



CHINA TING GROUP  
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# 2006 Annual Results Corporate Presentation

March 2007

# Agenda

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 Major Achievements

 Financial Highlights

 Business Review and Strategies

 Open Forum





# Major Achievements



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# Major Achievements

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- ▣ Growth momentum accelerated in 2H06 on the basis of the performance in 1H06
- ▣ Recorded substantial sales growth for non-silk apparel OEM business
- ▣ Extended network and achieved a higher margin for retail business
- ▣ Co-operated with Lee-Coopers to launch its renowned jeans apparel throughout the PRC
- ▣ Commenced production of its 2-million-pieces new production plant in Hangzhou
- ▣ Net profit breaks through HK\$400 million
- ▣ Selected as one of the constituents stock of both the Hang Seng Composite Index Series and the Hang Seng Freefloat Index Series





# Financial Highlights



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# Financial Highlights

HK\$ 'mil	2006	2005	Change
Turnover	1,920	1,895	+1.3%
Gross profit	670	693	-3.2%
Net profit	409	381	+7.2%
Basic EPS (HK cents)	19.79	*25.15	N/A
Dividend per share (HK cents)			
- Ordinary (Interim & Final)	9.8	4.60	+113.0%
- Special (Interim & Final)	3.6	N/A	N/A

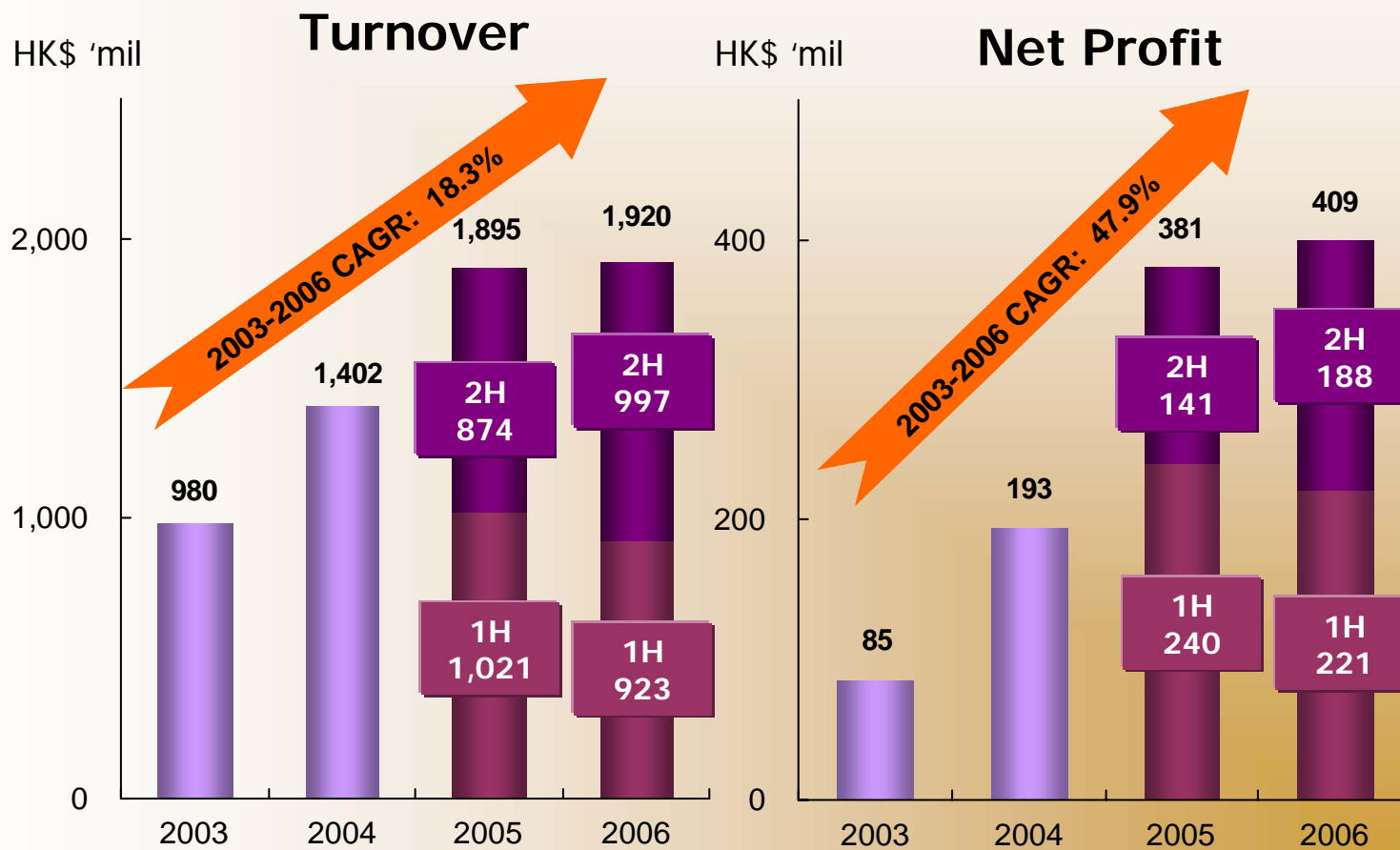
*For the year ended 31 December*

*\* The Company listed on 15 December 2005*



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# Sustained Growth



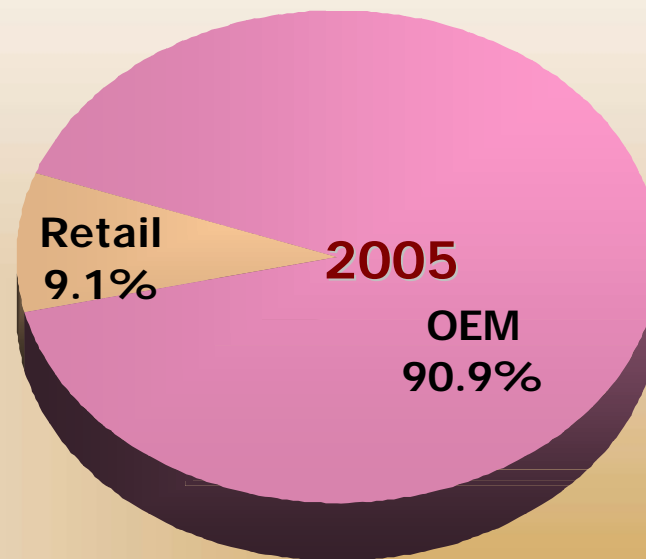
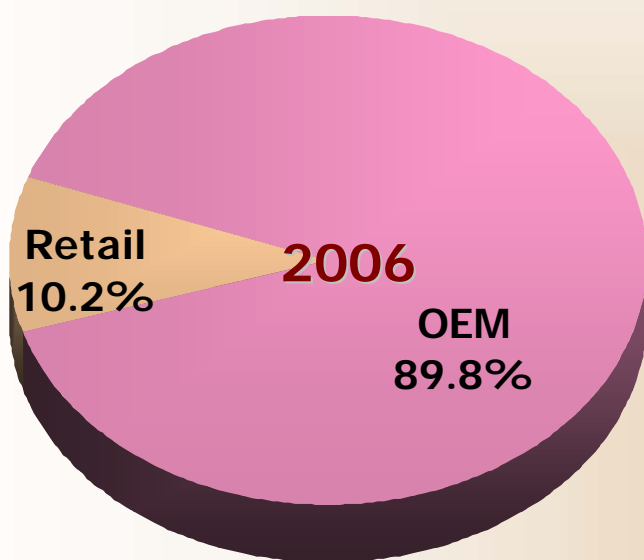
*For the year ended 31 December*



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# Turnover by Business



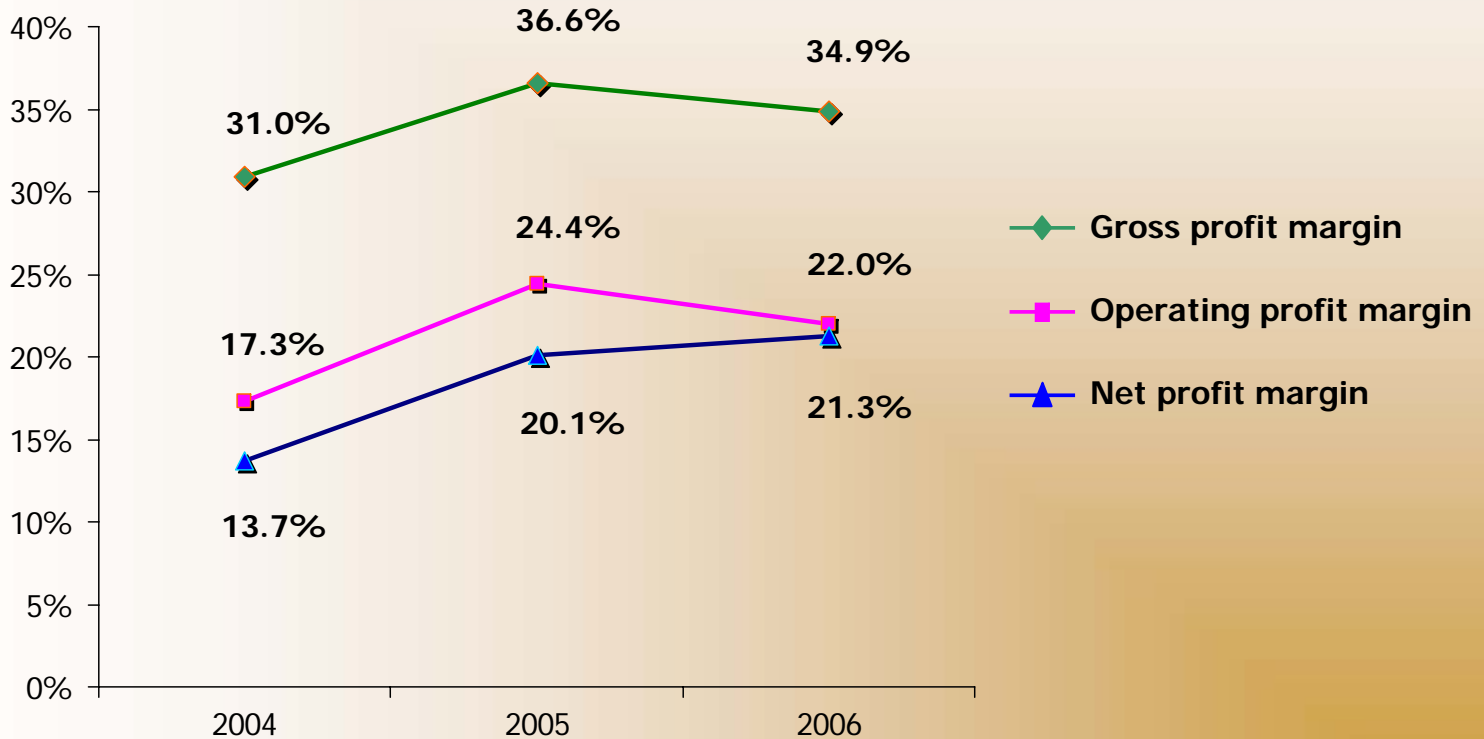
*For the year ended 31 December*



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# Overall Margin Review



*For the year ended 31 December*

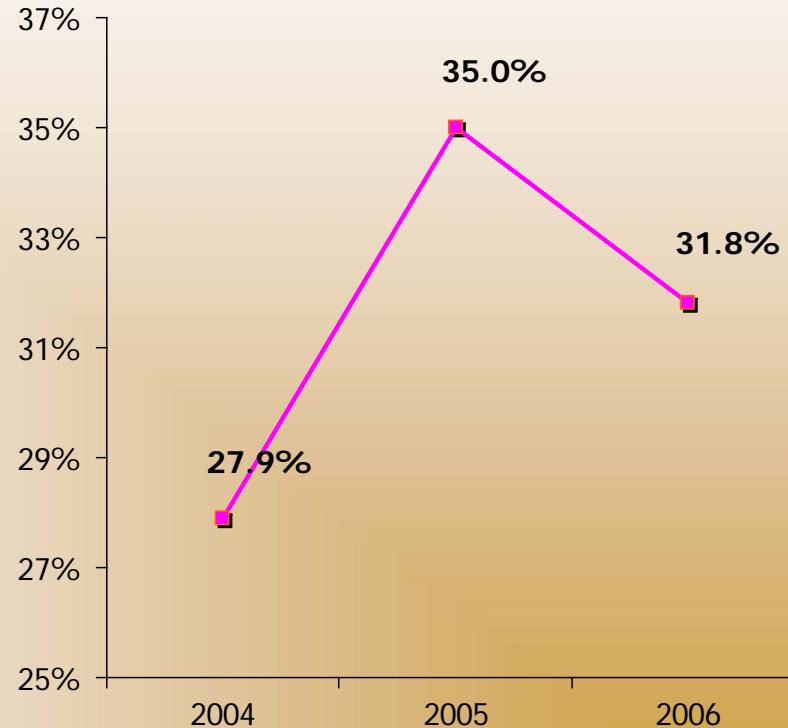


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# Segment Margin: Garment Manufacturing

- More non-silk items; exceptional high rise in raw silk price; and RMB appreciation
- Successfully diversified sales efforts to other apparels which achieved double-digit sales growth
- Maintained a more balanced clientele in EU countries

Garment OEM gross margin



*For the year ended 31 December*

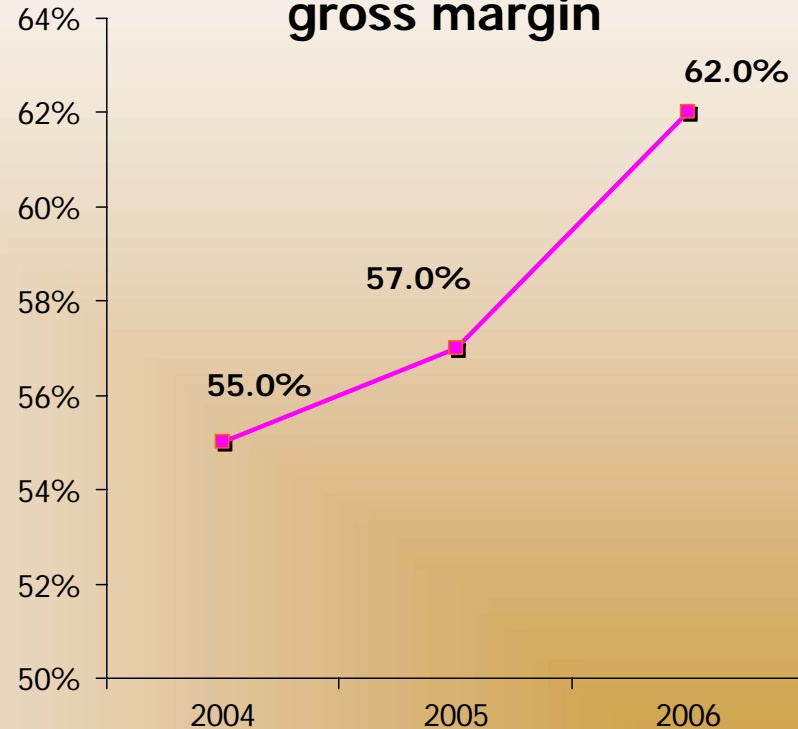


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# Segment Margin: Retailing

- Sales surged by 13.8% to HK\$197 million
- Enhanced same store sales growth and production efficiency

**Branded fashion retailing gross margin**



*For the year ended 31 December*



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# Key Figures

	2006	2005
Cash on hand (HK\$ 'mil)	838	971
Current ratio (times)	4.4	3.8
A/R turnover days	51	40
Trade payable turnover days	59	54
Inventory turnover days	54	39
Net debt to equity (%)	Net Cash	Net cash

*For the year ended 31 December*



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# Business Review & Strategies



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# Overall Capacity Growth

	2006	2005
'000 pcs/'000 meters	Max. output (E)	Max. output (E)
OEM garment manufacturing	18,500	17,500
Silk or other fabric weaving	8,000	6,920
Home textile fabric weaving	2,000	910

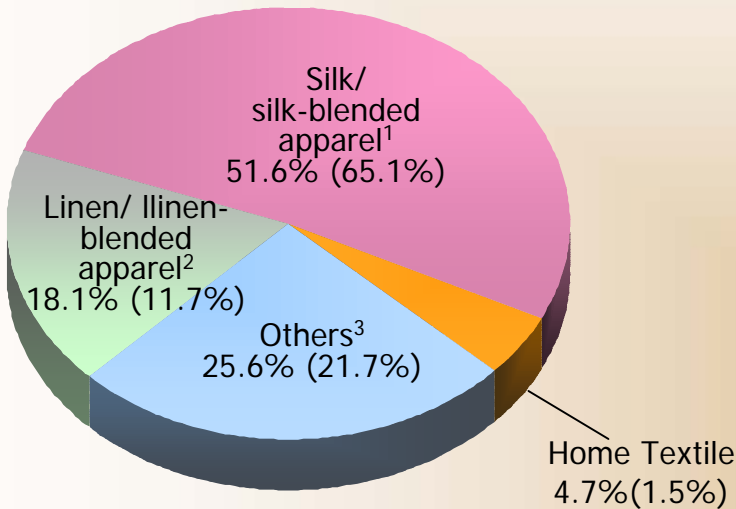
*For the year ended 31 December*



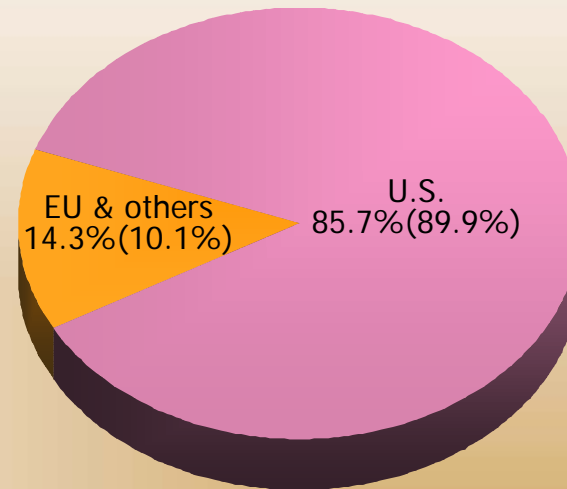
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# Garment OEM Breakdown

## OEM Sales by Materials



## OEM Sales by Locations



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

*For the year ended 31 December 2006  
Comparative figures for FY2005 in brackets*



# Garment OEM Solution

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## ▣ Accelerated growth momentum

- ▣ Raw silk price was stabilized from 2H 2006 onward, orders from customers increased
- ▣ Expand non-silk OEM and ODM to tap into higher-margin sectors
- ▣ Further explore EU market to enlarge and diversify income source

## ▣ Enhance capacity by continual organic expansion

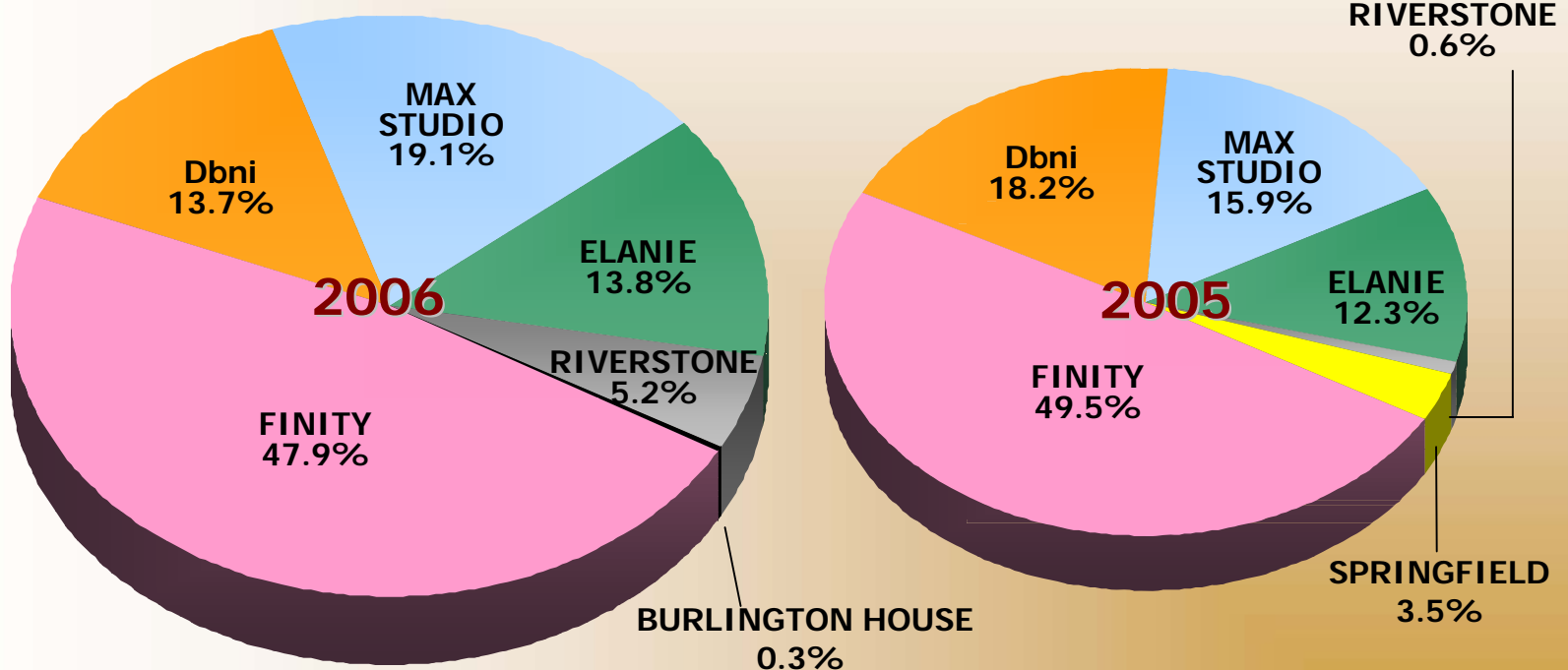
- ▣ Acquire and upgrade equipments and machineries to optimize efficiency, enhancing production capacity by 20%





# Fashion Retailing Breakdown

## Retail Sales by brand



*For the year ended 31 December 2006*



# Branded Fashion Retailing

- ▣ Open new stores throughout China
  - Plan to open 10 new store for Lee Coopers in 2007
- ▣ Continue to seek cooperation opportunities with international renowned brands
- ▣ Strengthen market positioning by consolidating four in-house brands into two
- ▣ Enhance marketing efforts to strengthen brand awareness

Number of retail outlets	By 2007
<b>In-house brand</b>	
FINITY	210
Dbni	110
Elanie	50
RIVERSTONE	35
<b>Licensed brand</b>	
MAX STUDIO	50
Lee Coopers	10
<b>Total</b>	<b>465</b>



# Home Textile Business

- ▣ Sales of home textile business surged 226% to HK\$82 million
- ▣ Produced more than 2 million meters of refined home textile fabrics in 2006
- ▣ Opened 5 new retail shops carrying the brand of "BURLINGTON HOUSE"



# Future Capex Plan

	HK'mil
<b>OEM business</b>	
▣ Construction of new OEM production plants in Hangzhou	100
▣ Machinery enhancement for factories in Hangzhou	30
▣ Construction of a new production plant for wool fabric and acquisition of weaving machines	150
<b>Retail Business</b>	
▣ Expansion of retail shops and programmes for strengthening the in-house fashion brands and images	30





# Open Forum



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