

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## 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)**

### INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Six months ended 30 June		% Change
	2023 (Unaudited) <i>HK\$ million</i>	2022 (Unaudited) <i>HK\$ million</i>	
Revenue			
OEM Business	<b>495.3</b>	681.7	(27.3)
Fashion Retail Business	<b>291.3</b>	225.6	29.1
Property Investment Business	<b>33.3</b>	31.2	6.7
	<b>819.9</b>	938.6	(12.6)
Operating loss	<b>(88.4)</b>	(45.9)	
Loss before income tax	<b>(89.8)</b>	(47.9)	
Equity attributable to the Company's equity holders	<b>2,212.4</b>	2,500.7	
Equity per share ( <i>HK\$</i> )	<b>1.05</b>	1.19	

The board (the “**Board**”) of directors (the “**Directors**”) of China Ting Group Holdings Limited (the “**Company**” or “**China Ting**”) hereby announces the condensed consolidated interim results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2023 (the “**1H2023**”), together with the comparative figures for the six months ended 30 June 2022 (the “**1H2022**”), as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2023**

		<b>Six months ended 30 June</b>	
		<b>2023</b>	2022
		<b>(Unaudited)</b>	(Unaudited)
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue	3	<b>819,910</b>	938,615
Cost of sales		<u><b>(657,865)</b></u>	<u>(785,930)</u>
<b>Gross profit</b>		<b>162,045</b>	152,685
Other income	4	<b>12,456</b>	12,588
Other (loss)/gains, net	5	<b>(13,457)</b>	34,920
Provision for impairment loss for financial assets, net		<b>(2,564)</b>	(14,905)
Selling, marketing and distribution costs		<b>(115,529)</b>	(96,412)
Administrative expenses		<u><b>(131,335)</b></u>	<u>(134,784)</u>
<b>Operating loss</b>	6	<b>(88,384)</b>	(45,908)
Finance income	7	<b>2,949</b>	4,430
Finance costs	7	<b>(4,181)</b>	(2,646)
Share of results of investments accounted for using the equity method	11	<u><b>(171)</b></u>	<u>(3,736)</u>
<b>Loss before income tax</b>		<b>(89,787)</b>	(47,860)
Income tax expense	8	<u><b>(2,684)</b></u>	<u>(20,575)</u>
<b>Loss for the period</b>		<u><b>(92,471)</b></u>	<u>(68,435)</u>

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Other comprehensive (loss)/income for the period:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
— Currency translation differences	<b>(99,933)</b>	(113,791)
— Fair value gains on transfers of owner-occupied properties to investment properties, net of tax	<b>62,673</b>	—
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
— Fair value gains on financial asset at fair value through other comprehensive income	<b>6,401</b>	307
Other comprehensive loss for the period, net of tax	<b>(30,859)</b>	(113,484)
<b>Total comprehensive loss for the period</b>	<b>(123,330)</b>	(181,919)
<b>Loss attributable to:</b>		
Equity holders of the Company	<b>(91,723)</b>	(68,395)
Non-controlling interests	<b>(748)</b>	(40)
	<b>(92,471)</b>	(68,435)
<b>Total comprehensive loss attributable to:</b>		
Equity holders of the Company	<b>(121,703)</b>	(180,132)
Non-controlling interests	<b>(1,627)</b>	(1,787)
	<b>(123,330)</b>	(181,919)
<b>Loss per share for loss attributable to equity holders of the Company (expressed in HK cents per share)</b>		
— basic and diluted	<b>(4.37)</b>	(3.26)

**CONDENSED CONSOLIDATED BALANCE SHEET**  
*AS AT 30 JUNE 2023*

		As at <b>30 June</b> <b>2023</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 December 2022 <b>(Audited)</b> <i>HK\$'000</i>
	<i>Note</i>		
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>629,803</b>	499,629
Right-of-use assets		<b>193,587</b>	226,340
Investment properties		<b>848,287</b>	817,765
Intangible assets		<b>4,582</b>	5,314
Investments accounted for using the equity method	<i>11</i>	<b>9,074</b>	10,348
Deferred income tax assets		<b>99,692</b>	104,385
		<u><b>1,785,025</b></u>	<u>1,663,781</u>
<b>Current assets</b>			
Inventories		<b>785,721</b>	864,995
Trade and other receivables	<i>12</i>	<b>480,161</b>	548,666
Financial assets at fair value through profit or loss ("FVPL")	<i>13</i>	<b>7,293</b>	42,100
Financial assets at fair value through other comprehensive income ("FVOCI")		<b>10,666</b>	4,212
Promissory note	<i>12</i>	<b>6,865</b>	14,700
Tax recoverable		<b>5,063</b>	11,305
Pledged bank deposits		<b>874</b>	1,111
Cash and cash equivalents		<b>396,554</b>	505,493
		<u><b>1,693,197</b></u>	<u>1,992,582</u>
<b>Total assets</b>		<u><b>3,478,222</b></u>	<u>3,656,363</u>

		As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital		209,982	209,982
Reserves		2,002,457	2,124,160
		<u>2,212,439</u>	<u>2,334,142</u>
Non-controlling interests		18,930	20,557
		<u>2,231,369</u>	<u>2,354,699</u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Deferred income tax liabilities		143,561	133,161
Bank borrowings		48,623	50,870
Lease liabilities		40,319	59,168
		<u>232,503</u>	<u>243,199</u>
<b>Current liabilities</b>			
Trade and other payables	<i>14</i>	550,139	580,831
Contract liabilities	<i>3</i>	36,909	46,521
Lease liabilities		22,682	31,185
Bank borrowings		289,727	271,943
Current income tax liabilities		114,893	127,985
		<u>1,014,350</u>	<u>1,058,465</u>
<b>Total liabilities</b>		<u>1,246,853</u>	<u>1,301,664</u>
<b>Total equity and liabilities</b>		<u>3,478,222</u>	<u>3,656,363</u>

## NOTES

### 1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

### 2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022 as described in those annual consolidated financial statements, except for the adoption of amended standards as set out below.

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

#### (a) New standards and amendments to existing standards adopted by the Group

The following new standards and amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2023:

HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
HKAS 8	Definition of Accounting Estimates
HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules
HKFRS 17	Insurance Contracts
HKFRS 17	Amendments to HKFRS 17
HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

The new standards and amendments to existing standards did not have any impact on the Group’s accounting policies and did not require adjustments.

- (b) The following new standards, amendments to existing standards and interpretation have been issued, but are not effective for the financial year beginning on 1 January 2023 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1	Non-current Liabilities with Covenants	1 January 2024
HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause (HK Int 5 (Revised))	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determinate

None of the above new standard and amendments to existing standards is expected to have a significant effect on the condensed consolidated financial statements of the Group.

### 3 SEGMENT INFORMATION

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

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

Total segment assets exclude certain investment properties located in Hong Kong, corporate assets and investments measured at FVPL and FVOCI, all of which are managed on a central basis.

Turnover represents sale of goods and rental income. Sales between segments are carried out based on agreed terms similar to terms offered to third parties. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

	(Unaudited)			
	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2023</b>				
Total revenue	560,302	291,315	36,219	887,836
Inter-segment revenue	(65,024)	(23)	(2,879)	(67,926)
<b>Revenue (from external customers)</b>	<b>495,278</b>	<b>291,292</b>	<b>33,340</b>	<b>819,910</b>
Timing of revenue recognition				
At a point in time	495,278	291,292	—	786,570
Over time	—	—	33,340	33,340
	<b>495,278</b>	<b>291,292</b>	<b>33,340</b>	<b>819,910</b>
<b>Segment (loss)/profit before income tax</b>	<b>(66,760)</b>	<b>(43,695)</b>	<b>23,905</b>	<b>(86,550)</b>
Fair value losses on investment properties	(1,500)	—	(14,541)	(16,041)
Depreciation of property, plant and equipment	(32,294)	(11,347)	—	(43,641)
Depreciation of right-of-use assets	(8,705)	(9,685)	(57)	(18,447)
Amortisation of intangible assets	(482)	(133)	—	(615)
Finance income	2,778	74	97	2,949
Finance costs	(2,674)	(1,507)	—	(4,181)
Share of results of investments accounted for using the equity method	(171)	—	—	(171)
Income tax income/(expense)	4,537	(3,268)	(3,953)	(2,684)

	(Unaudited)			
	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended 30 June 2022</b>				
Total revenue	685,131	227,706	35,975	948,812
Inter-segment revenue	<u>(3,387)</u>	<u>(2,071)</u>	<u>(4,739)</u>	<u>(10,197)</u>
<b>Revenue (from external customers)</b>	<b><u>681,744</u></b>	<b><u>225,635</u></b>	<b><u>31,236</u></b>	<b><u>938,615</u></b>
Timing of revenue recognition				
At a point in time	681,744	225,635	—	907,379
Over time	<u>—</u>	<u>—</u>	<u>31,236</u>	<u>31,236</u>
	<b><u>681,744</u></b>	<b><u>225,635</u></b>	<b><u>31,236</u></b>	<b><u>938,615</u></b>
<b>Segment (loss)/profit before income tax</b>	<b><u>(19,394)</u></b>	<b><u>(59,312)</u></b>	<b><u>32,253</u></b>	<b><u>(46,453)</u></b>
Fair value gains on investment properties	—	—	22,536	22,536
Depreciation of property, plant and equipment	(25,040)	(15,313)	—	(40,353)
Depreciation of right-of-use assets	(4,492)	(3,392)	—	(7,884)
Amortisation of intangible assets	(1,207)	(388)	—	(1,595)
Finance income	4,315	115	—	4,430
Finance costs	(2,446)	(200)	—	(2,646)
Share of results of investments accounted for using the equity method	(3,736)	—	—	(3,736)
Income tax expense	<u>(3,762)</u>	<u>(8,750)</u>	<u>(8,063)</u>	<u>(20,575)</u>

	(Unaudited)			
	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2023</b>				
<b>Total segment assets</b>	<b>1,509,134</b>	<b>1,049,901</b>	<b>871,889</b>	<b>3,430,924</b>
Total segment assets include:				
Investments accounted for using the equity method	9,074	—	—	9,074
Additions to non-current assets (other than financial instruments and deferred income tax assets)	184,757	38,851	—	223,608
Tax recoverable	3,251	1,812	—	5,063
Deferred income tax assets	10,615	89,077	—	99,692
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	(Audited)			
	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2022</b>				
<b>Total segment assets</b>	<b>1,651,376</b>	<b>1,081,970</b>	<b>845,670</b>	<b>3,579,016</b>
Total segment assets include:				
Investments accounted for using the equity method	10,348	—	—	10,348
Additions to non-current assets (other than financial instruments and deferred income tax assets)	244,598	124,648	6,664	375,910
Tax recoverable	10,318	987	—	11,305
Deferred income tax assets	11,190	93,195	—	104,385
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total segment loss before income tax</b>	<b>(86,550)</b>	(46,453)
Net fair value (losses)/gains of FVPL	<b>(101)</b>	1,065
Corporate overhead	<b>(3,455)</b>	(2,798)
Rental income	<b>319</b>	326
	<hr/>	<hr/>
<b>Loss before income tax per condensed consolidated statement of comprehensive income</b>	<b>(89,787)</b>	(47,860)
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>As at</b>	<b>As at</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Total segment assets</b>	<b>3,430,924</b>	3,579,016
FVPL	<b>7,293</b>	42,100
FVOCI	<b>10,666</b>	4,212
Corporate assets	<b>839</b>	1,035
Investment properties	<b>28,500</b>	30,000
	<hr/>	<hr/>
<b>Total assets per condensed consolidated balance sheet</b>	<b>3,478,222</b>	3,656,363
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
The PRC	<b>550,751</b>	567,853
North America	<b>186,781</b>	281,214
European Union	<b>49,079</b>	64,068
Hong Kong	<b>29,063</b>	16,720
Other countries	<b>4,236</b>	8,760
	<hr/>	<hr/>
	<b>819,910</b>	938,615
	<hr/> <hr/>	<hr/> <hr/>

The total of non-current assets other than investments accounted for using the equity method and deferred income tax assets are located in the following geographical areas:

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
The PRC	1,158,943	1,328,546
Hong Kong	472,491	173,825
North America	44,825	46,677
	<u>1,676,259</u>	<u>1,549,048</u>

For the six months ended 30 June 2023 and 2022, there is no customer individually accounted for more than 10% of the Group's total revenue.

The contract liabilities represent the advance payments received from counterparties for goods or services that have not yet been transferred or provided to the counterparties. As at 30 June 2023, the Group has recognised the following liabilities related to contracts with customers:

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
Current contract liabilities	<u>36,909</u>	<u>46,521</u>

The following table shows the amount of revenue recognised in the six months ended 30 June 2023 relating to carried-forward contract liabilities:

	Six months ended 30 June 2023 (Unaudited) <i>HK\$'000</i>	2022 (Unaudited) <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the period	<u>46,400</u>	<u>38,199</u>

The Group expects the performance obligations under the contracts with customers to be satisfied primarily over a period of one year.

#### 4 OTHER INCOME

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental income	5,826	8,473
Government grants	5,740	1,915
Others	890	2,200
	<u>12,456</u>	<u>12,588</u>

#### 5 OTHER (LOSS)/GAINS, NET

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss on disposals of property, plant and equipment	(3,586)	(7,670)
Net fair value gain/(loss) of FVPL — realised	169	(394)
Net fair value (loss)/gain of FVPL — unrealised	(270)	2,877
Fair value (loss)/gain on investment properties	(16,041)	22,536
Forfeited customer deposits	—	4,528
Net exchange gain	5,018	13,043
Loss on deemed disposal of an associate	(679)	—
Modification of lease contract	1,932	—
	<u>(13,457)</u>	<u>34,920</u>

#### 6 OPERATING LOSS

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

	Six months ended 30 June	
	2023	2022
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation of property, plant and equipment	48,112	40,353
Depreciation of right-of-use assets	18,447	7,884
Amortisation of intangible assets	615	1,595
Provision for impairment of inventories	9,813	48,011
Employee benefits expenses	171,710	197,101
	<u>171,710</u>	<u>197,101</u>

## 7 FINANCE INCOME/(COSTS), NET

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Finance income — interest income on		
— bank deposits	2,257	2,847
— promissory note	692	1,583
	<u>2,949</u>	<u>4,430</u>
Finance costs		
— interest expense on bank borrowings	(8,002)	(2,530)
— interest expense on lease liabilities	(1,876)	(363)
	<u>(9,878)</u>	<u>(2,893)</u>
— amount capitalised ( <i>Note</i> )	5,697	247
	<u>(4,181)</u>	<u>(2,646)</u>
Finance (costs)/income, net	<u>(1,232)</u>	<u>1,784</u>

*Note:* The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's general borrowings during the six months ended 30 June 2023, in this case 2.07% (six months ended 30 June 2022: 1.03%).

## 8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current income tax		
— Hong Kong profits tax	222	—
— PRC enterprise income tax	7,185	9,885
Withholding tax	(2,621)	5,596
Deferred income tax	(2,102)	5,094
	<u>2,684</u>	<u>20,575</u>

Hong Kong profits tax has been provided for at the rate of 8.25% on the estimated assessable profit up to HK\$2,000,000 and 16.5% on any part of estimated assessable profit over HK\$2,000,000 during the period (2022: Same).

The PRC enterprise income tax is calculated based on the statutory profits of subsidiaries incorporated in the PRC in accordance with the PRC tax laws and regulations. The standard PRC enterprise income tax rate is 25% (2022: 25%) during the period. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 12.5% or 25% of their taxable income.

## 9 LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of approximately HK\$91,723,000 (2022: HK\$68,395,000) and weighted average number of ordinary shares in issue during the period of approximately 2,099,818,000 (2022: 2,099,818,000).

Diluted loss per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. During the six months ended 30 June 2023 and 2022, there were no dilutive potential ordinary shares under the share option scheme as there are no outstanding options during the six months ended 30 June 2023 and 2022.

## 10 DIVIDEND

The Directors did not recommend the payment of an interim dividend for the six months ended 30 June 2023 and 2022.

## 11 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Movements of investments accounted for using the equity method are as follows:

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
At 1 January	10,348	12,041
Share of loss, net	(171)	(2,401)
Deemed disposal ( <i>Note</i> )	(679)	—
Exchange differences	(424)	708
	<u>9,074</u>	<u>10,348</u>

*Note:* During the six months ended 30 June 2023, the Company's equity interests in one of the associates was diluted from 28.57% to 13.33% due to injection of capital by three independent third parties of an aggregate amount of RMB1.6 million (approximately HK\$1.8 million).

## 12 TRADE AND OTHER RECEIVABLES

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
Trade and bill receivables	411,579	452,080
Less: Loss allowance	<u>(136,805)</u>	<u>(134,893)</u>
Trade and bill receivables, net ( <i>Note (i)</i> )	274,774	317,187
Amounts due from related parties	24,217	36,341
Prepayments	100,625	108,899
Deposits and other receivables	<u>80,545</u>	<u>86,239</u>
	<u><u>480,161</u></u>	<u><u>548,666</u></u>
Promissory note ( <i>Note (ii)</i> )		
— Current portion	<u><u>6,865</u></u>	<u><u>14,700</u></u>

*Notes:*

- (i) Trade and bill receivables

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

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
0 to 30 days	130,975	142,499
31 to 60 days	49,633	64,609
61 to 90 days	35,123	45,175
91 to 120 days	22,546	23,275
Over 120 days	<u>173,302</u>	<u>176,522</u>
	<u><u>411,579</u></u>	<u><u>452,080</u></u>

Movements on the allowance for impairment of trade receivables are as follows:

	<b>Six months ended 30 June</b>	
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
At 1 January	<b>134,893</b>	115,680
Provision for impairment losses, net	<b>3,319</b>	15,830
Exchange differences	<b>(1,407)</b>	(2,122)
	<u><b>136,805</b></u>	<u>129,388</u>
At 30 June	<u><b>136,805</b></u>	<u>129,388</u>

(ii) Promissory note

The Group held an interest-free promissory note due from a major customer of the Group with a principal of US\$8,000,000 (approximately HK\$61,880,000) repayable by 40 equal monthly instalments of US\$200,000 (approximately HK\$1,547,000) commencing from 1 August 2020. As at 30 June 2023, the outstanding principal of the promissory note was US\$1,000,000 (approximately HK\$7,735,000) (31 December 2022: US\$2,200,000 (approximately HK\$17,017,000)), before impairment loss provision.

### 13 FVPL

	<b>As at</b>	As at
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>(Unaudited)</b>	(Audited)
	<b>HK\$'000</b>	HK\$'000
Listed equity securities ( <i>Note (i)</i> )	<b>7,293</b>	7,858
Cash management products, at quoted price ( <i>Note (ii)</i> )	<u>—</u>	<u>34,242</u>
	<u><b>7,293</b></u>	<u>42,100</u>

*Notes:*

- (i) The fair value of all equity securities is determined with reference to their current bid prices in an active market.
- (ii) As at 31 December 2022, the fair value of cash management products is determined with reference to expected return rate of 1.25%–3.4% provided by the underlying banks. The investments in cash management products were denominated in Renminbi. Changes in fair value were recognised in “other gains, net” in the condensed consolidated statement of comprehensive income.

## 14 TRADE AND OTHER PAYABLES

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
Trade and bill payables	322,587	362,026
Accrued employee benefit expenses	25,659	31,045
Customer deposits	72,153	87,281
VAT and other tax payables	6,006	5,749
Accrued operating expenses	40,164	46,372
Other payables	81,158	46,479
Amounts due to related parties	2,412	1,879
	<u>550,139</u>	<u>580,831</u>

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

	As at 30 June 2023 (Unaudited) <i>HK\$'000</i>	As at 31 December 2022 (Audited) <i>HK\$'000</i>
0 to 30 days	207,413	232,299
31 to 60 days	8,295	54,416
61 to 90 days	10,902	12,274
Over 90 days	95,977	63,037
	<u>322,587</u>	<u>362,026</u>

## **BUSINESS REVIEW**

During the 1H2023, according to the information published by the General Administration of Customs, the contribution of the net export to the economic growth of China was (10.8)%, which pushed down the GDP growth of China by 0.6 percentage points. The growth rate of the trade surplus in goods also declined, which was due to, against the backdrop of the modest recovery of the global economy and high inflation, the tightening monetary policies implemented for the purpose of stabilising the inflation, which are inevitably reducing the demand and resulting in a decrease in the net export of China. Moreover, the tension between China and the United States has led to the further contraction in the trading activities between the two countries. As for the domestic economy, the recovery of the tertiary industry has been promising, contributing more than 60% to the recovery of the domestic economy, while the recovery of the secondary industry has been slow. With the three-year pandemic haze dissipating, the domestic real economy, household income and the consumer price levels have been growing slowly, showing a promising future generally.

The Group's OEM/ODM business did not perform well in the 1H2023, recording a total revenue of HK\$495.3 million, representing a decrease of 27.3% as compared to the 1H2022, which was mainly due to the weak demand from the American customers. Besides, the production capacity of the Group in Vietnam and Cambodia has yet to scale up and compensate the loss incurred by the Group's in China because of the loss of purchase orders.

In terms of the retail business, with the three-year pandemic control becoming history, retail business and logistics services have returned to the normal level and are thus growing at a relatively faster pace. During the 1H2023, the growth rate of the retail business reached 29.1% with the number of stores expanding as expected. The online sales are a key task for this year and have become an important channel to promote the rapid development of our retail business. The domestic retail market is on the rise will provide ample opportunities for the development of the Group's retail business with its own brands.

## **FINANCIAL REVIEW**

### **Review of operations**

During the 1H2023, the Group's revenue amounted to HK\$819.9 million, representing a decrease of 12.6%, as compared to HK\$938.6 million during the 1H2022. The gross profit for the 1H2023 was HK\$162.0 million, representing an increase of 6.1%, as compared to HK\$152.7 million for the 1H2022. The loss attributable to equity holders of the Company was HK\$91.7 million. Loss per share was 4.37 HK cents and net asset value per share was HK\$1.05.

## **OEM/ODM Business**

During the 1H2023, the turnover derived from our OEM/ODM business recorded a decrease to HK\$495.3 million from HK\$681.7 million during the 1H2022. Apparel in silk, cotton and synthetic fabrics continues to be the major products of the Group, which contributed HK\$383.5 million (1H2022: HK\$559.5 million), representing 77.4% (1H2022: 82.1%) of the total turnover of our OEM/ODM business.

Customers from China and the United States continued to be the Group's principal market with sales amounted to HK\$429.7 million (1H2022: HK\$602.1 million), representing 86.8% (1H2022: 88.3%) of the total turnover of our OEM/ODM business. Sales to Europe and other countries were HK\$42.4 million (1H2022: HK\$64.1 million) and HK\$23.2 million (1H2022: HK\$24.7 million), respectively.

## **Fashion Retail Business**

During the 1H2023, the retail sales increased to HK\$291.3 million from HK\$225.6 million during the 1H2022. FINITY, the major brand of the Group, contributed HK\$140.4 million to the retail business, representing an increase of 14.9% as compared with HK\$122.2 million during the 1H2022.

In terms of retail revenue analysis by sales channels, sales from concessions amounted to HK\$116.3 million (1H2022: HK\$97.5 million), accounting for 39.9% of total retail turnover. Sales from free-standing stores, franchisees and e-commerce amounted to HK\$2.4 million (1H2022: HK\$6.4 million), HK\$54.5 million (1H2022: HK\$64.7 million) and HK\$118.1 million (1H2022: HK\$57.0 million), respectively.

## **Property Investment Business**

The Group has started the development of part of the Group's industrial complex into the China Ting International Fashion Base (華鼎國際時尚產業基地) in 2019, and continued to expand the plant area in the current period. The main purpose of the China Ting International Fashion Base is to facilitate the regional development, fashion expert localisation and e-commerce development for the fashion industry. All these provide significant contributions to the fashion industry in Yu Hang District, Hangzhou, while facilitating the development of the Group's diversified business models.

During the 1H2023, the revenue from the property investment business amounted to HK\$33.3 million, representing an increase of 6.7%, as compared to HK\$31.2 million during the 1H2022.

## **Liquidity and Financial Resources**

During the 1H2023, the Group satisfied its working capital needs principally from its business operations. As of 30 June 2023, the Group had cash and cash equivalents of HK\$396.6 million, representing a decrease of HK\$108.9 million, as compared to HK\$505.5 million as of 31 December 2022. The Group's total bank borrowings were HK\$338.4 million (31 December 2022: HK\$322.8 million). The debt-to-equity ratio (total borrowings as a percentage of total equity) was 15.2% (31 December 2022: 13.7%). The Directors consider that, after taking into account the existing available bank borrowing facilities and internal financial resources, the Group has adequate financial resources to support its working capital requirement for future expansion.

## **Contingent Liabilities**

The Group had no material contingent liabilities as of 30 June 2023.

## **BUSINESS OUTLOOK**

In the second half of 2023, with the recovery of the domestic economy in the PRC, the Group's business is expected to recover gradually. Despite the grim situation of the international economy and the modest performance of the PRC economy, the Directors believe that opportunities continue to exist. The Group will follow the trend and seek new opportunities. The PRC retail market has shown notable signs of recovery in 2023, and the stable market and the continued prosperity of the online market have brought development opportunities for the Group's retail business. The Group will continue to maintain the high growth achieved in the first half of the year, expand the cooperation with franchise partners and increase the market share and exposure of the brands. Meanwhile, the Group will devote solid efforts on the conversion of online performance to improve the online sales performance of various brands.

Even though the OEM/ODM business is affected by various factors, such as the sluggish performance of the international economy and the regional tensions, it continues to be the most important business segment of the Group. The Group plans to establish multiple international and domestic production bases and continue to improve the platform-based management capability of the supply chain. In the second half of 2023, the Group will continue to explore new international and domestic customers and extend the footprints of its OEM/ODM business.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of any interim dividend for the 1H2023.

## **HUMAN RESOURCES**

As of 30 June 2023, the Group employed a total of 4,420 employees in the Mainland China, Hong Kong and the United States.

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

Pursuant to the applicable laws and regulations, the Group has participated in relevant defined contribution retirement schemes administered by the Chinese government authorities for the Group's employees in the Mainland 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 United States. The Group has not implemented retirement schemes for the Group's employees in the United States.

## **CAPITAL EXPENDITURE AND COMMITMENTS**

The Group exercised careful control over capital expenditure. The Group incurred capital expenditures of HK\$223.6 million for the 1H2023 which was primarily used in the expansion of the China Ting International Fashion Base and the leasehold improvement of the Group's retail outlets and factories. Capital commitments contracted for but not incurred by the Group as of 30 June 2023 amounted to HK\$811.8 million, which were mainly related to the construction of the China Ting International Fashion Base.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL**

Save as disclosed in Note 11 above, the Group has no significant investments, material acquisition and disposal for the 1H2023.

## **SUBSEQUENT EVENTS**

There were no material subsequent events undertaken by the Group after 30 June 2023 and up to date of this announcement.

## **CAPITAL STRUCTURE**

During the 1H2023, there has been no change in the capital structure of the Company. The capital of the Company comprises only ordinary shares.

## **TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN FOREIGN EXCHANGE RATES**

The Company uses Hong Kong dollars (“**HK\$**”) as its functional currency and the Group’s presentation currency. Since HK\$ was pegged against United States dollars (“**USD**”), the Directors consider the Group’s foreign currency exchange exposure arising from USD transactions to be minimal during the 1H2023.

The sales and purchase of raw materials of the Group are mainly denominated in USD and Renminbi (“**RMB**”). During the 1H2023, approximately 28.9% and 71.1% of revenue were denominated in USD and RMB, respectively, and approximately 8.7% and 91.3% of purchase of raw materials were denominated in USD and RMB, respectively.

As of 30 June 2023, approximately 12.6%, 82.5% and 4.7% of cash and cash equivalents and pledged bank deposits were denominated in USD, RMB and HK\$, respectively, and approximately 54.7% and 45.3% of bank borrowings were denominated in HK\$ and RMB, respectively.

Regarding the trade disputes between China and the United States, it is expected that on-going currency fluctuation of RMB against USD is unavoidable. To minimise the impact, the Group will monitor the foreign currency risk closely to ensure the net exposure is at an acceptable level. The Directors may consider using financial instruments to reduce the currency risk exposure when necessary. During the 1H2023, the Group did not use any financial instrument for hedging purpose.

## **PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company during the 1H2023.

## **AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS**

The audit committee (the “**Audit Committee**”) of the Company has reviewed with the management and the auditor (the “**Auditor**”) of the Company the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters with the management including the review of the unaudited interim financial information. The Audit Committee has reviewed the unaudited interim financial information for the 1H2023.

PricewaterhouseCoopers, the external auditors of the Company, have reviewed the unaudited interim financial information for the 1H2023 in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

## **CORPORATE GOVERNANCE CODE**

The Board is committed to enhancing the corporate governance of the Group, and the Group reviews and updates all such necessary measures in order to promote good corporate governance. The Company has complied with the applicable code provisions of the Corporate Governance Code as set forth in Part 2 of Appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the 1H2023.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted The Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquires to the Directors, they have confirmed that they had complied with the required standard of dealings as set forth in the Model Code during the 1H2023.

## **PUBLICATION OF THE INTERIM REPORT**

An interim report of the Company for the 1H2023 containing all the relevant information required by Appendix 16 to the Listing Rules and other applicable laws and requirements will be despatched to the Company’s shareholders and published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.chinating.com.hk](http://www.chinating.com.hk)) in due course.

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

Hong Kong, 29 August 2023

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

*Executive Directors:*

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

*Independent non-executive Directors:*

Mr. WONG Chi Keung  
Mr. LEUNG Man Kit  
Mr. CHENG Chi Pang  
Ms. LI Yuet Mui Xera