminbi and Hong Kong dollars. Because of the appreciation of RMB in 2013, we recorded an exchange loss of HK\$17.7 million as part of our ordinary course of business.

### **(3) Outlook**

The U.S. market is still the major OEM/ODM market for the Group. Generally, the expectation from the analysts on the U.S. economy in 2014 remains optimistic. The Group will promote the growth of new customers by enhancing the product design and development, continuous innovation and product diversification. Meanwhile, it will also strengthen the cooperation with the existing partners, and maintain and expand its business by providing high value-added products and services.

While continuing to maintain the U.S. market, the Group will strengthen its business expansion in Europe and the emerging markets, and more business cooperation opportunities will be sought to increase orders and diversify risks.

Meanwhile, the development of the retail business will continue to be the focus of the Group in 2014. Through the strategy of joint venturing with the new international partners, the Group is accelerating its effort in expanding the retail business. The latest strategic partner of establishing a joint venture is the Camuto Group of the U.S. By leveraging the existing retail network, the well-known brand "Vince Camuto" of Camuto Group will be introduced into the China's retail

market. Its image flagship store is scheduled to be opened in the second half of 2014. Vince Camuto includes a wide range of products, such as shoes, handbags, apparel and other accessories, and provides consumers with a physical and mental fashionable experience.

At the same time, under the guidance of the respective brand strategies, China Ting's own brand of Finity, Riverstone and Elanie will focus on strengthening the product design and brand image, actively establishing quality shops, improving the same-store sales and enhancing the brand power and competitiveness.

In 2014, it is expected that the growth pace of the mainland economy will slow down, and the retail market will remain highly competitive. The Group will focus more on the development of the retail business segment, and give the greatest support in all aspects to promote the continued improvement and growth of the Group's retail business.

#### **(4) Human Resources**

As of 31 December 2013, the Group had approximately 9,300 full-time employees. Staff costs (excluding share-based payments) for 2013 stand at HK\$560.7 million, representing an increase of approximately 0.3% over the previous year.

The management continues to believe that a competitive remuneration scheme, a safe and comfortable workplace, and heightened career development opportunities are incentives for employees to excel in their areas of responsibilities.

### **CORPORATE GOVERNANCE**

The Board is committed to enhancing the corporate governance of the Group, and 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 2013 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**") as and when they were/are applicable and in force.

### **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 2013.

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 CG 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 annual results of the Group for the financial year ended 31 December 2013 have been reviewed by the Audit Committee.

## **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 2013.

## **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 2013 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 2014. 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.

## **SPECIAL AND FINAL DIVIDEND**

At a meeting held on 26 March 2014, the Directors proposed a special dividend of HK0.36 cent per share in addition to a final dividend of HK3.60 cents per share upon the approval to be obtained from the shareholders at the forthcoming annual general meeting, the final dividend will be payable on or about 12 June 2014.

## **APPRECIATION**

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

## GENERAL INFORMATION

As at 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:*

Dr. 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, 26 March 2014