動感集團
Active Group

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 2012

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors
Ms. Cai Xiuman *(Chairman)*
Mr. Zhang Wenbin *(Chief executive officer)*
Mr. Huang Jianren *(Chief operation officer)*
Mr. Chen Yuanjian *(Chief financial officer)*

Independent non-executive Directors
Mr. Wu Xiaoqiu
Mr. Ye Lin
Mr. Lee Ho Yiu Thomas

BOARD COMMITTEES

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

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

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

COMPANY SECRETARY

Miss. Yau Suk Yan *CPA*

AUTHORISED REPRESENTATIVES

Mr. Chen Yuanjian
Miss. Yau Suk Yan

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Shoes Industrial Park
Baogai Town
Shishi City
Fujian Province, China

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
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

PRINCIPAL BANKERS

Agricultural Bank of China
Bank of Communications
China Merchants Bank
Industrial Bank of China
Industrial and Commercial Bank of China

COMPLIANCE ADVISER

Guotai Junan Capital Limited

AUDITORS

KPMG

LEGAL ADVISER

As to Hong Kong law:
Eversheds

STOCK CODE

01096

COMPANY WEBSITE

www.active-group.com.cn

FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	Note	2012	2011	% change
Revenue (RMB'000)		**287,861**	280,355	2.7%
Gross profit (RMB'000)		**75,193**	90,339	-16.8%
Profit before taxation (RMB'000)		**39,187**	60,487	-35.2%
Profit for the period (RMB'000)		**27,900**	44,980	-38.0%
Gross profit margin (%)		**26.1%**	32.2%	
Profit after tax margin (%)		**9.7%**	16.0%	
Earnings per share - Basic (RMB)	1	**0.02**	0.05	
As at 30 June/31 December				
		2012	2011	
Current ratio (times)	2	**2.1**	2.6	
Trade and bills payables turnover days (days)	3	**102**	71	
Trade and bills receivables turnover days (days)	4	**162**	102	
Inventory turnover days (days)	5	**61**	52	
Gearing ratio	6	**14.4%**	10.1%	

Notes for key ratios:

1/	Basic EPS:	Profit attributable to shareholders/weighted average number of ordinary shares
2/	Current ratio:	Current assets/current liabilities
3/	Trade and bills payables turnover days:	Average of opening and closing balances on trade and bills payables/purchase of raw materials and outsourced products (including 17% VAT) and multiplied by the number of days of the relevant period
4/	Trade and bills receivables turnover days:	Average of opening and closing balances on trade and bills receivables/turnover (including 17% VAT) and multiplied by the number of days of the relevant period
5/	Inventory turnover days:	Average of opening and closing balances on inventory/cost of sales and multiplied by the number of days of the relevant period
6/	Gearing ratio	Total bank loans/total assets

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Market review

The global economy in 2012 is full of challenges. The ongoing Euro zone sovereign debt crisis remains a large threat to the world economy and the outlook of the United States' economy is still uncertain. The economic performance of the People's Republic of China ("the PRC") was inevitably affected by such external forces, but its fundamental economic conditions are still relatively stable as a whole.

Affected by the increasing rental, labour and commodity costs, as well as the weakening consumer confidence, the PRC's economy grew at its slowest pace for the past three years, with year-on-year growth of the gross domestic product reaching only 7.8%, which barely measured up to its target of attaining "steady and fast economic development". The recently loosened monetary policy in the PRC is expected to add impetus to the economy and hopefully will bring positive effect to the retail market and hence the performance of Active Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") in the upcoming second half of 2012. With the emergence of more middle-class consumers, along with the country's increasing urbanisation and rising disposable income of its population, the PRC's huge domestic market is expected to offer unrivalled opportunities.

Business review

Notwithstanding the challenging market conditions and weakening consumer sentiment in the PRC, the Group focuses on brand-building with emphasis on quality. To enhance the design capability and innovative research and development ("R&D"), the Group devoted significant resources to the set-up of a new laboratory for product testing and R&D, which commenced full operation in November 2011. Chinese consumers are now more sophisticated and discerning and their increasing purchasing power gives rise to stronger brand preference. Leveraging on the Group's multi-branding strategy, it manages five brands, two of which are self-owned brands (***Jimaire*** and ***Bull Titan***) and three of which are licensed brands (***Luotuo Brand***, ***Camel Active*** and ***Greiff***). The Group maximises the effectiveness of its marketing activities through a well-defined brand management strategy, with each of the brands having its own market position and brand style targeting different segments from the middle to upper-middle end consumers in the market. This clearly delineated positioning strategy helps the Group to achieve stable sales in its key regional markets and maintain its leading position in men's casual footwear market.

Sales and distribution network

The Group sells all of its products to end consumers through the retail sales network operated and maintained by its customers including distributors and department stores. Such distribution model enables the Group to expand its retail sales network rapidly with a lower capital expenditure requirement. Leveraging on the extensive retail sales networks of the Group's customers, the Group's products could be sold to end consumers nationwide. As at 30 June 2012, the Group entered into master sales agreements with 110 distributors and 504 department stores customers, who in turn operated 2,190 retail sales points throughout the PRC. The net increase of 150 retail sales points from 2,040 retail sales points as at 31 December 2011 was in line with a more prudent strategy employed by the Group in view of the uncertainties in the global economic outlook.

In order to match the marketing strategy, the Group postponed the grand opening of its first flagship store to late 2012 with adjusted location from Shijiazhuang, Hebei Province to Xiamen, Fujian Province. The second flagship store would be opened shortly afterwards as a role model for the Group's retail sales operation.

The Group intends to establish its own retail network by opening 25 flagship stores in total at prime locations in major and fast-growing provinces and cities of the PRC, such as Beijing, Shanghai and Jiangsu. The board of Directors (the "Board") believes that operating the self-owned flagship stores not only helps to enhance the brand awareness and recognition, but also enables the Group to closely monitor end customer preferences, thereby allowing it to quickly respond to changing market trends.

Product design and development

The Group believes that strong R&D capability is a decisive factor to sustain the Group's success. In November 2011, the Group allocated more resources to both R&D professionals and related equipment, and relocated its R&D team from the headquarters located at Shishi, Fujian Province to the new R&D laboratory located in Guangzhou, enabling the Group to access updated industry information in a timely and efficient manner. To strengthen the product innovation and differentiation, the Group lifted its R&D spending to about 1.23% of turnover for the six months ended 30 June 2012, as compared with 0.25% recorded for the corresponding period in 2011. Equipped with the latest computer-aided design software and equipment, the Group continued to improve the capabilities of its R&D team by recruiting talented and experienced designers and technicians, significantly expanding the R&D team size from 14 to 113 employees during the period.

In the most recent spring-summer collection, the Group introduced approximately 1,200 and 85 new styles to the footwear and apparel and accessories portfolios respectively. Approximately 50% of the new designs subsequently went into commercial production. All of the new styles were designed with new production technologies and new materials that could enhance the comfort level and functionality to meet customers' different needs and to satisfy their higher demand for the practicality of footwear as well as the appearance.

The future of the men's causal footwear market in the PRC looks highly promising. The Group would continue to focus on the development of functionality and the comfort level of its products by improving the design and materials used for production. In this way the Group can achieve a higher customer loyalty for its branded products and increase its product popularity and widespread acceptance towards the upper middle end or even the high end consumers in the men's causal footwear market.

Production

As at 30 June 2012, the Group operated nine production lines in the Group's production base in Fujian Province and completed all upgrading process during the six months ended 30 June 2012 to relieve the pressure of demand over production capacity during peak season.

To cope with the growth of the sales network, construction of the new production plants which can house five new production lines in Suining, Jiangsu Province has commenced. The total cost for the construction of the production plants is estimated to be RMB121.5 million. Machinery for the five new production lines would be purchased once the construction of production plants is completed. Total cost incurred for the construction of new production plants and the prepayment for land use rights, are recorded as construction in progress and non-current prepayments as at 30 June 2012 amounted to RMB71.7 million. The annual production capacity is expected to be boosted by approximately 3.0 million pairs of casual footwear and a small quantity of apparel products when the new production plants are in full operation. The construction progress is on schedule and is expected to be completed by early 2013. The new production lines will not only further relieve the pressure of the production capacity of the existing production lines during peak seasons and the reliance on third party manufacturers for the outsourced production, but will also provide the Group with the benefit of proximity and information exchange with other casual footwear manufacturers and the relatively lower labour costs compared to the coastal areas.

Prospects

Looking forward, the management is prudently optimistic about the annual business performance of the Group for 2012. The management believes that the demand for footwear in the PRC market will remain strong. Besides, men's casual footwear is becoming more and more popular and is expected to enter the mainstream in the men's fashion market with tremendous growth potential. Although the industry is now facing numerous challenges such as the slowdown in the growth of domestic demand, and the increased labour and raw material costs, the Group's extensive industry experience and solid foundation built over the past two decades as well as its unique corporate positioning and competitive strengths should enable the Group to achieve a better performance.

The Group will continue to carry out the "quantity comes first" sales strategy in the second half of 2012 with the aim to further increase its market share through strategic expansion of the retail sales points. The Group will continue to tighten its cost control and will enhance production efficiency by upgrading production equipment and techniques. With the development strategy aimed at actively expanding the sales network, and continuously enhancing the brands' awareness as well as its R&D capabilities, the Group is confident that it can grasp opportunities for further development and create the best returns for the shareholders of the Company ("Shareholders").

FINANCIAL REVIEW

Turnover

Turnover of the Group for the six months ended 30 June 2012 was RMB287.9 million, representing an increase of 2.7% as compared to that of the corresponding period in 2011. It was mainly due to the rapid expansion of the retail sales network operated and maintained by the Group's customers, and the increasing recognition of the Group's brand, which resulted from effective marketing and sales strategy during the period under review.

Revenue analysis by brand

	For the six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Jimaire	76,601	74,183
Bull Titan	72,756	68,209
Luotuo Brand	57,391	49,295
Greiff	22,860	20,309
Camel Active	10,220	9,303
	239,828	221,299
Original equipment manufacturing ("**OEM**")	48,033	59,056
	287,861	280,355

The Group's branded product sales increased from RMB221.3 million for the six months ended 30 June 2011 to RMB239.8 million for the six months ended 30 June 2012, representing an increase of 8.4%. It was mainly attributed to the increase in sales volume during the period, resulted from the increase in demand of the Group's branded products and the enhanced recognition of the brands in the market.

Revenue from OEM operations decreased by RMB11.1 million or approximately 18.7%, from RMB59.1 million for the six months ended 30 June 2011 to RMB48.0 million for the same period in 2012. As most of the Group's OEM products were traded overseas, the respective sales performance was unavoidably affected by the tightening global economic environment during the period.

The Group will continue its focus and resources allocation strategy towards the Group's branded products, which contributes over 80% of turnover to the Group.

Gross profit and gross profit margin

It was a very challenging period in terms of rising labour and material costs, gross profit of the Group for the six months ended 30 June 2012 was RMB75.2 million, representing a decrease of 16.8% as compared to that of the six months ended 30 June 2011. Gross profit margin of the Group for the six months ended 30 June 2012 was 26.1% (six months ended 30 June 2011: 32.2%), representing a decrease of 6.1% when compared with the same period in 2011.

The decrease in gross profit margin of the Group was mainly contributed by the increasing unit production cost led by the increasing trend over labour and raw material costs since late 2011. Furthermore, the increase over unit production cost was also led by the innovative product designs and advanced materials used for production during the period, in response to the increasing demand from customers over the comfort level and functionality of men's casual footwear. However, the Group was not able to pass all the increased cost of production to its customers given the slowdown trend of the PRC's economic growth during 2012. The Group offered further discount to its customers to provide them with the competitive advantages over other market participants, in order to increase the Group's brands recognition and market share, and to further expand the retails sales network in the PRC.

The Group believes that when the Group's products have achieved a higher customer loyalty and increased its popularity and market share, the Group could decrease its discount offered to its customers and enjoy a higher gross profit margin afterwards.

Selling and distribution expenses

The Group's selling and distribution expenses primarily consisted of advertising and promotional expenses, royalty fee for licensed brands, staff costs for the sales and marketing staff, and other costs related to sales and distribution.

Selling and distribution expenses were RMB12.6 million, which amounted to approximately 4.4% of turnover during the six months ended 30 June 2012 (six months ended 30 June 2011: 5.9%), primarily as a result of a careful execution of marketing and sales strategy, and less marketing promotion support provided to its customers given more discount was offered by the Group during the period. The Group believes when customers launch marketing campaign under the Group's suggested framework with its own planning and design, it would improve the efficiency of marketing activities for the promotion of the Group's branded products in different provinces in the PRC with customers having different consumption habits.

Administrative expenses

Administrative expenses increased by about 63.9% to RMB20.1 million for the six months ended 30 June 2012 primarily attributable to the increase over the expenses for R&D activities, from RMB0.7 million for the six months ended 30 June 2011, to RMB3.5 million for the corresponding period in 2012. There was also an additional allowance for doubtful debts, amounting to RMB6.2 million provided for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB0.4 million).

Finance cost

Finance cost increased by approximately 219.7% from RMB1.3 million for the six months ended 30 June 2011 to RMB4.0 million for the six months ended 30 June 2012, primarily due to an increase in bank loans 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 loans from 5.93% for the six months ended 30 June 2011 to 6.92% for the corresponding period in 2012.

Effective tax rate

The effective tax rate for the Group increased from 25.6% for the six months ended 30 June 2011 to 28.8% for the corresponding period of 2012 respectively. This was mainly attributable to an increase in contribution by Luotuo (Quanzhou) Shoes and Garments Co., Ltd, which ended its 2 + 3 tax holiday by the end of 2011, and subject to income tax of 25% onwards.

Profit attributable to Shareholders

Profit attributable to Shareholders decreased by 38.0% to approximately RMB27.9 million for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB45.0 million). Its ratio to revenue has dropped from 16.0% for the six months ended 30 June 2011 to 9.7% for the corresponding period in 2012. The decrease was mainly due to the decrease in gross profit margin from 32.2% for the six months ended 30 June 2011 to 26.1% for the period under review. Basic earnings per share for the Group decreased from RMB5 cents for the six months ended 30 June 2011 to RMB2 cents for the corresponding period of 2012, partially attributable to the effect of the increase in the weighted average number of ordinary shares of the Company ("Shares"), from 900,000,000 for the six months ended 30 June 2011 to 1,200,000,000 for the corresponding period of 2012.

USE OF PROCEEDS

The Shares were listed on The Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 September 2011. Net proceeds from the global offering were approximately HK$337.4 million (after deducting the underwriting commission and relevant expenses).

As at 30 June 2012, the unused proceeds were deposited and pledged in licensed banks in Hong Kong and the PRC.

Use of net proceeds from global offering

	Net proceeds (HK$ million)	Utilised amount (up to 30 June 2012) (HK$ million)	Unutilised amount (as at 30 June 2012) (HK$ million)
Establishing a new production facility	131.9	87.9	44.0
Establishing self-owned and operated flagship stores	75.6	–	75.6
Establishing a new product testing and R&D laboratory	52.6	52.6	0.0
Developing and increasing brand awareness	22.3	17.5	4.8
Expansion of the product R&D teams and equipment	10.8	10.8	0.0
Establishing of an enterprise resource planning (i.e. ERP) system	10.8	–	10.8
Expansion of original production capacity	8.8	8.8	0.0
General working capital	24.6	24.6	0.0
	337.4	202.2	135.2

The Company does not intend to apply the remaining net proceeds for purposes other than those disclosed in the prospectus of the Company dated 16 September 2011 ("Prospectus").

LIQUIDITY AND FINANCIAL RESOURCES

In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi ("RMB"). As at 30 June 2012, the Group had net current assets of RMB419.2 million (31 December 2011: RMB470.8 million), of which cash and cash equivalents and various bank deposits were RMB141.4 million (31 December 2011: RMB247.9 million).

The Group has always been pursuing a prudent treasury management policy and is in a strong liquidity position with sufficient standby banking facilities to cope with daily operations and future development demands for capital. As at 30 June 2012, total available banking facilities of the Group amounted to RMB470 million, among which the outstanding bank loans and the bills payable were RMB134.1 million and RMB115.2 million respectively. The ratio of outstanding bank loans to total assets was 14.4% (31 December 2011: 10.1%).

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2012.

Operating activities

During the period under review, net cash generated from operations decreased by RMB93.5 million to net cash used in operations of RMB90.7 million for the six months ended 30 June 2012 from RMB2.8 million of the corresponding period of 2011, which was primarily due to the increase in the amount of trade and bills receivables.

Investing activities

Net cash used in investing activities for the six months ended 30 June 2012 was RMB82.5 million (as compared with RMB19.6 million for the six months ended 30 June 2011), which was primarily due to the increase in pledged bank deposits of RMB18.2 million and the increase of payment incurred for the construction project of the new production plants in Suining of RMB71.7 million, which was partially offset by interest received of RMB1.1 million.

Financing activities

During the six months ended 30 June 2012, net cash generated from financing activities was RMB48.3 million (as compared with RMB6.3 million for the corresponding period of 2011), which was mainly attributable to proceeds from bank loans of RMB107.1 million, and partially offset by repayment of bank loans of RMB57.6 million, dividend paid during the period of RMB8.6 million and interest payment of RMB4.0 million.

WORKING CAPITAL MANAGEMENT

The Group recognises the importance of a strong and stable cash flow from operations to stay competitive and capture every business opportunity.

The inventory turnover days of the Group were 61 days for the six months ended 30 June 2012 (year ended 31 December 2011: 52 days). The slight increase in the inventory turnover days for the period was mainly due to the advance procurement of raw materials near the period end prepared for the launching of autumn/winter new products during the second half of 2012.

The average trade and bills receivables turnover days for the six months ended 30 June 2012 increased to 162 days (year ended 31 December 2011: 102 days), primarily due to the granting of payment extensions to some of the customers and the acceptance to use bank or commercial acceptance bills for settlement when fall due. The maturity period of those bills would normally be between two to three months. This arrangement could allow greater liquidity, thereby encouraging the Group's customers to expand the retail sales network for the Group's branded products. The Group strives to strengthen its credit control to ensure that the trade and bills receivables turnover days will be in line with the credit terms of 60 to 90 days granted to the customers.

The Group's average trade and bills payables turnover days increased to 102 days (year ended 31 December 2011: 71 days), primarily as a result of utilisation of credit terms provided by the suppliers to the Group.

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 2012, save as the construction plan of the new production plants in Suining, there was no significant investment, material acquisitions and disposal of subsidiaries by the Company. The Group has no plan to make any substantial investment in or acquisition of capital assets.

FOREIGN EXCHANGE RISK

The Group mainly operates in the PRC with most of the transactions settled in RMB. Part of the Group's cash and bank deposits are denominated in Hong Kong Dollars.

During the period, the Group did not hedge any foreign exchange exposure against foreign currency risk. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

CHARGE ON ASSETS

As at 30 June 2012, the Group had pledged its lease prepayments and buildings held for own use with net book value of RMB39.0 million and deposits with banks of RMB53.0 million for the purpose of securing bank loans and certain bills payable with carrying value of RMB63.0 million.

Included in secured bank loans as at 30 June 2012 were bills discounted with recourse totalling RMB38.1 million (31 December 2011: RMBNil) which were secured by bills receivable of equivalent amounts at that date.

CONTINGENT LIABILITIES

There were no significant contingent liabilities for the Group as at 30 June 2012.

HUMAN RESOURCES

As at 30 June 2012, the Group employed approximately 1,562 employees (30 June 2011: 1,470 employees) with total staff cost of RMB21.0 million incurred for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB21.4 million). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES OF EQUITY DERIVATIVES AND DEBENTURES

As at 30 June 2012, the interests and short positions of the directors (the "Directors") and chief executive of the Company in the Shares, underlying shares of equity derivatives and debentures of the Company or its associated corporations (as defined by Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under Section 352 of SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") are 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
Ms. Cai Xiuman ("Ms. Cai") (Note 1)	Interest of controlled corporation	Long position	695,230,000	57.94%
Mr. Zhang Wenbin ("Mr. Zhang") (Note 2)	Interest of spouse	Long position	695,230,000	57.94%

Notes:

1. Ms. Cai is the beneficial owner of the entire issued share capital of Festive Boom Limited which holds 695,230,000 Shares.

2. Mr. Zhang is deemed to be interested in the 695,230,000 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%

As at 30 June 2012, save as disclosed herein, none of the Directors and chief executive of the Company were interested in short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO as recorded in the register of directors' and chief executive's interests and short positions or otherwise notified to the Company and Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, the following persons, other than the Directors and chief executive of the Company, had interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

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	695,230,000	57.94%
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.

Save as disclosed above, the Directors are not aware of any person, other than the Directors and chief executive, who had an interest or short positions in the Shares or underlying Shares that were required to be recorded pursuant to Section 336 of Part XV of the SFO as of 30 June 2012.

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 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 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 in general meeting and/or such other requirements prescribed under the Listing Rules.

Unless otherwise approved by the Shareholders in general meeting, the number of the 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.

No share options were granted under the Share Option Scheme for the six months ended 30 June 2012 and up to the date of this interim report.

CORPORATE GOVERNANCE AND OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2012.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

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 Corporate Governance Code, which was formerly known as Code on Corporate Governance Practices, contained in Appendix 14 to the Listing Rules (the "Corporate Governance Code"). During the six months ended 30 June 2012, the Company has complied with all 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. Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the six months ended 30 June 2012.

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 Yin Thomas is the chairman of the audit committee.

The Group's interim results for the six months ended 30 June 2012 and this interim report have been reviewed by the audit committee of the Company.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company has not redeemed any of the Shares during the six months ended 30 June 2012. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the six months ended 30 June 2012.

Consolidated Income Statement

For the six months ended 30 June 2012-unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2012 RMB'000	2011 RMB'000
Turnover	3, 4	**287,861**	280,355
Cost of sales		**(212,668)**	(190,016)
Gross profit		**75,193**	90,339
Other revenue	6	**1,070**	273
Other net loss	6	**(411)**	(36)
Selling and distribution expenses		**(12,558)**	(16,573)
Administrative expenses		**(20,095)**	(12,261)
Profit from operations		**43,199**	61,742
Finance costs	7(a)	**(4,012)**	(1,255)
Profit before taxation	7	**39,187**	60,487
Income tax	8	**(11,287)**	(15,507)
Profit for the period		**27,900**	44,980
Earnings per share			
Basic and diluted (RMB)	9	**0.02**	0.05

The notes on pages 20 to 35 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15(a).

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012-unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Profit for the period	**27,900**	44,980
Other comprehensive income for the period		
Exchange differences on translation of financial statements of subsidiaries outside the People's Republic of China	**363**	363
Total comprehensive income for the period	**28,263**	45,343

The notes on pages 20 to 35 form part of this interim financial report.

Consolidated Balance Sheet

At 30 June 2012-unaudited
(Expressed in Renminbi)

	Note	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Non-current assets			
Property, plant and equipment	10	**93,156**	61,375
Lease prepayments		**4,430**	4,482
Non-current prepayments	10	**37,276**	–
Deferred tax assets		**2,640**	1,100
		137,502	66,957
Current assets			
Inventories	11	**76,654**	65,547
Current portion of lease prepayments		**104**	104
Trade and other receivables	12	**578,792**	460,474
Pledged deposits		**52,959**	34,747
Cash and cash equivalents		**88,397**	213,187
		796,906	774,059
Current liabilities			
Trade and other payables	13	**226,927**	184,157
Bank loans	14	**134,100**	84,600
Current taxation		**16,707**	34,530
		377,734	303,287
Net current assets		**419,172**	470,772
Total assets less current liabilities		**556,674**	537,729
Non-current liabilities			
Deferred tax liabilities		**864**	1,542
NET ASSETS		**555,810**	536,187
CAPITAL AND RESERVES	15		
Capital		**97,935**	97,935
Reserves		**457,875**	438,252
TOTAL EQUITY		**555,810**	536,187

The notes on pages 20 to 35 form part of this interim financial report.

Consolidated Statement of Changes In Equity

For the six months ended 30 June 2012-unaudited
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company						
	Note	Capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 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	15(b)(ii)	75	–	(75)	–	–	–	–
At 30 June 2011 and 1 July 2011		85	–	2,268	1,100	8,335	190,512	202,300
Changes in equity for the six months ended 31 December 2011:								
Profit for the period		–	–	–	–	–	67,297	67,297
Other comprehensive income		–	–	–	(583)	–	–	(583)
Total comprehensive income for the period		–	–	–	(583)	–	67,297	66,714
Appropriations to statutory reserve		–	–	–	–	7,488	(7,488)	–
Issuance of ordinary shares upon initial public offering, net of issuing cost	15(b)(iv)	24,483	242,690	–	–	–	–	267,173
Capitalisation issue	15(b)(iv)	73,367	(73,367)	–	–	–	–	–
At 31 December 2011 and 1 January 2012		**97,935**	**169,323**	**2,268**	**517**	**15,823**	**250,321**	**536,187**
Changes in equity for the six months ended 30 June 2012:								
Profit for the period		–	–	–	–	–	27,900	27,900
Other comprehensive income		–	–	–	363	–	–	363
Total comprehensive income for the period		–	–	–	363	–	27,900	28,263
Appropriations to statutory reserve		–	–	–	–	2,133	(2,133)	–
Dividend approved and paid during the period	15(a)	–	(8,640)	–	–	–	–	(8,640)
At 30 June 2012		**97,935**	**160,683**	**2,268**	**880**	**17,956**	**276,088**	**555,810**

The notes on pages 20 to 35 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2012-unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Cash (used in)/generated from operations	**(59,347)**	24,177
Income tax paid	**(31,328)**	(21,342)
Net cash (used in)/generated from operating activities	**(90,675)**	2,835
Net cash used in investing activities	**(82,488)**	(19,614)
Net cash generated from financing activities	**48,347**	6,341
Net decrease in cash and cash equivalents	**(124,816)**	(10,438)
Cash and cash equivalents at 1 January	**213,187**	24,687
Effect of foreign exchange rate changes	**26**	(3)
Cash and cash equivalents at 30 June	**88,397**	14,246

The notes on pages 20 to 35 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

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 2012 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 sheet of the Group as at 31 December 2011 has been prepared to present the state of affairs of the companies now comprising the Group as at 31 December 2011 as if the current group structure had been in existence as at that date.

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

(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 27 August 2012.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2011 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2012 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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 on a year to date basis. Actual results may differ from these estimates.

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

(b) Basis of preparation *(continued)*

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 2011 annual financial statements. 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 accordance 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 2011 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2011 are available from the Company's registered office. The auditors have expressed an unqualified opinion on these financial statements in their report dated 19 March 2012.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a few amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, Amendments to IFRS 7, *Financial instruments: Disclosures-Transfers of financial assets* is relevant to the Group's financial statements.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Amendments to IFRS 7, Financial instruments: disclosures

The amendments to IFRS 7 require certain disclosures to be included in the annual financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the balance sheet date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

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	
	2012	2011
	RMB'000	RMB'000
Footwear	**277,779**	271,893
Apparel and related accessories	**10,082**	8,462
	287,861	280,355

4 SEGMENT REPORTING

(a) Segment results

The Group manages its businesses by its operating subsidiaries in the PRC, which are engaged in the manufacturing and sales of casual footwear, apparel and related accessories. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified four reportable segments, namely, Fujian Jinmaiwang Shoes and Garments Products Co., Ltd. ("Fujian Jinmaiwang"), Shishi Haomai Shoes Industrial Co., Ltd. ("Shishi Haomai"), Luotuo (Quanzhou) Shoes and Garments Co., Ltd. ("Luotuo Quanzhou") and Greiff (Xiamen) International Trading Co., Ltd. ("Greiff Xiamen"). No operating segments have been aggregated to form the above reporting segments.

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 2012				
	Fujian Jinmaiwang RMB'000	Shishi Haomai RMB'000	Luotuo Quanzhou RMB'000	Greiff Xiamen RMB'000	Total RMB'000
Reportable segment revenue derived from the Group's external customers	**124,634**	**72,756**	**57,391**	**33,080**	**287,861**
Reportable segment profit					
Profit after taxation	**13,040**	**9,428**	**5,355**	**2,920**	**30,743**

	Six months ended 30 June 2011				
	Fujian Jinmaiwang RMB'000	Shishi Haomai RMB'000	Luotuo Quanzhou RMB'000	Greiff Xiamen RMB'000	Total 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)*

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

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Revenue		
Reportable segment revenue and consolidated turnover	**287,861**	280,355
Profit		
Reportable segment profit derived from the Group's external customers	**30,743**	49,048
Other revenue and other net loss	**(230)**	–
Unallocated head office and corporate expenses	**(2,613)**	(4,068)
Consolidated profit after taxation	**27,900**	44,980

5 SEASONALITY OF OPERATIONS

The Group's operations are 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	
	2012	2011
	RMB'000	RMB'000
Interest income on bank deposits	**1,060**	148
Government subsidies	**10**	120
Sundry income	**–**	5
	1,070	273

The Group was entitled to unconditional government subsidies of RMB10,000 for the six months ended 30 June 2012 (six months ended 30 June 2011: RMB120,000). These government subsidies were recognised as other revenue when they became receivable.

6 OTHER REVENUE AND OTHER NET LOSS *(continued)*

(b) Other net loss

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Net foreign exchange loss	**374**	30
Loss on disposal of property, plant and equipment	**37**	6
	411	36

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
(a) Finance costs		
Interest expense on bank loans wholly repayable within five years	**4,012**	1,255
(b) Staff costs		
Salaries, wages and other benefits	**20,353**	20,368
Contributions to defined contribution retirement schemes	**674**	1,058
	21,027	21,426
(c) Other items		
Cost of inventories	**212,668**	190,016
Depreciation of property, plant and equipment	**3,102**	2,132
Amortisation of lease prepayments	**52**	52
Impairment loss on trade receivables	**6,163**	352
Operating lease charges in respect of properties – minimum lease payments	**1,622**	482
Operating lease charges in respect of trademarks – minimum lease payments	**2,213**	3,738
Research and development costs	**3,548**	694
Auditors' remuneration	**488**	1,436

8 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June 2012 RMB'000	2011 RMB'000
Current tax – PRC corporate income tax		
Provision for the period	**13,505**	15,595
Deferred tax		
Origination and reversal of temporary differences	**(2,218)**	(88)
	11,287	15,507

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

(b) No provision was made for Hong Kong Profits Tax as the Group did not derive any income which is subject to Hong Kong Profits Tax during the six months ended 30 June 2012 and 2011. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(c) The new Corporate Income Tax Law ("the new tax law") of the PRC was passed by the Fifth Plenary Session of the Tenth National People's Congress on 16 March 2007. The new tax law is effective from 1 January 2008, and 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, Luotuo Quanzhou, being a production-oriented foreign investment enterprise, 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. Luotuo Quanzhou started its 2+3 tax holiday in 2007.

The new tax law and its relevant regulations grandfather the 2+3 tax holiday until they expire. Accordingly, 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 new 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.

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 provided to the extent that such profits are expected to be distributed in the foreseeable future.

9 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2012 is based on the profit attributable to equity shareholders of the Company of RMB27,900,000 (six months ended 30 June 2011: RMB44,980,000) and weighted average number of 1,200,000,000 shares (six months ended 30 June 2011: 900,000,000 shares) in issue during the six months ended 30 June 2012, calculated as follows:

Weighted average number of ordinary shares

	Number of shares 2012	2011
Issued ordinary shares at 1 January	**1,200,000,000**	10,000
Effect of issue of shares upon Reorganisation (note 15(b)(ii))	**–**	990,000
Effect of capitalisation issue (note 15(b)(iv))	**–**	899,000,000
Weighted average number of ordinary shares at 30 June	**1,200,000,000**	900,000,000

The weighted average number of shares in issue during the six months ended 30 June 2011 was based on the assumption that the 900,000,000 shares before the listing of shares on the Stock Exchange were in issue, as if such shares had been outstanding throughout the entire six months ended 30 June 2011.

There were no potential dilutive ordinary shares during the six months ended 30 June 2012 and 2011 and, therefore, diluted earnings per share are the same as the basic earnings per share.

10 PROPERTY, PLANT AND EQUIPMENT AND NON-CURRENT PREPAYMENTS

During the six months ended 30 June 2012, the Group's additions to property, plant and equipment amounted to RMB34,951,000 (six months ended 30 June 2011: RMB1,718,000).

During the six months ended 30 June 2012, the Group made prepayments of RMB36,276,000 and RMB1,000,000 (31 December 2011: RMBNil and RMBNil) for the acquisition of property, plant and equipment and a land use right for self-operating properties under development in the PRC respectively.

11 INVENTORIES

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Raw materials	**57,988**	49,864
Work in progress	**3,779**	6,282
Finished goods	**14,887**	9,401
	76,654	65,547

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Trade receivables and bills receivables	359,366	254,177
Less: allowance for doubtful debts	(10,561)	(4,398)
	348,805	249,779
Deposits and prepayments	225,800	195,575
Amount due from a director (note 17(c))	762	12,287
Other receivables	3,425	2,833
	578,792	460,474

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 2012 RMB'000	At 31 December 2011 RMB'000
Current	208,317	173,218
Less than 60 days past due	60,151	36,686
61 days – 180 days past due	58,925	27,873
Over 180 days past due	21,412	12,002
Amounts past due	140,488	76,561
	348,805	249,779

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.

13 TRADE AND OTHER PAYABLES

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Trade payables (note (a))	45,311	49,106
Bills payable (notes (b), (c) and (d))	115,166	62,404
Receipts in advance	41,360	34,439
Other payables and accruals (note (e))	25,090	38,208
	226,927	184,157

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

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Due within 1 month or on demand	28,713	19,852
Due after 1 month but within 3 months	16,598	29,254
	45,311	49,106

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

(c) At 30 June 2012, bills payable totalling RMB112,866,000 (31 December 2011: RMB61,204,000) were secured by pledged deposits of RMB52,259,000 (31 December 2011: RMB34,377,000).

(d) At 30 June 2012, bills payable totalling RMB2,300,000 (31 December 2011: RMB1,200,000) were secured by (i) pledged deposits of RMB700,000 (31 December 2011: RMB370,000), and (ii) certain assets of the Group, details of which are set out in note 14(c).

(e) An analysis of the other payables and accruals of the Group is analysed as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Salaries, wages, bonus and other accrued benefits	11,019	11,974
Payables for the purchase of property, plant and equipment	1,169	8,031
Value-added tax payable	6,200	9,045
Others	6,702	9,158
	25,090	38,208

14 BANK LOANS

(a) At 30 June 2012, bank loans were repayable as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Within 1 year	**134,100**	84,600

(b) At 30 June 2012, the bank loans were analysed as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Bank loans		
secured (note (d))	**63,000**	28,660
unsecured	**71,100**	55,940
	134,100	84,600

(c) The secured bank loans and certain bills payable (note 13(d)) were secured by the following assets:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Buildings	**34,496**	35,542
Lease prepayments	**4,534**	4,586
	39,030	40,128

(d) Included in secured bank loans as at 30 June 2012 were bills discounted with recourse totalling RMB38,100,000 (31 December 2011: RMBNil) which were secured by bills receivable of equivalent amounts at that date.

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: RMBNil).

(ii) Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of HK0.88 cents (equivalent to approximately RMB0.72 cents) per ordinary share (six months ended 30 June 2011: Nil per ordinary share)	**8,640**	–

(b) Share capital

(i) 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.

(ii) On 3 December 2010, the Controlling Parties transferred 100% of their equity interests in Shishi Haomai to Fujian Jinmaiwang for a consideration of RMB1,500,000.

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 Stock Exchange. As a result of the Reorganisation, the Company became the holding company of the Group on 2 February 2011. The difference of the nominal value of shares of the subsidiaries acquired and the nominal value of the shares issued by the Company in exchange under the Reorganisation of the Group was recorded in "other reserve".

(iii) Pursuant to the written resolutions 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.

(iv) On 28 September 2011, the shares of the Company were listed on the Stock Exchange following the completion of its initial public offering. 300,000,000 ordinary shares of HK$0.10 each were issued at a price of HK$1.20 per share under the initial public offering. Proceeds of HK$30,000,000 (equivalent to RMB24,483,000) representing the par value of these ordinary shares, were credited to the Company's share capital and the excess of the proceeds over the nominal value of the total number of ordinary shares issued after offsetting share issuance costs of RMB26,623,000, which amounted to RMB242,690,000, were credited to the share premium account of the Company. 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 (equivalent to RMB73,367,000) from the Company's share premium account.

16 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2012 not provided for in the interim financial report were as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Contracted for	56,161	6,131
Authorised but not contracted for	–	121,530
	56,161	127,661

(b) At 30 June 2012, the total future minimum lease payments under non-cancellable operating leases in respect of properties were payable as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Within 1 year	981	3,150
After 1 year but within 5 years	390	10,179
After 5 years	–	17,644
	1,371	30,973

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

During the year ended 31 December 2011, the Group leased a property from an independent third party for an initial period of ten years for a rental of RMB2,058,000 per annum, at the end of which period all terms would be renegotiated. Pursuant to an agreement signed between the Group and the independent third party on 9 May 2012, the rental agreement was terminated and no charge or penalty was required to be paid or payable by the Group in respect of the early termination.

16 COMMITMENTS *(continued)*

(c) At 30 June 2012, 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 2012 RMB'000	At 31 December 2011 RMB'000
Within 1 year	12,485	9,750
After 1 year but within 5 years	15,600	20,632
	28,085	30,382

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 one to five 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 17(b).

(d) The Group entered into binding contracts with an advertising company to conduct certain advertising plans covering the period from 1 January 2012 to 31 December 2012. The Group has committed to pay RMB4,960,000 (31 December 2011: RMB1,960,000) for the advertising plans according to the contracts in which RMB3,472,000 (31 December 2011: RMB1,372,000) has been prepaid as at 30 June 2012. The future minimum payments were payable as follows:

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Within 1 year	1,488	588

17 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 2012 and 2011, 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.

17 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Significant related party transactions

Particulars of significant related party transactions during six months ended 30 June 2012 are as follows:

(i) Lease of properties

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Rental payable/paid to:		
– Zhang Wen Bin, Zhang Li Zhu and Zhang Wen Zhi #	**–**	21
– Huang Cong Ming #	**–**	12
– Cai Xiu Man	**139**	–
	139	33

\# 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 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) Amount due from a director

	At 30 June 2012 RMB'000	At 31 December 2011 RMB'000
Amount due from a director	**762**	12,287

17 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Amount due from a director *(continued)*

Notes:

(i) The amount due from a director at 30 June 2012 was unsecured, interest-free and repayable on demand. The amount was fully repaid in July 2012.

(ii) 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
– interest rate	Nil
– security	None
Balance of the cash advance	
– at 1 January 2011	RMBNil
– at 31 December 2011 and 1 January 2012	RMB12,287,000
– at 30 June 2012	RMB762,000
Maximum balance outstanding	
– during the six months ended 30 June 2012	RMB26,396,000
– during the year ended 31 December 2011	RMB21,925,000

There was no amount due but unpaid, nor any provision made against the cash advance at 31 December 2011 and 30 June 2012.

(d) Key management personnel remuneration

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

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Short-term employee benefits	**807**	732
Retirement scheme contributions	**13**	47
	820	779

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

Review Report

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 15 to 35 which comprises the consolidated balance sheet of Active Group Holdings Limited as of 30 June 2012 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 2012 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

27 August 2012