CHINA TING GROUP HOLDINGS LIMITED
華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

	2016 *HK$ million*	2015 *HK$ million*	*% Change*
Revenue			
OEM Business	**1,689.0**	1,899.0	(11.1)
Fashion Retail Business	**462.5**	487.2	(5.1)
	2,151.5	2,386.2	(9.8)
Operating profit/(loss)	**124.3**	(13.0)	
Profit/(loss) attributable to the Company's equity holder	**81.8**	(39.1)	
Significant items:			
(Reversal of)/provision for impairment on loan to an associate	**(10.4)**	17.8	
Impairment loss on available-for-sale financial assets	**1.3**	36.5	
(Gain)/losses on derivative financial instruments	**(3.9)**	26.1	
Impairment loss on goodwill	**—**	59.9	
Profit attributable to the Company's equity holder before the significant items	**68.8**	101.4	(32.1)
Dividend per share *(HK cents)*			
— Interim and special	**1.88**	—	
— Final and special	**0.85**	—	
	2.73	—	
Dividend payout ratio	**70%**	—	
Equity attributable to the Company's equity holders	**2,268.8**	2,368.1	(4.2)
Equity per share *(HK$)*	**1.08**	1.13	(4.4)

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Ting Group Holdings Limited (the "**Company**") wishes to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2016, together with the comparative figures for the year 2015, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Revenue	2	**2,151,522**	2,386,175
Cost of sales		**(1,500,291)**	(1,691,292)
Gross profit		**651,231**	694,883
Other income	3	**12,704**	23,334
Other gains, net	4	**30,974**	30,480
Selling, marketing and distribution costs		**(278,655)**	(311,591)
Administrative expenses		**(304,840)**	(309,935)
Gain/(losses) on derivative financial instruments		**3,850**	(26,053)
Impairment loss on available-for-sale financial assets		**(1,324)**	(36,549)
Impairment loss on goodwill		**—**	(59,856)
Reversal of/(provision for) impairment on loans to an associate	4	**10,391**	(17,759)
Operating profit/(loss)	5	**124,331**	(13,046)
Finance income	6	**21,090**	32,160
Finance costs	6	**(19,776)**	(13,504)
Share of (loss)/profit of an associate		**(141)**	11
Share of losses of joint ventures		**(5,088)**	(5,057)
Profit before income tax		**120,416**	564
Income tax expense	7	**(39,084)**	(41,697)
Profit/(loss) for the year		**81,332**	(41,133)
Other comprehensive loss			
Items that may be reclassified to profit or loss			
Currency translation differences		**(144,377)**	(117,343)
Revaluation loss on available-for-sale financial assets		**—**	(36,690)
Reclassification adjustment upon impairment of an available-for-sale financial asset		**—**	36,549
Other comprehensive loss, net of tax		**(144,377)**	(117,484)
Total comprehensive loss		**(63,045)**	(158,617)

	Note	2016 HK$'000	2015 HK$'000
Profit/(loss) attributable to:			
Equity holders of the Company		**81,827**	(39,098)
Non-controlling interests		**(495)**	(2,035)
		81,332	(41,133)
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(59,842)**	(161,717)
Non-controlling interests		**(3,203)**	3,100
		(63,045)	(158,617)
Earnings/(loss) per share for profit/(loss) attributable to the equity holders of the Company during the year *(expressed in HK cents per share)*			
— basic	8	**3.90**	(1.86)
— diluted	8	**3.90**	(1.86)

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	**2016**	2015
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**619,848**	660,399
Investment properties		**27,500**	25,000
Land use rights		**72,568**	79,848
Interests in associates		**1,673**	2,000
Loans to an associate		**125,977**	245,392
Interests in joint ventures		**5,797**	14,019
Intangible assets		**25,057**	23,929
Promissory note	10	**33,867**	—
Deferred income tax assets		**59,272**	53,697
		971,559	1,104,284
Current assets			
Inventories		**729,935**	743,864
Trade and other receivables	10	**568,599**	737,294
Tax recoverable		**416**	2,098
Available-for-sale financial assets		**276,712**	297,131
Financial assets at fair value through profit or loss		**19,498**	22,953
Loans to an associate		**71,708**	—
Entrusted loans	10	**160,974**	173,285
Cash and bank balances		**395,147**	330,873
		2,222,989	2,307,498
Total assets		**3,194,548**	3,411,782

	Note	**2016**	2015
		HK$'000	*HK$'000*
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**209,982**	209,982
Reserves		**2,058,797**	2,158,116
		2,268,779	2,368,098
Non-controlling interests		**30,261**	34,682
Total equity		**2,299,040**	2,402,780
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**13,861**	12,738
Current liabilities			
Trade and other payables	11	**582,227**	594,353
Bank borrowings		**283,066**	334,259
Derivative financial instruments		**—**	48,675
Current income tax liabilities		**16,354**	18,977
		881,647	996,264
Total liabilities		**895,508**	1,009,002
Total equity and liabilities		**3,194,548**	3,411,782

NOTES

1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong). They have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss, available-for-sale financial assets, derivative financial instruments and investment properties, which are carried at fair value.

(a) New and amended standards adopted by the Group

The following new or amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

Annual improvements 2012 to 2014	Improvements to HKASs and HKFRSs
HKAS 1 (Amendments)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception
HKFRS 11 (Amendments)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts

The adoption of these new or amended standards did not have any impact on the current period or any prior period and is not likely to affect future periods.

(b) New standards and amendments to existing standards that have been issued but are not effective for the financial year beginning 1 January 2016 and have not been early adopted:

		Effective for annual periods beginning on or after
HKAS 7 (Amendments)	Statement of cash flows	1 January 2017
HKAS 12 (Amendments)	Income taxes	1 January 2017
HKFRS 2 (Amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor associate on joint venture	To be determined

None of the above new standards and amendments is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

HKFRS 9, "Financial instruments"

The new standard addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the Group has yet to undertake a detailed assessment of the classification and measurement of financial assets, debt security currently classified as available-for-sale financial assets would appear to satisfy the conditions for classification as at fair value through other comprehensive income ("FVOCI") and hence there will be no change to the accounting for these assets.

The other financial assets held by the Group include:

- equity security currently classified as available-for-sale financial assets for which a FVOCI election is available; and

- equity investments currently measured at fair value through profit or loss (FVPL) which would likely continue to be measured on the same basis under HKFRS 9.

Accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 "Financial Instruments: Recognition and Measurement" and have not been changed.

The new impairment model requires the recognition of impairment provisions based on expected credit losses ("ECL") rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt security measured at FVOCI, contract assets under HKFRS 15 "Revenue from Contracts with Customers", lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. Based on the transitional provisions in the completed HKFRS 9, early adoption in phases was only permitted for annual reporting periods beginning before 1 February 2015. After that date, the new rules must be adopted in their entirety. The Group does not intend to adopt HKFRS 9 before its mandatory date.

HKFRS 15, "Revenue from contracts with customers"

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers contracts for goods and services and HKAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected:

- accounting for certain costs incurred in fulfilling a contract — certain costs which are currently expensed may need to be recognised as an asset under HKFRS 15, and

- rights of return HKFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

At this stage, the Group is not able to estimate the impact of the new rules on the Group's financial statements. The Group will make more detailed assessments of the impact over the next twelve months.

HKFRS 15 is mandatory for financial years commencing on or after 1 January 2018. At this stage, the Group does not intend to adopt the standard before its effective date.

HKFRS 16, "Leases"

HKFRS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of HK$19,693,000. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low value leases and some commitments may relate to arrangements that will not qualify as leases under HKFRS 16.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

2 SEGMENT INFORMATION

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

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

The executive directors assess the performance of the operating segments based on profit/(loss) before income tax, which is consistent with that in the financial statements. Other information, as noted below, is also provided to the executive directors.

Total segment assets exclude investment properties, corporate assets, financial assets at fair value through profit or loss and entrusted loans, all of which are managed on a central basis. These are part of the reconciliation to total balance sheet assets.

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

	OEM *HK$'000*	Retail *HK$'000*	Property development *HK$'000*	Total *HK$'000*
Year ended 31 December 2016				
Total revenue	**1,710,590**	**463,518**	**—**	**2,174,108**
Inter-segment revenue	**(21,619)**	**(967)**	**—**	**(22,586)**
Revenue (from external customers)	**1,688,971**	**462,551**	**—**	**2,151,522**
Segment profit/(loss) before income tax	**151,643**	**(51,969)**	**22,927**	**122,601**
Depreciation of property, plant and equipment	**(68,984)**	**(24,636)**	**—**	**(93,620)**
Amortisation of land use rights	**(5,703)**	**(32)**	**—**	**(5,735)**
Amortisation of intangible assets	**(4,571)**	**(2,055)**	**—**	**(6,626)**
Finance income	**6,905**	**325**	**13,860**	**21,090**
Finance costs	**(15,964)**	**(3,812)**	**—**	**(19,776)**
Reversal of impairment loss on loans to an associate	**—**	**—**	**10,391**	**10,391**
Share of loss of an associate	**(141)**	**—**	**—**	**(141)**
Share of loss of a joint venture	**—**	**(5,088)**	**—**	**(5,088)**
Impairment loss on available-for-sale financial assets	**—**	**—**	**(1,324)**	**(1,324)**
Income tax expense	**(36,496)**	**(2,588)**	**—**	**(39,084)**

	OEM *HK$'000*	Retail *HK$'000*	Property development *HK$'000*	Total *HK$'000*
Year ended 31 December 2015				
Total revenue	1,922,864	487,385	—	2,410,249
Inter-segment revenue	(23,899)	(175)	—	(24,074)
Revenue (from external customers)	1,898,965	487,210	—	2,386,175
Segment profit/(loss) before income tax	85,803	(18,255)	(33,615)	33,933
Impairment loss on goodwill	(59,856)	—	—	(59,856)
Depreciation of property, plant and equipment	(88,616)	(24,004)	—	(112,620)
Amortisation of land use rights	(4,177)	(34)	—	(4,211)
Amortisation of intangible assets	(4,571)	(1,666)	—	(6,237)
Finance income	11,123	344	20,693	32,160
Finance costs	(9,692)	(3,812)	—	(13,504)
Impairment loss on loans to an associate	—	—	(17,759)	(17,759)
Share of profit of an associate	11	—	—	11
Share of losses of joint ventures	(13)	(5,044)	—	(5,057)
Impairment loss on available-for-sale financial assets	—	—	(36,549)	(36,549)
Income tax (expense)/credit	(41,774)	77	—	(41,697)

	OEM	Retail	Property development	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
As at 31 December 2016				
Total segment assets	**1,544,935**	**966,119**	**474,397**	**2,985,451**
Total segment assets include:				
Interests in associates	**1,673**	**—**	**—**	**1,673**
Loans to an associate	**—**	**—**	**197,685**	**197,685**
Interest in a joint venture	**—**	**5,797**	**—**	**5,797**
Available-for-sale financial assets	**—**	**—**	**276,712**	**276,712**
Additions to non-current assets (other than financial instruments and deferred income tax assets)	**105,143**	**7,886**	**—**	**113,029**
Tax recoverable	**416**	**—**	**—**	**416**
Deferred income tax assets	**24,267**	**35,005**	**—**	**59,272**
As at 31 December 2015				
Total segment assets	1,700,353	945,743	542,523	3,188,619
Total segment assets include:				
Interests in associates	2,000	—	—	2,000
Loans to an associate	—	—	245,392	245,392
Interests in joint ventures	2,565	11,454	—	14,019
Available-for-sale financial assets	—	—	297,131	297,131
Additions to non-current assets (other than financial instruments and deferred income tax assets)	31,264	22,744	—	54,008
Tax recoverable	2,098	—	—	2,098
Deferred income tax assets	23,167	30,530	—	53,697

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

	2016	2015
	HK$'000	*HK$'000*
Total segment profit before income tax	**122,601**	33,933
Net fair value gains on financial assets at fair value through profit or loss	**1,049**	3,224
Corporate overhead	**(7,600)**	(11,056)
Rental income	**516**	516
Gain/(losses) on derivative financial instruments	**3,850**	(26,053)
Profit before income tax per consolidated statement of comprehensive income	**120,416**	564

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

	2016	2015
	HK$'000	*HK$'000*
Total segment assets	**2,985,451**	3,188,619
Financial assets at fair value through profit or loss	**19,498**	22,953
Corporate assets	**1,125**	1,925
Investment properties	**27,500**	25,000
Entrusted loans	**160,974**	173,285
Total assets per consolidated balance sheet	**3,194,548**	3,411,782

The Company is domiciled in the Cayman Islands. The results of its revenue from external customers based on the destination of the customers are as follows:

	2016	2015
	HK$'000	*HK$'000*
North America	**1,022,461**	1,229,041
PRC	**883,949**	825,676
European Union	**175,415**	214,698
Hong Kong	**54,565**	86,455
Other countries	**15,132**	30,305
	2,151,522	2,386,175

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

	2016	2015
	HK$'000	*HK$'000*
PRC	**563,235**	605,294
Hong Kong	**181,315**	183,459
North America	**423**	423
	744,973	789,176

For the year ended 31 December 2016, revenues of approximately HK$346,283,000 (2015: HK$427,482,000) are derived from a single external customer (2015: Same). These revenues are attributable to the OEM reportable segment and accounted for greater than 10% of the Group's revenue.

3 OTHER INCOME

	2016	2015
	HK$'000	*HK$'000*
Commission income	**2,326**	7,326
Government grants	**977**	3,745
Rental income	**5,308**	6,329
Scrap sales	**1,698**	2,089
Others	**2,395**	3,845
	12,704	23,334

4 OTHER GAINS, NET

	2016	2015
	HK$'000	*HK$'000*
Net exchange gains	**22,091**	29,355
Fair value gain on investment properties	**2,500**	2,000
Net fair value gains on financial assets at fair value through profit or loss	**1,049**	3,224
Gain/(loss) on disposal of property, plant and equipment	**7,290**	(4,099)
Others	**(1,956)**	—
	30,974	30,480

5 OPERATING PROFIT/(LOSS)

Operating profit/(loss) is stated after charging the following:

	2016	2015
	HK$'000	*HK$'000*
Amortisation of land use rights	**5,735**	4,211
Amortisation of intangible assets	**6,626**	6,237
Depreciation of property, plant and equipment	**93,620**	112,620
(Reversal of)/provision for impairment loss on loan to an associate *(Note)*	**(10,391)**	17,759

Note: Hangzhou China Ting Property Development Company Limited ("China Ting Property") is an associate of the Group engaging in residential property development in Hangzhou. There was a reversal of impairment loss on loan to China Ting Property amounted to HK$10,391,000 (2015: provision for impairment loss amounted to HK$17,759,000) during the year ended 31 December 2016.

6 FINANCE INCOME AND COSTS

	2016	2015
	HK$'000	*HK$'000*
Finance income — interest income on		
— bank deposits	**3,672**	6,041
— loans to an associate	**13,860**	20,693
— promissory note	**3,558**	5,426
	21,090	32,160
Finance costs		
— interest expense on bank borrowings	**(16,413)**	(13,504)
— loss on modification of promissory note	**(3,363)**	—
	(19,776)	(13,504)
Finance income, net	**1,314**	18,656

7 INCOME TAX EXPENSE

	2016	2015
	HK$'000	*HK$'000*
Current income tax		
— Hong Kong profits tax *(Note (a))*	**14,934**	7,337
— PRC enterprise income tax *(Note (b))*	**30,129**	35,520
— (Over)/under-provision in prior years	**(63)**	1,957
Deferred income tax	**(5,916)**	(3,117)
	39,084	41,697

Notes:

(a) Hong Kong profits tax has been provided at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

(b) 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% (2015: 25%).

8 EARNINGS/(LOSS) PER SHARE

(a) The calculation of basic earnings/(loss) per share is based on the Group's profit (2015: loss) attributable to equity holders of the Company of approximately HK$81,827,000 (2015: HK$39,098,000) and weighted average number of ordinary shares in issue during the year of 2,099,818,000 (2015: 2,099,818,000).

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

During the years ended 31 December 2016 and 2015, there were no dilutive potential ordinary shares deemed to be issued at no consideration for all outstanding share options granted under the share option scheme during the year. There were no outstanding options as at 31 December 2016 and 2015.

9 DIVIDENDS

	2016 *HK$'000*	2015 *HK$'000*
Interim dividend, paid, of HK1.34 cents (2015: Nil) per ordinary share	**28,138**	—
Interim special dividend, paid, of HK0.54 cent (2015: Nil) per ordinary share	**11,339**	—
Final dividend, proposed, of HK0.07 cent (2015: Nil) per ordinary share *(Note)*	**1,470**	—
Final special dividend, proposed, of HK0.78 cent (2015: Nil) per ordinary share *(Note)*	**16,378**	—
	57,325	—

Note: The amount of 2016 proposed special dividend and final dividend is based on 2,099,818,000 shares in issue as at 24 March 2017.

At a meeting held on 24 March 2017, the directors proposed a special dividend of HK0.78 cent per ordinary share in addition to a final dividend of HK0.07 cent per ordinary share. The proposed dividends are not reflected as a dividend payable in the consolidated financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2017.

10 TRADE AND OTHER RECEIVABLES

	2016 *HK$'000*	2015 *HK$'000*
Trade and bill receivables *(Note (i))*	**404,328**	495,051
Less: Provision for impairment	**(50,655)**	(41,536)
Trade and bill receivables, net	**353,673**	453,515
Amount due from a joint venture	**2,376**	588
Promissory note *(Note (ii))*	**35,805**	56,462
Entrusted loans *(Note (iii))*	**160,974**	173,285
Other receivables, deposits and prepayments	**210,612**	226,729
	763,440	910,579
Less: Non-current portion of promissory note	**(33,867)**	—
	729,573	910,579

The amount due from a joint venture is unsecured, interest-free and repayable on demand.

Notes:

(i) Trade and bill receivables

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

	2016	2015
	HK$'000	*HK$'000*
Up to 30 days	**211,382**	268,278
31 to 60 days	**80,998**	85,801
61 to 90 days	**34,279**	53,616
91 to 120 days	**35,818**	50,703
Over 120 days	**41,851**	36,653
	404,328	495,051

For OEM garment sales, the Group's trade receivables from its customers are generally settled by way of letters of credit or telegraphic transfer with credit periods of not more than 90 days. The grant of open account terms without security coverage is generally restricted to large or long-established customers with good repayment history. Sales to these customers comprise a significant proportion of the Group's OEM garment sales. On the other hand, for new and existing customers with short trading history, letters of credit issued by these customers are normally demanded for settlement purposes.

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

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

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

The carrying amounts of trade and other receivables approximate their fair values.

As at 31 December 2016, trade and bill receivables of approximately HK$54,169,000 (2015: HK$95,513,000) were past due but not considered impaired.

(ii) Promissory note

The promissory note represents a senior unsecured promissory note with original principal amounted to US$10,000,000 (equivalent to approximately HK$71,350,000) converted from trade receivables due from a major customer which will be payable in various installments until the end of 2016. The promissory note is interest-bearing at 5.25% per annum.

During the current year, an amendment was reached with this major customer with effective from 1 July 2016, pursuant to which the maturity date of the then outstanding principal of US$5,000,000 would be extended from 1 September 2016 to 24 July 2019 with other terms and conditions remain unchanged. Such amendment has resulted in a loss of HK$3,363,000 in the current year's consolidated profit or loss.

(iii) Entrusted loans

On 24 December 2012, the Group entered into three secured entrusted loans ("Entrusted Loan A") with total principals amounting to RMB30,000,000 (equivalent to approximately HK$33,508,000) due from a company established in the PRC ("Borrower A") through a lending agent, a commercial bank in the PRC. Entrusted Loan A is interest-bearing at 18% per annum payable on a quarterly basis and the principal would be payable on or before 25 December 2014. An affiliate of Borrower A pledged to the lending agent certain number of properties located at Yuhang District in Hangzhou as collaterals.

Further on 5 February 2013, the Group entered into another eight secured entrusted loans ("Entrusted Loan B") with total principals amounting to RMB130,000,000 (equivalent to approximately HK$145,203,000) due from a company established in the PRC, an affiliate of Borrower A ("Borrower B"), through a lending agent, a commercial bank in the PRC. Entrusted Loan B is interest-bearing at 18% per annum payable on a monthly basis and the principal would be payable on or before 5 February 2014. An affiliate of Borrower B pledged to the lending agent a parcel of land located at Lin'an City in Hangzhou as collateral.

On 27 January 2014, the Group renewed Entrusted Loan B with the borrower for twelve months from the original expiry date of 5 February 2014 to 5 February 2015. The terms and conditions of Entrusted Loan B, other than the repayment period, remain unchanged.

Corporate and personal guarantees were provided by affiliates of Borrower A and B in favour of the lending agents to secure the obligations of Borrower A and B under the entrusted loan agreements.

In June 2014, there was a failure for Borrower A and B to settle the interest within the agreed payment schedules set forth in the agreements for both Entrusted Loan A and B.

On 5 August 2014, the lending agent of Entrusted Loan B has reached eight civil claim mediation agreements with Borrower B, in which Borrower B has agreed to pay the principal of Entrusted Loan B amounting to RMB130,000,000 and the interest due up to 20 June 2014 before 31 October 2014. In addition, according to the civil claim mediation agreements, Borrower B is required to settle the interest incurred during the period from 21 June 2014 to the date of settlement at 22.5% per annum.

On 17 November 2014, the lending agent of Entrusted Loan A has reached three civil claim mediation agreements with Borrower A, in which Borrower A has agreed to pay the principal of Entrusted Loan A amounting to RMB30,000,000 and the interest due at the rate of 18% per annum before 30 November 2014.

Borrower A and B have failed to settle the principal and the related interest in accordance with the civil claim mediation agreements by 30 November 2014.

On 18 November 2014, Borrower A and B filed voluntary bankruptcy at the People's Court of Yuhang District (the "Court"). The Court approved the appointment of the administrator and accepted the petition for bankruptcy proceedings. In February 2015, the Group lodged proof of debts through its lending agents to the administrator in respect of the claims. The legal proceedings are still in progress up to the date of this report.

As at 31 December 2016, Entrusted Loan A of approximately HK$17,737,000 (2015: HK$17,737,000) was considered impaired.

11 TRADE AND OTHER PAYABLES

	2016	2015
	HK$'000	*HK$'000*
Trade and bill payables	**389,567**	370,937
Other payables and accruals	**191,772**	220,903
Amount due to an associate	**888**	2,513
	582,227	594,353

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

	2016	2015
	HK$'000	*HK$'000*
Up to 30 days	**262,327**	236,165
31 to 60 days	**41,569**	45,864
61 to 90 days	**19,095**	24,956
Over 90 days	**66,576**	63,952
	389,567	370,937

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

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Business Review

In 2016, the global economic growth remained at a low level and the current situation was difficult to improve within a short period. It is less likely for the demands from main export markets, such as the US and European countries, to increase rapidly; the domestic economy was in slow growth, and the GDP growth was expected to be lowered to 6.5%. According to the information from China Customs, the export of textile and garment products of the PRC amounted to US$267.25 billion, representing a year-on-year decrease of 5.9%. Such decrease for two consecutive years was never happened during the last two decades, and it seems that the decrease would continue year by year.

In 2016, the US remained the Group's major export market. Due to the weak recovery of economy and the rise of international trade protectionism in the US; together with the increased production cost and intensified loss of orders in China, as well as the G20 summit held in Hangzhou resulting in shutdown of factories in surrounding areas, the US import of textile and garment from the PRC amounted to US$45.02 billion in 2016, representing a year-on-year decrease of 6.8%. Against this unfavourable situation, the Group committed to make every effort to provide higher quality services and premium products to customers. In 2016, the OEM/ODM business recorded a turnover of HK$1,689.0 million, representing a decrease of 11.1% as compared with that of 2015.

In 2016, due to factors such as the slow economic growth and the economic policy adjustments of the PRC, the overall consumption continued a decelerating trend. The growth rate of retail business (other than online business) recorded a historic low and the growth of e-commerce also slowed down gradually. We streamlined and optimised its brand business, and utilised the advantageous resources to promote brand development, which had effects on the revenue from brand retail business for the year, but laid a good foundation for the brand reform in 2017.

(2) Financial Review

Review of operations

During the year ended 31 December 2016, the Group's revenue amounted to HK$2,151.5 million, representing a decrease of 9.8% compared with the total revenue of the Group of HK$2,386.2 million for the same period in 2015. The gross profit for the year ended 31 December 2016 was HK$651.2 million, representing a decrease of 6.3% as compared with HK$694.9 million for the same period in 2015. As a result, the net profit attributable to equity holders of the Company for the year ended 31 December 2016 was HK$81.8 million and the net asset value per share as at 31 December 2016 was HK$1.08.

OEM and ODM business

During the year of 2016, the revenue derived from our OEM/ODM business recorded a decrease of 11.1% from HK$1,899.0 million in 2015 to HK$1,689.0 million in 2016. Products made from silk, cotton and synthetic fabrics continue to be the major products which contributed HK$1,257.9 million (2015: HK$1,423.8 million), representing 74.5% (2015: 75.0%) of the total turnover of our OEM/ODM business for the year ended 31 December 2016.

In respect of market concentration, sales to the US market amounted to HK$1,022.5 million in 2016 (2015: HK$1,229.0 million), which accounted for 60.5% (2015: 64.7%) of the OEM/ODM revenue. Sales to European Union and other markets in 2016 were HK$175.4 million (2015: HK$214.7 million) and HK$491.1 million (2015: HK$455.2 million), respectively.

Fashion retail business

During the year ended 31 December 2016, the retail sales of the Group decreased by 5.1% from HK$487.2 million to HK$462.5 million. Finity, the major brand of the Group, contributed HK$222.1 million to the retail business, representing a decrease of 12.6% as compared with HK$254.2 million for the year 2015.

In terms of retail revenue analysis by sales channels, sales from concessionary counters amounted to HK$377.5 million (2015: HK$412.3 million), accounting for 81.6% of total retail turnover for the year ended 31 December 2016. Sales from freestanding stores and franchisees for the year ended 31 December 2016 amounted to HK$29.4 million (2015: HK$35.9 million) and HK$55.6 million (2015: HK$39.0 million), respectively.

Liquidity and financial resources

The Group continues to retain a solid financial position. During the year, the Group's working capital needs were principally supported by the financial resources generated from its ordinary course of business. As of 31 December 2016, the cash and cash equivalents were HK$368.0 million, representing an increase of 21.5% from HK$303.0 million as of 31 December 2015. The Group had bank borrowings of HK$283.1 million as of 31 December 2016 (2015: HK$334.3 million). The debt to equity ratio (total borrowings as a percentage of total equity) was 12.3% (2015: 13.9%). The Directors consider that the Group has adequate financial resources to support its working capital requirement and future expansion.

The sales of the Group are mainly denominated in US dollars and Renminbi and the purchase of raw materials are mainly made in Renminbi, US dollars and Hong Kong dollars. As of 31 December 2016, all cash and cash equivalents, and bank borrowings were mainly denominated in US dollars, Renminbi and Hong Kong dollars. The Group entered into certain foreign exchange contracts (between United States dollars and Renminbi) as part of the measures to mitigate the foreign exchange risk arising from the OEM trading business of the Group in previous years. For the year ended 31 December 2016, the Group records a gain on derivative financial instruments of HK$3.9 million. The Group did not have any outstanding foreign exchange contract as of 31 December 2016.

Loan to Hangzhou China Ting Property

Hangzhou China Ting Property has launched for sales of 君臨天峯府 (C. Ting King's Summit), its residential property development project, since the fourth quarter of 2014. The average launch price of the residential units was set at a low level at around RMB10,800 (equivalent to HK$12,624) per square meter in order to promote the sales.

During the year, the property market in China benefited from the relaxation of the relevant government policies in home purchases, selling price and volume in many cities were increasing generally. After review of the latest situation of the property project, the Directors considered that the provisions made in previous years are sufficient and an amount of HK$10.4 million can be written back for Hangzhou China Ting Property.

Entrusted loans to Zhongdou Group and Zhongdou Shopping Centre

The Company announced the updated status of the NBC Entrusted Loans and the BOCOM Entrusted Loans in its announcements dated 10 February 2015, 10 December, 3 November, 19 August, 23 June 2014 and 5 February 2013 (the "Entrusted Loans Announcements"). The total amount of these two entrusted loans is RMB160.0 million (equivalent to HK$187.0 million). The borrowers of these two entrusted loans have failed to make repayments, and the borrowers and the related companies, namely 中都控股集團有限公司 (Zhongdou Group Holdings Limited*), 浙江中都房地產集團有限公司 (Zhejiang Zhongdou Property Group Company Limited*), 浙江中都百貨有限公司 (Zhejiang Zhongdou Department Store Company Limited*), 杭州中都購物中心有限公司 (Hangzhou Zhongdou Shopping Centre Company Limited*) have filed voluntary bankruptcy at the People's Court of Yuhang District, Hangzhou City. A creditor served a petition for bankruptcy proceedings against 浙江臨安中都置業有限公司 (Zhejiang Linan Zhongdou Property Company Limited*) which has pledged a parcel of land to secure due performance of obligations under the NBC Entrusted Loan, at the People's Court of Yuhang District, Hangzhou City.

In respect of such proceedings, the People's Court of Yuhang District, Hangzhou City, approved the appointment of the administrator and accepted the petition for bankruptcy proceedings. The first creditors' meetings were held on 19, 20 March and 2 April 2015.

Pursuant to the order, each of the Bank of Communications Limited, Zhejiang Branch and Ningbo Bank Corporation lodged a proof of debt to the administrator in respect of the claims under the BOCOM Entrusted Loans and NCB Entrusted Loans in the amount of RMB33.6 million (equivalent to HK$37.5 million) and RMB141.8 million (equivalent to HK$158.4 million) on 9 February 2015 and 16 February 2015, respectively.

Available-for-sale financial assets

As set forth in the announcement of the Company dated 25 March 2015, the Group has reclassified its equity investment in Zhejiang Haoran as a result of the Group's representatives being removed as directors of Zhejiang Haoran since July 2014. The removal decision was unilaterally approved by a majority of the equity holders of Zhejiang Haoran. The equity investment was previously recorded under the equity method as the Group's investment in an associate. Following the removal of the Group's representatives as directors of Zhejiang Haoran, the Group's equity investment in Zhejiang Haoran is currently treated as available-for-sale financial assets which are stated at fair value. For the year ended 31 December 2016, the Directors consider that a further impairment of HK$1.3 million has been charged to the profit and loss of the Group.

(3) Outlook

In respect of its OEM/ODM business, the Group will focus on the development of new products and will continue to launch new products and designs to customers, to respond promptly to the changing consumers' demand, to improve customers' experience in full scale, to maintain long term and stable relationship with old customers, and to explore new customers with new business.

In terms of market outlook, the Group will continue to focus on the US market, followed by the European market, and accelerate the development of domestic branded retail market.

Different from the transformation of textile industry in which additional characteristics on technology-intensive and capital-intensive characteristics emerged, the labour-intensive in the garment industry has experienced few changes. The Group will invest more in information automation and mechanical automation in the garment industry, with a view to maintain its competitive edge in global business.

Branded retail business remains to be the development focus of the Group. In 2017, the Group will adapt differentiated brand development routes depending on different brand characteristics, and will endeavour to focus on rapidly developing its brand retail business, provide consumers with high quality products and increase its market share through various options such as improving single store's profitability, strengthening terminal team building, exploring the potential of E-commerce, and seeking quality joint venture partners.

Meanwhile, the Group will seek further insight of the brand demands of the PRC market, and, based on the preferences of consumers, introduce more international fashion brands that meet the needs of the Chinese market and provide a greater variety of fashionable choices to consumers, which will further enrich the lines of retail items of China Ting Group.

In 2017, the Group will face a challenging market development, and will strive for every best for the customers, employees and shareholders in order to realize the objective of upgrading and development of the Group.

(4) Human Resources

As of 31 December 2016, the Group had approximately 7,600 full-time employees. Staff costs for 2016 stand at HK$568.6 million, representing a decrease of 4.3% over the previous year.

The Group recognises the importance of good relationships with its employees and has adopted an incentive bonus scheme for them, under which bonuses are determined every year based on the performance of individual employees and with reference to the Group's annual profits and performance. Our Directors believe that a competitive remuneration package, 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 administrated by the Chinese government authorities for the Group's employees in 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 US. The Group has not implemented retirement schemes for the Group's employees in the US.

CORPORATE GOVERNANCE

The Board is committed to enhancing the corporate governance of the Group in internal control and compliance; adhere to business code of ethics and advocate environmental awareness. The Group periodically reviews, updates and improve all such necessary measures with reference to the latest corporate governance developments in order to promote good corporate governance.

The Group has during the year ended 31 December 2016 complied with the code provisions of the Corporate Governance Code and the Corporate Governance Report set forth in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the model code for securities transactions by directors of listed issuers (the "**Model Code**") set forth in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries, all the Directors confirmed that they have complied with the required standard set forth in the Model Code throughout the year ended 31 December 2016.

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to rule 3.13 of the Listing Rules. The Board considers that all the independent non-executive Directors are independent.

AUDIT COMMITTEE

In compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code, the Board has established an audit committee (the "**Audit Committee**") to review the financial reporting procedures and internal control matters with management and our Group's auditors and provide guidance thereto. The members of the Audit Committee comprise all the three independent non-executive Directors. The Audit Committee has considered and reviewed the annual results of the Group for the financial year ended 31 December 2016 and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS HONG KONG

The financial figures in this announcement of the Group's results for the year ended 31 December 2016 have been agreed by the Group's external auditor, PricewaterhouseCoopers Hong Kong (PwC), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by PwC on this announcement.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's shares during the year ended 31 December 2016.

ANNUAL REPORT AND DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE

This announcement is published on the websites of the Company and the Stock Exchange. The annual report of the Company for the year ended 31 December 2016 containing all the information required by the Listing Rules will be dispatched to Shareholders and available on the websites of the Stock Exchange and the Company in due course.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held in May 2017. A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and will be despatched to the Shareholders in due course.

SPECIAL AND FINAL DIVIDEND

At a meeting held on 24 March 2017, the Directors proposed a special dividend of HK0.78 cent per share in addition to a final dividend of HK0.07 cent per share upon the approval to be obtained from the shareholders at the forthcoming annual general meeting, the special and final dividend will be payable on or about 15 June 2017.

APPRECIATION

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

GENERAL INFORMATION

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

By Order of the Board
CHINA TING GROUP HOLDINGS LIMITED
CHENG Ho Lung, Raymond
Company Secretary

Hong Kong, 24 March 2017