2013 INTERIM REPORT

Grand Concord International Holdings Limited

廣豪國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

Stock Code: 844

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. Wong Kin Ling
Madam Hung Kin
Mr. Wang Shao Hua
Mr. Wei Jin Long

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wang Jin Tang
Ms. Tay Sheve Li
Dr. Chan Ah Pun

AUTHORISED REPRESENTATIVES

Mr. Wong Kin Ling
Madam Hung Kin

AUDIT COMMITTEE

Ms. Tay Sheve Li *(Chairman)*
Mr. Wang Jin Tang
Dr. Chan Ah Pun

REMUNERATION COMMITTEE

Mr. Wang Jin Tang *(Chairman)*
Mr. Wong Kin Ling
Ms. Tay Sheve Li
Dr. Chan Ah Pun

NOMINATION COMMITTEE

Dr. Chan Ah Pun *(Chairman)*
Mr. Wong Kin Ling
Ms. Tay Sheve Li

COMPANY SECRETARY

Mr. Lee Yin Sing, *CPA*

AUDITOR

SHINEWING (HK) CPA Limited

LEGAL ADVISER

As to Hong Kong law:
Cheung & Lee in association with
Locke Lord (HK) LLP

REGISTERED OFFICE

P.O. Box 3340
Road Town
Tortola
British Virgin Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 15/F, 78 Hung To Road
Kwun Tong
Kowloon
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 102 Renmin Dong Road
Zhucheng City
Shandong Province
The PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE BVI

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town, Tortola
British Virgin Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Investor Services Limited
26/F Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKER

Industrial and Commercial Bank of China,
Zhucheng sub-branch
The Hongkong and Shanghai Banking
Corporation Limited

LISTING EXCHANGE INFORMATION

Place of listing: Main Board of
The Stock Exchange of Hong Kong Limited
Stock Code: 844

COMPANY'S WEBSITE

www.grandconcord.com

FINANCIAL HIGHLIGHTS

KEY FINANCIAL INFORMATION

	For the six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Key Financial Information		
Revenue	**209,049**	196,237
Gross profit	**47,878**	50,904
Profit before tax	**14,526**	21,946
Profit for the period	**9,360**	15,198
Total comprehensive income for the period	**9,052**	15,103

	As at 30 June 2013 RMB'000 (Unaudited)	As at 31 December 2012 RMB'000 (Audited)
Non-current assets	**203,226**	177,562
Current assets	**268,294**	155,369
Current liabilities	**241,358**	101,048
Net current assets	**26,936**	54,321
Total assets	**471,520**	332,931
Total assets less current liabilities	**230,162**	231,883
Total equity	**230,162**	231,883
Cash and cash equivalents	**36,944**	24,134

KEY FINANCIAL RATIOS

	For the six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Gross profit margin	**22.9%**	25.9%
Net profit margin	**4.5%**	7.7%
Trade receivables turnover days	**66**	46
Inventory turnover days	**86**	96

	As at 30 June 2013	As at 31 December 2012
	RMB'000	RMB'000
Gearing ratio[1]	**22.3%**	9.5%
Current ratio[2]	**1.1**	1.5

Note:

1. Gearing ratio represents the ratio of total borrowings to total assets.

2. Current ratio represents the ratio of current assets to current liabilities.

REVENUE OF THE GROUP ANALYSED BY PRODUCT CATEGORIES

	Six months ended 30 June			
	2013 RMB'000	**2013 %**	2012 RMB'000	2012 %
Knitted fabrics				
General fabrics	**7,500**	**3.6**	5,934	3.0
Functional fabrics	**68,226**	**32.6**	40,539	20.7
Sub-total	**75,726**	**36.2**	46,473	23.7
Innerwear products				
General innerwear	**62,558**	**29.9**	57,121	29.1
Functional innerwear	**70,765**	**33.9**	92,643	47.2
Sub-total	**133,323**	**63.8**	149,764	76.3
Total	**209,049**	**100.0**	196,237	100.0

REVENUE OF THE GROUP ANALYSED BY REGIONAL DISTRIBUTION

	Six months ended 30 June			
	2013 RMB'000	**2013 %**	2012 RMB'000	2012 %
Japan	**90,901**	**43.5**	118,955	60.6
PRC	**84,012**	**40.2**	46,473	23.7
United States	**34,136**	**16.3**	29,282	14.9
Others	**–**	**0.0**	1,527	0.8
Total	**209,049**	**100.0**	196,237	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the first half of 2013, the growth in the global economy remained sluggish. The retail markets of the European Union and Japan continued to shrink and the textile industry continued to show slow recovery, all of which weakened the economic recovery and suppressed the demand for China's textile products. At the same time, the labour costs in China continued to increase. Exporters from Southeast Asia and other emerging exporting countries posted great challenges to China's manufacturers. Low labour costs in countries such as Vietnam, Cambodia, Bangladesh and Indonesia and the appreciation of RMB significantly weakened the competitiveness of China's textile industry. Meanwhile, the competitiveness of Chinese textile enterprises in the global market was further weakened by the widening cotton price spread between domestic and overseas markets during the year.

Despite the unfavourable operating environment, the textile industry saw stable development during the first half of the year as it benefited from the structural adjustment as well as the transformation upgrade in the industry. According to China's General Administration of Customs, as of 30 June 2013, China's textile and apparel exports reached US$127.21 billion in total, a year-on-year increase of 12.1%. During the period under review, Grand Concord International Holdings Limited (the "**Company**" hereinafter together with its subsidiaries referred to as the "**Group**") endeavoured to seize every market opportunity and leverage our excellent products and stable customer base to weather market challenges, which as a result brought growth to both the sales and quantity of products sold as compared to the same period of last year.

To maintain its competitiveness in the industry, the Group continued to optimise its production process and invest in various production equipment. The directors of the Company (the "**Directors**") believe the Group's investment during the period will pay off in the long run. During the reporting period, the Group, however, recorded a fall in gross profit margin as a result of the distressed unit selling prices and the increased costs. As most of our revenue was denominated in US dollars while most of the operating cost was denominated in RMB, which was the functional currency of the Group, the depreciation of US dollars against RMB reduced the Group's profit from exports. The appreciation of RMB also weakened the Group's price competitiveness in major export markets, including Japan and the United States. In consideration of various challenges arising in market, the Group has lowered the unit selling prices of some export merchandise to retain valuable customers.

The Group is primarily engaged in the production and sales of functional fabrics and innerwear. The market demand for functional fabrics has been increasing steadily. Under the sluggish economy and the growing awareness in environmental protection, there is an increasing demand for "**Home ECO**" (Home Environmental Conservation) merchandise in Japan. As consumers go out less and stay at home longer, functional textile products, which are energy-saving and environmental-friendly, start to gain favour from the consumers. Various types of innerwear focusing on comfortableness functions begin to be valued in market. Consumers pay more attention to the capability to keep warm and wear light in winter as well as to maintain a cool sense and capability of moisture-absorbing and perspiration-wicking in summer. Therefore, we believe the demands in the Group's targeted markets are still able to enjoy stable growth in the overall textile and apparel industry and provide the Group with development opportunities and a platform for further expansion in the future.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by knitted fabrics and innerwear products and as a percentage of the Group's total revenue for the six months ended 30 June 2013, with corresponding comparative figures for 2012:

	Six months ended 30 June			
	2013 RMB'000	**2013 %**	2012 RMB'000	2012 %
Knitted fabrics				
General fabrics	**7,500**	**3.6**	5,934	3.0
Functional fabrics	**68,226**	**32.6**	40,539	20.7
Sub-total	**75,726**	**36.2**	46,473	23.7
Innerwear products				
General innerwear	**62,558**	**29.9**	57,121	29.1
Functional innerwear	**70,765**	**33.9**	92,643	47.2
Sub-total	**133,323**	**63.8**	149,764	76.3
Total	**209,049**	**100.0**	196,237	100.0

For the six months ended 30 June 2013, the Group recorded a revenue of approximately RMB209.0 million (2012: RMB196.2 million), representing an increase of approximately RMB12.8 million, or approximately 6.5%, as compared with that for the corresponding period in 2012. The sales volumes of general fabrics, functional fabrics, general innerwear and functional innerwear for the six months ended 30 June 2013 were approximately 159 tons, 887 tons, 5.1 million pieces and 5.0 million pieces respectively (2012: 121 tons, 526 tons, 3.4 million pieces and 5.8 million pieces respectively). The growth in revenue was mainly due to the increase in the sales of the Group's spring and summer knitted functional fabric products.

Sales of knitted fabrics amounted to approximately RMB75.7 million (2012: RMB46.5 million), representing approximately 36.2% (2012: 23.7%) of the total revenue for the six months ended 30 June 2013. The increase in the sales of knitted fabrics was mainly due to the Group's effort to promote the spring and summer knitted fabrics products in the period concerned. The sales volume of knitted fabrics increased by approximately 61.9% from approximately 646 tons in the six months ended 30 June 2012 to approximately 1,046 tons in the same period of 2013.

Sales of innerwear products amounted to approximately RMB133.3 million (2012: RMB149.8 million), representing approximately 63.8% (2012: 76.3%) of the total revenue for the six months ended 30 June 2013. The decrease in the sales of innerwear products in the amount of approximately RMB16.4 million, or approximately 11.0%, in the six months ended 30 June 2013 as compared with that in the corresponding period in 2012 was mainly due to the decrease in unit selling prices and change in customer mix for the six months ended 30 June 2013. The sales volume of innerwear products has remained steady at approximately 10.1 million pieces in the period (2012: 10.0 million pieces). The increase in sales orders of general innerwear led to an increase in the sales volume of general innerwear by approximately 23.6% to approximately 5.1 million pieces (2012: 4.1 million pieces). Under the limited production capacity, sales volume of functional innerwear decreased by approximately 14% to approximately 5.0 million pieces in the six months ended 30 June 2013 (2012: 5.8 million pieces). The depreciation of Japanese yen against US dollars had rendered Japanese customers being more inclined to bargain to lower the price of the Group's products in the period concerned. The Group has as a result lowered the unit selling prices of these merchandise to retain the valuable customers in the Japanese market.

Cost of sales

Cost of sales increased by approximately 10.9% from approximately RMB145.3 million for the six months ended 30 June 2012 to approximately RMB161.2 million for the corresponding period in 2013. The increase in the cost of sales primarily reflected the increase in the cost of raw materials, direct labour costs and subcontracting charges incurred by the Group during the six months ended 30 June 2013 as a result of the increase in the sales of functional fabrics products. The average unit production cost of knitted fabrics of the Group in the first six months of 2013 was higher than that over the same period in 2012, which was mainly due to the increase in the production and sales of the functional fabrics with relatively higher unit costs over that of the general fabrics.

Gross profit and gross profit margin

Gross profit decreased by approximately RMB3.0 million, or approximately 5.9%, from approximately RMB50.9 million for the six months ended 30 June 2012 to approximately RMB47.9 million for the six months ended 30 June 2013 as a result of the decrease in unit selling prices in 2013. The Group's gross profit margin decreased from approximately 25.9% for the six months ended 30 June 2012 to approximately 22.9% for the corresponding period in 2013, mainly due to the reduction in unit selling prices of both functional and general knitted fabrics and innerwear to retain valuable customers.

The following table sets forth the Group's gross profits and gross profit margins by products for the six months ended 30 June 2013, with corresponding comparative figures in 2012:

	Six months ended 30 June			
	2013 Gross profit RMB'000	**2013 Gross profit margin %**	2012 Gross profit RMB'000	2012 Gross profit margin %
Knitted fabrics				
General fabrics	**1,030**	**13.7**	832	14.0
Functional fabrics	**17,496**	**25.6**	11,277	27.8
Sub-total	**18,526**		12,109	
Innerwear products				
General innerwear	**7,721**	**12.3**	9,430	16.5
Functional innerwear	**21,631**	**30.6**	29,365	31.7
Sub-total	**29,352**		38,795	
Total	**47,878**	**22.9**	50,904	25.9

Other income and gains

Other income and gains amounted to approximately RMB1.0 million (2012: RMB1.0 million) for the six months ended 30 June 2013 which were mainly interest income from bank deposits and gains from sales of scrap materials.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB1.9 million to approximately RMB6.2 million (2012: RMB4.3 million) for the six months ended 30 June 2013, primarily reflecting an increase in the sales volume of fabrics products for the period. As the sales volume of fabrics products increased by approximately 61.9%, the relevant transportation costs incurred for local delivery to customers increased. The Group has also incurred approximately RMB0.7 million in the six months ended 30 June 2013 (2012: RMB0.1 million) as marketing and promotion expenses.

Administrative expenses

Administrative expenses increased by approximately 11.8% to approximately RMB26.3 million (2012: RMB23.5 million) for the six months ended 30 June 2013, primarily reflecting the increases in staff benefits, depreciation expenses and exchange losses.

Total staff benefits (including salaries, social welfare and other staff costs) increased by approximately 5.5% from approximately RMB11.0 million in six months ended 30 June 2012 to approximately RMB11.6 million in the corresponding period in 2013 paid to the administrative staff.

The depreciation expenses increased by approximately 25.7% to approximately RMB3.5 million for the six months ended 30 June 2013 (2012: RMB2.8 million) due to the reconstruction and expansion of the administrative office of the Group.

Resulting from the depreciation of US dollars against RMB, the Group's overseas trade receivables recorded an exchange loss amounting to approximately RMB1.2 million for the six months ended 30 June 2013 (2012: RMB0.1 million).

Finance costs

Finance costs decreased to approximately RMB1.9 million (2012: RMB2.2 million) for the six months ended 30 June 2013 primarily due to a lower level of average bank borrowings when compared to that for the same period in 2012. The effective interest rates charged on bank borrowings for the six months 30 June 2013 ranged from approximately 5.6% to 9.0%, which were slightly lower than that of the same period in 2012 (2012: 5.9% to 9.3%).

Profit before tax

The Group's profit before tax decreased to approximately RMB14.5 million (2012: RMB21.9 million) for the six months ended 30 June 2013 mainly due to the decrease in gross profit as a result of lower unit selling prices and the increase in selling expenses and administrative expenses as mentioned above.

Income tax expense

Income tax expense slightly decreased to approximately RMB5.2 million (2012: RMB6.7 million). The Group's effective tax rate for the six months ended 30 June 2013 was 35.6% as compared to 30.7% for the corresponding period in 2012. The increase in effective tax rate was due to tax loss not recognised in the Group's subsidiaries for the six months ended 30 June 2013.

Profit for the period and profit margin

The Group's profit decreased by approximately RMB5.8 million, or approximately 38.4%, from approximately RMB15.2 million for the six months ended 30 June 2012 to approximately RMB9.4 million for the corresponding period in 2013. Profit margin was approximately 4.5% for the six months ended 30 June 2013 (2012: 7.7%) and the decrease was mainly due to the decrease in unit selling prices as well as the gross margin and the increase in selling expenses and administrative expenses.

Inventories

The inventory balances increased to approximately RMB104.7 million as at 30 June 2013 (as at 31 December 2012: RMB47.5 million) reflecting an increase in the purchases of raw materials and the amount of finished goods in anticipation of increased sales orders and delivery in the second half of 2013. For the six months ended 30 June 2013, the average inventories turnover days was 85 days (as at 31 December 2012: 16 days).

Trade and bills receivables

Trade and bills receivables increased to approximately RMB86.5 million as at 30 June 2013 (as at 31 December 2012: RMB64.9 million). The trade and bills receivables as at 30 June 2013 were relatively higher as a result of certain bulk orders being delivered in May and June 2013.

Trade and bills payables

Trade and bills payables increased to approximately RMB110.9 million as at 30 June 2013 (as at 31 December 2012: RMB42.6 million). The Group made more purchases of raw materials in response to the increase in production volume during the six months ended 30 June 2013, which led to the increase in the trade and bills payables.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sales of its products and bank borrowings. As at 30 June 2013, the Group's current ratio (calculated as current assets divided by current liabilities) was approximately 1.1 (as at 31 December 2012: 1.5). As at 30 June 2013, the Group had cash and cash equivalents of approximately RMB36.9 million (as at 31 December 2012: RMB24.1 million), which were mainly generated from or utilised in daily operations, including sales of products, purchase of materials and obtaining of the short-term bank loans of approximately RMB105.0 million (as at 31 December 2012: RMB31.6 million). As at 30 June 2013, the Group's gearing ratio (calculated as the total debt as at period-end divided by total assets as at period-end x 100%, where total debts are defined to include both current and non-current interest-bearing borrowings) was approximately 22.3%, as compared to approximately 9.5% as at 31 December 2012.

As at 30 June 2013, the Group had no fixed-rate bank borrowings (as at 31 December 2012: RMB5 million) but had variable-rate bank borrowings of approximately RMB75 million (as at 31 December 2012: RMB26.6 million). The effective interest rates on the Group's variable-rate bank borrowings ranged from 5.6% to 9.0% per annum as at 30 June 2013 (as at 31 December 2012: variable rate bank borrowings ranged from 6.0% to 9.0% per annum). During the period under review, there was no material change to the Group's funding and treasury policy.

The majority of the Group's funds have been deposited in banks in the PRC and licensed banks in Hong Kong. The management believes that the Group possesses sufficient cash and cash equivalents to meet its commitments and working capital requirements in the second half of the year.

The Group continues to implement prudent financial management policies and monitor its capital structure based on the ratio of liabilities to total assets.

Interest rate and foreign currency exposure

The Group's interest rate risk relates primarily to cash flow interest rate risk in relation to variable rate interest-bearing borrowings. The restricted bank deposits and bank balances also expose the Group to cash flow interest rate risk due to the fluctuation of the prevailing market interest rates on bank balances. The Group has not used any financial instruments to hedge potential fluctuations in interest rates. The management considers that the exposure of the restricted bank deposits and bank balances to cash flow interest rate risk is not significant as the Group does not anticipate significant fluctuation in the interest rates on bank deposits. To mitigate the impact of interest rate fluctuations, the Group will continually assess and monitor the Group's exposure to interest rate risk and will consider other necessary actions when significant interest rate exposure is anticipated.

The Group is exposed to foreign currency risk. A significant proportion of the Group's revenue was denominated in USD and certain trade and other receivables, cash and bank balances, and trade and other payables are denominated in USD, Japanese yen and HKD respectively, while substantial operating expenses were denominated in RMB, and the Group's reporting currency was RMB.

The Group does not have a foreign currency hedging policy. In the event of currency fluctuations, the Group may have to increase its product price to compensate for the increase in the cost of production. This would lower the Group's pricing competitiveness for its products and could result in a decrease in revenue. In the future, the management will monitor the Group's foreign exchange exposure and will consider hedging or factoring significant foreign currency exposure should the need arise.

Contingent liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Charges on Group assets

As at 30 June 2013, the Group's bills payables and bank borrowings were secured by pledges over the Group's machinery, buildings and prepaid lease payments of carrying amounts of approximately RMB17.5 million, RMB24.5 million and RMB12.9 million, respectively (as at 31 December 2012: RMB10.8 million, RMB22.5 million and RMB11.4 million, respectively). As at 30 June 2013, the Group also pledged its bank deposits of approximately RMB12.5 million (as at 31 December 2012: RMB3.8 million) to secure short-term bills payables.

USE OF PROCEEDS FROM LISTING

Net proceeds of approximately HKD38.4 million were raised from the initial public offering of the Company's shares in November 2011. The Company currently does not have any intention to change its plan for the use of proceeds as stated in the prospectus of the Company dated 14 November 2011. From the date of the listing up to the date of this report, out of the total net proceeds from the listing, approximately HKD19.2 million was utilised for upgrading and expanding the Group's manufacturing equipment and production plants to enhance its production efficiency; approximately HKD5.7 million, HKD3.8 million and HKD1.7 million were utilised for expanding the sales channel, developing high-margin and innovative products and promoting brand name, respectively. Among the remaining proceeds of approximately HKD8.0 million, HKD3.8 million was utilised as working capital of the Group and the remaining amount was deposited in interest-bearing accounts of financial institutions in the PRC and Hong Kong.

HUMAN RESOURCES

As at 30 June 2013, the Group employed approximately 2,000 employees. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group would conduct periodic reviews of the performance of its employees and their salaries and bonuses are performance-based. During the period under review, the Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains good relationships with its employees.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2013 (2012: Nil).

PROSPECTS

Looking into the second half of 2013, the Group expects to further accelerate the optimisation of product mix with a view to increasing the proportion of products with high gross profit margin. The Group also expects to take advantage of its accelerated production cycle and competitive products to offset the effect of RMB appreciation. The cost competitiveness of the Group's exports will be enhanced when the depreciation of Japanese yen, the currency of one of its major markets, stabilises.

Based on the above, we believe the international textile market is unlikely to further deteriorate during the second half of 2013. External demand is expected to be relatively stable as compared to last year and domestic demand is likely to remain sound. With the implementation of various macro regulations and the enhancement of market confidence, there is room for stable growth in domestic sales. The structural adjustment and transformation of the textile industry will continue. This will strengthen the internal impetus for the industrial development and prop up the industry to overcome the pressures on various aspects of the operations such as external demand, raw materials and cost.

In order to further explore the market for functional fabrics, we will commit ourselves to developing our own functional fabrics, and continue to develop new functional products by forming business alliances with famous yarn fibre suppliers and improve our research and development capabilities. The Group's established market position and reputation, especially its leading position in the research and development of fabrics, as well as its exclusive production and sales rights of international brands, will help it to further expand in the PRC market.

Overseas market will continue to be our key market. The Group will further consolidate its relationship with existing customers in Japan and the United States, and at the same time embrace a diversification strategy to expand into new markets such as Europe and Korea to diversify the risks, develop new distribution channels and enhance the capability of the Group's export business against external risks.

In the second half of the year, the Group will continue to invest in advanced equipment and sophisticated technology to expand production capacity, improve product quality, optimise production process, increase production efficiency and reduce operating costs. It is expected that the Group's capital expenditure for the year ending 31 December 2013 will amount to not less than RMB35,000,000, of which approximately RMB27,100,000 has been used as planned, primarily for expanding production capacity and upgrading plant and production equipment. The production capacity expansion will be carried out in line with the Group's development. With its capital investment, the Group is looking forward to achieving significantly greater economies of scale in the future.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2013.

MATERIAL ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2013, the Group did not engage in any material acquisitions or disposals.

EVENT AFTER THE REPORTING PERIOD

As at the date of this report, there are no significant events subsequent to 30 June 2013 which would materially affect the Group's operating and financial performance as at the date of the unaudited condensed consolidated interim results.

OTHER INFORMATION

CORPORATE GOVERNANCE PRACTICE

The Company places high value on its corporate governance practice and the Board firmly believes that good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the code provisions and certain recommended best practices contained in the Corporate Governance Code (the "**CG Code**"), as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), as the code of governance of the Company. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practice. During the six months ended 30 June 2013, the Company had complied with the code provisions (the "**Code Provisions**") set out in the CG Code, except for the deviation set out as below:

CODE PROVISION A2.1

Code Provision A2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. At present, the Company does not have any officer with the title of chief executive. The duties of a chief executive are undertaken by Mr. Wong Kin Ling, chairman of the Board. This deviates from the requirement under Code Provision A2.1. Nevertheless, as Mr. Wong Kin Ling has extensive knowledge and experience in the industry and in enterprise operation and management in general, the Board believes that it is in the best interest of the Company and its shareholders as a whole to continue to have Mr. Wong Kin Ling as the chairman so that the Board can benefit from its knowledge of the business and his capability in leading the Board in the long term development of the Group. From a corporate governance point of view, decisions of the Board are made collectively by way of voting and therefore the chairman should not be able to monopolise any voting result. The Board considers that the balance of power between the Board and the senior management can still be maintained under the current structure. The Board shall review the structure from time to time to ensure appropriate action is taken should the need arise.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code during the six months ended 30 June 2013.

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

As at 30 June 2013, the interests and short positions of the Directors and the chief executive 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 Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "**SFO**"), as recorded in the register kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Interest in the shares of the Company

Name of Director	Capacity	Number of shares(1)	Approximate percentage of shareholding
Mr. Wong Kin Ling(2)	Interest of controlled corporation	241,240,000(L)	63.48%
Madam Hung Kin(2)	Interest of controlled corporation	241,240,000(L)	63.48%
Mr. Wei Jin Long	Beneficial owner	24,000,000(L)	6.31%
Mr. Wang Shao Hua	Beneficial owner	15,000,000(L)	3.95%

Notes:

(1) The letter "L" denotes the Director's long position in the shares.

(2) The issued shares of Global Wisdom Capital Holdings Limited are solely and beneficially owned by Mr. Wong Kin Ling and Madam Hung Kin, who are spouses, in equal shares. Accordingly, each of Mr. Wong Kin Ling and Madam Hung Kin is deemed under the SFO to be interested in all the shares held by Global Wisdom Capital Holdings Limited.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the six months ended 30 June 2013 and up to the date of this report were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

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

As at 30 June 2013, to the best knowledge of the Directors, the records of interest (being 5% or more of the issued share capital of the Company, other than the Directors or the chief executive of the Company) as registered in the register kept by the Company under section 336 of the SFO were as follows:

Name	Capacity	Number of shares[(1)]	Approximate percentage of shareholding
Global Wisdom Capital Holdings Limited[(2)]	Beneficial owner	241,240,000(L)	63.48%

Notes:

(1) The letter "L" denotes the entity's/person's long position in the shares.

(2) The issued shares of Global Wisdom Capital Holdings Limited are solely and beneficially owned by Mr. Wong Kin Ling and Madam Hung Kin, who are spouses, in equal shares. Accordingly, each of Mr. Wong Kin Ling and Madam Hung Kin is deemed under the SFO to be interested in all the shares held by Global Wisdom Capital Holdings Limited.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The audit committee ("**Audit Committee**") was established on 19 August 2011 with written terms of reference in compliance with the Listing Rules. The Audit Committee is responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of that auditor; monitoring the integrity of the financial statements, the annual reports and accounts, half-year reports and, if prepared for publication, quarterly reports, and reviewing significant financial reporting judgments contained in them; and reviewing the financial controls, internal control and risk management systems.

The Audit Committee comprises Ms. Tay Sheve Li (Chairlady), Mr. Wang Jin Tang and Dr. Chan Ah Pun, who are the independent non-executive Directors.

The Audit Committee has reviewed the Group's unaudited condensed consolidated interim results for the six months ended 30 June 2013.

The Audit Committee has reviewed with the management in relation to the accounting principles and practices adopted by the Group, and discussed and reviewed the adequacy and effectiveness of the auditing, internal controls and financial reporting systems of the Group.

REMUNERATION COMMITTEE

The remuneration committee (the "**Remuneration Committee**") of the Company was established on 19 August 2011 with written terms of reference in compliance with the Listing Rules. The Remuneration Committee is responsible for making recommendations to the Board regarding the compensation of the Directors. In addition, the Remuneration Committee conducts reviews of the performance, and determines the compensation structure of senior management of the Group. The Remuneration Committee comprises three independent non-executive Directors, Mr. Wang Jin Tang, Ms. Tay Sheve Li and Dr. Chan Ah Pun and one executive Director, Mr. Wong Kin Ling. The Remuneration Committee is chaired by Mr. Wang Jin Tang.

NOMINATION COMMITTEE

The nomination committee (the "**Nomination Committee**") of the Company was established on 27 March 2012 with written terms of reference in compliance with the Listing Rules. The Nomination Committee is responsible for making recommendations to the Board regarding candidates to fill vacancies on the board of directors. The Nomination Committee comprises two independent non-executive Directors, Ms. Tay Sheve Li and Dr. Chan Ah Pun and one executive Director, Mr. Wong Kin Ling. The Remuneration Committee is chaired by Dr. Chan Ah Pun.

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

In the six months ended 30 June 2013 and up to the date of this report, there were no changes to information required to be disclosed by the Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules, where applicable.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Notes	Six months ended 30 June 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue		**209,049**	196,237
Cost of sales		**(161,171)**	(145,333)
Gross profit		**47,878**	50,904
Other income and gains	*4*	**1,041**	1,034
Selling and distribution expenses		**(6,164)**	(4,291)
Administrative expenses		**(26,284)**	(23,500)
Finance costs	*5*	**(1,945)**	(2,201)
Profit before tax		**14,526**	21,946
Income tax expense	*6*	**(5,166)**	(6,748)
Profit for the period	*7*	**9,360**	15,198
Earnings per share:			
– Basic and diluted (RMB)	*9*	**0.02**	0.04

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
		2013	2012
	Notes	**RMB'000**	RMB'000
		(Unaudited)	(Unaudited)
Profit for the period	*7*	**9,360**	15,198
Other comprehensive expense for the period:			
Items that may be subsequently reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		**(308)**	(95)
Total comprehensive income for the period		**9,052**	15,103

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	**30 June 2013 RMB'000 (Unaudited)**	31 December 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**180,456**	163,219
Prepaid lease payments		**12,564**	12,722
Deposits paid to acquire non-current assets	*11*	**9,490**	860
Prepayment		**153**	191
Deferred tax assets		**563**	570
		203,226	177,562
Current assets			
Inventories		**104,720**	47,460
Trade and bills receivables	*12*	**86,480**	64,939
Prepayments and other receivables		**27,316**	14,789
Prepaid lease payments		**297**	297
Restricted bank deposits		**12,537**	3,750
Cash and bank balances		**36,944**	24,134
		268,294	155,369
Current liabilities			
Trade and bills payables	*13*	**110,923**	42,649
Accruals and other payables		**18,280**	21,487
Advance from customers		**3,292**	631
Interest-bearing borrowings	*14*	**105,033**	31,645
Income tax payable		**3,830**	4,636
		241,358	101,048
Net current assets		**26,936**	54,321
Net assets		**230,162**	231,883
Capital and reserves			
Share capital	*15*	**46,938**	46,938
Reserves		**183,224**	184,945
Total equity		**230,162**	231,883

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Attributable to owners of the Company						
	Share capital RMB'000	Statutory reserve RMB'000 *(Note (a))*	Exchange reserve RMB'000	Retained earnings RMB'000	Special reserve RMB'000 *(Note (b))*	Other reserve RMB'000 *(Note (c))*	Total RMB'000
As at 1 January 2012 (audited)	46,938	24,264	2,487	117,130	(83)	5,800	196,536
Profit for the period	–	–	–	15,198	–	–	15,198
Other comprehensive expense for the period: Exchange differences arising on translation of foreign operations	–	–	(95)	–	–	–	(95)
Total comprehensive income for the period	–	–	(95)	15,198	–	–	15,103
As at 30 June 2012 (unaudited)	46,938	24,264	2,392	132,328	(83)	5,800	211,639
As at 1 January 2013 (audited)	**46,938**	**29,167**	**2,344**	**147,717**	**(83)**	**5,800**	**231,883**
Profit for the period	**–**	**–**	**–**	**9,360**	**–**	**–**	**9,360**
Other comprehensive expense for the period: Exchange differences arising on translation of foreign operations	**–**	**–**	**(308)**	**–**	**–**	**–**	**(308)**
Total comprehensive income for the period	**–**	**–**	**(308)**	**9,360**	**–**	**–**	**9,052**
Dividends recognised as distribution	**–**	**–**	**–**	**(10,773)**	**–**	**–**	**(10,773)**
As at 30 June 2013 (unaudited)	**46,938**	**29,167**	**2,036**	**146,304**	**(83)**	**5,800**	**230,162**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY *(Continued)*

FOR THE SIX MONTHS ENDED 30 JUNE 2013

Notes:

(a) Statutory reserve

The statutory reserve, which is non-distributable, is appropriated from the profit after tax of the Group's subsidiaries in the People's Republic of China (the "**PRC**"). In accordance with the relevant laws and regulations of the PRC and the articles of association of the Group's PRC subsidiaries, they are required to appropriate 10% of their respective profits determined in accordance with China Accounting Standards for Enterprises issued by the Ministry of Finance of China, after offsetting any prior years' losses, to the statutory surplus reserve. When the balance of such a reserve reached 50% of the respective companies' registered capital, any further appropriation is optional.

(b) Special reserve

Special reserve represents the difference between the aggregate amount of issued and fully paid share capital of the subsidiary acquired by the Company and the nominal amount of the shares issued by the Company in exchange for the entire equity interest in the subsidiary as part of the group reorganisation.

(c) Other reserve

Other reserve represents the difference between the fair value of past services rendered by the employees and the net present values of the consideration payable by the employees in respect of the share transferred.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash generated from operations	**2,780**	6,981
Income tax paid	**(5,972)**	(7,360)
Net cash used in operating activities	**(3,192)**	(379)
Net cash used in investing activities	**(44,312)**	(31,759)
Net cash generated from financing activities	**60,596**	26,186
Net increase (decrease) in cash and cash equivalents	**13,092**	(5,952)
Cash and cash equivalents at 1 January	**24,134**	63,744
Effect of foreign exchange rate changes	**(282)**	(95)
Cash and cash equivalents at 30 June, represented by cash and bank balances	**36,944**	57,697

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Grand Concord International Holdings Limited (the "**Company**"), which acts as an investment holding company, was incorporated in the British Virgin Islands (the "**BVI**") with limited liability under the Business Companies Act of the BVI (2004) on 8 December 2010. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 24 November 2011. The address of the registered office is located at P.O. Box 3340, Road Town, Tortola, BVI and its principal place of business in Hong Kong is located at Unit B, 15/F., 78 Hung To Road, Kwun Tong, Kowloon, Hong Kong.

The principal activities of the Company and its subsidiaries (the "**Group**") are engaged in the manufacturing of knitted fabrics and innerwear. The ultimate holding company of the Company is Global Wisdom Capital Holdings Limited ("**Global Wisdom**"), a limited liability company incorporated in the BVI.

The condensed consolidated interim financial information of the Group is presented in Renminbi ("**RMB**"), which is also the functional currency of the Company.

The condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standard ("**HKFRS**") issued by the HKICPA.

Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income;
Amendments to HKFRSs	Annual Improvements to HKFRSs 2009-2011 Cycle;
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities;
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interest in Other Entities: Transition Guidance;
HKFRS 10	Consolidated Financial Statements;
HKFRS 11	Joint Arrangements;
HKFRS 12	Disclosure of Interests in Other Entities;
HKFRS 13	Fair Value Measurement;
HKAS 19 (as revised in 2011)	Employee Benefits;
HKAS 27 (as revised in 2011)	Separate Financial Statements;
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures; and
HK(International Financial Reporting Interpretations Committee) – Int 20	Stripping Costs in the Production Phase of a Surface Mine.

Except as described below, the application of the above new and revised HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to HKFRS 7 are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods.

The amendments have been applied prospectively by the Group.

Amendments to HKAS 34 Interim Financial Reporting
(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (CODM) and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

3. SEGMENT INFORMATION

The Group's operating segments, by category of products, based on information reported to the chief operating decision maker for the purpose of resource allocation and performance assessment are as follows:

1) Innerwear products – manufacturing of innerwear and garments
2) Knitted fabrics – manufacturing of fabrics

3. SEGMENT INFORMATION *(Continued)*

The following tables present revenue, profit and expenditure information for the Group's reportable segments for the six months ended 30 June 2013 and 2012.

	Six months ended 30 June 2013		
	Innerwear products RMB'000 (Unaudited)	Knitted fabrics RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue			
External sales	133,323	75,726	209,049
Inter-segment revenue	37,217	39,797	77,014
Elimination	(37,217)	(39,797)	(77,014)
Group's revenue	133,323	75,726	209,049
Segment profit	6,239	12,624	18,863
Other income			149
Finance costs			(1,945)
Unallocated head office and corporate expenses			(2,541)
Profit before tax			14,526

3. SEGMENT INFORMATION *(Continued)*

	Six months ended 30 June 2012		
	Innerwear products RMB'000 (Unaudited)	Knitted fabrics RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
Revenue			
External sales	149,764	46,473	196,237
Inter-segment revenue	42,958	54,628	97,586
Elimination	(42,958)	(54,628)	(97,586)
Group's revenue	149,764	46,473	196,237
Segment profit	20,809	7,232	28,041
Other income			187
Finance costs			(2,201)
Unallocated head office and corporate expenses			(4,081)
Profit before tax			21,946

The following is an analysis of the Group's assets by operating segments:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Innerwear products	**208,557**	166,641
Knitted fabrics	**209,773**	136,555
Unallocated assets	**53,190**	29,735
Total assets	**471,520**	332,931

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income	**149**	184
Sales of scrap material	**339**	263
Gain on disposal of property, plant and equipment	**–**	33
Waiver of trade and other payables	**–**	400
Government subsidies	**422**	–
Others	**131**	154
	1,041	1,034

5. FINANCE COSTS

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans wholly repayable within five years	**2,019**	2,616
Less: amounts capitalised in the cost of qualifying assets	**(74)**	(415)
	1,945	2,201

6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax	**5,166**	6,681
Deferred tax	**–**	67
	5,166	6,748

7. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the period has been arrived at after charging (crediting):		
Salaries and other benefits	**33,112**	33,763
Contributions to retirement benefit scheme	**2,898**	1,428
Total staff costs (including directors' emoluments)	**36,010**	35,191
Auditors' remuneration	**235**	209
Cost of inventories recognised as an expense	**161,171**	145,333
Amortisation of prepaid lease payments	**158**	149
Allowance for inventories (included in cost of sales)	**146**	–
Depreciation of property, plant and equipment	**9,846**	7,953
Exchange difference, net	**1,237**	117
Waiver of trade and other payables	**–**	(400)
Reversals of allowance for inventories (included in cost of sales)	**(326)**	–
Loss (gain) on disposal of property, plant and equipment	**16**	(33)
Operating lease rentals in respect of rented premises	**388**	514

8. DIVIDENDS

During the current interim period, a final dividend of HK3.5 cents per share in respect of the year ended 31 December 2012 was declared and paid to the shareholders of the Company. The aggregate amount of the final dividend declared and paid in the interim period amounted to HK$13,300,000 (equivalent to RMB10,773,000).

The directors of the Company have determined that no dividend will be paid in respect of the interim period.

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2013 is based on the profit attributable to owners of the Company of approximately RMB9,360,000 (six months ended 30 June 2012: RMB15,198,000) and 380,000,000 ordinary shares in issue during the six months ended 30 June 2013.

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary share outstanding during the six months ended 30 June 2013 and 2012.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group disposed of certain plant and equipment with an aggregate carrying amount of approximately RMB37,000 (six months ended 30 June 2012: approximately RMB46,000), resulting in a net loss on disposal of approximately RMB16,000 (six months ended 30 June 2012: net gain on disposal of approximately RMB33,000).

During the six months ended 30 June 2013, the Group acquired approximately RMB27,139,000 (six months ended 30 June 2012: approximately RMB21,769,000) of property, plant and equipment.

11. DEPOSITS PAID TO ACQUIRE NON-CURRENT ASSETS

As at 30 June 2013, the Group has deposits RMB9,490,000 paid to acquire property, plant and equipment for expanding production capacity and upgrading plant and production equipment.

12. TRADE AND BILLS RECEIVABLES

The Group generally allows an average credit period of 30 to 60 days to its trade customers. The aging analysis of the Group's trade receivables net of allowance for doubtful debts, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
0 – 30 days	**69,043**	43,041
31 – 60 days	**9,300**	12,066
61 – 90 days	**887**	8,567
Over 90 days	**7,250**	1,265
	86,480	64,939

13. TRADE AND BILLS PAYABLES

The average credit period on purchase of raw materials granted by the Group's suppliers was from 30 to 120 days. The aging analysis of trade payables, based on the invoice date at the end of the reporting period, is presented as follows:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
0 – 30 days	**91,811**	33,128
31 – 90 days	**17,183**	7,039
91 – 180 days	**760**	1,731
Over 180 days	**1,169**	751
	110,923	42,649

14. INTEREST-BEARING BORROWINGS

During the current interim period, the Group obtained new bank borrowings amounting to approximately RMB100,789,000 (six months ended 30 June 2012: approximately RMB50,000,000) and repaid the bank borrowings amounting to approximately RMB27,401,000 (six months ended 30 June 2012: approximately RMB21,198,000).

15. SHARE CAPITAL

Authorised:

As at 30 June 2013 and 31 December 2012, the Company was authorised to issue a maximum of 1,000,000,000 shares with no par value.

Issued and fully paid:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
380,000,000 ordinary shares	**46,938**	46,938

16. CAPITAL COMMITMENTS

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Amount contracted for but not provided in respect of acquisition of property, plant and equipment	**14,586**	9,119

17. PLEDGE OF ASSETS

Assets with the following carrying amounts have been pledged to secure bills payables to suppliers and bank loans of the Group at the end of the reporting period:

	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Prepaid lease payments	**12,861**	11,422
Buildings	**24,478**	22,499
Machinery	**17,545**	10,843
Restricted bank deposits	**12,537**	3,750
	67,421	48,514

18. MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances detailed elsewhere in the condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

Name of party	**Relationship**
Madam Hung Kin	Controlling shareholder and executive director of the Company

18. MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(i) Balances:

	As at 30 June 2013 RMB'000	As at 31 December 2012 RMB'000	**Maximum amount outstanding during the period ended 30 June 2013 RMB'000**	Maximum amount outstanding during the year 2012 RMB'000
Amount due from a director *(note (a))*				
Madam Hung Kin	**–**	–	**–**	11,000

Note:

(a) The amount due from a director was unsecured, non-interest bearing and repayable on demand. The amount was fully settled before 30 June 2013.

(ii) Transactions with related parties:

The directors of the Company confirmed that there are no material related party transactions entered into by the Company and the Group.

(iii) Key management compensation:

The remunerations of the directors of the Company and other members of key management of the Group during the period are as follows:

	Six months ended 30 June	
	2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Short-term benefits	**2,897**	2,684
Post-employment benefits	**35**	21
	2,932	2,705

The remuneration of directors of the Company and key management is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

19. EVENTS AFTER THE REPORTING PERIOD

There are no significant events subsequent to 30 June 2013 which would materially affect the Group's operating and financial performance as at the date of these unaudited condensed consolidated financial statements.

20. APPROVAL OF THE FINANCIAL STATEMENTS

These unaudited condensed consolidated financial statements were approved and authorised for issue by the board of directors on 27 August 2013.