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)

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

INTERIM RESULTS

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 2010, together with the unaudited comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Six months ended 30 June	
		2010	2009
		(Unaudited)	(Unaudited)
	Note	***HK$'000***	*HK$'000*
Revenue	3	**1,305,383**	973,888
Cost of sales		**(876,614)**	(625,113)
Gross profit		**428,769**	348,775
Other income	4	**7,420**	3,598
Other (losses)/gains, net	4	**(8,271)**	20,605
Selling, marketing and distribution costs		**(114,667)**	(77,017)
Administrative expenses		**(129,209)**	(113,723)
Operating profit	5	**184,042**	182,238
Finance (costs)/income, net	6	**(173)**	2,766
Share of losses of associates		**(183)**	(302)
Profit before income tax		**183,686**	184,702
Income tax expense	7	**(37,753)**	(30,637)

	Note	Six months ended 30 June 2010 (Unaudited) HK$'000	2009 (Unaudited) HK$'000
Profit for the period		**145,933**	154,065
Other comprehensive income/(loss) for the period, net of tax:			
Currency translation differences		**26,759**	(552)
Total comprehensive income for the period		**172,692**	153,513
Profit attributable to:			
Equity holders of the Company		**145,540**	153,921
Non-controlling interests		**393**	144
		145,933	154,065
Total comprehensive income attributable to:			
Equity holders of the Company		**171,611**	153,381
Non-controlling interests		**1,081**	132
		172,692	153,513
Dividends	8	**87,392**	92,895
Earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)			
— basic	9	**6.95 cents**	7.36 cents
— diluted	9	**6.95 cents**	7.36 cents

CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 30 JUNE 2010

	Note	**As at 30 June 2010 (Unaudited)** *HK$'000*	As at 31 December 2009 (Audited) *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**848,821**	865,671
Investment properties		**7,000**	7,000
Leasehold land and land use rights		**98,446**	100,843
Intangible assets		**157,429**	161,827
Interests in associates		**391,538**	387,151
Deferred income tax assets		**27,638**	24,397
		1,530,872	1,546,889
Current assets			
Inventories		**486,180**	457,697
Trade and other receivables	10	**559,291**	491,148
Tax recoverable		**—**	7,081
Financial assets at fair value through profit or loss		**24,786**	35,199
Term deposits with initial term over three months		**78,772**	56,805
Pledged bank deposits		**13,790**	6,502
Cash and cash equivalents		**377,528**	350,700
		1,540,347	1,405,132
Total assets		**3,071,219**	2,952,021
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**209,573**	209,415
Reserves		**2,184,907**	2,099,574
Proposed dividends		**87,392**	110,152
		2,481,872	2,419,141
Non-controlling interests		**53,928**	56,742
Total equity		**2,535,800**	2,475,883

	Note	As at 30 June 2010 (Unaudited) *HK$'000*	As at 31 December 2009 (Audited) *HK$'000*
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**19,777**	19,991
Current liabilities			
Trade and other payables	11	**408,949**	350,136
Bank borrowings		**76,108**	78,714
Current income tax liabilities		**30,585**	27,297
		515,642	456,147
Total liabilities		**535,419**	476,138
Total equity and liabilities		**3,071,219**	2,952,021
Net current assets		**1,024,705**	948,985
Total assets less current liabilities		**2,555,577**	2,495,874

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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" 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 2009.

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 2009, 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.

(a) Amendment to existing standard effective in 2010 and relevant to the Group

HKAS 17 (amendment), 'Leases' was effective on 1 January 2010. It requires leasehold land to be classified as a finance lease and stated at cost less accumulated depreciation if substantially all risks and rewards of the leasehold land have been transferred to the Group. The change in accounting policy did not have material impact to the Group.

(b) Standards, amendments and interpretations to existing standards effective in 2010 but not relevant to the Group

HKFRS 3 (revised), 'Business combinations', and consequential amendments to HKAS 27, 'Consolidated and separate financial statements', HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures', are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. They are not currently applicable to the Group, as it has no business combinations during the period.

HK(IFRIC) — Int 17, 'Distributions of non-cash assets to owners' is effective for annual periods beginning on or after 1 July 2009. This is not currently applicable to the Group, as it has not made any non-cash distributions.

'Additional exemptions for first-time adopters' (Amendment to HKFRS 1) is effective for annual periods beginning on or after 1 January 2010. This is not relevant to the Group, as it is an existing HKFRS preparer.

HKAS 39 (Amendment), 'Eligible hedged items' is effective for annual period on or after 1 July 2009. That is not currently applicable to the Group, as it has no hedging.

HKFRS 2 (Amendment), 'Group cash-settled share-based payment transaction' is effective for annual periods beginning on or after 1 January 2010. This is not currently applicable to the Group, as it has no such share-based payment transactions.

First improvements to Hong Kong Financial Reporting Standards (2008) were issued in October 2008 by the HKICPA. The improvement related to HKFRS 5 "Non-current assets held for sale and discontinued operations" is effective for annual period on or after 1 July 2009.

Second improvements to Hong Kong Financial Reporting Standards (2009) were issued in May 2009 by the HKICPA. All improvements are effective in the financial year of 2010

(c) The following new standards, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 January 2010 and have not been early adopted:

HKFRS 9, 'Financial instruments' addresses the classification and measurement of financial assets and is likely to affect the Group's accounting for its financial assets. The standard is not applicable until 1 January 2013 but is available for early adoption. The Group is yet to assess HKFRS 9's full impact.

HKAS 24 (Revised) 'Related party disclosures' supersedes HKAS 24 'Related party disclosures' issued in 2003. The revised HKAS 24 is required to be applied from 1 January 2011. Earlier application, for either the entire standard or the government-related entity, is permitted. The Group will apply the revised HKAS 24 from 1 January 2010.

Under 'Classification of rights issues' (Amendment to HKAS 32), for rights issues offered for a fixed amount of foreign currency, current practice appears to require such issues to be accounted for as derivative liabilities. The amendment states that if such rights are issued pro rata to all the entity's existing shareholders in the same class for a fixed amount of currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment should be applied for annual periods beginning on or after 1 February 2010. Earlier application is permitted.

Amendments to HK(IFRIC) — Int 14 'Prepayments of a minimum funding requirement' corrects an unintended consequence of HK(IFRIC) Int — 14, 'HKAS 19 — The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognise as an asset for any surplus arising from the voluntary prepayment of minimum funding contributions in respect of future service. This was not intended when HK(IFRIC) — Int 14 was issued, and the amendments correct the problem. The amendments are effective for annual periods beginning 1 January 2011. Earlier application is permitted. The amendments should be applied retrospectively to the earliest comparative period presented. This is not currently applicable to the Group.

HK(IFRIC) — Int 19, 'Extinguishing financial liabilities with equity instruments' clarifies the requirements of HKFRSs when an entity renegotiates the terms of a financial liability with its creditor and the creditor agrees to accept the entity's shares or other equity instruments to settle the financial liability fully or partially. The interpretation is effective for annual periods beginning on or after 1 July 2010. Earlier application is permitted.

'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters' (Amendment to HKFRS 1) provide first-time adopters with the same transition provisions as included in the amendment to HKFRS 7 in relation to relief from presenting comparative information that ended before 31 December 2009 for new fair value disclosures requirements. This is required to be applied for annual periods beginning on or after 1 July 2010. Early adoption is permitted. This is not relevant to the Group, as it is an existing HKFRS preparer.

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010, by the HKICPA. All improvements are effective in the financial year of 2011.

3 SEGMENT INFORMATION

The chief operating decision-maker has been identified as the board of directors (the "Board"). 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 ("OEM"); and (2) manufacturing and retailing of branded fashion apparel ("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 consolidated balance sheet assets.

Revenue comprises sale of goods. 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.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the condensed consolidated statement of comprehensive income.

		(Unaudited)	
	OEM	**Retail**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Six months ended 30 June 2010			
Total revenue	**1,112,543**	**196,064**	**1,308,607**
Inter-segment revenue	**(2,796)**	**(428)**	**(3,224)**
Revenue (from external customers)	**1,109,747**	**195,636**	**1,305,383**
Profit before income tax	**157,459**	**40,085**	**197,544**
Depreciation of property, plant and equipment	**(47,643)**	**(1,258)**	**(48,901)**
Amortisation of leasehold land and land use rights	**(1,411)**	**(47)**	**(1,458)**
Amortisation of intangible assets	**(2,286)**	**(2,400)**	**(4,686)**
Finance income	**1,893**	**230**	**2,123**
Finance costs	**(1,265)**	**(1,031)**	**(2,296)**
Share of profits of associates	**24**	**—**	**24**
Income tax expense	**(26,954)**	**(10,799)**	**(37,753)**

		(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)

	OEM	(Unaudited) Retail	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 30 June 2010			
Total assets	**2,109,510**	**501,979**	**2,611,489**
Total assets include:			
Interests in associates	**2,059**	**561**	**2,620**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**20,061**	**821**	**20,882**

	OEM	(Audited) Retail	Total
	HK$'000	*HK$'000*	*HK$'000*
As at 31 December 2009			
Total assets	2,063,561	428,813	2,492,374
Total assets include:			
Interests in associates	1,603	1,314	2,917
Additions to non-current assets (other than financial instruments and deferred income tax assets)	144,748	1,114	145,862

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

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Total segment profit before income tax	**197,544**	167,748
Net fair value (losses)/gains of financial assets at fair value through profit or loss	**(8,966)**	17,627
Corporate overhead	**(4,943)**	(1,974)
Rental income	**258**	1,301
Share of loss of an associate	**(207)**	—
Profit before income tax	**183,686**	184,702

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

	As at 30 June 2010	As at 31 December 2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Total segment assets	**2,611,489**	2,492,374
Financial assets at fair value through profit or loss	**24,786**	35,199
Corporate assets	**11,388**	1,736
Investment properties	**7,000**	7,000
Deferred income tax assets	**27,638**	24,397
Tax recoverable	**—**	7,081
Interest in an associate	**388,918**	384,234
Total assets per consolidated balance sheet	**3,071,219**	2,952,021

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	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
North America	**922,940**	655,056
European Union	**74,197**	62,963
Mainland China	**285,229**	226,118
Hong Kong	**7,764**	17,971
Other countries	**15,253**	11,780
	1,305,383	973,888

The total of non-current assets other than interests in associates 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 2010	As at 31 December 2009
	(Unaudited)	(Audited)
	HK$'000	*HK$'000*
Mainland China	**1,088,518**	1,081,110
Hong Kong	**22,635**	53,544
North America	**543**	687
	1,111,696	1,135,341

For the six months ended 30 June 2010, revenue of approximately HK$191,916,000 and HK$145,718,000 are derived from two external customers attributable to the OEM reportable segment and each of them accounted for greater than 10% of the Group's revenue.

For the six months ended 30 June 2009, revenue of approximately HK$123,021,000 was derived from one external customer attributable to the OEM reportable segment and accounted for greater than 10% of the Group's revenue.

4 OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

(a) Other income

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Commission income	**2,108**	—
Government grants	**5,054**	2,297
Rental income	**258**	1,301
	7,420	3,598

(b) Other (losses)/gains, net

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Gain/(loss) on disposal of property, plant and equipment and leasehold land and land use rights	**2**	(116)
Net fair value (losses)/gains on financial assets at fair value through profit or loss	**(8,966)**	17,627
Net exchange (losses)/gains	**(370)**	2,896
Others	**1,063**	198
	(8,271)	20,605

5 OPERATING PROFIT

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

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**48,901**	38,555
Amortisation of leasehold land and land use rights	**1,458**	654
Amortisation of intangible assets	**4,686**	5,496
Employee benefit expenses	**252,052**	193,376
Provision for inventories	**3,000**	5,500
Provision for impairment of trade receivables	**1,749**	1,928

6 FINANCE (COSTS)/INCOME, NET

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Finance income — interest income on		
— bank deposits	**2,040**	3,986
— amount due from an associate	**83**	115
Finance costs — interest expense on		
— bank borrowings	**(2,296)**	(1,335)
	(173)	2,766

7 INCOME TAX EXPENSE

	Six months ended 30 June	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax	**16,233**	11,546
— PRC enterprise income tax	**25,856**	22,190
— Overprovision in prior years	**(881)**	(35)
Deferred income tax	**(3,455)**	(3,064)
	37,753	30,637

Hong Kong profits tax has been provided for at the rate of 16.5% (2009: 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% (2009: 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 2008 to 2011 and be taxed at the rate of 25% from 2012 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 2010, deferred income tax liabilities of approximately HK$26,106,000 (31 December 2009: HK$20,774,000) have not been established for the withholding taxation that would be payable on the unremitted earnings of certain subsidiaries in the PRC totalling approximately HK$522,123,000 (31 December 2009: HK$414,880,000) 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	
	2010	2009
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interim dividend, declared, of HK3.48 cents (2009: HK3.70 cents) per ordinary share	**72,931**	77,413
Special dividend, declared, of HK0.69 cent (2009: HK0.74 cent) per ordinary share	**14,461**	15,482
	87,392	92,895

Note:

At a meeting held on 30 August 2010, the directors declared a special dividend of HK0.69 cent per ordinary share in addition to an interim dividend of HK3.48 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 2010.

9 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company of approximately HK$145,540,000 (2009: HK$153,921,000) and weighted average number of ordinary shares in issue during the period of approximately 2,094,586,000 (2009: 2,092,238,000).

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 2009 and 2010, there were no potential dilutive shares outstanding.

10 TRADE AND OTHER RECEIVABLES

	As at 30 June 2010 (Unaudited)	As at 31 December 2009 (Audited)
	HK$'000	*HK$'000*
Trade and bills receivables	**438,888**	389,270
Less: Provision for impairment	**(7,104)**	(5,654)
Trade and bills receivables, net	**431,784**	383,616
Amounts due from associates	**4,370**	2,840
Other receivables, deposits and prepayments	**123,137**	104,692
	559,291	491,148

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

	As at 30 June 2010 (Unaudited)	As at 31 December 2009 (Audited)
	HK$'000	*HK$'000*
0 to 30 days	**226,532**	258,798
31 to 60 days	**107,983**	94,681
61 to 90 days	**71,093**	16,764
Over 90 days	**33,280**	19,027
	438,888	389,270

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 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.

For the six months ended 30 June 2010, the provision for impairment of trade receivables amounted to approximately HK$1,749,000 (2009: HK$1,928,000). These have been included in administrative expenses in the condensed consolidated statement of comprehensive income.

11 TRADE AND OTHER PAYABLES

	As at 30 June 2010 (Unaudited) ***HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
Trade and bills payables	**230,890**	211,897
Other payable and accruals	**176,852**	133,633
Amounts due to associates	**1,207**	1,675
Licence fees payable	**—**	2,931
	408,949	350,136

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

	As at 30 June 2010 (Unaudited) ***HK$'000***	As at 31 December 2009 (Audited) *HK$'000*
0 to 30 days	**153,321**	165,994
31 to 60 days	**49,563**	35,616
61 to 90 days	**15,674**	4,618
Over 90 days	**12,332**	5,669
	230,890	211,897

12 EVENT OCCURRING AFTER THE BALANCE SHEET DATE

On 23 August 2010, the Group entered into an equity transfer agreement ("**Agreement**") with GSD International Limited ("**GSD International**"). Pursuant to the Agreement, the Group agreed to dispose of and transfer its 51% equity interest in Zhejiang Huaxide Fashion Apparel Company Limited to GSD International for a total consideration of US$1,500,000 (approximately HK$11,670,000).

INTERIM DIVIDEND

Our Directors have decided to continue to maintain a consistent dividend policy which has been adopted by the Group since the listing of the Company's shares (the "**Shares**") on the Stock Exchange of Hong Kong Limited. On this basis, our Directors recommend and declare, for the six months ended 30 June 2010, an interim dividend of HK3.48 cents and a special dividend of HK0.69 cent which in aggregate represents approximately 60.0% of the amount of the profit attributable to equity holders of the Company for the six months ended 30 June 2010 (2009: HK4.44 cents, approximately 60.3%). Shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 22 September 2010 will be entitled to the interim and special dividend. Our Directors expect that the interim and special dividend will be paid to the shareholders of the Company on or about Wednesday, 29 September 2010.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 20 September 2010 to Wednesday, 22 September 2010, 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 2010, shareholders 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 Friday, 17 September 2010.

BUSINESS REVIEW

The world economy showed welcoming signs of recovery in the first half of 2010, generating new opportunities for China's textile and garment industries. According to the latest information obtained from the China Customs Statistics, the combined export revenue during this period amounted to almost US$89.0 billion representing a year on year increase of approximately 22.1%. Simultaneously, strong support from the Chinese government has provided companies with substantial incentives to develop their brand retailing business, thereby encouraging growth in domestic sales as the market continues to expand.

The Group capitalised on opportunities presented and, with its own robust competitive advantages, has maintained ideal performance growth. Sales revenue for the six months ended 30 June 2010, amounted to HK$1,305.4 million with a gross profit of HK$428.8 million, representing a 34.0% increase in revenue and 22.9% increase in gross profit.

OEM/ODM Business

The Group's OEM/ODM business continues to maintain a stable growth capitalising on its reputation as an optimal partner with comprehensive vertical production facilities and speed-to-market response, collaborating with its customers to meet market demands and business expansion.

Fashion Retail Business

The Group's 4 in-house brands, Finity, Dbni, Riverstone, Elanie and its licensed brand Maxstudio continue to perform well despite fierce market competition and a strong influx of new brands entering the market. Retail sales has seen a double digit growth in both revenue and profit for the six months ended ended 30 June 2010.

FINANCIAL REVIEW

During the six months ended 30 June 2010, the Group's revenue amounted to approximately HK$1,305.4 million, representing an increase of 34.0% as compared with approximately HK$973.9 million for the same period in 2009. The gross profit for the six months ended 30 June 2010 was HK$428.8 million, representing an increase of approximately 22.9% as compared with approximately HK$348.8 million for the same period in 2009. The net profit attributable to equity holders was approximately HK$145.5 million. Excluding the effect of fair value losses of financial assets at fair value through profit or loss of approximately HK$9.0 million (2009: Fair value gains of HK$17.6 million), profit for the period would be approximately HK$154.9 million (2009: HK$136.5 million), representing an increase of 13.5% as compared to prior period. Earnings per Share were approximately HK6.95 cents and net asset value per share was HK$1.21.

OEM/ODM Business

During the period under review, the turnover derived from our OEM/ODM business recorded an increase from approximately HK$810.4 million to approximately HK$1,109.7 million for the same period in 2009. 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
	2010		2009		
	HK$ million	***%***	*HK$ million*	*%*	*% change*
Silk and silk-blended apparel	**218.5**	**19.7**	282.6	34.9	(22.7)
Linen and linen-blended apparel	**105.0**	**9.5**	102.8	12.7	2.1
Cotton and cotton-blended apparel	**383.8**	**34.6**	216.4	26.7	77.4
Apparel in synthetic fabrics	**301.9**	**27.2**	153.8	19.0	96.3
Printing and dyeing	**20.9**	**1.9**	16.4	2.0	27.4
Home textile products	**38.5**	**3.4**	26.3	3.2	46.4
Others	**41.1**	**3.7**	12.1	1.5	239.7
Total	**1,109.7**	**100.0**	810.4	100.0	36.9

Customers from the United States continued to be the Group's principal market with sales amounted to approximately HK$922.9 million (2009: HK$655.0 million), representing approximately 83.2% (2009: 80.8%) of the total turnover of our OEM/ODM business. Sales to Europe and other markets were approximately HK$74.2 million (2009: HK$63.0 million) and HK$112.6 million (2009: HK$92.4 million), respectively.

Fashion Retail Business

During the six months ended 30 June 2010, the retail sales increased to approximately HK$195.6 million from approximately HK$163.5 million for the same period in 2009. The revenue from our major in-house brands may be analysed as follows:

	Six months ended 30 June				Period-to-Period
	2010		2009		
	HK$ million	*%*	*HK$ million*	*%*	*% change*
Finity	**98.3**	**50.2**	80.9	49.5	21.6
Elanie	**36.1**	**18.5**	28.6	17.5	26.1
Riverstone	**24.6**	**12.6**	20.1	12.3	22.4
Other brands	**36.6**	**18.7**	33.9	20.7	8.0
Total retail revenue	**195.6**	**100.0**	163.5	100.0	19.6

In terms of retail revenue analysis by sales channel, sales from concessions amounted to approximately HK$151.2 million (2009: HK$116.3 million), accounting for approximately 77.3% of total retail turnover. Sales from free-standing stores and franchisees amounted to HK$13.0 million (2009: HK$9.0 million) and HK$31.4 million (2009: HK$38.2 million), respectively.

Liquidity and Financial Resources

During the six months ended 30 June 2010, the Group satisfied their working capital needs principally from its business operations. As of 30 June 2010, the Group had cash and cash equivalent of approximately HK$377.5 million, representing an increase of approximately HK$26.8 million as compared with approximately HK$350.7 million as of 31 December 2009. The Group's total bank borrowings were HK$76.1 million (31 December 2009: HK$78.7 million) and were repayable within one year. The debt to equity ratio (total borrowings as a percentage of total equity) was 3.0% (31 December 2009: 3.2%). Based on the net cash position, the Group continues to retain good and solid working capital and liquidity.

The revenue 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 2010, 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 2010, the Group employed a total of 12,000 employees in 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 2010.

BUSINESS OUTLOOK

Despite a seemingly optimistic sign of economic recovery globally, a number of uncertain factors remain. The Group will leverage its own comprehensive competitive advantages to enhance creativity and development to serve its customers and maximise shareholders' equity.

OEM/ODM Business

The Group is optimistic about its OEM/ODM business and intends to heighten its focus on innovative product design and creativity. Through its design teams in the United States, Europe, Hong Kong and Mainland China and leveraging on its cutting edge technology and facilities, the Group looks to provide value-added services to its customers.

As a leading silk producer, the Group is also accelerating its research and development in other products including wool, cotton, linen, synthetics and blends. The Group's wool mill in Hangzhou, a result of collaboration with Italian partners, is now in operation and enables the Group to diversify its product range to minimize seasonal imbalance and enlarge its portfolio of customers.

An essential strategy of the Group is to improve growth in its cut and sewn knit business in line with market demands and, most particularly, in the development of novelty fabrics. The Group is confident that rapid growth will be seen in this sector of its business.

On the export side, the Group's prevailing business still lies with the American market although its financial stability and technical expertise provide a strong impetus and edge for its continued and successful business expansion into the European and Asian markets.

Fashion Retail Business

During the first half of the year the Group's fashion retail business has seen fairly strong growth as a result of actions taken by the Group to emphasise on new store openings and upgrading brand image. Continuing into the latter half of the year, plans are in place to acquire more prestigious locations for new stores, to provide more professional staff training and to implement a series of aggressive marketing and promotional activities for stepped-up brand visibility and sales.

With the rapid development of the Chinese economy, consumer expenditure in the apparel sector has flourished. Demand in volume and quality continues to dominate and the Group is highly confident that its upgraded restructuring will see a rapid expansion in its brand retailing business in the near future.

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 2010.

AUDIT COMMITTEE

The audit committee of the Board has reviewed with the management and the independent auditor 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 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 Code on Corporate Governance Practices as set out in appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") during the period under review.

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. Upon specific enquiry of all directors, no Director is aware of any non-compliance with the Model Code throughout the period under review.

GENERAL INFORMATION

An interim report containing all the relevant information required by Appendix 16 to the Listing Rules will be subsequently published on the Stock Exchange's website and on the Company's website in due course.

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

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

Hong Kong, 30 August 2010