Active Group Holdings Limited
動感集團控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1096

Interim Report 2011

* For identification purpose only

Contents

Corporate Information

DIRECTORS

Executive Directors

Ms. Cai Xiuman *(Chairman)*
Mr. Zhang Wenbin *(Chief Executive Officer)*
Mr. Huang Jianren *(Chief Operating Officer)*
Mr. Chen Yuanjian *(Chief Financial Officer)*

Independent non-executive Directors

Mr. Wu Xiaoqiu
Mr. Ye Lin
Mr. Lee Ho Yiu Thomas

COMPANY SECRETARY

Miss. Yau Suk Yan *CPA*

AUDIT COMMITTEE

Mr. Lee Ho Yiu Thomas *(Chairman)*
Mr. Wu Xiaoqiu
Mr. Ye Lin

REMUNERATION COMMITTEE

Mr. Ye Lin *(Chairman)*
Mr. Wu Xiaoqiu
Mr. Lee Ho Yiu Thomas

NOMINATION COMMITTEE

Mr. Wu Xiaoqiu *(Chairman)*
Mr. Ye Lin
Mr. Lee Ho Yiu Thomas

AUTHORISED REPRESENTATIVES

Mr. Chen Yuanjian
Miss. Yau Suk Yan *CPA*

COMPANY WEBSITE

www.activegroup-int.com

REGISTERED OFFICE

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Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Shoes Industrial Park
Baogai Town
Shishi City
Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office C, 21st Floor
Legend Tower
No. 7 Shing Yip Street
Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
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Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
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Hopewell Centre
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Wan Chai
Hong Kong

AUDITORS

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road, Central
Hong Kong

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

LEGAL ADVISER

Stephenson Harwood
35th Floor, Bank of China Tower
1 Garden Road
Central
Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China, Shishi Branch
China Construction Bank, Shishi Branch
Industrial Bank of China, Shishi Baohu Branch
Industrial and Commercial Bank of China, Xiamen Branch

Financial Highlights

The shares of Active Group Holdings Limited (the "Company") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 September 2011 (the "Company's Listing").

The board (the "Board") of directors (the "Directors") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2011, together with the comparative amounts for the corresponding period in 2010. Unless the context otherwise requires, capitalised terms used in this interim report shall have the same meanings set out in the prospectus of the Company dated 16 September 2011 (the "Prospectus").

	For the six months ended 30 June	
	2011	2010
Profitability data (RMB'000)		
Turnover	280,355	181,941
Gross profit	90,339	56,363
Operating profit (Note 1)	61,742	42,110
Profit attributable to equity shareholders	44,980	30,591
Earnings per share – basic and diluted (RMB)	0.05	0.03
Profitability ratios (%)		
Gross profit margin	32.2%	31.0%
Operating profit margin	22.0%	23.1%
Margin of profit attributable to equity shareholders	16.0%	16.8%
Effective tax rate	25.6%	26.5%

Financial Highlights

	As at 30 June	
	2011	2010
Assets and liabilities data (RMB'000)		
Cash and cash equivalents	14,246	12,912
Bank loans	60,100	27,500
Net assets	202,300	117,247
Assets and Working Capital data		
Current ratios (times) (Note 2)	1.59	1.41
Gearing ratio (%) (Note 3)	13.4%	10.5%
Inventory turnover days (days) (Note 4)	56	69
Trade and bills receivables turnover days (days) (Note 5)	79	59
Trade and bills payable turnover days (days) (Note 6)	67	43

Notes:

Note 1 Operating profit represented profit before finance costs and income tax expenses.

Note 2 The calculation of current ratios (times) is based on total current assets divided by total current liabilities as at the end of the relevant period.

Note 3 The calculation of gearing ratio is based on the interest-bearing debt divided by the total asset of the Group as at the end of the relevant period.

Note 4 The calculation of average inventory turnover (days) is based on average of opening and closing inventory balances divided by cost of sales and multiplied by the number of days of the relevant period.

Note 5 The calculation of average trade and bills receivables turnover (days) is based on average of opening and closing trade and bills receivables balances divided by turnover (including 17% VAT) and multiplied by the number of days of the relevant period.

Note 6 The calculation of average trade and bills payables turnover (days) is based on average of opening and closing trade and bills payable balances divided by purchases of raw materials and outsourced products (including 17% VAT) and multiplied by the number of days of the relevant period.

BUSINESS REVIEW

The Group is one of the leading men's casual footwear enterprises and brand operators in the People's Republic of China (the "PRC"), focusing on developing and promoting our self-owned and licensed brands for high quality and stylish casual footwear. Leveraging on our multi-branding strategy, the Group manages five brands, two of which are self-owned brands, namely ***Jimaire*** and ***Bull Titan***, and three of which are licensed brands, namely ***Luotuo Brand***, ***Camel Active*** and ***Greiff***, offering a wide range of casual footwear to various segments of middle to upper-middle end consumers. At present, we do not have our own retail sales network. Pursuant to our wholesale business model, we do not sell our products directly to our end consumers but rely on our customers (including distributors and department stores) to retail sell our products to end consumers through retail shops and/or department store counters operated and maintained by our customers. As a result of our strategy in selecting customers who have footwear retail sales network and are experienced in the management and operations of footwear retail business, our products are sold to end consumers nationwide through retail sales network of our customers. As at 30 June 2011, the retail shops and department store counters operated and maintained by our customers reached an aggregate of 497 for ***Jimaire***, 591 for ***Bull Titan***, 424 for ***Luotuo Brand***, 57 for ***Greiff*** and 89 for ***Camel Active***.

We are also engaged in original equipment manufacturer ("OEM") business on manufacturing casual footwear for a number of overseas footwear brands. We maintain well-established and stable relationship with our OEM customers. We produced all of our OEM products in our own production facilities in accordance with the designs provided by our OEM customers.

Our results of operations and financial conditions have been and will continue to be affected by a number of factors, including (i) general economic conditions in the PRC and the growth in disposable income of residents of the PRC; (ii) our ability to differentiate from our competitors; (iii) our ability to expand and optimise the distribution network; (iv) cost of raw materials; (v) purchase costs of outsourced products; (vi) seasonality; and (vii) taxation.

For the six months ended 30 June, 2010 and 2011, we had revenue of RMB181.9 million and RMB280.4 million, respectively, representing an increase of 54.1%.

The following discussion is based on, and should be read in conjunction with, the financial information and the notes thereto included in this interim report.

RESULTS OF OPERATION

The Group continued to benefit from the increasing recognition of our brands and the rapid expansion of the retail sales networks operated by our customers. During the six months ended 30 June 2011, the Group recorded revenue and operating profit of RMB280.4 million and RMB61.7 million, achieving growth rates of 54.1% and 46.6%, respectively, as compared with the revenue and operating profit for the corresponding period of 2010. With a growth of the operating profit, the profit attributable to the Company's equity shareholders during the six months ended 30 June 2011 amounted to RMB45.0 million, being an increase of 47.0% as compared with the corresponding period of 2010. These were attributable to the Group's continued effective cost control together with the steady growth of our business operation.

Turnover

Our turnover represents the sales value of goods sold to customers less returns, discounts, value added taxes and other sales tax and which are principally derived from the wholesales of casual footwear, apparel and related accessories to our customers, increased by RMB98.5 million, or approximately 54.1%, from RMB181.9 million for the six months ended 30 June 2010 to RMB280.4 million for the six months ended 30 June 2011, primarily as a result of the following:

Sales of our branded casual footwear

Revenue from the sales of our branded footwear increased by approximately 44.8% from RMB146.9 million for the six months ended 30 June 2010 to RMB212.7 million for the six months ended 30 June 2011, primarily as a result of the growth of 26.8% and 14.1% in sales volume and average selling price of our branded products as compared with those of the six months ended 30 June 2010.

The total number of our branded casual footwear sold increased from 1.1 million pairs for the six months 30 June 2010 to 1.4 million pairs for the corresponding period in 2011. The increase in our sales volume was primarily due to rapid expansion of the retail sales networks operated by our customers from 1,336 sales points as at 31 December 2010 to 1,658 sales points as at 30 June 2011. The average selling price of our branded casual footwear increased from RMB136.1 for the six months 30 June 2010 to RMB155.3 for the corresponding period of 2011.

The overall increase in our sales volume and sales price are contributed by the successful promotion of our brands, improved product design, expansion of our product portfolio, increasing market demand for casual footwear products and rapid growth of the PRC economy.

Sales of our branded apparel and accessories

A significant growth of our branded apparel and accessories, which has increased by 12.7 times from RMB0.6 million for the six months ended 30 June 2010 to RMB8.5 million for the corresponding period of 2011, was mainly contributed by the increasing recognition of one of our licensed brands, ***Greiff***, which was first introduced to the market in late 2009. We will continue to expand our product portfolio and strive to capture market share in the apparel market.

Sales of OEM products

Revenue from our OEM operations increased by RMB24.8 million, or approximately 72.8%, from RMB34.4 million for the six months ended 30 June 2010 to RMB59.2 million for the six months ended 30 June 2011, account for 18.8% of the overall turnover generated for the six months ended 30 June 2010 and 21.1% for the corresponding period of 2011, respectively. We strive to optimise the utilisation of production capacity for our branded products and OEM products.

Gross profit and gross profit margin

Our gross profit increased by RMB33.9 million, or approximately 60.3%, from RMB56.4 million for the six months ended 30 June 2010 to RMB90.3 million for the six months ended 30 June 2011. Our gross profit margin increased from 31.0% for the six months ended 30 June 2010 to 32.2% for the corresponding period of 2011, primarily due to the increasing recognition of our brands in the market thereby allowing the Group to gain price advantage.

Other revenue

Other revenue increased by RMB116,000, or approximately 73.9%, from RMB157,000 for the six months ended 30 June 2010 to RMB273,000 for the six months ended 30 June 2011. The increment was primarily due to receipt of PRC government subsidies in the sum of RMB120,000 during the six months ended 30 June 2011.

Other net loss

We had other net loss of RMB36,000 for the six months ended 30 June 2011, as compared to other net loss of RMB6,000 for the six months ended 30 June 2010. This was primarily due to the foreign exchange loss recorded when we received settlement from customers in USD.

Selling and distribution expenses

Our selling and distribution expenses increased by RMB10.2 million, or approximately 159.6%, from RMB6.4 million for the six months ended 30 June 2010 to RMB16.6 million for the six months ended 30 June 2011, primarily as a result of additional brand promotion activities, especially for our two licensed brands, ***Camel Active*** and ***Greiff***, which are new to the market as compared to the other brands of the Group. During the six months ended 30 June 2011, we expended approximately RMB7.6 million for brand promotion activities, representing approximately 2.7% of our turnover. We also incurred RMB2.9 million royalty fee paid to CMLC Asia Sdn Bhd during the second half of 2010 for the exclusive licence to use the ***Camel Active*** trademark in connection with the manufacture, distribution, sale and promotion of footwear products in the PRC.

Administrative expenses

Our administrative expenses increased by RMB4.3 million, or approximately 52.9%, from RMB8.0 million for the six months ended 30 June 2010 to RMB12.3 million for the six months ended 30 June 2011, primarily attributable to the RMB3.0 million professional fees paid in connection with the Company's Listing as well as increase in salary levels for senior administrative staff recruited for the expansion of our operation.

Finance cost

Our finance costs increased by approximately 168.2% from RMB468,000 for the six months ended 30 June 2010 to RMB1.3 million for the six months ended 30 June 2011, primarily due to an increase in bank borrowings over the period as a result of the continuous expansion of business operation and production volume, and an increase in the effective interest rate for bank borrowings from 5.53% for the six months ended 30 June 2010 to 5.93% for the corresponding period of 2011.

Income tax

Our income tax increased by RMB4.4 million, or approximately 40.3%, from RMB11.1 million for the six months ended 30 June 2010 to RMB15.5 million for the six months ended 30 June 2011, primarily as a result of the increase in our profit before taxation. Our effective tax rate decreased from 26.5% for the six months ended 30 June 2010 to 25.6% for the corresponding period of 2011 respectively. This was mainly attributable to an increase in contribution by one of our subsidiaries which benefited from a lower tax rate under a two-year full exemption followed by a three-year 50% reduction of income tax rate since 2007.

Profit for the period

As a result of the foregoing factors, profit for the period increased by 47.0% from RMB30.6 million for the six months ended 30 June 2010 to RMB45.0 million for the six months ended 30 June 2011, and net profit margin decreased from 16.8% for the six months ended 30 June 2010 to 16.0% for the six months ended 30 June 2011. This is mainly due to the overall increase in selling and distribution expenses for the Group's brand promotion activities and administrative expenses incurred in connection with the of the Company's Listing.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2011, we had RMB14.2 million (as compared with RMB24.7 million as at 31 December 2010) in cash and cash equivalents. Our cash and cash equivalents consist primarily of cash on hand and bank balances which are primarily held in RMB denominated accounts with banks in the PRC. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Group's reputation.

Operating activities

Net cash generated from operations decreased by RMB26.3 million to RMB2.8 million for the six months ended 30 June 2011 from RMB29.1 million of the corresponding period of 2010, which was primarily due to increase of income tax payment of RMB17.7 million noted for the period ended 30 June 2011.

Investing activities

Net cash used in investing activities for the six months ended 30 June 2011 was RMB19.6 million (as compared with RMB8.4 million for the six months ended 30 June 2010), which was primarily due to increase in pledged bank deposits of RMB18.7 million.

Financing activities

During the six months ended 30 June 2011, net cash generated from financing activities was RMB6.3 million (as compared with RMB13.4 million used in financing activities for the corresponding period of 2010), mainly attributable to proceeds from bank loans of RMB44.1 million, partially offset by repayment of bank loans of RMB17.5 million, a decrease in amounts due to the Directors of RMB19.0 million and interest payment of RMB1.3 million.

Borrowings and gearing ratio

Total borrowings of the Group as at 30 June 2011 was RMB60.1 million and denominated in RMB with effective interest rate of 5.93% per annum. The Group's gearing ratio increased from 9.6% as at 31 December 2010 to 13.4% as at 30 June 2011, which is primarily due to an increase of bank loans for working capital to cope with the expansion of business of the Group.

Working capital

As at 30 June 2011, the net working capital of the Group was RMB146.5 million, representing an increase of 45.7% or RMB45.9 million as compared with 31 December 2010.

Foreign exchange exposure

The Group's sales were primarily denominated in RMB. Therefore, the Group's exposure to foreign currency exchange risks is negligible and the Board does not expect future currency fluctuations to materially impact the Group's operations.

Capital expenditure

During the six months ended 30 June 2011, the Group's total capital expenditure amounted to approximately RMB1.7 million, which was used in the acquisition of property, plant and equipment.

Charge on assets

As at 30 June 2011, the Group had pledged its lease prepayments and buildings held for own use with net book value of RMB41.2 million and deposits with banks of RMB27.4 million for the purpose of securing a loan with carrying value of RMB32.2 million.

Significant investment, material acquisitions and disposals of subsidiaries, future plans for material investments or acquisition of capital assets

During the six months ended 30 June 2011, there was no significant investment, material acquisitions and disposals of subsidiaries by the Company. The Group has no plan to make any substantial investment in or acquisition of capital assets.

Contingent liabilities

At 30 June 2011, certain subsidiaries of the Company had issued cross guarantees to a bank in respect of banking facilities which remain in force so long as the subsidiaries have drawn down under the banking facilities. Under each of these cross guarantees, certain subsidiaries that are a party to the guarantee arrangement are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

As at 30 June 2011, the Directors did not consider it probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group as at 30 June 2011 under the cross guarantees is the aggregate amount of the facilities drawn down by the subsidiaries of RMB86,610,000 (31 December 2010: RMB42,170,000).

Human Resources

As at 30 June 2011, the Group employed approximately 1,470 employees (as compared with 1,097 employees as at 30 June 2010) with total staff cost of RMB21.4 million incurred for the six months ended 30 June 2011 (as compared with RMB16.8 million for the same period of 2010). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

STRATEGIES AND PROSPECTS

The Group intends to continue to maintain and strengthen its competitive strengths to increase its market share and profitability. We plan to implement the following strategies (i) select customers with a strong retail sales capacity and retail sales network; (ii) enhance brands awareness and recognition; (iii) enhance product portfolio and multi-brands; (iv) expand the coverage of the retail sales network; (v) focus on market share expansion within the target casual footwear market in the PRC; (vi) enhance design, research and development capabilities; and (vii) expand production capacity.

With the Company's Listing on 28 September 2011 and the receipt of proceeds, net of the listing expenses, of approximately HK$337.4 million from the Global Offering (excluding the Over-allotment Option (as defined in the Prospectus)), the Company has the resources to improve our products and increase our productivity and to bring value to our shareholders. We currently intend to apply those proceeds in the following ways:

1) approximately 6.6%, or HK$22.4 million, to develop and increase awareness of the Group's brands through organising annual sales fairs/fashion shows, media advertising or engaging spokesmen etc;

2) approximately 39.1%, or HK$132.0 million, to establish a new production facility in Jiangsu Province, the PRC for the Group's branded products;

3) approximately 2.6%, or HK$8.6 million, to expand the Group's original production capacity in Fujian Province, the PRC;

4) approximately 22.4%, or HK$75.7 million, to establish 25 self-owned and operated flagship stores in prime locations in major and fast-growing provinces and cities of the PRC;

5) approximately 15.6%, or HK$52.7 million, to establish a new product testing and research and development laboratory in Guangzhou;

6) approximately 3.2%, or HK$10.7 million, to expand the product research and development teams with addition of product designers, computer-aided design equipment and new machines on footwear design and prototyping;

7) approximately 3.2%, or HK$10.7 million, to build up the information technology network connecting with the systems of all sales points operated by our customers as well as our future flagship stores; and

8) approximately 7.3%, or HK$24.6 million, to fund working capital and other general corporate purposes.

Disclosure of Interests

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

Since the Company was only listed on the Stock Exchange on 28 September 2011, no disclosure of interests or short positions of any directors and/or chief executives of the Company in any shares of the Company (the "Shares"), underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) were made to the Company under the provisions of Divisions 7 and 8 of Part XV of the SFO as at 30 June 2011.

As extracted from the Prospectus, upon the Company's Listing on 28 September 2011, without taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option (as defined in the Prospectus) and the options which may be granted under the Share Option Scheme (as defined below), the interests or short positions of Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to the Company and the Stock Exchange, pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows :

(i) Interests in the Shares

Name of Director	Capacity / Nature of Interest	Long / Short position	Number of Shares	Approximate percentage of shareholding in the Company
Cai Xiuman ("Ms. Cai") *(Note 1)*	Interest of controlled corporation	Long position	684,720,000	57.06%
Zhang Wenbin ("Mr. Zhang") *(Note 2)*	Interest of spouse	Long position	684,720,000	57.06%

Notes :

1. Ms. Cai is the beneficial owner of the entire issued share capital of Festive Boom Limited which holds 684,720,000 Shares.

2. Mr. Zhang is deemed to be interested in the 684,720,000 Shares held by Festive Boom Limited by virtue of the interest held by his spouse, Ms. Cai.

(ii) Interests in associated corporations

Name of Director	Name of associated corporation	Number of shares	Approximate percentage of shareholding
Ms. Cai	Festive Boom Limited	One	100%

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

Since the Company was only listed on the Stock Exchange on 28 September 2011, no disclosure of interests or short positions in any Shares or underlying Shares of the Company were made to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as at 30 June 2011.

As extracted from the Prospectus, upon the Company's Listing on 28 September 2011, so far as the Directors are aware, without taking into account the Shares which may be issued pursuant to the exercise of the Over-allotment Option (as defined in the Prospectus) and the options which may be granted under the Share Option Scheme (as defined below), the following persons (other than a Director or chief executive of the Company), who had interests or short positions in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows :

Name of Shareholder	Capacity / Nature of Interest	Long / Short position	Number of Shares	Approximate percentage of shareholding in the Company
Festive Boom Limited *(Note 1)*	Beneficial owner	Long position	684,720,000	57.06%
Hong Kong Investments Group Limited *(Note 2)*	Beneficial owner	Long position	72,000,000	6.00%

Notes :

1. The entire issued share capital of Festive Boom Limited is beneficially owned by Ms. Cai who is deemed to be interested in the Shares held by Festive Boom Limited pursuant to the SFO.

2. The entire issued share capital of Hong Kong Investments Group Limited is beneficially owned by Mr. Cheung Chi Mang who is deemed to be interested in the Shares held by Hong Kong Investments Group Limited pursuant to the SFO.

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 4 September 2011, the Company has conditionally adopted the share option scheme (the "Share Option Scheme") for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Directors were authorised to grant options to subscribe for shares of the Company and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (as defined in the Prospectus), being 120,000,000 Shares, excluding any Shares that may be issued under the Over-allotment Option (as defined in the Prospectus) and options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company). Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") from time to time.

Unless otherwise approved by the shareholders of the Company in general meeting, the number of Shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the Shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by our independent non-executive Directors. Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules, the number of Shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the Shares in issue, having an aggregate value in excess of HK$5 million, within any 12-month period.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a Share in respect of a particular option shall be not less than the highest of (a) the official closing price of the Shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the Shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a Share. Each grantee shall pay HK$1.00 to the Company at the time the option is granted. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

Since the Share Option Scheme only became effective and unconditional upon the Company's Listing on 28 September 2011, no share options were granted under the Share Option Scheme for the six months ended 30 June 2011.

From the date that the Share Option Scheme became effective and unconditional and up to the date of this interim report, no share options were granted under the Share Option Scheme.

Corporate Governance and Other Information

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2011.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted all the requirements of the code provisions of the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). Since the Company was only listed on the Stock Exchange on 28 September 2011, the Corporate Governance Code was not applicable to the Company for the six months ended 30 June 2011.

However, none of the Directors is aware of any information that would reasonably indicate that the Company or any of its Directors is not or was not, for any part of the period between the date of the Company's Listing and the date of this report in due compliance with the code provisions of the Corporate Governance Code.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Since the Company was only listed on the Stock Exchange on 28 September 2011, the Model Code was not applicable to the Company for the six months ended 30 June 2011. However, having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code since the Company's Listing.

AUDIT COMMITTEE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has established the audit committee and adopted the written terms of reference in compliance with the Corporate Governance Code. The primary duties of the audit committee are to review and approve the Group's financial reporting process and internal control system. The audit committee comprises all independent non-executive Directors, namely, Mr. Lee Ho Yiu Thomas, Mr. Wu Xiaoqiu and Mr. Ye Lin. Mr. Lee Ho Yiu Thomas is the chairman of the audit committee.

The audit committee meeting held on 29 September 2011 has reviewed the interim report of the Group for the six months ended 30 June 2011 and recommended the Board to adopt the same.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Since the Company was only listed on the Stock Exchange on 28 September 2011, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities listed on the Stock Exchange during the six months ended 30 June 2011.

Consolidated Income Statement

for the six months ended 30 June 2011 - unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2011 RMB'000	Six months ended 30 June 2010 RMB'000
Turnover	3, 4	280,355	181,941
Cost of sales		(190,016)	(125,578)
Gross profit		90,339	56,363
Other revenue	6	273	157
Other net loss	6	(36)	(6)
Selling and distribution expenses		(16,573)	(6,384)
Administrative expenses		(12,261)	(8,020)
Profit from operations		61,742	42,110
Finance costs		(1,255)	(468)
Profit before taxation	7	60,487	41,642
Income tax	8	(15,507)	(11,051)
Profit for the period		44,980	30,591
Earnings per share			
Basic and diluted (RMB)	10	0.05	0.03

The notes on pages 19 to 35 form part of this interim financial report.

Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2011 - unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Profit for the period	44,980	30,591
Other comprehensive income for the period		
Exchange differences on translation of financial statements of subsidiaries outside the People's Republic of China	363	135
Total comprehensive income for the period	45,343	30,726

The notes on pages 19 to 35 form part of this interim financial report.

Consolidated Balance Sheet

at 30 June 2011 - unaudited
(Expressed in Renminbi)

	Note	At 30 June 2011 RMB'000	At 31 December 2010 RMB'000
Non-current assets			
Property, plant and equipment	11	50,443	50,863
Lease prepayments		4,534	4,586
Non-current prepayments for acquisitions of property, plant and equipment		—	216
Deferred tax assets		861	773
		55,838	56,438
Current assets			
Inventories	12	69,107	48,556
Current portion of lease prepayments		104	104
Trade and other receivables	13	281,993	211,671
Pledged deposits		27,376	8,696
Cash and cash equivalents		14,246	24,687
		392,826	293,714
Current liabilities			
Trade and other payables	14	169,663	137,347
Bank loans	15	60,100	33,500
Current taxation		16,601	22,348
		246,364	193,195
Net current assets		146,462	100,519
Total assets less current liabilities		202,300	156,957
NET ASSETS		202,300	156,957
CAPITAL AND RESERVES			
Capital	16	85	10
Reserves		202,215	156,947
TOTAL EQUITY		202,300	156,957

The notes on pages 19 to 35 form part of this interim financial report.

Consolidated Statement of Changes in Equity

for the six months ended 30 June 2011 - unaudited
(Expressed in Renminbi)

	Attributable to equity shareholders of the Company					
	Capital	Other reserve	Exchange reserve	Statutory reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	1,509	2,343	129	6,085	76,453	86,519
Changes in equity for the six months ended 30 June 2010:						
Profit for the period	—	—	—	—	30,591	30,591
Other comprehensive income	—	—	135	—	—	135
Total comprehensive income for the period	—	—	135	—	30,591	30,726
Appropriations to statutory reserve	—	—	—	394	(394)	—
Arising from Reorganisation	1	—	—	—	—	1
At 30 June and 1 July 2010	1,510	2,343	264	6,479	106,650	117,246
Changes in equity for the six months ended 31 December 2010:						
Profit for the period	—	—	—	—	40,738	40,738
Other comprehensive income	—	—	473	—	—	473
Total comprehensive income for the period	—	—	473	—	40,738	41,211
Appropriations to statutory reserve	—	—	—	880	(880)	—
Arising from Reorganisation	(1,500)	—	—	—	—	(1,500)
At 31 December 2010 and 1 January 2011	10	2,343	737	7,359	146,508	156,957
Changes in equity for the six months ended 30 June 2011:						
Profit for the period	—	—	—	—	44,980	44,980
Other comprehensive income	—	—	363	—	—	363
Total comprehensive income for the period	—	—	363	—	44,980	45,343
Appropriations to statutory reserve	—	—	—	976	(976)	—
Arising from Reorganisation	75	(75)	—	—	—	—
At 30 June 2011	85	2,268	1,100	8,335	190,512	202,300

The notes on pages 19 to 35 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

for the six months ended 30 June 2011 - unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Cash generated from operations	24,177	32,670
Income tax paid	(21,342)	(3,612)
Net cash generated from operating activities	2,835	29,058
Net cash used in investing activities	(19,614)	(8,432)
Net cash generated from/(used in) financing activities	6,341	(13,431)
Net (decrease)/increase in cash and cash equivalents	(10,438)	7,195
Cash and cash equivalents at 1 January	24,687	5,724
Effect of foreign exchange rate changes	(3)	(7)
Cash and cash equivalents at 30 June	14,246	12,912

The notes on pages 19 to 35 form part of this interim financial report.

(Expressed in Renminbi)

1 REPORTING ENTITY AND BASIS OF PREPARATION

(a) Reporting Entity

Active Group Holdings Limited (the "Company") was incorporated in the Cayman Islands on 12 February 2010 and registered as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The interim financial report of the Company as at and for the six months ended 30 June 2011 comprises the Company and its subsidiaries (collectively referred to as the "Group"). The Group is principally engaged in manufacturing and sales of casual footwear, apparel and related accessories in the People's Republic of China (the "PRC").

Pursuant to a group reorganisation completed on 2 February 2011 (the "Reorganisation") to rationalise the group structure in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 16 September 2011 (the "Prospectus"). The Company's shares were listed on the Stock Exchange on 28 September 2011.

The companies that took part in the Reorganisation now comprising the Group were controlled by the same group of ultimate equity shareholders, Cai Xiu Man and Zhang Wen Bin (together referred to as the "Controlling Parties") before and after the Reorganisation. The control is not transitory and, consequently there was a continuation of the risks and benefits to the Controlling Parties and, therefore, the Reorganisation is considered as a business combination under common control. The interim financial report has been prepared using the merger basis of accounting as if the Group had always been in existence. The net assets of the companies now comprising the Group are consolidated using the existing book values from the Controlling Parties' perspective.

The interim financial report relating to the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the condensed consolidated cash flow statement of the Group as set out in this interim financial report includes the results of operations of the companies now comprising the Group (or since the dates of their incorporation/establishment where this is a shorter period) as if the current group structure had been in existence throughout the entire periods presented. The consolidated balance sheets of the Group as at 31 December 2010 and 30 June 2011 as set out in this interim financial report have been prepared to present the state of affairs of the companies now comprising the Group as at the respective balance sheet dates as if the current group structure had been in existence as at the respective balance sheet dates.

All material intra-group transactions and balances have been eliminated in preparing the interim financial report.

(Expressed in Renminbi)

1 REPORTING ENTITY AND BASIS OF PREPARATION *(continued)*

(a) Reporting Entity *(continued)*

After the Reorganisation, the Company has direct or indirect interests in the following subsidiaries, all of which are private companies or, if incorporated/established outside Hong Kong, have substantially the same characteristics as a Hong Kong private company. The particulars of these subsidiaries are set out below:

Name of company	Place and date of incorporation/ establishment	Issued and fully paid up capital	Attributable equity interest held by the Company Direct	Attributable equity interest held by the Company Indirect	Principal activities
Chuang Wei Limited	The British Virgin Islands ("BVI") 5 January 2010	United States dollars ("US$") 10,000	100%	—	Investment holding
Jinmaiwang Group Limited ("Jinmaiwang Hong Kong") 金邁王控股有限公司	Hong Kong 5 June 2008	Hong Kong dollars ("HK$") 10,000	—	100%	Investment holding
Fujian Jinmaiwang Shoes and Garments Products Co., Ltd. 福建金邁王鞋服製品有限公司 ("Fujian Jinmaiwang") (notes (i) and (iii))	The PRC 22 September 2003	HK$8,600,000	—	100%	Manufacturing and sales of casual footwear
Shishi Haomai Shoes Industrial Co., Ltd. 石獅市豪邁鞋業有限公司 ("Shishi Haomai") (notes (ii) and (iii))	The PRC 24 November 1995	Renminbi ("RMB") 1,500,000	—	100%	Manufacturing and sales of casual footwear
Luotuo (Quanzhou) Shoes and Garments Co., Ltd. 駱駝（泉州）鞋服有限公司 ("Luotuo Quanzhou") (notes (i) and (iii))	The PRC 22 December 2005	US$1,000,000	—	100%	Manufacturing, sales and trading of casual footwear, apparel and related accessories
Greiff (Xiamen) International Limited 哥雷夫（廈門）國際貿易有限公司 ("Greiff Xiamen") (notes (ii) and (iii))	The PRC 17 April 2009	RMB8,000,000	—	100%	Trading of casual footwear, apparel and related accessories

Notes:

(i) These entities are wholly foreign-owned enterprises established in the PRC.

(ii) These entities are limited liability companies established in the PRC.

(iii) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

1 REPORTING ENTITY AND BASIS OF PREPARATION *(continued)*

(b) Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). The interim financial report was authorised for issue by the board of directors on 29 September 2011.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the consolidated financial statements for each of the years ended 31 December 2008, 2009 and 2010 and the five months ended 31 May 2011 as reported in the accountants' report included in the Prospectus in relation to global offering of the Company's shares.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the audited financial statements for the five months ended 31 May 2011. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in conformity with International Financial Reporting Standards ("IFRSs").

The interim financial report is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants. KPMG's independent review report to the board of directors is included on page 36.

The financial information relating to the financial year ended 31 December 2010 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements and the consolidated financial statements for that financial year are derived from the accountants' report in the Prospectus. The Prospectus is available from the Company's registered office. The reporting accountants have expressed an unqualified opinion on the financial information in the accountants' report dated 16 September 2011.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the six months ended 30 June 2011 and which have not been adopted in the interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 TURNOVER

The principal activities of the Group are manufacturing and sales of casual footwear, apparel and related accessories in the PRC.

Turnover represents the sales value of goods sold to customers less returns, discounts, and value added taxes and other sales tax, which is analysed as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Footwear	271,893	181,325
Apparel and related accessories	8,462	616
	280,355	181,941

4 SEGMENT REPORTING

(a) Segment results

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

	Six months ended 30 June 2011				
	Fujian Jinmaiwang	Shishi Haomai	Luotuo Quanzhou	Greiff Xiamen	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue derived from the Group's external customers	133,239	68,209	49,295	29,612	280,355
Reportable segment profit					
Profit after taxation	25,520	13,770	9,054	704	49,048

4 SEGMENT REPORTING *(continued)*

(a) Segment results *(continued)*

	Six months ended 30 June 2010				
	Fujian Jinmaiwang	Shishi Haomai	Luotuo Quanzhou	Greiff Xiamen	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment revenue derived from the Group's external customers	93,087	61,543	25,745	1,566	181,941
Reportable segment profit/(loss)					
Profit/(loss) after taxation	15,234	12,509	3,939	(849)	30,833

(b) Reconciliations of reportable segment revenue and profit or loss

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Revenue		
Reportable segment revenue and consolidated turnover	280,355	181,941
Profit		
Reportable segment profit derived from the Group's external customers	49,048	30,833
Unallocated head office and corporate expenses	(4,068)	(242)
Consolidated profit after taxation	44,980	30,591

5 SEASONALITY OF OPERATIONS

The Group's footwear operation is subject to seasonal fluctuations. As a result, the sales volumes and revenue recorded in the second half of the financial year are normally higher than those recorded during the first half of the financial year.

6 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Interest income on bank deposits	148	96
Government subsidies	120	61
Sundry income	5	—
	273	157

The Group was entitled to unconditional government subsidies of RMB120,000 for the six months ended 30 June 2011 (six months ended 30 June 2010: RMB61,000). These government subsidies were recognised as other revenue when they became receivable.

(b) Other net loss

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Net foreign exchange loss	30	6
Loss on disposal of property, plant and equipment	6	—
	36	6

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
(a) Finance costs		
Interest expense on bank loans wholly repayable within five years	1,255	468
(b) Staff costs		
Salaries, wages and other benefits	20,368	15,875
Contributions to defined contribution retirement schemes	1,058	890
	21,426	16,765
(c) Other items		
Cost of inventories	190,016	125,578
Depreciation of property, plant and equipment	2,132	2,132
Amortisation of lease prepayments	52	52
Impairment loss on trade receivables	352	407
Operating lease charges in respect of properties		
– minimum lease payments	482	504
Operating lease charges in respect of trademarks		
– minimum lease payments	3,738	694
Research and development costs	694	525
Auditors' remuneration	1,436	83

8 INCOME TAX

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Current tax - PRC corporate income tax		
Provision for the period	15,595	11,153
Deferred tax		
Origination and reversal of temporary differences	(88)	(102)
	15,507	11,051

8 INCOME TAX *(continued)*

(a) Pursuant to the rules and regulations of the BVI and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

(b) No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profits subject to Hong Kong Profits Tax. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(c) Effective from 1 January 2008, the Group's PRC subsidiaries are subject to PRC corporate income tax at the statutory rate of 25% unless otherwise specified.

Prior to 1 January 2008, Fujian Jinmaiwang, being a production-oriented foreign investment enterprise ("FIE"), was entitled to a two-year full exemption followed by a three-year 50% reduction of income tax rate ("2+3 tax holiday") starting from the first profit-making year from a PRC tax perspective. Fujian Jinmaiwang started its 2+3 tax holiday in 2004. Further, Luotuo Quanzhou, being a production-oriented FIE, was also entitled to a 2+3 tax holiday. Luotuo Quanzhou started its 2+3 tax holiday in 2007.

On 16 March 2007, the Fifth Plenary Session of the Tenth National People's Congress passed the new Corporate Income Tax Law of the PRC. Such new tax law was effective on 1 January 2008. Under the new tax law and its relevant regulations, the 2+3 tax holidays were grandfathered until they expire. Accordingly, Fujian Jinmaiwang is subject to income tax at 12.5% for 2008 and 25% from 2009 onwards; and Luotuo Quanzhou is subject to income tax at 0% for 2008, 12.5% from 2009 to 2011 and 25% from 2012 onwards.

(d) According to the Corporate Income Tax Law of the PRC and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding income tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and the relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds a 25% equity interest or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%.

Since the Group can control the quantum and timing of distribution of profits of the Group's subsidiaries in the PRC, deferred tax liabilities are only recognised to the extent that such profits are expected to be distributed in the foreseeable future.

9 DIVIDENDS

No dividends have been declared or paid by the Company since its incorporation.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: RMBNil).

10 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2011 is based on the profit attributable to equity shareholders of the Company of RMB44,980,000 (six months ended 30 June 2010: RMB30,591,000) and weighted average number of 900,000,000 shares in issue during the six months ended 30 June 2011 (six months ended 30 June 2010: 900,000,000 shares) comprising 1,000,000 shares in issue at the date of the Reorganisation and 899,000,000 shares issued pursuant to the capitalisation issue as discussed in note 16 as if the shares were outstanding throughout the entire six months ended 30 June 2011 and 2010.

There were no potential dilutive ordinary shares during the six months ended 30 June 2011 and 2010 and, therefore, diluted earnings per share are the same as the basic earnings per share.

11 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group's additions to property, plant and equipment amounted to RMB1,718,000 (six months ended 30 June 2010: RMB1,084,000).

12 INVENTORIES

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Raw materials	48,440	36,956
Work in progress	2,347	2,271
Finished goods	18,320	9,329
	69,107	48,556

13 TRADE AND OTHER RECEIVABLES

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Trade receivables and bills receivables	141,636	149,571
Less: allowance for doubtful debts	(3,444)	(3,092)
	138,192	146,479
Deposits and prepayments	134,736	60,831
Amount due from a director (note 19(c))	1,275	—
Other receivables	7,790	4,361
	281,993	211,671

Included in trade and other receivables are trade receivables and bills receivables (net of allowance for doubtful debts) with the following ageing analysis as at the balance sheet date.

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Current	84,449	100,743
Less than 60 days past due	33,689	12,898
61 days - 180 days past due	13,529	22,224
Over 180 days past due	6,525	10,614
Amounts past due	53,743	45,736
	138,192	146,479

Trade receivables are normally due within 60 to 90 days from the date of billing. The Group also offers revolving credit to its customers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on such factors as the customers' credit history and current liability to pay. The funding need of a customer for the purpose of expanding its sales network is also taken into consideration.

14 TRADE AND OTHER PAYABLES

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Trade payables (note (a))	43,396	41,240
Bills payable (notes (b), (c) and (d))	63,886	17,366
Amounts due to directors (note 19(c))	—	18,064
Receipts in advance	41,623	39,657
Other payables and accruals	20,758	21,020
	169,663	137,347

(a) Included in trade and other payables were trade payables with the following ageing analysis as at each balance sheet date:

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Due within 1 month or on demand	14,564	16,582
Due after 1 month but within 3 months	28,832	24,658
	43,396	41,240

(b) Bills payable are normally issued with a maturity of not more than three months.

(c) At 30 June 2011, bills payable totalling RMB49,928,000 (31 December 2010: RMB5,953,000) were secured by pledged deposits of RMB21,258,000 (31 December 2010: RMB2,983,000).

(d) At 30 June 2011, bills payable totalling RMB13,958,000 (31 December 2010: RMB11,413,000) were secured by (i) pledged deposits of RMB6,118,000 (31 December 2010: RMB5,713,000), and (ii) certain assets of the Group, details of which are set out in note 15(c).

15 BANK LOANS

(a) At 30 June 2011, bank loans were repayable as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Within 1 year	60,100	33,500

(b) At 30 June 2011, the bank loans were analysed as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Bank loans		
– secured	32,160	26,500
– unsecured	27,940	7,000
	60,100	33,500

(c) The secured bank loans and certain bills payable (note 14(d)) were secured by the following assets:

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Buildings	36,585	37,634
Lease prepayments	4,638	4,690
	41,223	42,324

16 CAPITAL

The Company was incorporated on 12 February 2010 with an authorised share capital of HK$100,000 divided into 1,000,000 shares of HK$0.1 each. On the same date, the Company issued 10,000 shares at par value of HK$0.1.

On 2 February 2011, the Group completed the Reorganisation to rationalise the Group's structure in preparing for the listing of the Company's shares on the Main Board of the Stock Exchange. Further details of the Reorganisation are set out in the section headed "Reorganisation" in the Prospectus. As a result of the Reorganisation, the Company became the holding company of the Group on 2 February 2011.

Pursuant to the resolutions in writing of all the shareholders of the Company passed on 4 September 2011, the authorised share capital of the Company was increased from HK$100,000 to HK$1,000,000,000 by the creation of an additional 9,999,000,000 ordinary shares of HK$0.1 each. In addition, 899,000,000 ordinary shares of HK$0.1 each were issued at par value on 28 September 2011 to the shareholders of the Company by way of capitalisation of HK$89,900,000 from the Company's share premium account.

On 28 September 2011, the Company was listed on the Stock Exchange following the completion of its initial public offering of 300,000,000 shares to the investors.

For the purpose of this report, capital in the consolidated balance sheets as at 31 December 2010 and 30 June 2011 represented the aggregate amount of capital of the companies now comprising the Group, after elimination of investments in subsidiaries.

17 COMMITMENTS

(a) At 30 June 2011, the total future minimum lease payments under non-cancellable operating leases in respect of properties were payable as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Within 1 year	344	149

The Group leases a number of properties under operating leases. The leases typically run for an initial period of three to ten years, at the end of which period all terms are renegotiated. None of the leases includes contingent rentals.

17 COMMITMENTS *(continued)*

(b) At 30 June 2011, the Group committed to pay royalties for the usage of several trademarks for manufacturing and sales of footwear, apparel and related accessories products. The minimum guaranteed royalty payments were payable as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Within 1 year	8,675	7,795
After 1 year but within 5 years	26,291	30,511
After 5 years	—	240
	34,966	38,546

The Group licenses a number of trademarks from independent third parties and a related party (the "Licensors"). The licensing agreements for the trademarks typically run for an initial period of five to ten years respectively, at the end of which period all terms are renegotiated. Royalties payable to the Licensors are pre-determined in the licensing agreements or calculated based on a percentage of sales revenue with an annual minimum guaranteed royalty payment. Further details of the licensing agreement with the related party are disclosed in note 19(b).

(c) In November 2009, the Group entered into a binding contract with an advertising company to license the use of image of a sports celebrity for promotional purposes for an initial period of two years, at the end of which period all terms are renegotiated. The Group has committed to pay RMB1,000,000 per year according to the contract. The future minimum payments were payable as follows:

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Within 1 year	375	875

(Expressed in Renminbi)

18 CONTINGENT LIABILITIES

At 30 June 2011, certain subsidiaries of the Company had issued cross guarantees to a bank in respect of banking facilities which remain in force so long as the subsidiaries have drawn down under the banking facilities. Under each of these cross guarantees, certain subsidiaries that are a party to the guarantee arrangement are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

As at 30 June 2011, the directors did not consider it probable that a claim will be made against the Group under any of the above guarantees. The maximum liability of the Group as at 30 June 2011 under the cross guarantees is the net amount of the facilities drawn down by the subsidiaries of RMB86,610,000 (31 December 2010: RMB42,170,000).

19 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the interim financial report, the Group entered into the following significant related party transactions.

(a) Name and relationship with related parties

During the six months ended 30 June 2011 and 2010, the directors are of the view that related parties of the Group include the following individuals/entity:

Name of party	Relationships
Zhang Wen Bin * 張文彬	One of the Controlling Parties and key management personnel
Cai Xiu Man * 蔡秀滿	One of the Controlling Parties and key management personnel
Huang Cong Ming * 黃聰明	Key management personnel and brother in-law to Zhang Wen Bin
Wu Shu Lin * 吳樹林	Key management personnel and brother in-law to Zhang Wen Bin
Zhang Li Zhu * 張禮祝	Father of Zhang Wen Bin
Zhang Wen Zhi * 張文質	Brother of Zhang Wen Bin
UK Greiff Company Ltd ("UK Greiff")	A private company wholly-owned by Cai Xiu Man

* The English translation of the name is for reference only. The official name of these related parties is in Chinese.

19 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Significant related party transactions

Particulars of significant related party transactions during six months ended 30 June 2011 are as follows:

(i) Lease of properties

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Rental payable/paid to:		
– Zhang Wen Bin, Zhang Li Zhu and Zhang Wen Zhi	21	127
– Huang Cong Ming	12	70
	33	197

The rental agreements with the related parties were terminated in January 2011.

(ii) Use of trademark

During the year ended 31 December 2009, UK Greiff granted a license to Greiff Xiamen for the use of the trademark "Greiff" for an initial period of ten years for a royalty payment of RMB80,000 per annum, at the end of which period all terms are renegotiated. The licensing agreement was subsequently terminated and replaced by a revised licensing agreement signed on 10 February 2011 for granting Greiff Xiamen a sole and exclusive license to use the trademark "Greiff" for a term from 10 February 2011 to 27 January 2019. Pursuant to the revised licensing agreement, no charge will be payable on the use of the trademark by the Group.

(c) Amounts due from/(to) directors

	At 30 June 2011	At 31 December 2010
	RMB'000	RMB'000
Amount due from a director (notes (i) and (iii))	1,275	—
Amounts due to directors (note (ii))	–	(18,064)

19 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Amounts due from/(to) directors *(continued)*

Notes:

(i) The amount due from a director was unsecured, interest-free and repayable on demand.

(ii) The amounts due to directors were unsecured, interest-free and repayable on demand. The amounts were repaid upon the listing of the Company's shares on the Stock Exchange.

(iii) Amount due from a director of the Company disclosed pursuant to section 161B of the Hong Kong Companies Ordinance is as follows:

Cash advance made by the Company:

Name of borrower	**Ms Cai Xiu Man**
Position	Director
Term of the cash advance	
– duration and repayment terms	Repayable on demand
– cash advance amount	RMB21,925,000
– interest rate	Nil
– security	None
Balance of the cash advance	
– at 1 January 2010, 31 December 2010 and 1 January 2011	RMBNil
– at 30 June 2011	RMB1,275,000
Maximum balance outstanding	
– during the six months ended 30 June 2011	RMB21,925,000
– during the year ended 31 December 2010	RMB8,416,000

There was no amount due but unpaid, nor any provision made against the cash advance at 30 June 2011.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2011	2010
	RMB'000	RMB'000
Short-term employee benefits	732	652
Retirement scheme contributions	47	38
	779	690

Total remuneration was included in "staff costs" (see note 7(b)).

Independent Review Report

Independent review report to the board of directors of
Active Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 14 to 35 which comprises the consolidated balance sheet of Active Group Holdings Limited as of 30 June 2011 and the related consolidated income statement, the consolidated statement of comprehensive income and the consolidated statement of changes in equity and the condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

Our responsibility is to form a conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity,* issued by the Hong Kong Institute of Certified Public Accountants. A review of the interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

29 September 2011