

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



CHINA TING GROUP HOLDINGS LIMITED

華鼎集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3398)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023 AND RESUMPTION OF SHARE TRADING

	Year ended 31 December		% Change
	2023	2022	
	<i>HK\$ million</i>	<i>HK\$ million</i>	
FINANCIAL HIGHLIGHTS			
Revenue			
OEM Business	998.1	1,197.1	(16.6)%
Fashion Retail Business	604.7	501.0	20.7%
Property Investment Business	60.3	59.7	1.0%
	1,663.1	1,757.8	(5.4)%
Operating loss	(276.1)	(136.5)	
Loss attributable to the Company's equity holders	(361.5)	(151.7)	
Equity attributable to the Company's equity holders	1,990.1	2,334.1	
Equity per share (<i>HK\$</i>)	0.95	1.12	

The board (the “**Board**”) of directors (the “**Directors**”) of China Ting Group Holdings Limited (the “**Company**” or “**China Ting**”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023, together with the comparative figures for the year ended 31 December 2022, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue	3	1,663,121	1,757,823
Cost of sales		<u>(1,345,676)</u>	<u>(1,458,028)</u>
Gross profit		317,445	299,795
Other income, net	4	20,022	28,078
Other (losses)/gains, net	5	(13,844)	30,076
Provision for impairment loss of financial assets, net		(73,176)	(21,407)
Selling, marketing and distribution costs		(284,631)	(234,762)
Administrative expenses		<u>(241,890)</u>	<u>(238,308)</u>
Operating loss		(276,074)	(136,528)
Finance income	6	5,336	12,835
Finance costs	6	(15,058)	(10,762)
Share of results of investments accounted for using the equity method		<u>(384)</u>	<u>(2,401)</u>
Loss before income tax		(286,180)	(136,856)
Income tax expense	7	<u>(76,242)</u>	<u>(14,751)</u>
Loss for the year		<u>(362,422)</u>	<u>(151,607)</u>

	Note	2023 HK\$'000	2022 HK\$'000
Other comprehensive (loss)/income			
<i>Items that may be reclassified to profit or loss:</i>			
— Currency translation differences		(52,336)	(202,385)
— Fair value gains on transfers of owner-occupied properties to investment properties, net of tax		60,697	—
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
— Fair value gains/(losses) on FVOCI		<u>3,592</u>	<u>(5,267)</u>
Other comprehensive income/(loss), net of tax		<u>11,953</u>	<u>(207,652)</u>
Total comprehensive loss		<u>(350,469)</u>	<u>(359,259)</u>
Loss attributable to:			
Equity holders of the Company		(361,526)	(151,678)
Non-controlling interests		<u>(896)</u>	<u>71</u>
		<u>(362,422)</u>	<u>(151,607)</u>
Total comprehensive loss attributable to:			
Equity holders of the Company		(343,994)	(346,703)
Non-controlling interests		<u>(6,475)</u>	<u>(12,556)</u>
		<u>(350,469)</u>	<u>(359,259)</u>
Loss per share for loss attributable to equity holders of the Company during the year (expressed in HK cents per share)			
— basic	8	<u>17.22</u>	<u>7.22</u>
— diluted	8	<u>17.22</u>	<u>7.22</u>

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2023

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		841,019	499,629
Right-of-use assets		185,662	226,340
Investment properties		854,848	817,765
Intangible assets		4,005	5,314
Investments accounted for using the equity method		9,053	10,348
Deferred income tax assets		54,500	104,385
		<u>1,949,087</u>	<u>1,663,781</u>
Current assets			
Inventories		696,489	864,995
Trade and other receivables	<i>9</i>	411,201	548,666
Financial assets at fair value through profit or loss ("FVPL")		7,883	42,100
Financial assets at fair value through other comprehensive income ("FVOCI")		7,836	4,212
Promissory note	<i>9</i>	—	14,700
Tax recoverable		24,976	11,305
Pledged bank deposits		1,396	1,111
Cash and cash equivalents		308,282	505,493
		<u>1,458,063</u>	<u>1,992,582</u>
Total assets		<u>3,407,150</u>	<u>3,656,363</u>

	<i>Note</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		209,982	209,982
Reserves		1,780,166	2,124,160
		1,990,148	2,334,142
Non-controlling interests		14,082	20,557
Total equity		2,004,230	2,354,699
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		158,771	133,161
Bank borrowings		73,864	50,870
Lease liabilities		42,250	59,168
		274,885	243,199
Current liabilities			
Trade and other payables	<i>10</i>	629,463	580,831
Contract liabilities		45,476	46,521
Lease liabilities		22,978	31,185
Bank borrowings		309,393	271,943
Current income tax liabilities		120,725	127,985
		1,128,035	1,058,465
Total liabilities		1,402,920	1,301,664
Total equity and liabilities		3,407,150	3,656,363

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, 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

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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).

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards
- Hong Kong Accounting Standards
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of FVPL, FVOCI and investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(a) 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 2023:

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

The new and amended standards listed above did not have any significant impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

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

		Effective for accounting periods beginning on or after
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements	1 January 2024
Amendments to HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

None of the above new standard, amendments to existing standards and annual improvements is expected to have a material effect on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

3 SEGMENT INFORMATION

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

The executive directors assess the performance of the operating segments based on profit before income tax, which is consistent with that in the financial statements. Other information, as noted below, is also provided to the executive directors. The executive directors consider the Group has three reportable segments: (1) manufacturing and sales of garments on an original equipment manufacturer basis ("OEM"); (2) manufacturing and retailing of branded fashion apparel ("Retail"); and (3) property investment in Chinese Mainland ("Property investment").

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

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

	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023				
Total revenue	1,084,480	605,505	63,263	1,753,248
Inter-segment revenue	<u>(86,334)</u>	<u>(811)</u>	<u>(2,982)</u>	<u>(90,127)</u>
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	<u>—</u>	<u>—</u>	<u>60,281</u>	<u>60,281</u>
	<u>998,146</u>	<u>604,694</u>	<u>60,281</u>	<u>1,663,121</u>
Segment (loss)/profit before income tax	<u>(143,546)</u>	<u>(191,221)</u>	<u>53,699</u>	<u>(281,068)</u>
Fair value losses on investment properties	—	—	(16,482)	(16,482)
Depreciation of property, plant and equipment	(44,614)	(18,019)	(5,441)	(68,074)
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>
Year ended 31 December 2022				
Total revenue	1,233,533	503,635	70,440	1,807,608
Inter-segment revenue	<u>(36,454)</u>	<u>(2,597)</u>	<u>(10,734)</u>	<u>(49,785)</u>
Revenue (from external customers)	<u>1,197,079</u>	<u>501,038</u>	<u>59,706</u>	<u>1,757,823</u>
Timing of revenue recognition				
At a point in time	1,197,079	501,038	—	1,698,117
Over time	<u>—</u>	<u>—</u>	<u>59,706</u>	<u>59,706</u>
	<u>1,197,079</u>	<u>501,038</u>	<u>59,706</u>	<u>1,757,823</u>
Segment (loss)/profit before income tax	<u>(90,921)</u>	<u>(90,668)</u>	<u>49,085</u>	<u>(132,504)</u>
Fair value losses on investment properties	—	—	20,713	20,713
Depreciation of property, plant and equipment	(46,710)	(28,728)	—	(75,438)
Depreciation of right-of-use assets	(14,933)	(20,706)	(68)	(35,707)
Amortisation of intangible assets	(930)	(416)	—	(1,346)
Finance income	11,858	212	765	12,835
Finance costs	(9,130)	(1,632)	—	(10,762)
Share of results of investments accounted for using the equity method	(2,401)	—	—	(2,401)
Income tax expense	<u>(16,098)</u>	<u>11,774</u>	<u>(10,427)</u>	<u>(14,751)</u>

	OEM <i>HK\$'000</i>	Retail <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Total <i>HK\$'000</i>
As 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>54,500</u>

As at 31 December 2022				
Total segment assets	<u>1,651,376</u>	<u>1,081,970</u>	<u>845,670</u>	<u>3,579,016</u>
Total segment assets include:				
Investments accounted for using the equity method	10,348	—	—	10,348
Additions to non-current assets (other than financial instruments and deferred income tax assets)	244,598	124,648	6,664	375,910
Tax recoverable	10,318	987	—	11,305
Deferred income tax assets	<u>11,190</u>	<u>93,195</u>	—	<u>104,385</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Total segment loss before income tax	(281,068)	(132,504)
Net fair value gains on FVPL	847	663
Corporate overhead	<u>(5,959)</u>	<u>(5,015)</u>
Loss before income tax per consolidated statement of comprehensive income	<u>(286,180)</u>	<u>(136,856)</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Total segment assets	3,360,159	3,579,016
FVPL	7,883	42,100
FVOCI	7,836	4,212
Corporate assets	<u>31,272</u>	<u>31,035</u>
Total assets per consolidated balance sheet	<u>3,407,150</u>	<u>3,656,363</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Chinese Mainland	1,151,704	1,029,599
North America	318,150	513,295
European Union	93,222	137,260
Hong Kong	73,803	46,699
Other countries	<u>26,242</u>	<u>30,970</u>
	<u>1,663,121</u>	<u>1,757,823</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Chinese Mainland	1,675,048	1,328,546
Hong Kong	169,561	173,825
North America	<u>40,925</u>	<u>46,677</u>
	<u>1,885,534</u>	<u>1,549,048</u>

For the years ended 31 December 2023 and 2022, there is no customer individually accounted for more than 10% of the Group's total revenue.

The contract liabilities represent the advance payments received from counterparties for goods or services that have not yet been transferred or provided to the counterparties. As at 31 December 2023, the Group has recognised the following liabilities related to contracts with customers:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current contract liabilities	<u>45,476</u>	<u>46,521</u>

The following table shows the amount of revenue recognised during the year ended 31 December 2023 relating to carried-forward contract liabilities:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	<u>46,521</u>	<u>54,456</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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Government grants	8,453	7,879
Rental income	11,049	18,719
Others	<u>520</u>	<u>1,480</u>
	<u>20,022</u>	<u>28,078</u>

5 OTHER (LOSSES)/GAINS, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Net exchange gains	5,828	14,469
Net fair value gains on FVPL — realised	525	605
Net fair value gains on FVPL — unrealised	322	58
Fair value (losses)/gains on investment properties	(16,482)	20,713
Forfeited customer deposits	—	4,528
Loss on disposal of property, plant and equipment	(4,748)	(9,133)
Gain on early termination of leases	2,592	—
Loss on step acquisition	—	(1,168)
Loss on disposal of a subsidiary	(1,722)	—
Loss on deemed disposal of an associate	(679)	—
Others	<u>520</u>	<u>4</u>
	<u>(13,844)</u>	<u>30,076</u>

6 FINANCE (COSTS)/INCOME, NET

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Finance income — interest income on		
— bank deposits	3,760	10,103
— promissory note	1,576	2,732
	<u>5,336</u>	<u>12,835</u>
Finance costs — interest expenses on		
— bank borrowings	(17,878)	(8,850)
— lease liabilities	(3,083)	(2,802)
	<u>(20,961)</u>	<u>(11,652)</u>
— amount capitalised (<i>Note</i>)	5,903	890
	<u>(15,058)</u>	<u>(10,762)</u>
Finance (costs)/income, net	<u>(9,722)</u>	<u>2,073</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 3.58% (2022: 4.65%).

7 INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
— Hong Kong profits tax (<i>Note (a)</i>)	2,659	698
— Chinese Mainland enterprise income tax (<i>Note (b)</i>)	17,564	14,262
— Withholding tax	208	6,071
Deferred income tax		
— Enterprise income tax or profits tax	60,510	(3,960)
— Withholding tax	(4,699)	(2,320)
	<u>76,242</u>	<u>14,751</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 2023 (2022: 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 2023 and 2022. 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\$361,526,000 (2022: loss of HK\$151,678,000) and weighted average number of ordinary shares in issue during the year of 2,099,818,000 (2022: 2,099,818,000).

Diluted loss/earnings 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 2023 and 2022, 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 2023 and 2022.

9 TRADE AND OTHER RECEIVABLES AND PROMISSORY NOTE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade and bill receivables (<i>Note (a)</i>)	429,647	452,080
Less: Loss allowance	<u>(187,810)</u>	<u>(134,893)</u>
Trade and bill receivables, net	<u>241,837</u>	<u>317,187</u>
Amounts due from related parties	28,882	36,341
Prepayments	79,553	108,899
Deposits and other receivables	83,817	88,684
Less: Loss allowance	<u>(22,888)</u>	<u>(2,445)</u>
	<u>169,364</u>	<u>231,479</u>
	<u>411,201</u>	<u>548,666</u>
Promissory note		
— Current portion	<u>—</u>	<u>14,700</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:

	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 to 60 days	193,890	184,925
61 to 120 days	46,698	94,929
121 to 180 days	10,589	30,245
Over 180 days	178,470	141,981
	<u>429,647</u>	<u>452,080</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.

As at 31 December 2023, the trade receivables from top five customers accounted for 23.2% (2022: 26.4%) of the total trade receivables. The loss allowance increased by HK\$54,001,000 (2022: HK\$21,323,000) for trade receivables during the current year.

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
At 1 January	134,893	115,680
Charged to the consolidated profit or loss	54,001	21,323
Exchange differences	<u>(1,084)</u>	<u>(2,110)</u>
At 31 December	<u>187,810</u>	<u>134,893</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
HK\$	70,914	3,625
RMB	249,273	261,345
US\$	11,461	174,779
Euro	<u>—</u>	<u>18</u>
	<u>331,648</u>	<u>439,767</u>

The carrying amounts of amount due from related parties and deposits and other receivables are current and approximate their fair values.

10 TRADE AND OTHER PAYABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade and bill payables	322,453	362,026
Accrued employee benefit expenses	33,984	31,045
Customer deposits	67,372	87,281
VAT and other tax payables	1,531	5,749
Accrued operating expenses	31,002	46,372
Other payables	167,670	46,479
Amounts due to related parties	<u>5,451</u>	<u>1,879</u>
	<u>629,463</u>	<u>580,831</u>

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0 to 30 days	252,344	232,299
31 to 60 days	24,650	54,416
61 to 90 days	13,592	12,274
Over 90 days	31,867	63,037
	<u>322,453</u>	<u>362,026</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
HK\$	63,249	51,250
RMB	526,711	454,458
Other currencies	3,988	38,329
	<u>593,948</u>	<u>544,037</u>

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

MANAGEMENT DISCUSSION AND ANALYSIS

(1) Business Review

In 2023, the growth of the global economy was slow. The demand from different international markets shrank. The domestic market in the PRC made twists and turns after the pandemic and the apparel industry in the PRC is facing a trend of slowing down generally. According to the China National Garment Association, the production volume of selected enterprises above the designated size in the apparel industry in 2023 fell by 15.01% in the tatting category and 5.08% in the knitting category. The PRC export business of the apparel industry in 2023 fell by 7.8% as compared to the previous year because of various factors, such as the contraction of the international market and the increase in the “de-Chinaization” movement.

Facing the unfavourable industrial prospect, China Ting demonstrated a tenacious belief in the development of an innovative spirit of seeking breakthrough, both in terms of the textile and apparel trading and manufacturing businesses. The Group stood up to the wintry period of the apparel industry and increased its international business, increased the automation and research-and-development-oriented development; and established a supply chain system in China and overseas to mitigate the adverse impact of de-Chinaization. The Group continued to focus its business in the international market and put strong efforts in new technologies, equipment and products, for the purpose of cultivating its capability in the sluggish macro-economic and political development of the apparel industry and enhancing the core competitiveness of the Group.

In terms of the retail business, the domestic market in the PRC developed favourably in general amid the overall sluggish economic environment in 2023. In 2023, the Group was innovative in different areas, such as product research and development, product manufacturing, brand marketing, customer service and supply chain management in response to the stratification of consumer groups, diversification of the consumption patterns, increasing number of applications of the artificial intelligence and the emergence of the new and young consumer groups and new consumers, such as the new middle class and the silver-haired generation.

In summary, despite the unfavourable situation in 2023, the Group remains optimistic in tackling the obstacles for its future business development.

(2) Financial Review

Review of operations

During the year ended 31 December 2023, the Group's revenue amounted to HK\$1,663.1 million, representing a slight decrease of 5.4%, as compared to the total revenue of the Group of HK\$1,757.8 million in 2022. The gross profit for the year ended 31 December 2023 was HK\$317.4 million, representing an increase of 5.9%, as compared to HK\$299.8 million in 2022. The loss attributable to the equity holders of the Company for the year ended 31 December 2023 was HK\$361.5 million and the net asset value per share as of 31 December 2023 was HK\$0.95.

OEM business

During the year ended 31 December 2023, the revenue derived from the OEM business recorded a significant decrease of 16.6% from HK\$1,197.1 million in 2022 to HK\$998.1 million in 2023. Products made from silk, cotton and synthetic fabrics continued to be the major products which contributed HK\$714.1 million (2022: HK\$974.1 million), representing 71.5% (2022: 81.4%) of the total revenue of the OEM business for the year ended 31 December 2023.

Sales to the North American countries amounted to HK\$318.2 million in 2023 (2022: HK\$513.3 million), which accounted for 31.9% (2022: 42.9%) of the total revenue of the OEM business. Sales to the European countries and other markets in 2023 were HK\$93.2 million (2022: HK\$137.3 million) and HK\$586.7 million (2022: HK\$546.5 million), respectively.

Retail business

During the year ended 31 December 2023, the revenue generated from the retail business of the Group in the PRC amounted to HK\$604.7 million, representing an increase of 20.7%, as compared to the revenue of HK\$501.0 million in 2022. Finity, the major brand of the Group, contributed HK\$228.9 million to the retail business in 2023, representing a slight decrease of 4.7%, as compared to HK\$240.1 million in 2022.

In terms of the retail revenue analysis by sales channels, sales from the concessionary counters amounted to HK\$189.6 million (2022: HK\$126.8 million), accounting for 31.4% of total retail revenue for the year ended 31 December 2023. Sales from e-commerce, self-operated stores and franchisees for the year ended 31 December 2023 amounted to HK\$296.7 million (2022: HK\$267.0 million), HK\$4.7 million (2022: HK\$4.7 million) and HK\$113.7 million (2022: HK\$102.6 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 2023. 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 year ended 31 December 2023, the revenue from the property investment business amounted to HK\$60.3 million, representing a slight increase of 1.0% as compared with HK\$59.7 million in 2022.

Liquidity and financial resources

The Group continues to retain a solid financial position. During the year ended 31 December 2023, the Group's working capital needs were principally supported by the financial resources generated from its ordinary course of business. As of 31 December 2023, the cash and cash equivalents were HK\$308.3 million, representing a decrease of 39.0% from HK\$505.5 million as of 31 December 2022. The Group had bank borrowings of HK\$383.3 million as of 31 December 2023 (2022: HK\$322.8 million). The debt to equity ratio (total borrowings as a percentage of total equity) was 19.1% (2022: 13.7%). The Directors consider that the Group has adequate financial resources to support its working capital requirement and future expansion.

(3) Business outlook

In 2024, various factors, such as the slowing down of global economic growth, high inflation rates, tight monetary policies and the geopolitical conflicts, will continue to affect the global economic and trade activities. The weak demand growth momentum of the international market, which will become one of the difficulties faced by the OEM business of the Group. Such difficulties, coupled with the unfavorable factors, such as trade protectionism and supply chain restructuring worldwide, will continue to impose great pressure on the export business of the Group. Nonetheless, the Group has also seen new changes in the export trade data in 2023. The market share of China's apparel items had undergone significant adjustments in 2023, and over 50% of the export trade was shipped to the participant countries of the Belt and Road Initiative, especially Russia, Singapore, and Saudi Arabia, indicating the emergence of the new export markets. As such, the Group will continue to strive to adapt ourselves to market changes and develop new trading partners and global markets.

The domestic retail market in the PRC has also been under pressure. Although the domestic consumption in the PRC has been gradually recovering since the end of 2023, the growth of the distributable income was limited, the consumers' actual purchasing power experienced a decrease, and the consumption level and potential was suppressed from release, thereby imposing a pressure on the growth of brand retail business. However, while seeing difficulties, the Group also witnessed further clarifications of and the explosive growth in market segments such as domestic product consumption, green consumption, health consumption, consumption of silver-haired generation, ice and snow resort consumption. Therefore, the Group's retail business will further focus on various segments and hot spots in 2024, especially sportswear, new Chinese-style clothing and green and environmentally friendly clothing. Meanwhile, the Group will further enhance the application of digital technology and promote the innovation of the Group in retail model.

(4) Human resources

As of 31 December 2023, the Group had 4,217 full-time employees. Staff costs for the year 2023 stand at HK\$378.3 million, representing an increase of 2.3% when compared with HK\$369.7 million for the year 2022.

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.

(5) Reason for the delay in publication of the annual results announcement for the year ended 31 December 2023

In preparation of the Group's consolidated financial information for the year ended 31 December 2023, the Group's management team identified certain discrepancies in the inventory balance shown in the operating and the financial reporting and analysing systems of the Group. Additional time is therefore required by the auditors of the Company, PricewaterhouseCoopers ("PwC"), to complete the performance of the required auditing procedures for the year ended and as of 31 December 2023. Based on the identified facts, the Directors believe that this issue was primarily caused by the different treatments of the amount of the impairment provision of the slow-moving inventory of different brands of the finished products of the retail business of the Group made by the Group at the consolidation level which might not be fully and consistently reflected at the operational level.

The Directors also consider that this was not due to any fraudulent act committed by any staff of the Group, but it might be attributable to the lack of regular and item-to-item matching and reconciliation in the quantity of the balance of inventory of all brands of the finished products of the retail business of the Group.

The impairment provision on the slow-moving finished products produced reduced the monetary balance of such inventory as recorded at the consolidation level, but it has not been adjusted accordingly in the quantity and the amount recorded in the enterprise resource systems of the relevant subsidiary of the Company. At the operational level, those slow-moving finished products have either been sold (in bulk at discounted prices) or given away (as business gifts or promotional items) to customers as part of the seasonal business promotion strategies and the ordinary business of the Group.

CAPITAL EXPENDITURE AND COMMITMENTS

The Group exercised careful control over capital expenditure. The Group incurred capital expenditures of HK\$362.5 million for the year ended 31 December 2023 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 2023 amounted to HK\$117.2 million, which were mainly related to the construction of the China Ting International Fashion Base.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES

The Group did not have any significant investment, material acquisition or disposal during the year ended 31 December 2023.

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 year, approximately 30.9% and 69.1% of revenue were denominated in USD and RMB respectively, and approximately 7.4% and 92.6% of purchase of raw materials were denominated in USD and RMB respectively.

As of 31 December 2023, approximately 23.4%, 74.0% and 2.0% of cash and bank balances were denominated in USD, RMB and HK\$, respectively, and approximately 54.6% and 45.4% 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

Save as the delay in the publication of this results announcement, there was no material subsequent event undertaken by the Group after 31 December 2023 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 year ended 31 December 2023.

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 year ended 31 December 2023.

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. CHENG Chi Pang, Mr. WONG Chi Keung and Mr. LEUNG Man Kit. 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 financial year ended 31 December 2023 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 PRICEWATERHOUSECOOPERS HONG KONG

The financial figures in respect of the Group’s consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2023 as set forth in this preliminary announcement have been agreed by the Group’s auditor, PwC, to the amounts set forth in the Group’s audited 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 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 of the Company during the year ended 31 December 2023.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2023 containing all the information required by Appendix D2 to the Listing Rules and other applicable laws and regulations will be despatched to the shareholders (the “**Shareholders**”) of the Company and published on the websites of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company on or before 19 June 2024.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The annual general meeting (the “AGM”) of the Company will be held on Friday, 12 July 2024. The register of members of the Company will be closed from Tuesday, 9 July 2024 to Friday, 12 July 2024 (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 Monday, 8 July 2024.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2023.

RESUMPTION OF SHARE TRADING

At the request of the Company, trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on 2 April 2024 pending the publication of this results announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the shares of the Company on the Stock Exchange with effect from 9:00 a.m. on 3 June 2024.

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

Hong Kong, 31 May 2024

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