

CHINA TING GROUP

華鼎集團

**2005 Annual Results  
Corporate Presentation**

**April 2006**



# Agenda

- ▶▶ Achievements in 2005
- ▶▶ Financial Highlights
- ▶▶ Business Review
- ▶▶ Future Plans and Strategies
- ▶▶ Open Forum



# Achievements in 2005



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# Achievements in 2005

- ▶ Established three core business lines
- ▶ Further expanded business in the US & Europe
- ▶ Expanded retail network with the addition of 31 outlets, adding up to 302 outlets as at 31 Dec 2005
- ▶ Entered into strategic alliance with Burlington House for development of the home textile business

**One-stop  
Garment  
OEM  
Solutions**

**Branded  
Fashion  
Retailing**

**Home Textile  
Manufacturing**

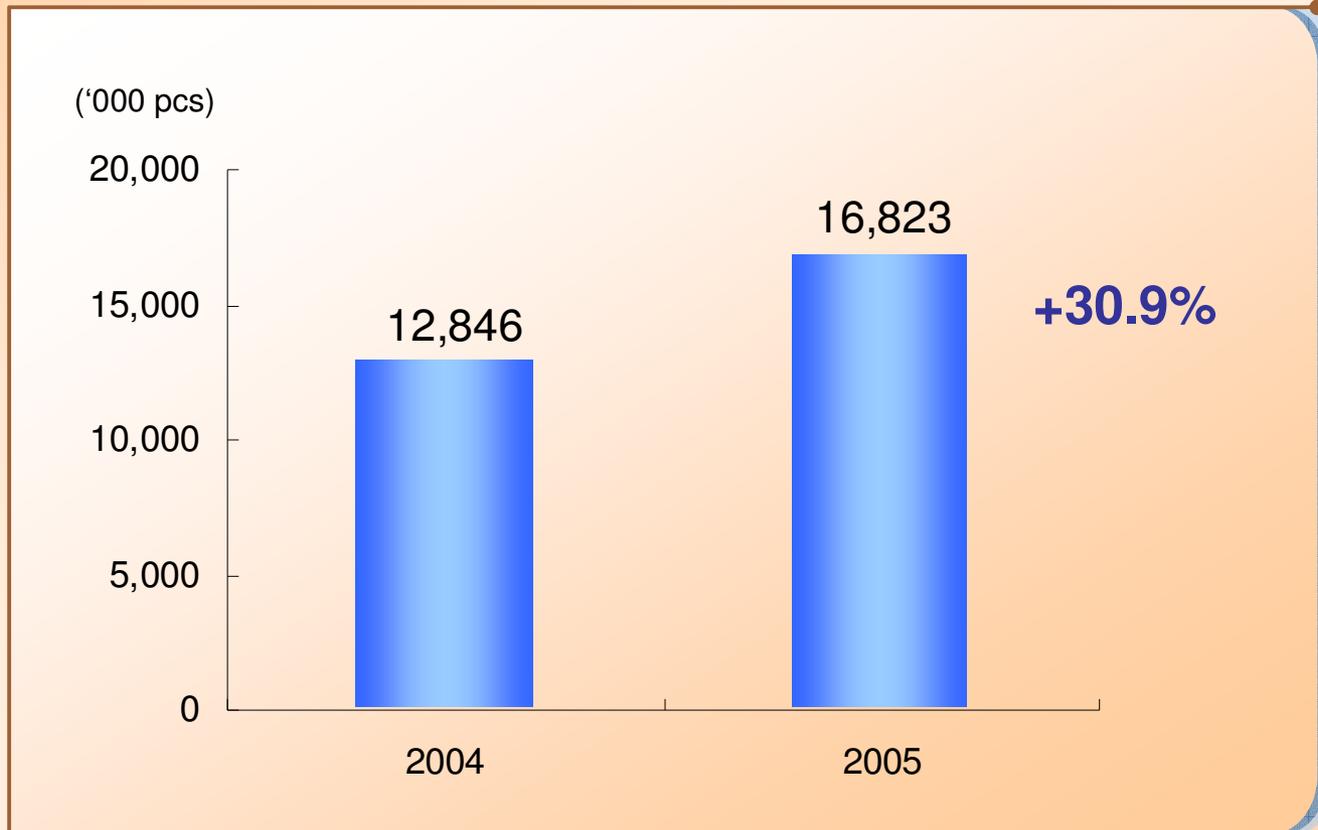
  
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# Strong Volume Growth

▶ Continual growth in sales volume of OEM business



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# Financial Highlights



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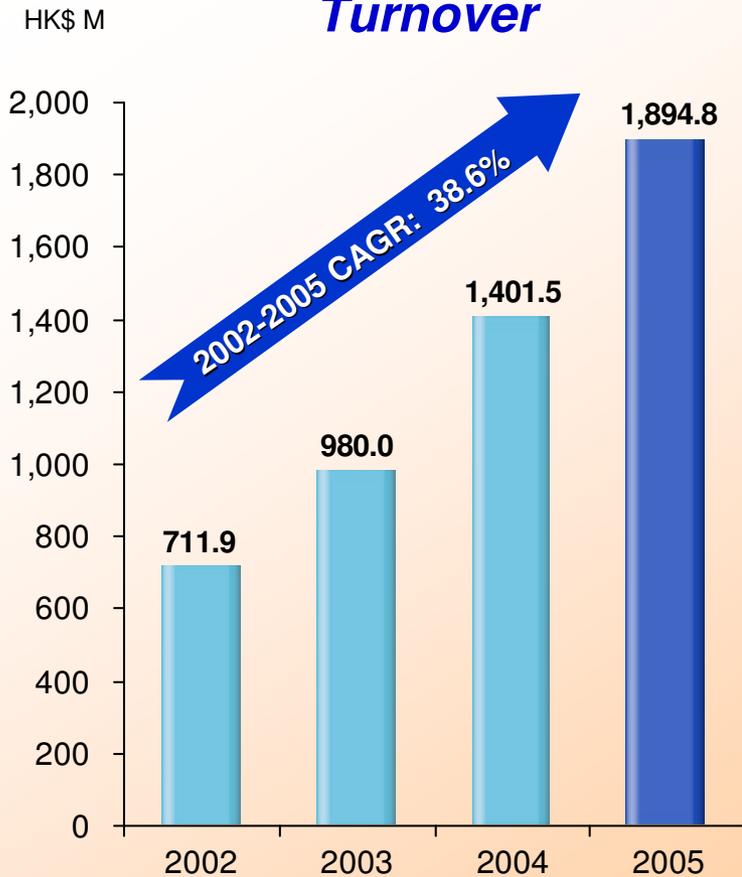
# Financial Highlights

<i>For the year ended 31 Dec (HK\$ M)</i>	<b>2005</b>	<b>2004</b>	<b>Change (%)</b>
<b>Turnover</b>	<b>1,895</b>	<b>1,401</b>	<b>35.3%</b>
<b>Gross profit</b>	<b>693</b>	<b>434</b>	<b>59.6%</b>
<b>Net profit</b>	<b>381</b>	<b>193</b>	<b>97.4%</b>
<b>Basic EPS (HK cents)</b>	<b>25.15</b>	<b>12.94</b>	<b>94.4%</b>
<b>Dividend per share (HK cents)</b>	<b>4.6</b>	<b>N/A</b>	<b>N/A</b>

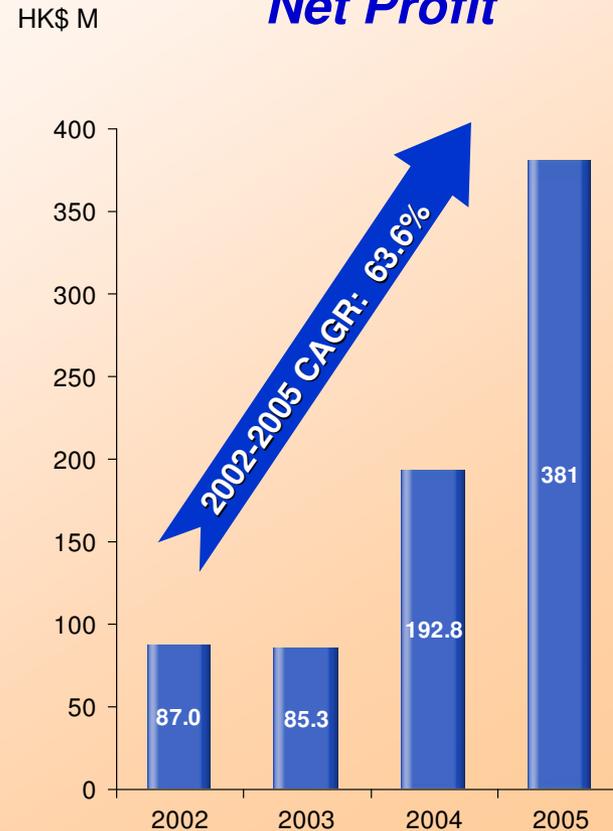


# Impressive Growth

## Turnover

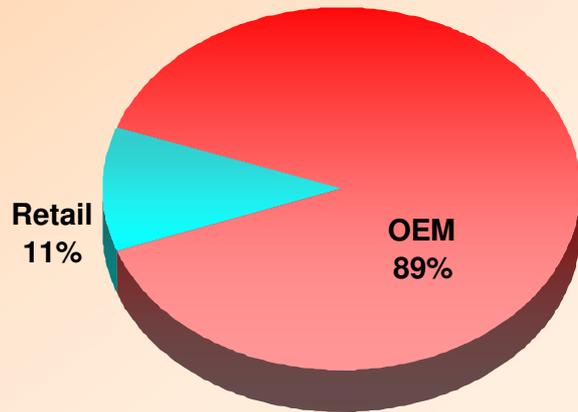


## Net Profit

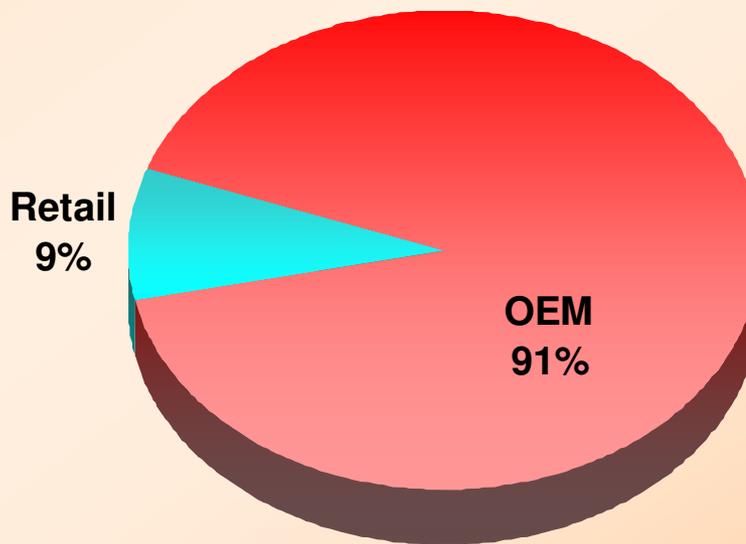


# Turnover by Business

2004



2005

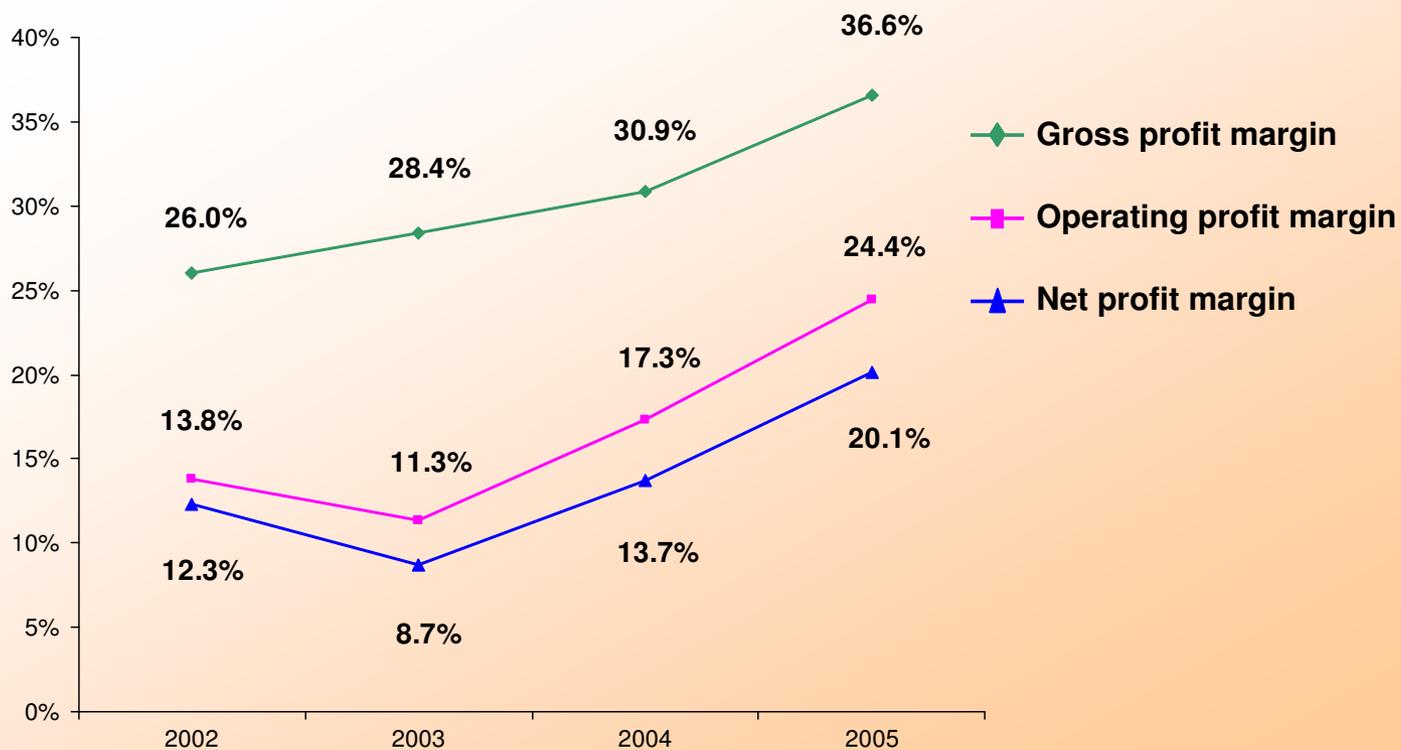


*For the year ended 31 December*



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# Expanding Margins



\* Including non-recurring income



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# Strong Financial Position

<i>For the year ended 31 Dec</i>	<b>2005</b>	<b>2004</b>
<b>Cash on hand (million)</b>	<b>970.7</b>	157.5
<b>Current ratio (times)</b>	<b>3.7</b>	1.2
<b>A/R turnover days</b>	<b>40</b>	43
<b>Trade payable turnover days</b>	<b>54</b>	74
<b>Inventory turnover days</b>	<b>39</b>	43
<b>Net debt to equity (%)</b>	<b>Net Cash</b>	10.5



# Business Review



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# Increasing Capacity

- ▶ High operating efficiency at the China Ting Industrial Complex

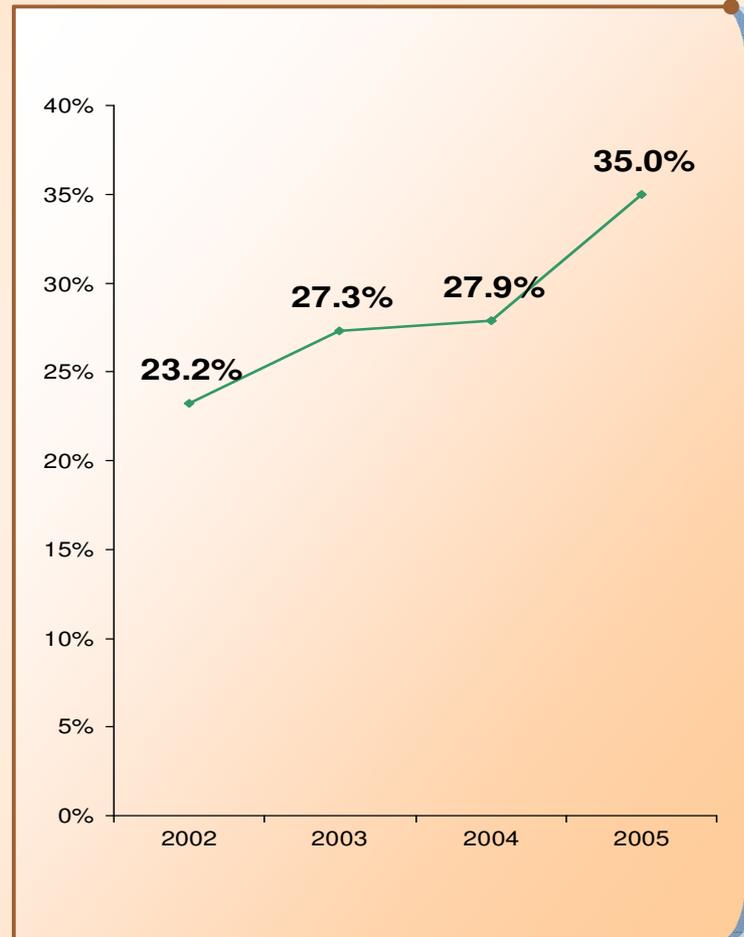
Unit: '000 pcs / '000 metres	2005		2004	
	Estimated maximum output	Approximate utilisation (%)	Estimated maximum output	Utilisation (%)
<b>OEM garment manufacturing</b>	17,500	96.1	12,750	89.6
<b>Silk or other fabric weaving</b>	6,920	82.0	2,230	92.4
<b>Home textile fabric weaving</b>	910	87.9	910	92.3



# One-stop Garment OEM Solution

- ▶ A dominant silk apparel manufacturer and exporter in China
- ▶ Further benefited from the vertically integrated setup to expand profit margins
- ▶ Tapped opportunities in Europe with the signing up of new customers

*Garment OEM Gross Margin*

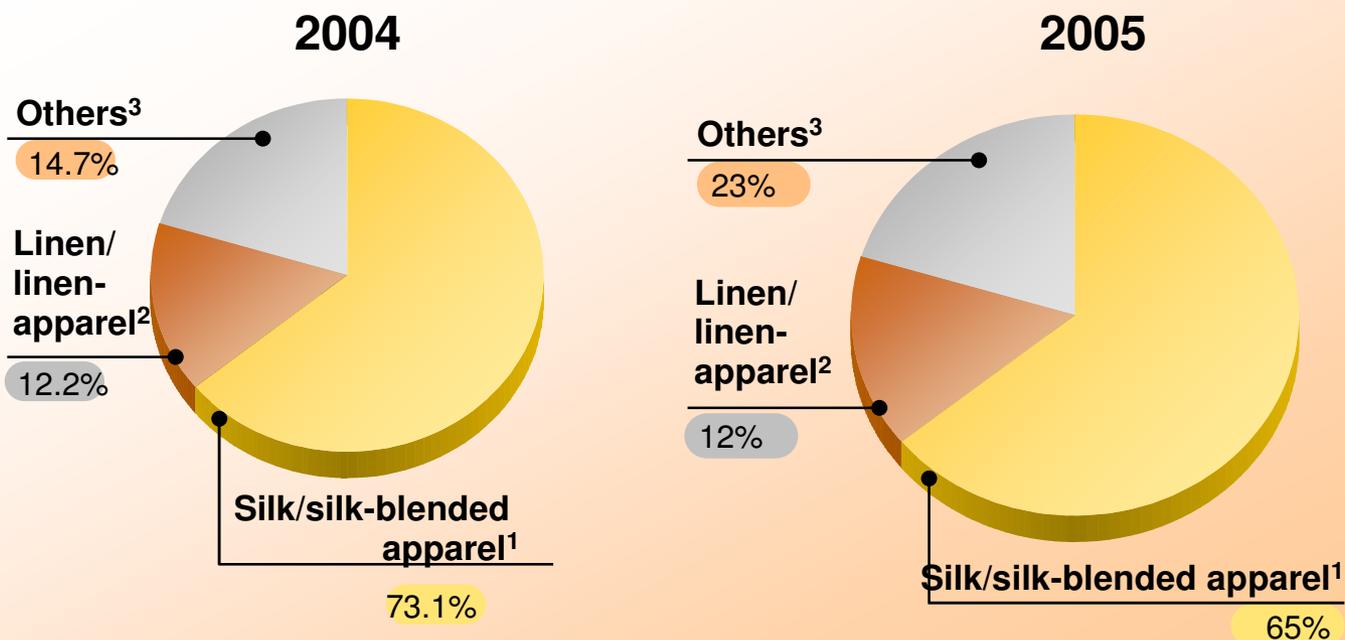


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# One-stop Garment OEM Solution

- ▶ Market leading fabric innovator, immune to import/export quota

## Turnover by Materials



1. Garment with >50% silk content
2. Garment with >50% linen content
3. Other garment incl. garments made principally of cotton, polyester and wool

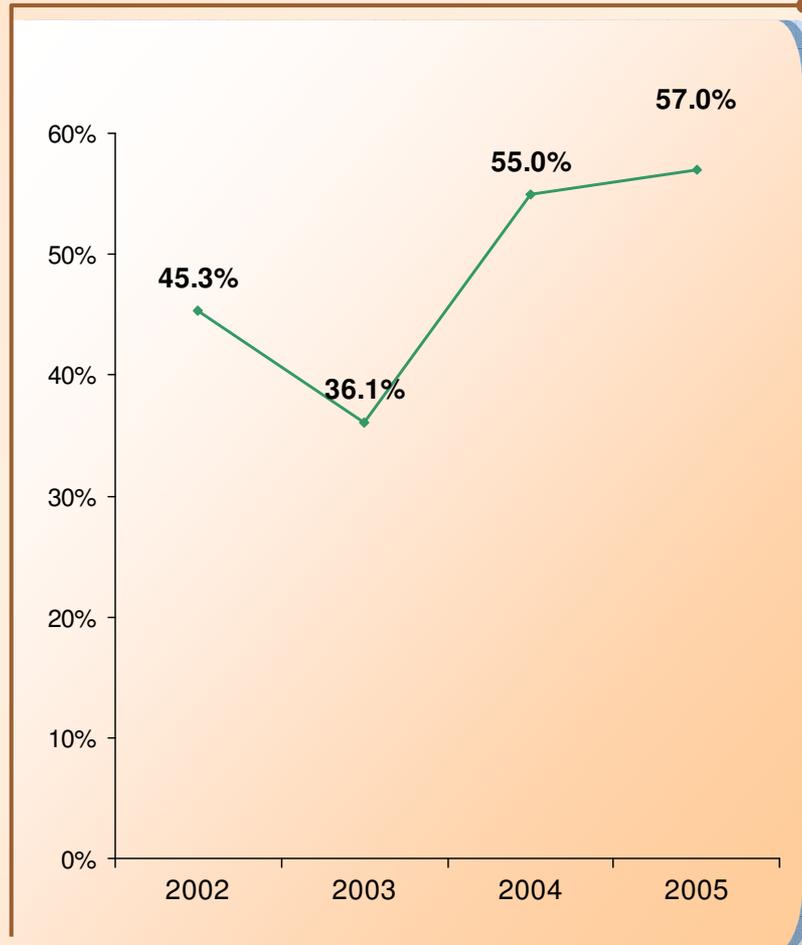


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# Branded Fashion Retailing

## Branded Fashion Retailing Gross Margins

- ▶ Leverage on the Group's expertise in garment manufacture
- ▶ Impressive gross profit margin as a truly one-stop manufacturer from design, manufacture to retailing

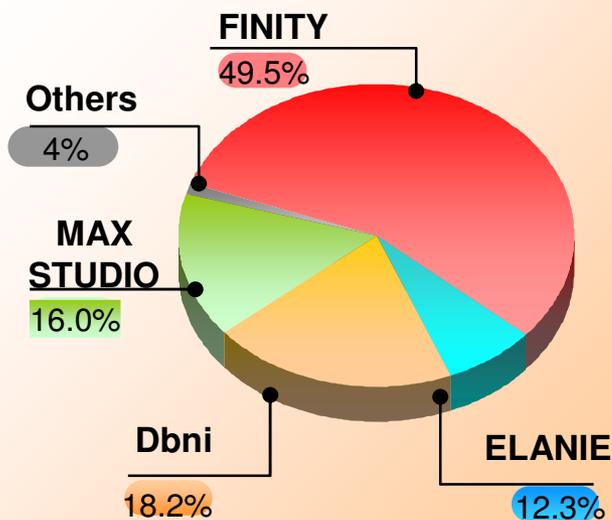


# Branded Fashion Retailing

## Number of retail outlets

As at 31 Dec	2005	2004
<b>In-house brand</b>		
FINITY	148	140
Dbni	80	78
ÉLANIE	26	21
RIVERSTONE	14	-
<b>Licensed brand</b>		
Springfield	-	6
MAX STUDIO	34	26
<b>TOTAL</b>	<b>302</b>	<b>271</b>

## Retail Turnover (by brand)



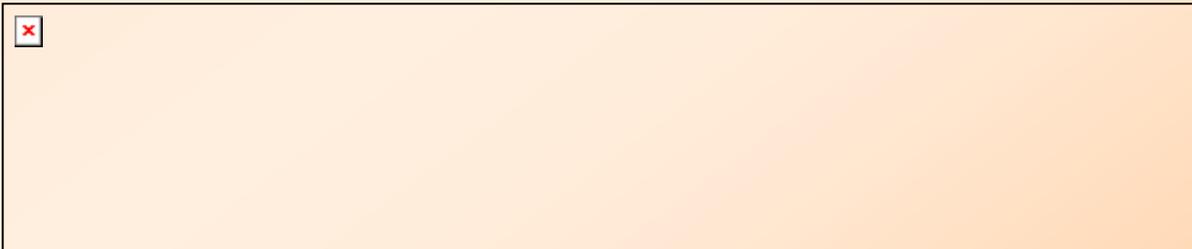
For the year ended 31 December 2005



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# Home Textile Manufacturing

- ▶ Entered into agreement with Burlington Industries Inc.
  - Manufacture and distribute home textile products in the PRC bearing the BURLINGTON HOUSE trademark
- ▶ Produced over 800,000 meters of refined home textile fabrics made from a full range of materials



# Future Plans & Strategies

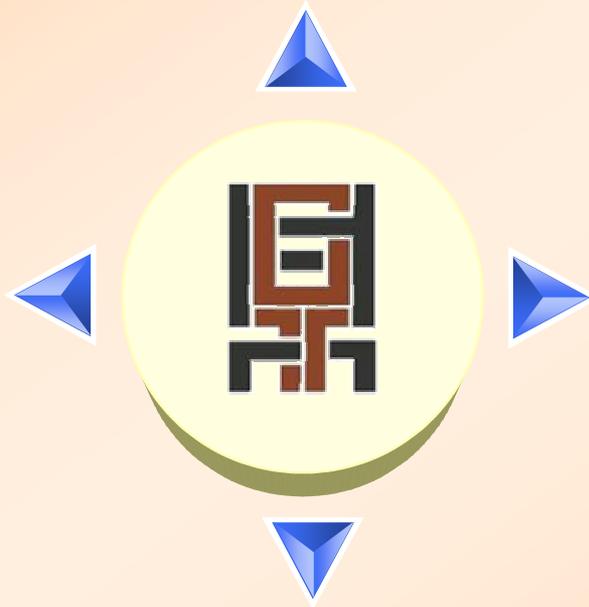


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# Growth Strategies

Expand branded  
apparel retail business

Further develop  
European OEM  
business



Build up its home  
textile business

Increase production capacity and  
enhance capability



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# Garment OEM Solution

## Further expand OEM business market

- ▶▶ Accelerate the development in European market to diversify revenue base
- ▶▶ Enlarge clientele base
- ▶▶ Expand into non-silk OEM business

## Increase production capacity and enhance capability

- ▶▶ Construct new production plants in Hangzhou and Qiandaohu



	Capacity Increase	Completion
<b>Hangzhou</b>	2 mil pcs	Mid of 2006
<b>Qiandaohu</b>		
▶▶ Phase I	3 mil pcs	2007
▶▶ Phase II	3 mil pcs	2008



# Branded Apparel Retailing

## Expand branded apparel retail business

- ▶ Establish strategic alliance with existing business partners to introduce well-known brands to China
- ▶ Strengthen brand and store images and enhance service quality
- ▶ Open new shops outside China such as Hong Kong
- ▶ Strengthen sales and marketing efforts to enhance brand awareness

## Store expansion plan in 2006 & 2007

	As at 31 Dec 2005	By Dec 2006	By Dec 2007
<b>In-house brand</b>			
FINITY	148	175	210
Dbni	80	90	110
ÉLANIE	26	40	50
RIVERSTONE	14	20	35
<b>Licensed brand</b>			
MAX STUDIO	34	40	50
<b>TOTAL</b>	<b>302</b>	<b>365</b>	<b>455</b>



# Home Textile Manufacturing

## Strengthen home textile business

- ▶▶ Plan to construct new production facilities to increase processing capacity to 23 million meters of home textile fabrics
- ▶▶ Launch the first BURLINGTON HOUSE retail store in the PRC in second half of 2006
- ▶▶ Open around 15 retail shops by end of 2007



# Future Capex Plan

HK\$

## Apparel OEM business

259.1 mil

- ▶ Construction of new OEM production plants in Hangzhou and Qiantaohu
- ▶ Construction of a new design development and exhibition centre in Hangzhou

23.0 mil

## Retail Business

114.0 mil

## Home textile business

- ▶ Construction of new dyeing, printing and finishing plant
- ▶ Construction of a new production plant and acquisition of weaving machines

141.7 mil

102.8 mil

## Others

- ▶ Quality Investment

120 mil



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# Open Forum



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