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CHINA TING GROUP HOLDINGS LIMITED

華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS	Year ended 31 December		% Change
	2024	2023	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
Revenue			
OEM Business	930.0	998.1	(6.8)
Fashion Retail Business	579.0	604.7	(4.3)
Property Investment Business	96.4	60.3	59.9
	1,605.4	1,663.1	
Operating loss	(434.6)	(276.1)	
Significant items:			
Fair value losses on investment properties (Reversal of)/Provision for impairment loss of financial assets, net	113.4	16.0	
Provision for impairment loss of non-financial assets	(9.9)	73.0	
Provision for impairment loss of investment in associate	79.2	—	
	8.7	—	
Operating Loss before the significant items Equity attributable to the Company's equity holders	(243.2)	(187.1)	
Equity per share (<i>HK\$</i>)	1,559.8	1,990.1	
	0.75	0.95	

The board (the “**Board**”) of directors (the “**Directors**”) of China Ting Group Holdings Limited (the “**Company**” or “**China Ting**”) announces the draft consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**FY2024**”), together with the comparative figures for the year ended 31 December 2023 (the “**FY2023**”), as follows:

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2024

	<i>Note</i>	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		729,364	841,019
Right-of-use assets		147,618	185,662
Investment properties		1,062,513	854,848
Intangible assets		2,644	4,005
Investments accounted for using the equity method		224	9,053
Deferred income tax assets		16,540	54,500
		<u>1,958,903</u>	<u>1,949,087</u>
Current assets			
Inventories		688,700	696,489
Trade and other receivables	9	449,391	411,201
Financial assets at fair value through profit or loss (“ FVPL ”)		9,881	7,883
Financial assets at fair value through other comprehensive income (“ FVOCI ”)		3,114	7,836
Assets classified as held for sale		5,914	—
Tax recoverable		28,403	24,976
Pledged bank deposits		131	1,396
Cash and cash equivalents		140,510	308,282
		<u>1,326,044</u>	<u>1,458,063</u>
Total assets		<u><u>3,284,947</u></u>	<u><u>3,407,150</u></u>

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		209,982	209,982
Reserves		1,349,784	1,780,166
		1,559,766	1,990,148
Non-controlling interests		11,902	14,082
Total equity		1,571,668	2,004,230
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		158,320	158,771
Bank borrowings		185,797	73,864
Lease liabilities		27,764	42,250
		371,881	274,885
Current liabilities			
Trade and other payables	<i>10</i>	744,509	629,463
Contract liabilities		48,345	45,476
Lease liabilities		26,646	22,978
Bank borrowings		413,709	309,393
Current income tax liabilities		108,189	120,725
		1,341,398	1,128,035
Total liabilities		1,713,279	1,402,920
Total equity and liabilities		3,284,947	3,407,150

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	<i>Note</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	3	1,605,353	1,663,121
Cost of sales		<u>(1,314,967)</u>	<u>(1,345,676)</u>
Gross profit		290,386	317,445
Other income, net	4	16,093	20,022
Other (losses)/gains, net	5	(115,398)	(13,844)
Provision for impairment loss of financial assets, net		9,922	(73,176)
Provision for impairment loss of non-financial assets		(79,233)	—
Provision for impairment loss in investment in associate		(8,657)	—
Selling, marketing and distribution costs		(303,149)	(284,631)
Administrative expenses		<u>(244,561)</u>	<u>(241,890)</u>
Operating loss		(434,597)	(276,074)
Finance income	6	5,009	5,336
Finance costs	6	(22,377)	(15,058)
Share of results of investments accounted for using the equity method		<u>(110)</u>	<u>(384)</u>
Loss before income tax		(452,075)	(286,180)
Income tax expense	7	<u>(32,633)</u>	<u>(76,242)</u>
Loss for the year		<u>(484,708)</u>	<u>(362,422)</u>
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss:</i>			
— Currency translation differences		(44,089)	(52,336)
— Fair value gains on transfers of owner-occupied properties to investment properties, net of tax		100,938	60,697
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
— Fair value (losses)/gains on FVOCI		<u>(4,703)</u>	<u>3,592</u>
Other comprehensive income, net of tax		<u>52,146</u>	<u>11,953</u>
Total comprehensive loss		<u>(432,562)</u>	<u>(350,469)</u>

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to:			
Equity holders of the Company		(481,425)	(361,526)
Non-controlling interests		(3,283)	(896)
		<u>(484,708)</u>	<u>(362,422)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(430,382)	(343,994)
Non-controlling interests		(2,180)	(6,475)
		<u>(432,562)</u>	<u>(350,469)</u>
Loss per share for loss attributable to equity holders of the Company during the year (expressed in HK cents per share)			
— basic	<i>8</i>	<u>22.93</u>	<u>17.22</u>
— diluted	<i>8</i>	<u>22.93</u>	<u>17.22</u>

1. GENERAL INFORMATION

China Ting Group Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 31 May 2005 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961, as combined and revised) of the Cayman Islands. The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, George Town, Grand Cayman KY1-1111, Cayman Islands. The Company and its subsidiaries (together, the “Group”) are engaged in manufacturing and sales of garments and property investment. The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 15 December 2005 (the “Listing”).

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

2. BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

2.1 Basis of preparation

(i) Compliance with HKFRS Accounting Standards and the disclosure requirements of HKCO

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the ‘HKFRS Accounting Standards’) issued by the Hong Kong Institute of Certified Public Accountant (“HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Group has prepared the financial statements on the basis of going concern. The Group recorded net current liabilities of HK\$15,354,000 as at 31 December 2024. In view of the Group’s net current liabilities position, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of finance when assessing whether the Group will have sufficient financial resources to continue as a going concern and meet its liabilities as and when they fall due in the foreseeable future after considering the following:

- (a) As at 31 December 2024, the Group had committed undrawn borrowing facility in an aggregate principal amount of up to HK\$57,854,000 expiring beyond one year.
- (b) The Group implemented cost-saving measures to maintain adequate cash flow for the Group’s operation.

The directors of the Company have prepared a cash flow forecast for the Group which covers a period of twelve months from the end of the reporting period. Taking into account the positive cash flows from operation, committed undrawn borrowing facilities and bank borrowing up to the date of approval of these financial statements and the ability of management in adjusting the pace of its operation expansion, the directors of the Company consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due. Therefore, there are no material uncertainties that may cast significant doubt over the going concern assumption and the directors of the Company have formed a judgement that there is a reasonable expectation that the Group has adequate resources to operate for the foreseeable future.

The preparation of consolidated financial statements in accordance with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Company's management to exercise judgement in applying the accounting policies.

(ii) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following (refer to individual accounting policies for details):

- certain financial assets, certain classes of property, plant and equipment, and investment property — measured at fair value or revalued amount
- assets held for sale — measured at the lower of carrying amount and fair value less costs to sell

(iii) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2024:

Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification By the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

Adoption of these amendments to HKFRS Accounting Standards had no material impact on the Group's consolidated financial statements.

(iv) New and amended standards and interpretations not yet adopted

Certain amendments to accounting standards and interpretation have been published that are not mandatory for the financial year beginning on 1 January 2024 and have not been early adopted by the Group. These amendments are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Standards	Subject of amendment	Effective for annual periods beginning on or after
HKAS 21 and HKFRS 1 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosure	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Company is in the process of assessing the potential impact of the above, other than HKFRS 18 and amendments to HKFRS 9 and HKFRS 7, the directors do not anticipate that the application of all new and amendments to HKFRS Accounting Standards will have material impact on the consolidated financial statements in the foreseeable future.

3. SEGMENT INFORMATION

	OEM HK\$'000	Retail HK\$'000	Property investment HK\$'000	Total HK\$'000
At 31 December 2024				
Total revenue	1,260,280	584,597	102,375	1,947,252
Inter-segment revenue	(330,311)	(5,644)	(5,944)	(341,899)
Revenue (from external customers)	<u>929,969</u>	<u>578,953</u>	<u>96,431</u>	<u>1,605,353</u>
Timing of revenue recognition				
At a point in time	929,969	578,953	—	1,508,922
Over time	—	—	96,431	96,431
	<u>929,969</u>	<u>578,953</u>	<u>96,431</u>	<u>1,605,353</u>
Segment loss before income tax	<u>(290,540)</u>	<u>(118,474)</u>	<u>(34,677)</u>	<u>(443,691)</u>
Fair value losses on investment properties	—	—	(113,369)	(113,369)
Depreciation of property, plant and equipment	(42,458)	(19,206)	(13,682)	(75,346)
Depreciation of right-of-use assets	(12,514)	(21,114)	(17)	(33,645)
Provision for impairment loss of non-financial assets	(41,437)	(37,796)	—	(79,233)
Amortisation of intangible assets	(933)	(270)	—	(1,203)
Finance income	4,885	70	54	5,009
Finance costs	(9,901)	(12,476)	—	(22,377)
Share of results of investments accounted for using the equity method	(110)	—	—	(110)
Provision for impairment loss of investment in associate	(8,657)	—	—	(8,657)
Income tax expense	<u>(13,108)</u>	<u>(31,966)</u>	<u>12,549</u>	<u>(32,525)</u>
At 31 December 2023				
Total revenue	1,084,480	605,505	63,263	1,753,248
Inter-segment revenue	(86,334)	(811)	(2,982)	(90,127)
Revenue (from external customers)	<u>998,146</u>	<u>604,694</u>	<u>60,281</u>	<u>1,663,121</u>
Timing of revenue recognition				
At a point in time	998,146	604,694	—	1,602,840
Over time	—	—	60,281	60,281
	<u>998,146</u>	<u>604,694</u>	<u>60,281</u>	<u>1,663,121</u>
Segment (loss)/profit before income tax	<u>(130,450)</u>	<u>(191,221)</u>	<u>40,603</u>	<u>(281,068)</u>
Fair value losses on investment properties	—	—	(16,482)	(16,482)
Depreciation of property, plant and equipment	(1,280)	(17,036)	(5,994)	(24,310)
Depreciation of right-of-use assets	(12,390)	(18,614)	(97)	(31,101)
Amortisation of intangible assets	(975)	(274)	—	(1,249)
Finance income	4,976	154	206	5,336
Finance costs	(10,318)	(4,740)	—	(15,058)
Share of results of Investments accounted for using the equity method	(384)	—	—	(384)
Income tax expense	<u>6,655</u>	<u>(69,170)</u>	<u>(13,727)</u>	<u>(76,242)</u>

	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 31 December 2024				
Total segment assets	<u>2,028,102</u>	<u>752,208</u>	<u>468,863</u>	<u>3,249,173</u>
Total segment assets include:				
Investments accounted for using the equity method	224	—	—	224
Additions to non-current assets (other than financial instruments and deferred income tax assets)	226,190	90,714	36	316,940
Tax recoverable	25,859	2,544	—	28,403
Deferred income tax assets	<u>14,394</u>	<u>2,146</u>	<u>—</u>	<u>16,540</u>

At 31 December 2023				
Total segment assets	<u>1,726,632</u>	<u>774,027</u>	<u>859,500</u>	<u>3,360,159</u>
Total segment assets include:				
Investments accounted for using the equity method	9,053	—	—	9,053
Additions to non-current assets (other than financial instruments and deferred income tax assets)	337,534	74,749	—	412,283
Tax recoverable	23,331	1,645	—	24,976
Deferred income tax assets	<u>26,932</u>	<u>27,568</u>	<u>—</u>	<u>54,500</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total segment loss before income tax	(443,691)	(281,068)
Net fair value gains on FVPL	965	847
Corporate overhead	<u>(9,349)</u>	<u>(5,959)</u>
Loss before income tax per consolidated statement of comprehensive income	<u>(452,075)</u>	<u>(286,180)</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total segment assets	3,249,173	3,360,159
FVPL	9,881	7,883
FVOCI	3,114	7,836
Corporate assets	<u>22,779</u>	<u>31,272</u>
Total assets per consolidated balance sheet	<u>3,284,947</u>	<u>3,407,150</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Chinese Mainland	1,154,137	1,151,704
North America	323,958	318,150
European Union	84,875	93,222
Hong Kong	36,319	73,803
Other countries	<u>6,064</u>	<u>26,242</u>
	<u>1,605,353</u>	<u>1,663,121</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Chinese Mainland	1,742,585	1,675,048
Hong Kong	154,006	169,561
North America	<u>45,548</u>	<u>40,925</u>
	<u>1,942,139</u>	<u>1,885,534</u>

For the years ended 31 December 2024 and 2023, there is no customer individually accounted for more than 10% of the Group's total revenue.

The contract liabilities represent the advance payments received from counterparties for goods or services that have not yet been transferred or provided to the counterparties. As at 31 December 2024, the Group has recognised the following liabilities related to contracts with customers:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current contract liabilities	<u>48,345</u>	<u>45,476</u>

The following table shows the amount of revenue recognised during the year ended 31 December 2024 relating to carried-forward contract liabilities:

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>45,476</u>	<u>46,521</u>

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

4. OTHER INCOME, NET

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Government grants	8,132	8,453
Rental income	7,083	11,049
Others	<u>878</u>	<u>520</u>
	<u>16,093</u>	<u>20,022</u>

Note:

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchases of property, plant and equipment are deducted from the carrying amount of the relevant assets. Such grant is recognised in the profit or loss over the life of the depreciable asset as a reduced depreciation expense.

5. OTHER (LOSSES)/GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Net exchange gains	5,056	5,828
Net fair value gains on FVPL — realised	21	525
Net fair value gains on FVPL — unrealised	944	322
Fair value losses on investment properties	(113,369)	(16,482)
Losses on disposal of property, plant and equipment	(11,773)	(4,748)
(Losses)/gains on early termination of leases	(271)	2,592
Losses on disposal of intangible assets	(59)	—
Losses on disposal of a subsidiary	—	(1,722)
Losses on deemed disposal of an associate	—	(679)
Modification of lease contract	3,321	—
Others	732	520
	<u> </u>	<u> </u>
	<u>(115,398)</u>	<u>(13,844)</u>

6. FINANCE (COSTS)/INCOME, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Finance income — interest income on		
— bank deposits	5,009	3,760
— promissory note	—	1,576
	<u> </u>	<u> </u>
	5,009	5,336
Finance costs — interest expenses on		
— bank borrowings	(22,070)	(17,878)
— lease liabilities	(2,291)	(3,083)
	<u> </u>	<u> </u>
	(24,361)	(20,961)
— amount capitalised (<i>Note</i>)	1,984	5,903
	<u> </u>	<u> </u>
	(22,377)	(15,058)
Finance (costs)/income, net	<u>(17,368)</u>	<u>(9,722)</u>

Note: The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Group's borrowings during the year, in this case 3.73%(2023: 3.58%).

7. INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
— Hong Kong profits tax (<i>Note (a)</i>)	2,487	2,659
— Chinese Mainland enterprise income tax (<i>Note (b)</i>)	21,384	17,564
— Withholding tax	—	208
Deferred income tax		
— Enterprise income tax or profits tax	11,508	60,510
— Withholding tax	(2,746)	(4,699)
	<u>32,633</u>	<u>76,242</u>

Notes:

- (a) Hong Kong profits tax has been provided for at the rate of 8.25% on the estimated assessable profit up to HK\$2,000,000 and 16.5% on any part of estimated assessable profit over HK\$2,000,000 for the year ended 31 December 2024 (2023: Same).
- (b) Chinese Mainland enterprise income tax is calculated based on the statutory profits of subsidiaries incorporated in Chinese Mainland in accordance with Chinese Mainland tax laws and regulations. The standard PRC enterprise income tax rate is 25% during the years ended 31 December 2024 and 2023. Certain of the Group's subsidiaries enjoy the preferential income tax treatment for Small and Micro Enterprise with the income tax rate of 20% and are eligible to have their tax calculated based on 12.5% or 25% of their taxable income.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the Group's loss attributable to equity holders of the Company of approximately HK\$481,425,000 (2023: loss of HK\$361,526,000) and weighted average number of ordinary shares in issue during the year of 2,099,818,000 (2023: 2,099,818,000).

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

During the years ended 31 December 2024 and 2023, there were no dilutive potential ordinary shares deemed to be issued under the share option scheme as there are no outstanding options during the years ended 31 December 2024 and 2023.

9. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade and bill receivables (<i>Note (a)</i>)	360,919	429,647
Less: Loss allowance	<u>(84,958)</u>	<u>(187,810)</u>
Trade and bill receivables, net	<u>275,961</u>	<u>241,837</u>
Amounts due from related parties	23,214	28,882
Prepayments	57,441	79,553
Deposits and other receivables	94,079	83,817
Less: Loss allowance	<u>(1,304)</u>	<u>(22,888)</u>
	<u>173,430</u>	<u>169,364</u>
	<u><u>449,391</u></u>	<u><u>411,201</u></u>

The amounts due from related parties are unsecured, interest-free and repayable on demand.

Notes:

(a) Trade and bill receivables

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 60 days	216,877	193,890
61 to 120 days	46,419	46,698
121 to 180 days	31,654	10,589
Over 180 days	<u>65,969</u>	<u>178,470</u>
	<u><u>360,919</u></u>	<u><u>429,647</u></u>

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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.

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, by credit cards, through internet payment service providers or collected by department stores/online retailers on behalf of the Group. The agreed credit terms with credit card companies are usually within 14 days. Department stores and online retailers are normally required to settle the proceeds to the Group within 2 months from the date of sale.

Bill receivables are with average maturity within 2 months.

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	187,810	134,893
(Credited)/charged to the consolidated profit or loss	(1,490)	54,001
Write-off	(101,174)	—
Exchange differences	(188)	(1,084)
	<u>84,958</u>	<u>187,810</u>
At 31 December	84,958	187,810

The carrying amounts of the Group's net trade and other receivables (excluding prepayments) are denominated in the following currencies:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	620	70,914
RMB	161,494	249,273
US\$	229,836	11,461
	<u>391,950</u>	<u>331,648</u>

10. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade and bill payables	387,934	322,453
Accrued employee benefit expenses	31,650	33,984
Customer deposits	64,949	67,372
VAT and other tax payables	19,457	1,531
Accrued operating expenses	52,458	31,002
Other payables	184,364	164,666
Amounts due to related parties	3,697	8,455
	<u>744,509</u>	<u>629,463</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0 to 30 days	242,760	252,344
31 to 60 days	25,402	24,650
61 to 90 days	87,469	13,592
Over 90 days	32,303	31,867
	<u>387,934</u>	<u>322,453</u>

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

The amounts due to related parties are unsecured, interest-free and repayable on demand.

The carrying amounts of the Group's trade and other payables (excluding accrued employee benefit expenses and VAT and other tax payables) are denominated in the following currencies:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
HK\$	10,610	63,249
RMB	667,325	526,711
Other currencies	15,467	3,988
	<u>693,402</u>	<u>593,948</u>

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Business Review

In 2024, with the modest recovery in the consumption demand in the European countries, the United States and the PRC domestic market, there was a slight growth in the garment industry in China as a whole. However, due to the increasing pressure from the geopolitical risks, weaken emerging markets and the regional adjustments in the supply chain, China's garment industry is still facing the pressure of general relocation and significant decline in the profit margins.

Against this background, the Group made significant adjustments to its international OEM sales activities by relocating its work focus to Cambodia, expanding the production capacity and management quality of the overseas production bases, adjusting the division of labour and cooperation between the domestic and the overseas teams, and accelerating the construction of the information systems to adapt to the changes in the production model where the production for a large quantity of orders is conducted at overseas production bases. Through the construction of the overseas production bases during the second half of 2024, the Group has strengthened the business connections with the established garment buyers and recorded sales of HK\$930.0 million for the full year, representing a year-on-year decrease of 6.8%.

The domestic retail business in the PRC was generally stabilized; but the domestic consumption was generally weak and affected the gross profit margin of the retail segment. The Group's retail team focused on the key tasks such as product research and development, supply chain management, inventory management and new retail marketing to ensure a stable growth of the Group's operations. In 2024, the total domestic retail sales recorded amount to HK\$579.0 million, representing a year-on-year decrease of 4.3%.

The industrial complex of the Group located at Yuhang District, Hangzhou, the PRC, after the improvements and upgrades initiated by the Group, commenced the investment promotion works in the first half of 2024. However, as from the second quarter, with the weaken domestic economic situation in the PRC in general, the industrial property leasing market also dropped to the freezing point, with no signs of easing until the fourth quarter of 2024. Because of the new and modern design of the buildings and the agglomeration effect in scale, the industrial park achieved a satisfactory lease-out results in 2024, with the total revenue amount to HK\$96.4 million, representing a year-on-year increase of 59.9%.

(2) Financial Review

Review of operations

During the FY2024, the Group's revenue amounted to HK\$1,605.4 million, representing a decrease of 3.5%, as compared to the total revenue of the Group of HK\$1,663.1 million for the FY2023. The gross profit for the FY2024 was HK\$290.4 million, representing a decrease of 8.5%, as compared to HK\$317.4 million for the FY2023. The loss attributable to the equity holders of the Company for the FY2024 was HK\$481.4 million and the net asset value per share as of 31 December 2024 was HK\$0.75.

OEM business

The revenue derived from the OEM business recorded a decrease of 6.8% from HK\$998.1 million for the FY2023 to HK\$930.0 million for the FY2024. Products made from silk, cotton and synthetic fabrics continued to be the major products which contributed HK\$635.1 million (FY2023: HK\$714.1 million), representing 68.3% (FY2023: 71.5%) of the total revenue of the OEM business for the FY2024.

Sales to the North American countries amounted to HK\$324.0 million for the FY2024 (FY2023: HK\$318.2 million), which accounted for 34.8% (FY2023: 31.9%) of the total revenue of the OEM business. Sales to the European countries and other markets for the FY2024 were HK\$84.9 million (FY2023: HK\$93.2 million) and HK\$521.1 million (FY2023: HK\$586.7 million), respectively.

Retail business

During the FY2024, the revenue generated from the retail business of the Group in the PRC amounted to HK\$579.0 million, representing a decrease of 4.3%, as compared to HK\$604.7 million for the FY2023. Finity, the major brand of the Group, contributed HK\$206.9 million to the retail business for the FY2024, representing a decrease of 9.6%, as compared to HK\$228.9 million for the FY2023.

In terms of the retail revenue analysis by sales channels, sales from the concessionary counters amounted to HK\$149.8 million (FY2023: HK\$189.6 million), accounting for 21.0% of total retail revenue for the FY2024. Sales from e-commerce, self-operated stores and franchisees for the FY2024 amounted to HK\$303.7 million (FY2023: HK\$296.7 million), HK\$15.7 million (FY2023: HK\$4.7 million) and HK\$109.8 million (FY2023: HK\$113.7 million), respectively.

Property investment business

The Group has changed the usage of part of the industrial complex to the China Ting International Fashion Base (華鼎國際時尚產業基地) since 2019. Such development continued in the FY2024. The China Ting International Fashion Base is designed to facilitate the regional development, pooling of fashion experts and design brands and e-commerce development of the fashion industry. All these provide significant contribution to the fashion industry in Yu Hang District, Hangzhou, while allowing the Group to diversify its business activities and enhance revenue.

During the FY2024, the revenue from the property investment business amounted to HK\$96.4 million, representing a increase of 59.9% as compared to HK\$60.3 million for the FY2023.

Liquidity and financial resources

The Group continues to maintain a solid financial position. During the FY2024, the Group's working capital needs were principally supported by the financial resources generated from its ordinary course of business. As of 31 December 2024, the cash and cash equivalents were HK\$140.5 million, representing a decrease of 54.4% from HK\$308.3 million as of 31 December 2023. The Group had bank borrowings of HK\$599.5 million as of 31 December 2024 (31 December 2023: HK\$383.3 million). As of 31 December 2024, the debt to equity ratio (total borrowings as a percentage of total equity) was 38.1% (31 December 2023: 19.1%). The Directors consider that the Group has adequate financial resources to support its working capital requirement and future expansion.

(3) Business outlook

In 2025, the global economy is expected to continue the recovery moderately. However, various uncertainties are expected during the recovery process. The monetary and fiscal policies of major economies such as the United States and Europe will continue to have a profound impact on the global markets. Meanwhile, geopolitical conflicts, trade protectionism and the retaliated tariff measures worldwide will continue to pose challenges to the international market demand of the apparel industry. Supply chain restructuring has made Southeast Asia and other regions important destinations for capacity transfer by virtue of their labor cost advantages and policy support. The market share currently occupied by the online sales channels in the global apparel market will continue to expand, and online sales are expected to become the main driving force for the growth of the industry in 2025. Based on their view on the industry trend, the Group will step up the construction and management of the Cambodian production base in 2025 to ensure the continuous development of the Group's international sales business. Meanwhile, the Group will invest in cross-border e-commerce to tap into the global market via new channels.

The scale of the domestic retail market in the PRC will continue to expand, and is expected to exceed RMB4 trillion in 2025, with an average annual growth rate of about 5%. Online sales channels will account for more than 60%, becoming the main driving force for market growth. The demand from the domestic consumers in the PRC will have increasing demand for the quality, functionality and personality of the garments and apparel, shifting from focusing on price to pursuing quality and environmental protection. The market segments such as high-end customised garments, outdoor functional garments, as well as green and environmentally friendly garments are growing rapidly. Meanwhile, consumers' recognition of domestic brands is also increasing. The Group will therefore continue to focus on the domestic retail market in the PRC with more than one brand strategy, especially the segments of domestic product consumption, green consumption and health consumption, and step up the efforts on the development of sportswear, silk garments, as well as green and environmentally friendly garments.

The investment promotion work in the industrial park is still one of the key projects for the Group this year. Attracting high-quality customers to settle in the industrial park and creating an industrial ecology are important topics for the future development of the Group.

(4) Human resources

As of 31 December 2024, the Group had 5,050 full-time employees. Staff costs for the FY2024 stand at HK\$392.1 million, representing an increase of 3.6%, as compared to HK\$378.3 million for the FY2023.

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. The 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 United States (the "US"). The Group has not implemented retirement schemes for the Group's employees in the US.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group exercised careful control over capital expenditure. The Group incurred capital expenditures of HK\$278.3 million for the FY2024 which was primarily used in the expansion of the China Ting International Fashion Base and the leasehold improvement of the Group's retail outlets and factories. Capital commitments contracted for but not incurred by the Group as of 31 December 2024 amounted to HK\$26.0 million, which were mainly related to the construction of the China Ting International Fashion Base.

FINAL DIVIDEND

The Board does not recommend any final dividend of the Company for the FY2024.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not have any significant investment, material acquisition or disposal during the FY2024.

TREASURY POLICIES AND EXPOSURE TO FLUCTUATION IN EXCHANGE RATE

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

The sales and purchase of raw materials of the Group are mainly denominated in USD and Renminbi (“**RMB**”). During the FY2024, approximately 28.1% and 71.9% of revenue were denominated in USD and RMB respectively, and approximately 11.1% and 88.9% of purchase of raw materials were denominated in USD and RMB respectively.

As of 31 December 2024, approximately 16.9%, 80.6% and 2.1% of cash and bank balances were denominated in USD, RMB and HK\$, respectively, and approximately 77.3% and 22.7% of bank borrowings were denominated in RMB and HK\$, respectively.

Regarding the trade disputes between China and the US, it is expected that on-going currency fluctuation of RMB against USD is unavoidable. To minimise the impact, we will monitor the foreign currency risk closely to ensure the net exposure is at an acceptable level. The Directors may consider using financial instruments to reduce the currency risk exposure when necessary.

SUBSEQUENT EVENT

There was no material subsequent event undertaken by the Group after 31 December 2024 and up to date of this announcement.

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 Company has complied with the code provisions of the Corporate Governance Code as set forth in Part 2 of Appendix C1 to The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) during the FY2024.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set forth in Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiries with the Directors, all the Directors confirmed that they have complied with the required standard as set forth in the Model Code during the FY2024.

AUDIT COMMITTEE

The Company has established the audit committee (the “**Audit Committee**”) of the Board to review the financial reporting procedures and risk management and internal control matters with management and our Group’s auditors and provide guidance thereto. The members of the Audit Committee comprise three independent non-executive Directors namely, Mr. WONG Chi Keung, Mr. LEUNG Man Kit and Ms. LI Yuet Mui, Xera. Mr. WONG Chi Keung is the chairman of the Audit Committee. The Audit Committee has considered and reviewed the annual results of the Group for the FY2024 and the accounting principles and practices adopted by the Group and discussed matters in relation to risk management and internal control and financial reporting with the management and the independent auditor.

SCOPE OF WORK OF BDO LIMITED

The financial figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the FY2024 as set forth in this preliminary announcement have been agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set forth in the Group's draft consolidated financial statements for the year. The work performed by BDO 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 BDO on this preliminary announcement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including the treasury shares) of the Company during the FY2024.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the FY2024 containing all the information required by Appendix D2 to the Listing Rules and other applicable laws and regulations will be published on the websites of the Company and The Stock Exchange of Hong Kong Limited in due course.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the "AGM") of the Company will be held on Tuesday, 27 May 2025. The register of members of the Company will be closed from Thursday, 22 May 2025 to Tuesday, 27 May 2025 (both days inclusive), during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 May 2025.

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

Hong Kong, 31 March 2025

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

Executive Directors:

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

Independent non-executive Directors:

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