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 2009

The board (the "**Board**") of directors (the "**Directors**") of China Ting Group Holdings Limited (the "**Company**") presents the unaudited condensed consolidated results of the Company and its subsidiaries (together, the "**Group**") for the six months ended 30 June 2009, together with the comparative figures for the corresponding period in 2008 as follows:

INTERIM RESULTS

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2009

		Six months ended 30 June	
		2009	2008
	Note	***HK$'000***	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	3	**973,888**	1,266,250
Cost of sales		**(625,113)**	(846,418)
Gross profit		**348,775**	419,832
Other gains/(losses), net	4	**24,203**	(7,258)
Selling, marketing and distribution costs		**(77,017)**	(86,020)
Administrative expenses		**(113,723)**	(117,279)
Operating profit	5	**182,238**	209,275
Finance income, net	6	**2,766**	2,355
Share of losses of associates		**(302)**	(1,128)
Profit before income tax		**184,702**	210,502
Income tax expense	7	**(30,637)**	(18,683)
Profit for the period		**154,065**	191,819

	Note	Six months ended 30 June 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)
Other comprehensive income:			
Deregistration of a subsidiary		—	(23,653)
Revaluation reserve, net of tax, arising from the acquisition of controlling interest in an associate		—	10,572
Currency translation differences		**(552)**	100,829
Other comprehensive income		**(552)**	87,748
Total comprehensive income		**153,513**	279,567
Profit attributable to:			
Equity holders of the Company		**153,921**	192,232
Minority interests		**144**	(413)
		154,065	191,819
Total comprehensive income attributable to:			
Equity holders of the Company		**153,381**	276,929
Minority interests		**132**	2,638
		153,513	279,567
Dividends	8	**92,895**	110,184
Earnings per share for profit attributable to equity holders of the Company during the period (expressed in HK cents per share)			
— basic	9	**7.36 cents**	9.12 cents
— diluted	9	**7.36 cents**	9.12 cents

Condensed Consolidated Balance Sheet
As at 30 June 2009

	Note	**As at 30 June 2009 HK$'000 (Unaudited)**	As at 31 December 2008 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**844,659**	833,607
Investment properties		**7,000**	7,000
Leasehold land and land use rights		**99,937**	100,040
Intangible assets		**137,560**	143,061
Other non-current assets		**21,005**	—
Interests in associates		**4,496**	4,811
Deferred income tax assets		**24,973**	22,139
		1,139,630	1,110,658
Current assets			
Inventories		**356,797**	403,411
Trade and other receivables	10	**338,718**	378,781
Tax recoverable		**—**	795
Financial assets at fair value through profit or loss		**33,228**	29,733
Term deposits with initial term over three months		**170,335**	97,746
Pledged bank deposits		**18,250**	23,883
Cash and cash equivalents		**658,912**	644,963
		1,576,240	1,579,312
Total assets		**2,715,870**	2,689,970
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**209,224**	209,224
Reserves		**1,986,723**	1,925,202
Proposed dividends		**92,895**	93,314
		2,288,842	2,227,740
Minority interests		**50,580**	50,448
Total equity		**2,339,422**	2,278,188

	Note	As at 30 June 2009 HK$'000 (Unaudited)	As at 31 December 2008 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**20,483**	20,714
Current liabilities			
Trade and other payables	11	**282,445**	341,128
Bank borrowings		**46,216**	30,176
Current income tax liabilities		**27,304**	19,764
		355,965	391,068
Total liabilities		**376,448**	411,782
Total equity and liabilities		**2,715,870**	2,689,970
Net current assets		**1,220,275**	1,188,244
Total assets less current liabilities		**2,359,905**	2,298,902

Notes

1 BASIS OF PREPARATION

This condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" and other relevant Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2008.

2 ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in those annual financial statements.

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

The following new standards and amendments to standards are mandatory for the first time for the financial year beginning 1 January 2009.

- HKAS 1 (Revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is 'non-owner changes in equity') in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All 'non-owner changes in equity' are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present one performance statement: a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

- HKFRS 8, 'Operating segments'. HKFRS 8 replaces HKAS 14, 'Segment reporting'. It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors that makes strategic decisions.

  The Group is principally engaged in the manufacturing and sale of garments on an OEM basis and manufacturing and retailing of branded fashion apparel. The internal reporting provided to the chief operating decision-marker is provided on a basis of business segment which is the same as previously reported. Accordingly, there is no change in the number of reportable segments presented.

- Amendment to HKFRS 7, 'Financial instruments: disclosures'. The amendment increases the disclosure requirements about fair value measurement and amends the disclosure about liquidity risk. The amendment introduces a three-level hierarchy for fair value measurement disclosures about financial instruments and requires some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendment clarifies and enhances the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. It also requires a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 December 2009.

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Group.

- HKAS 23 (Amendment) — Borrowing costs
- HKFRS 2 (Amendment) — Share-based payment
- HKAS 32 (Amendment) — Financial instruments: presentation
- HK(IFRIC) 9 (Amendment) — Reassessment of embedded derivatives
- HKAS 39 (Amendment) — Financial instruments: Recognition and measurement
- HK(IFRIC) 13 — Customer loyalty programmes
- HK(IFRIC) 15 — Agreements for the construction of real estate
- HK(IFRIC) 16 — Hedges of a net investment in a foreign operation

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 January 2009 and have not been early adopted:

- HKAS 39 (Amendment) — Financial instruments: Recognition and measurement
- HKFRS 3 (Revised) — Business combinations
- HKAS 27 (Amendment) — Consolidated and separate financial statements
- HKAS 28 (Amendment) — Investments in associates
- HKAS 31 (Amendment) — Interests in joint ventures
- HK(IFRIC) 17 — Distributions of non-cash assets to owners
- HK(IFRIC) 18 — Transfers of assets from customers

HKICPA's improvements to HKFRS published in May 2009

- HKFRS 2 (Amendment) — Share-based payment
- HKFRS 5 (Amendment) — Non-current assets held for sale and discontinued operations
- HKFRS 8 (Amendment) — Operating segments
- HKAS 1 (Amendment) — Presentation of financial statements
- HKAS 7 (Amendment) — Statement of cash flows
- HKAS 17 (Amendment) — Leases
- HKAS 36 (Amendment) — Impairment of assets
- HKAS 38 (Amendment) — Intangible assets
- HKAS 39 (Amendment) — Financial instruments: recognition and measurement
- HK(IFRIC) 9 (Amendment) — Reassessment of embedded derivatives
- HK(IFRIC) 16 (Amendment) — Hedges of a net investment in a foreign operation

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors (the "**Board**") of the Company. The Board reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Board considers the Group has two reportable segments: (1) manufacturing and sale of garments on an OEM basis (the "**OEM**"); and (2) manufacturing and retailing of branded fashion apparel (the "**Retail**").

The Board assesses 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 Board.

Total assets exclude deferred income tax assets, financial assets at fair value through profit or loss and interests in associates, all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

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

		(Unaudited)	
	OEM	**Retail**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Six months ended 30 June 2009			
Total revenue	**812,466**	**164,619**	**977,085**
Inter-segment revenue	**(2,113)**	**(1,084)**	**(3,197)**
Revenue (from external customers)	**810,353**	**163,535**	**973,888**
Profit before income tax	**142,181**	**25,567**	**167,748**
Depreciation of property, plant and equipment	**(37,355)**	**(1,200)**	**(38,555)**
Amortisation of leasehold land and land use rights	**(638)**	**(16)**	**(654)**
Amortisation of intangible assets	**(735)**	**(4,761)**	**(5,496)**
Finance income	**3,900**	**201**	**4,101**
Finance costs	**(131)**	**(1,204)**	**(1,335)**
Share of profits/(losses) of associates	**18**	**(320)**	**(302)**
Income tax expense	**(21,865)**	**(8,772)**	**(30,637)**

		(Unaudited)	
	OEM	Retail	Total
	HK$'000	*HK$'000*	*HK$'000*
Six months ended 30 June 2008			
Total revenue	1,107,824	161,014	1,268,838
Inter-segment revenue	(2,455)	(133)	(2,588)
Revenue (from external customers)	1,105,369	160,881	1,266,250
Profit before income tax	227,535	27,488	255,023
Depreciation of property, plant and equipment	(32,601)	(1,171)	(33,772)
Amortisation of leasehold land and land use rights	(546)	(14)	(560)
Amortisation of intangible assets	(735)	(3,922)	(4,657)
Finance income	3,682	190	3,872
Finance costs	(356)	(1,161)	(1,517)
Share of profits/(losses) of associates	28	(1,156)	(1,128)
Income tax expense	(10,344)	(8,339)	(18,683)

	OEM	(Unaudited) Retail	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 30 June 2009			
Total assets	**2,226,213**	**416,843**	**2,643,056**
Total assets include:			
Interests in associates	**1,932**	**2,564**	**4,496**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**51,336**	**452**	**51,788**

	OEM	(Audited) Retail	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2008			
Total assets	2,219,331	408,576	2,627,907
Total assets include:			
Interests in associates	1,927	2,884	4,811
Additions to non-current assets (other than financial instruments and deferred income tax assets)	354,700	22,161	376,861

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

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Total segment profit before income tax	**167,748**	255,023
Net fair value gains/(losses) of financial assets at fair value through profit or loss	**17,627**	(40,928)
Corporate overhead	**(1,974)**	(4,519)
Rental income	**1,301**	926
Profit before income tax	**184,702**	210,502

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

	As at 30 June 2009	As at 31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Total segment assets	**2,643,056**	2,627,907
Financial assets at fair value through profit or loss	**33,228**	29,733
Corporate assets	**7,613**	2,396
Investment property	**7,000**	7,000
Deferred income tax assets	**24,973**	22,139
Tax recoverable	**—**	795
Total assets per balance sheet	**2,715,870**	2,689,970

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

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
North America	**667,693**	889,418
European Union	**62,963**	55,633
Mainland China	**211,828**	298,125
Hong Kong	**17,971**	16,966
Other countries	**13,433**	6,108
	973,888	1,266,250

The total of non-current assets other than financial instruments and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts) located in the following geographical areas are as follows:

	As at 30 June 2009	As at 31 December 2008
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Mainland China	**1,063,525**	1,056,390
Hong Kong	**24,966**	26,693
North America	**665**	625
	1,089,156	1,083,708

For the six months ended 30 June 2009, revenues of approximately HK$123,021,000 (2008: HK$236,883,000 and HK$152,691,000) are derived from one external customer (2008: two external customers). These revenues are attributable to the OEM reportable segment and each of them accounted for greater than 10% of the Group's revenue.

4 OTHER GAINS/(LOSSES), NET

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
(Loss)/gain on disposal of property, plant and equipment and leasehold land and land use rights	**(116)**	1,517
Government grants	**2,297**	27
Investment tax credits *(Note)*	**—**	7,695
Net fair value gains/(losses) of financial assets at fair value through profit or loss	**17,627**	(40,928)
Net exchange gains/(losses)	**2,896**	(481)
Gain on deregistration of a subsidiary	**—**	23,653
Net fair value losses of foreign exchange forward contracts	**—**	(420)
Rental income	**1,301**	926
Others	**198**	753
	24,203	(7,258)

Note: Investment tax credits represented incentives received as a result of the reinvestment of the dividend incomes from subsidiaries in the People's Republic of China ("**PRC**").

5 OPERATING PROFIT

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

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	**38,555**	33,772
Amortisation of leasehold land and land use rights	**654**	560
Amortisation of intangible assets	**5,496**	4,657
Employee benefit expenses	**193,376**	214,703
Provision for inventories	**5,500**	8,000
Provision for impairment of trade receivables	**1,928**	661

6 FINANCE INCOME, NET

	Six months ended 30 June	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Finance income — interest income on		
— bank deposits	**3,986**	3,734
— amount due from an associate	**115**	138
Finance costs — interest expense on		
— bank loans	**(1,335)**	(1,143)
— licence fees payable	**—**	(374)
	2,766	2,355

7 INCOME TAX EXPENSE

	Six months ended 30 June 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)
Current income tax		
— Hong Kong profits tax	**11,546**	18,012
— PRC enterprise income tax	**22,190**	21,684
— Overprovision in prior years	**(35)**	(12,240)
Deferred income tax	**(3,064)**	(8,773)
	30,637	18,683

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period.

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

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% may be offered a gradual increase of tax rate to 25% within 5 years. Certain subsidiaries of the Group established in the PRC will enjoy preferential income tax rate from 2009 to 2012 and be taxed at the rate of 25% from 2013 or when the preferential treatment expires. Certain subsidiaries established in the PRC are entitled to exemption and concessions from income tax under tax holidays. Income tax was calculated at rates given under the concessions.

As at 30 June 2009, deferred income tax liabilities of HK$15,307,000 (31 December 2008: HK$9,224,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries in the PRC totalling HK$306,140,000 (31 December 2008: HK$184,474,000) as the directors considered that the timing of the reversal of the related temporary differences can be controlled and the related temporary difference will not be reversed or will not be taxable in the foreseeable future.

8 DIVIDENDS

	Six months ended 30 June 2009 HK$'000 (Unaudited)	2008 HK$'000 (Unaudited)
Interim dividend, declared, of HK3.70 cents (2008: HK4.56 cents) per ordinary share	**77,413**	95,885
Special dividend, declared, of HK0.74 cents (2008: HK0.68 cents) per ordinary share	**15,482**	14,299
	92,895	110,184

Note:

At a meeting of the Board held on 4 September 2009, the Directors declared a special dividend of HK0.74 cents per ordinary share in addition to an interim dividend of HK3.70 cents per ordinary share. The declared dividends are not reflected as a dividend payable in the interim financial information, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2009.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company of HK$153,921,000 (Six months ended 30 June 2008: HK$192,232,000) and the weighted average number of ordinary shares in issue during the period of 2,092,238,000 (Six months ended 30 June 2008: 2,106,809,426).

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

During the six months ended 30 June 2008 and 2009, there were no potential dilutive shares outstanding.

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Trade and bills receivables	**279,506**	319,529
Less: Provision for impairment	**(5,768)**	(3,840)
Trade and bills receivables, net	**273,738**	315,689
Amounts due from associates	**3,421**	3,989
Other receivables, deposits and prepayments	**61,559**	59,103
	338,718	378,781

The ageing analysis of gross trade and bills receivables is as follows:

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
0 to 30 days	**162,666**	207,434
31 to 60 days	**60,517**	78,975
61 to 90 days	**20,074**	12,035
Over 90 days	**36,249**	21,085
	279,506	319,529

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 customers and existing customers with short trading history, letters of credit issued by these customers are normally demanded for settlement purposes.

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

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

Bills receivables are with average maturity dates of within 2 months.

As of 30 June 2009, the provision for impairment of trade receivables amounted to HK$1,928,000 (2008: HK$661,000). These have been included in administrative expenses in the condensed consolidated statement of comprehensive income.

11 TRADE AND OTHER PAYABLES

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
Trade and bills payables	**157,231**	202,331
Other payable and accruals	**118,542**	131,746
Amounts due to associates	**1,103**	1,482
Licence fees payable	**5,569**	5,569
	282,445	341,128

The ageing analysis of trade and bills payables is as follows:

	As at 30 June 2009 *HK$'000* **(Unaudited)**	As at 31 December 2008 *HK$'000* (Audited)
0 to 30 days	**105,448**	128,460
31 to 60 days	**28,137**	32,921
61 to 90 days	**9,736**	13,554
Over 90 days	**13,910**	27,396
	157,231	202,331

INTERIM DIVIDEND

Although there was a decrease in the amount of the profit attributable to equity holders of the Company for the six months ended 30 June 2009, our Directors have decided to continue to follow the same dividend policy which has been adopted by the Group since the listing of the shares (the "**Shares**") of the Company on the Stock Exchange. On this basis, our Directors recommend and declare, for the six months ended 30 June 2009, an interim dividend of HK3.70 cents and a special dividend of HK0.74 cents which in aggregate represents approximately 60.3% of the amount of the profit attributable to equity holders of the Company for the six months ended 30 June 2009 (2008: HK5.24 cents, approximately 57.5%). Shareholders of the Company whose names appear on the register of members of the Company on Thursday, 24 September 2009 will be entitled to the interim dividend. Our Directors expect that the interim dividend will be paid to the shareholders of the Company on or about Wednesday, 30 September 2009.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 22 September 2009 to Thursday, 24 September 2009, both days inclusive, during which no transfer of the Shares will be registered. To qualify for the interim dividend and the special dividend for the six months ended 30 June 2009, investors must lodge all transfer documents accompanied by the relevant Share certificates with the Company's share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Monday, 21 September 2009.

BUSINESS REVIEW

The global economy during the first half of 2009 continued to be adversely affected by the financial tsunami and the overall demand for garment products was sluggish. During this period, the Group encountered intense price pressure from its customers and competitors.

During the six months ended 30 June 2009, the Group's revenue and profit before tax stood at approximately HK$973.9 million and HK$184.7 million, respectively. The period-to-period comparison shows a decrease of approximately 23.1% and 12.3% in the Group's revenue and profit before tax, respectively. The gross profit of the Group during the six months ended 30 June 2009 slightly increased to approximately 35.8% from 33.2% for the same period in 2008, principally due to the Group's strategy to focus on quality and long-term customers with adjusted product portfolio and acceptable profit margins. Our Directors believe that the Group enjoys a significant advantage in its product quality control, economy of scale and the ability to produce quality garment products within a short lead time as increasingly required by its OEM customers. Although the international markets and the domestic market in China continue to suffer with low consumers' confidence, our Directors believe that the Group has adopted the most appropriate business strategies in response to the changes and challenges.

The unfavourable economic condition affected the performance of the Group, but it has also created business opportunities for the development of new product lines and penetration into new markets and new customers, especially retail brands in the European countries. These retail brands were looking for reliable and financially sound business partners in Asia to weather the tsunami, achieve growth and rebuild the businesses in the wake of the economic downturn.

In the Group's China retail business, the sales under the four proprietary brands, 'FINITY' 'DBNI' 'RIVERSTONE' and 'ELANIE', as well as its licensed brand 'MAX STUDIO', grew slightly. The Group also improved the profitability of its retail sales business by restructuring its retail network through management trainings, strengthened brand loyalty and recognition programmes, store renovation and reducing the number of stores in order to increase the sales of each store. The objectives of all these measures are to enhance the profitability of our retail business with enhanced retail network and stronger brand recognition. Our Directors believe that the economic downturn provides the Group with good opportunities to strengthen its retail network by focusing on stores at good locations and good performing stores in order to respond to the market needs and trends quickly and creating a better retail network at lower cost. As of 30 June 2009, the Group maintained 430 stores in China, representing a slight decrease of 20 stores as compared with 31 December 2008.

BUSINESS OUTLOOK

Our Directors believe that, even though the first half of 2009 was full of uncertainties and challenges, the economic contraction also presented the Group with new business opportunities. The Group's customers in the OEM/ODM business are important to the Group, and hence, our Directors intend to strengthen the business collaboration with them by offering them with strong manufacturing and design support. In this connection, the Group has implemented a new business model with our long-term customers by offering them garment and apparel manufacturing and supply services on an exclusive and long-term basis. In July 2009, the Group entered into a 10-year exclusive supply agreement with Bernard Chaus, Inc. in the United States, pursuant to which the Group will act as Bernard Chaus' exclusive garment and apparel supplier in China/Asia. Our Directors believe that such enhanced long-term business relationship with our customers will be mutually beneficial and will result in new business opportunities to the Group as well as our customers.

The Group's strong financial status and liquidity make it a much sought-after partner in both the OEM/ODM business as well as retail business. The Group will continue to explore feasible business cooperation opportunities with suitable business partners in order to achieve a sustainable business growth.

Our Directors are optimistic on the continuous economic growth of China in the second half of 2009 and believe that the Group's customers in the OEM/ODM business will continue to support the Group. The global economy is expected to be stabilised during the second half of 2009, and this will provide the Group with new business opportunities. The Group will actively expand its customer base in its OEM/ODM business with different kinds of garment and apparel items.

The Group's wool mill in Hangzhou is ready for commercial production, and our Directors expect it to be a good platform for the Group to diversify its product portfolios and penetrate into the fall/winter garment/fashion series using wool and wool-blended fabrics as the principal raw materials. Our Directors believe that the wool mill will expand the product portfolios of the Group by increasing and stabilising its seasonal and annual productivity.

The Group will continue to devote its resources, leveraging its strong management skills, to expand the network for our retail business in China as well as other countries.

The Group will continue to streamline its financial control and reporting systems with emphasis on cost effective and good quality production process in order to strengthen its niche in the industry.

FINANCIAL REVIEW

During the six months ended 30 June 2009, the Group's revenue amounted to approximately HK$973.9 million, representing a decrease of approximately 23.1% as compared with approximately HK$1,266.3 million for the same period in 2008. The gross profit margin for the six months ended 30 June 2009 was approximately 35.8%, representing an increase of approximately 2.6 percentage points as compared with approximately 33.2% for the same period in 2008. The result were not only attributable to the Group's efforts to increase its productivity, but also to the strong support from the PRC governmental policies favouring apparel exporters in China. The Group provided on-job trainings and further career development to its workers, which enhanced the productivity and reduced the labour costs in the production process.

The profit attributable to equity holders of the Company was approximately HK$153.9 million, representing a decrease of approximately 19.9% as compared with approximately HK$192.2 million during the same period in 2008. Earnings per Share were HK7.36 cents, representing a slight decrease of HK1.76 cents as compared to HK9.12 cents for the same period in 2008.

OEM/ODM Business

During the period under review, the turnover derived from our OEM/ODM business recorded a decrease to approximately HK$810.3 million from approximately HK$1,105.4 million for the same period in 2008. Although a significant part of the OEM/ODM turnover continued to be derived from the sales of silk and silk-blended apparel items, which decreased to approximately HK$282.6 million (2008: HK$ 441.9 million) and contributing only 34.9% to the OEM/ODM Business, the Group diversified its product portfolios with cotton and cotton-blended apparel and apparel in synthetic fabrics together contributing 45.7% to the turnover of our OEM/ODM business. The following table sets forth an analysis of the turnover of our OEM/ODM business by products:

	Six months ended 30 June				**Period-to-Period**
	2009		2008		
	HK$ million	***%***	*HK$ million*	*%*	*% change*
Silk and silk-blended apparel	**282.6**	**34.9**	441.9	40.0	(36.0)
Linen and linen-blended apparel	**102.8**	**12.7**	152.0	13.8	(32.4)
Cotton and cotton-blended apparel	**216.4**	**26.7**	268.8	24.3	(19.5)
Apparel in synthetic fabrics	**153.8**	**19.0**	111.2	10.1	38.3
Printing and dyeing	**16.4**	**2.0**	27.0	2.4	(39.3)
Home textile products	**26.3**	**3.2**	51.1	4.6	(48.5)
Others	**12.0**	**1.5**	53.4	4.8	(77.5)
Total	**810.3**	**100.0**	1,105.4	100.0	(26.7)

In terms of the locations of our customers, the United States continued to be the Group's principal market with sales amounted to approximately HK$655.0 million (2008: HK$889.4 million), representing approximately 80.8% (2008: 80.5%) of the total turnover of our OEM/

ODM business. Sales to the European countries and other countries were approximately HK$63.0 million (2008: HK$55.6 million) and HK$92.3 million (2008: HK$160.4 million), respectively.

Fashion Retail Business

During the period under review, the retail sales slightly increased to approximately HK$163.5 million from approximately HK$160.9 million for the same period in 2008. The turnover from our fashion retail business may be analysed as follows:

	Six months ended 30 June				**Period-on-Period**
	2009		2008		
	HK$ million	*%*	*HK$ million*	*%*	*% change*
In-house brands					
Finity	**80.9**	**49.5**	83.5	51.9	(3.1)
Dbni	**10.4**	**6.3**	14.6	9.1	(28.8)
Elanie	**28.6**	**17.5**	21.5	13.3	33.0
Riverstone	**20.1**	**12.3**	14.6	9.1	37.7
Licensed brands					
Maxstudio	**23.5**	**14.4**	26.5	16.5	(11.3)
Burlington House	**—**	**—**	0.2	0.1	N/A
Total retail turnover	**163.5**	**100.0**	160.9	100.0	1.6

In terms of retail revenue analysis by sales channel, sales from concessions amounted to approximately HK$116.3 million (2008: HK$111.4 million), accounting for approximately 71.1% of total retail turnover. Sales from free-standing stores and franchisees amounted to HK$9.0 million (2008: HK$4.2 million) and HK$38.2 million (2008: HK$45.3 million), respectively.

Liquidity and Financial Resources

The Group continues to retain a good and solid financial position. During the six months ended 30 June 2009, the Group satisfied their working capital needs principally from its business operations. As of 30 June 2009, the Group had cash and cash equivalent of approximately HK$658.9 million, representing an increase of approximately HK$13.9 million as compared with approximately HK$645.0 million as of 31 December 2008. The increase was principally due to the cash inflow from our business operations of approximately HK$226.9 million, the cash used in investing activities of approximately HK$135.6 million, which mainly represented the acquisition of property, plant and equipment amounting to HK$50.7 million, advance payments made for the purchase of plant and machinery amounting to HK$21.0 million and cash placed in term deposits with a fixed three-month initial term by approximately HK$72.6 million, and the cash used in financing activities, which mainly represented the 2008 final dividend paid to our shareholders during the six months ended 30 June 2009.

As of 30 June 2009, the Group had bank borrowings of HK$46.2 million (31 December 2008: HK$30.2 million) repayable within one year. The debt to equity ratio (total borrowings as a percentage of total equity) was 2.0% (31 December 2008: 1.3%).

The sales of the Group are mainly denominated in US dollars and Renminbi and the purchase of raw materials is mainly made in Renminbi, US dollars and Hong Kong dollars. As of 30 June 2009, all cash and cash equivalents, and bank borrowings were mainly denominated in US dollars, Renminbi and Hong Kong dollars. Hence, the Group has no significant exposure to foreign exchange risk.

Human Resources

As of 30 June 2009, the Group employed a total of 12,000 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. Our 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.

Contingent Liabilities

The Group had no material contingent liabilities as at 30 June 2009.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's shares during the six months ended 30 June 2009.

AUDIT COMMITTEE

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

CORPORATE GOVERNANCE

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

The Company has complied with the applicable code provisions as set out in the code on corporate governance practices, appendix 14 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the six months ended 30 June 2009.

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. The Company has made specific enquiry of all Directors on compliance with the Model Code and no Director is aware of any non-compliance with the Model Code throughout the period under review.

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

The interim report for the six months ended 30 June 2009 containing all the information required by appendix 16 to the Listing Rules will be dispatched to the Company's shareholders and published on the websites of the Stock Exchange and the Company in due course.

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

Hong Kong, 4 September 2009