

On behalf of the board (the “**Board**”) of Directors (the “**Directors**”) of China Ting Group Holdings Limited (the “**Company**”), I am pleased to present you the first annual report of the Company and its subsidiaries (collectively, the “**Group**”) after the listing of the Company's shares (the “**Shares**”) on the main board (the “**Main Board**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 15 December 2005.

For the financial year ended 31 December 2005, the Group's turnover reached approximately HK\$1,894.8 million, representing an increase of approximately HK\$493.3 million or approximately 35.2%, as compared to approximately HK\$1,401.5 million in the financial year 2004. Net profit of the Group recorded approximately HK\$381.0 million, representing an increase of approximately HK\$188.2 million or approximately 97.6%, as compared to approximately HK\$192.8 million in the financial year 2004.

Continuing the success in the financial year 2005, the Group will continue to expand its production capacity by acquiring new machines for the existing factories and constructing new factories for the OEM business. The Group has already incurred approximately HK\$53.5 million for the construction of a new production plant for men and women's suits made of synthetic fabric. We expect the new production plant to commence commercial production in the second half of 2006. Upon commencement of commercial production of the new production plant, the estimated annual production capacity of the Group will increase by approximately two million pieces of apparel.

In February 2006, the Group signed an agreement with Chunan Bureau to acquire the land use right for a piece of industrial land located in Qiandaohu to construct a new apparel production base with an estimated annual production capacity of approximately six million pieces of apparel. The construction of this production base commenced in March 2006, and we anticipate the first stage and the final stage of construction to be completed in the first half of 2007 and the second half of 2008, respectively. The total estimated investment cost of this project is approximately HK\$234.0 million.

The retail business of the Group experienced a strong growth during the past few years. Mainland China will continue to be the major retail market of the Group. The Group will continue to expand its retail network for its own brands and the licensed brand by increasing the number of retail outlets and establishing flagship specialty shops in major cities in Mainland China, such as Beijing, Shanghai, Hangzhou and Guangzhou. The Group will strengthen the brand image through a number of initiatives including renovation of retail outlets, strengthen advertising and promotional activities, and inviting VIP customers to promotional sales and fashion shows and exhibitions.

## Chairman's Statement

As at 31 December 2005, the total number of retail outlets of the Group was 302, representing 11.4% increase, as compared to 271 retail outlets as at 31 December 2004. By the end of 2006, the estimated total number of retail outlets will achieve 365.

In order to provide customers with a diverse range of choices and enhance the Group's market profile, the Group has incurred approximately HK\$8.0 million to establish a product design, development and exhibition centre. The Directors consider that after completion of this development and exhibition centre in the second half of 2006, the Group will have strong design and development capability in fabric and apparel which will further strengthen the Group's competitive edge.

The Group has been granted an exclusive right from Burlington Industries LLC, a leading fabric provider of apparel and home textiles, to sell and distribute *BURLINGTON HOUSE* home textile products in Mainland China. The Group plans to set up at least five retail stores in 2006 and the first retail store will be open in May 2006. As the Group is experienced in retail business with extensive retail network in Mainland China, together with the growing consumption power in Mainland China, we are confident that the Group is in the best position to achieve good result in the home textile retail business.

The Shares have been listed on the Main Board of the Stock Exchange since 15 December 2005. The Directors believe that the initial public offering enables the Group to access to international capital markets and provides the Group with a solid platform for future business growth. Looking forward, we are very optimistic about the business prospects of the Group.

Finally, on behalf of the Board, I would like to thank all the management and staff member of the Group for their hard work and dedication and valuable contribution to the business of the Group. I would also like to thank our shareholders, investors and business associates for their continuing support to the Group.

**TING Man Yi**

*Chairman*

11 April 2006