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 2013

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
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

AUDITORS

KPMG

LEGAL ADVISER

As to Hong Kong law:
Eversheds

STOCK CODE

01096

COMPANY WEBSITE

www.active-group.com.cn

KEY FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	Note	2013	2012	% change
Revenue (RMB'000)		394,752	287,861	37.1%
Gross profit (RMB'000)		83,635	75,193	11.2%
Profit before taxation (RMB'000)		48,374	39,187	23.4%
Profit for the period (RMB'000)		34,338	27,900	23.1%
Gross profit margin (%)		21.2%	26.1%	
Profit after tax margin (%)		8.7%	9.7%	
Earnings per share ("**EPS**") - Basic (RMB)	1	0.03	0.02	
As at 30 June/31 December				
		2013	2012	
Current ratio (times)	2	1.8	1.8	
Trade and bills payables turnover days (days)	3	127	109	
Trade and bills receivables turnover days (days)	4	151	159	
Inventory turnover days (days)	5	55	55	
Gearing ratio (%)	6	17.6%	17.7%	

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 (include 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 (include 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 has begun to recover from the worst after experiencing difficulties during 2012. However, the ongoing EURO zone sovereign debt crisis, the sequestration of the Federal budget expenditures in the US, as well as the uncertainties about the US Federal Reserve's timing to taper or exit the unprecedented stimulus measures or quantitative easing still create considerable economic uncertainties. Inevitably, economic development in the People's Republic of China ("**PRC**" or "**China**") has also encountered significant challenges. Weighed down by declining exports and faltering investment, China's GDP for the second quarter slowed down to 7.5% and the overall GDP growth in the first half of 2013 was 7.6%, signalling the end of the high-GDP-growth era in the past decade. In this feeble economic environment, the footwear industry in China was definitely adversely affected. Apart from the pressure brought about by soaring labour costs and rentals, low consumer confidence and competition caused by homogenisation in the market also presented challenges for operations.

Amidst the decelerating growth in the footwear market in the first half of 2013, positive signals have appeared indicating a market revival. Guided by the new administration, China has deepened reform to provide sustainable growth and reduced income disparity, which is expected to ensure long-term healthy economic growth and also increase purchasing power gradually within the retail market. Moreover, accelerating urbanisation along with the increasing disposable income should add impetus to growth in the retail market. As consumers' confidence is recovering and the peak retail season for footwear is approaching, it is believed that there is good potential for Active Group Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") to deliver a satisfactory result in the second half of the year.

Business Review

Encountering the challenging market characterised by intense competition and sluggish domestic consumer spending, the Group concentrated on enriching its product portfolio and building a strong platform to consolidate its foundation for long-term development. The Group implemented a multi-brand strategy by managing five brands, including three self-owned brands (***Jimaire***, ***Bull Titan*** and ***Coremss***) and two licensed brands (***Greiff*** and ***Camel Active***). Targeting different segments ranging from the mid to upper-middle segment of consumers, each of its five brands continued to respond to consumers' unique demands by offering diversified products with good quality and attractive design. In order to ensure its trendy products can reach a broader swathe of consumers, the Group made efforts to diversify its sales network. Newly set-up retail sales points and sales platforms, including the self-operated flagship stores and online shops, contributed to an ample expansion in the Group's customer base. Supported by a solid foundation and leveraged on effective business strategies, the Group realised an increase of revenue in the main geographical regions where it operates and maintained its leading position in the men's casual footwear market.

On 24 June 2013, the Group announced that, as no legally-binding formal agreement has been reached with the registered owner of ***Luotuo Brand***, the non-legally binding letter of intent entered into by 石獅市豪邁鞋業有限公司 (Shishi Haomi Shoes Industrial Co., Ltd.), an indirect wholly-owned subsidiary of the Company, with the registered owner of ***Luotuo Brand*** on 27 February 2013 in relation to the joint venture arrangement for managing the ***Luotuo Brand*** and its products lapsed. Details of which were disclosed in the announcements of the Company dated 27 February 2013 and 24 June 2013 respectively.

The Group had been preparing for the expiry of the ***Luotuo Brand*** and has already launched a new brand with a similar positioning, ***Coremss***, to fill the gap after the Chinese Lunar New Year earlier this year. Through the effectively executed marketing and sales strategy, ***Coremss*** has achieved a sound revenue of RMB41.3 million during the period under review, which successfully minimised the impact brought about by the expiry of the ***Luotuo Brand*** since 28 February 2013.

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, principally distributors and department stores. In line with its long-term growth strategy, the Group was more prudent in choosing its co-operation partners and maintained a steady expansion in the sales and distribution network during the period under review. As of 30 June 2013, the Group entered into master sales agreements with 110 distributors and 500 department-store customers, increasing its retail sales points to a total number of 2,477. The new retail sales points are mainly located in second and third-tier cities (e.g. Cities in Sichuan, Henan, Shanxi, Yunnan, Guizhou, Hubei and Hunan Provinces in Central and Western China), in accordance with the Group's strategy to seize opportunities brought by urbanisation and recovering purchasing power.

In view of the significance of brand awareness and recognition, apart from the traditional retail channel, the Group started to establish its own retail network by opening self-operated flagship stores. Located in Xiamen and Shishi, Fujian Province, the first two self-owned flagship stores commenced operation in May and June 2013 respectively. As a model of the Group's retail sales operation, the two flagship stores are expected to enable the Group to track consumers' preference and record their feedback for improving the product design as well as quality. The Group plans to open more flagship stores in major fast-growing cities in the coming years while the detailed timeline is still under consideration given the uncertainties in the economic outlook.

As online sales becomes more and more popular, the Group has also developed an e-commerce platform by setting up self-operated online shops, for example on Tmall.com of Taobao to harness this rapidly growing trend and diversify its sales network. Through using differentiated product merchandising and pricing strategies specifically designed for online channels, the Group is well positioned to seize the potentially enormous opportunity and it believes the new platform can help reach a younger audience and subsequently broaden the target customer base online.

Product Design and Development

As consumers in China become increasingly sophisticated, the Group believes that product innovation is crucial for the Group to realise the expansion of the customer base and the enhancement of customer loyalty. By relocating its research and development ("**R&D**") laboratory to Guangzhou in 2011, the Group managed to centralise its resources in order to equip its R&D team with advanced facilities and software. Besides, this laboratory enables the Group to access updated industry information in a timely and efficient manner and attract more talent to join the Group. After a period of adjustment, the R&D department, now comprising 110 R&D professionals, has operated efficiently and maintained a steady output of high quality new designs.

In the most recent spring-summer collection, the Group has designed approximately 1,300 and 100 new styles in the footwear segment and the apparel and accessories segment respectively. Approximately 49.8% of the new designs subsequently went into commercial production. By continuing to introduce trendy products in line with the latest fashion trends, the new designs and their distinctive appearance and character won favorable feedback from consumers.

The Group believes that its professional and experienced R&D team provides a solid foundation for expanding its market share and helps building a stronger brand image. Therefore, the Group continues to focus on developing its design capacity in terms of style and functional innovation which should help to optimise its product portfolio to realise sustainable growth.

Production

In order to satisfy the need of the evolving market, the Group continuously strives to optimise its production lines. The ten production lines in Shishi, Fujian Province, have been upgraded, expanding its interim capacity to approximately 2.8 million pairs of footwear. The Group is also building a new plant equipped with five production lines in Suining, Jiangsu Province, in accordance with the Group's long-term growth strategy. With almost 90% and 95% of the construction of the plant and its infrastructure completed respectively, the new production lines are expected to commence trial production in the fourth quarter of this year. Once in full operation, the Group's annual production capacity would be boosted by around 3.0 million pairs of footwear and a small quantity of apparel products. Moreover, the new plant would enable the Group to benefit from economies of scale, and a more stable labour supply. Enjoying the premier location closer to its major existing and potential markets, the Group believes that the new plant will strengthen its market presence and underpin its future growth.

Prospects

Looking ahead, management remains prudently optimistic about the business performance of the Group for the remaining period of 2013. While various short term challenges and expectation of slower economic growth remain, the management still believes that the demand for men's casual footwear in the PRC market will remain strong.

As the Group has allocated more resources to brand promotion, the market recognition of the brands operated by the Group has improved via a range of marketing campaigns reinforced by the establishment of online shops in a number of major online malls. As a new sales channel, the online shops also serve as a convenient and effective communication platform for the Group to better understand customers' needs and preferences in order to continuously enhance its R&D level and deliver quality products that meet customers' expectations. Meanwhile, men's casual footwear has become one of the mainstream products in the male fashion market and is gradually replacing formal business footwear and sports footwear mainly due to its comfortable and endurable features in stylish designs, and the products under the brands operated by the Group have received favourable feedback from the market. The Group intends to continue to reach out to more consumers and increase its market share by strategically expanding the sales network into fast growing regions, especially the second-and third-tier cities in Sichuan, Henan, Shanxi, Yunnan, Guizhou, Hubei and Hunan Provinces in Central and Western China, where the purchasing power is surging because of the rapid economic growth caused by accelerating urbanisation.

While labour and raw material costs continue to increase, the Group is also taking effective measures to improve internal controls on the production and operational efficiency as well as inventory levels. With the new production lines to be completed in Jiangsu Province, the Group will benefit from the relatively lower labour costs compared to the coastal areas as well as wider market intelligence while being closer to its peers in that area.

The Group will continue to proactively develop its business to achieve a better performance. With its unique corporate positioning and competitive strengths gained over two decades of industry experience, the Group is ready to tackle the challenges and capture opportunities, while also maintaining its position as one of the leading men's casual footwear multi-brand operators. The Group remains optimistic about its medium-to-long-term development potential, and continually strives to 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 2013 was RMB394.8 million, representing an increase of 37.1% as compared to that of the corresponding period in 2012. It was mainly due to rapid expansion of the retail sales network operated and maintained by the Group's customers, and 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	
	2013	2012
	RMB'000	*RMB'000*
Jimaire	**87,950**	76,601
Bull Titan	**102,610**	72,756
Coremss	**41,320**	–
Luotuo Brand	**15,163**	57,391
Greiff	**14,898**	22,860
Camel Active	**9,251**	10,220
	271,192	239,828
Original equipment manufacturing ("OEM")	**123,560**	48,033
	394,752	287,861

The Group's branded product sales increased from RMB239.8 million for the six months ended 30 June 2012 to RMB271.2 million for the six months ended 30 June 2013, representing an increase of 13.1%. It was mainly attributed from the increase in sales volume, especially for ***Bull Titan's*** products 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. Sales of products under ***Luotuo Brand*** ceased since March 2013 after the expiry of the trademark licence agreement.

Revenue from OEM operations increased by RMB75.5 million or approximately 157.2%, from RMB48.0 million for the six months ended 30 June 2012 to RMB123.6 million for the same period in 2013. This was the result of positive signs emerging since second half of 2012, suggesting that the global economy was making a recovery.

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 2013 was RMB83.6 million, representing an increase of 11.2% as compared to that of the six months ended 30 June 2012. Gross profit margin of the Group for the six months ended 30 June 2013 was 21.2% (six months ended 30 June 2012: 26.1%), representing a decrease of 4.9% when compared with the same period in 2012.

The decrease in gross profit margin of the Group was mainly contributed by the increasing unit production cost, which was driven by the aforesaid escalation in labour and raw material costs. 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, management decided not to pass the increase in production cost to its customers but offered further discounts to them so that they could enjoy a competitive advantage over their peers, in order to enhance the Group's brands recognition and enlarge its market share, and further expand the retail 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 would 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, royalties for licensed brands, salaries for the sales and marketing staff, and other costs related to sales and distribution.

Selling and distribution expenses was RMB10.6 million, amounted to approximately 2.7% of turnover during the six months ended 30 June 2013 (six months ended 30 June 2012: 4.4%), primarily as a result of planned 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 brands in different provinces in the PRC with customers having different consumption habits.

Administrative expenses

Administrative expenses increased by about 4.2% to RMB20.9 million for the six months ended 30 June 2013 primarily attributable to the increase over the expenses for R&D activities, from RMB3.5 million for the six months ended 30 June 2012, to RMB4.2 million for the corresponding period in 2013.

With the determination on strengthening the Group's credit controls over its customers by closely monitoring the customers' repayment schedule on the outstanding balance due, the overall trade and bills receivables turnovers days have improved and less allowance for doubtful debts was recognised during the current period, amounting to RMB2.0 million recorded for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB6.2 million). There was an additional impairment loss on prepayments of RMB2.9 million recognised during the six months ended 30 June 2013, in respect of those outstanding balances with no goods or services received by the Group for a long time (six months ended 30 June 2012: RMB Nil).

Finance costs

Finance costs increased by approximately 30.2% from RMB4.0 million for the six months ended 30 June 2012 to RMB5.2 million for the six months ended 30 June 2013, 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 borrowings from 6.9% for the six months ended 30 June 2012 to 7.3% for the corresponding period in 2013.

Effective tax rate

The effective tax rate for the Group slightly increased from 28.8% for the six months ended 30 June 2012 to 29.0% for the corresponding period of 2013.

Profit attributable to Shareholders

Profit attributable to Shareholders increased by 23.1% to approximately RMB34.3 million for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB27.9 million). Its ratio to revenue has slightly dropped from 9.7% for the six months ended 30 June 2012 to 8.7% for the corresponding period in 2013. The decrease was mainly due to the decrease in gross profit margin from 26.1% for the six months ended 30 June 2012 to 21.2% for the period under review. Basic earnings per share increased from RMB2 cents for the six months ended 30 June 2012 to RMB3 cents for the corresponding period of 2013.

USE OF PROCEEDS

The ordinary shares of the Company ("**Shares**") were listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**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 2013, the unutilised 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 2013) (HK$ million)	Unutilised amount (as at 30 June 2013) (HK$ million)
Establishing a new production facility	131.9	131.9	–
Establishing self-owned and operated flagship stores	75.6	1.6	74.0
Establishing a new product testing and R&D laboratory	52.6	52.6	–
Developing and increasing brand awareness	22.3	22.3	–
Expansion of the product R&D teams and equipment	10.8	10.8	–
Establishing of an enterprise resource planning (i.e. ERP) system	10.8	–	10.8
Expansion of original production capacity	8.8	8.8	–
General working capital	24.6	24.6	–
	337.4	252.6	84.8

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 (the "**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 2013, the Group had net current assets of RMB439.2 million (31 December 2012: RMB425.7 million), of which cash and cash equivalents and various bank deposits were RMB110.1 million (31 December 2012: RMB116.8 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 2013, including the banking facilities as secured by the Group's pledged deposits, total available banking facilities of the Group amounted to RMB504.7 million, among which RMB417.1 million was utilised by the Group for its bank loans and bills payable. The ratio of outstanding bank loans to total assets was 17.6% (31 December 2012: 17.7%).

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 2013.

Operating activities

During the six months ended 30 June 2013, net cash generated from operating activities was RMB15.3 million (as compared with RMB90.7 million used in the operating activities for corresponding period of 2012), which was primarily due to profit for the period and the decrease in the amount of trade and bills receivables for the period.

Investing activities

Net cash used in investing activities for the six months ended 30 June 2013 was RMB13.7 million (as compared with RMB64.3 million for the corresponding period of 2012), which was primarily due to the payment for the construction project of the new production plants in Suining of RMB14.7 million and interest received of RMB1.0 million.

Financing activities

During the six months ended 30 June 2013, net cash used in financing activities was RMB43.9 million (as compared with RMB30.1 million net cash generated from financing activities for the corresponding period of 2012), which was mainly attributable to the increase in pledged deposits of RMB35.7 million, dividend paid during the period of RMB8.5 million, interest payment of RMB5.2 million, offset by net proceeds from bank loans of RMB7.4 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 remain as 55 days for the six months ended 30 June 2013 (year ended 31 December 2012: 55 days), primarily as a result of effective production planning, procurement control and logistics management.

The average trade and bills receivables turnover days for the six months ended 30 June 2013 decreased to 151 days (year ended 31 December 2012: 159 days), primarily as a result of tight credit control and close monitoring over customers with long aged outstanding balance by management. Less payment extensions were granted to customers with less recognition of bank and commercial acceptance bills when settlements are due. As at 30 June 2013, total outstanding balance of bills to be received amounted to RMB59.1 million (31 December 2012: RMB146.8 million). 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 90 days granted to the customers.

The Group's average trade and bills payables turnover days increased to 127 days (year ended 31 December 2012: 109 days), primarily as a result of utilisation of bills for settlement of purchases which has a longer maturity period.

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 2013, save as aforesaid construction 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 2013, the Group had pledged its land use rights and buildings with net book value of RMB37.1 million and deposits with banks of RMB95.2 million for the purpose of securing bank loans and certain bills payable.

Included in secured and unsecured bank loans as at 30 June 2013 were bills discounted with recourse totalling RMB Nil and RMB40.8 million (31 December 2012: RMB2.5 million and RMB68.3 million) 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 2013.

HUMAN RESOURCES

As at 30 June 2013, the Group employed approximately 1,972 employees (as at 30 June 2012: 1,562 employees) with total staff costs of RMB37.0 million incurred for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB21.0 million). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

DISCLOSURE OF INTERESTS

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

As at 30 June 2013, 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 Issuers (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) Long position in the Shares:

Name of Director	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Ms. Cai Xiuman ("Ms. Cai") (Note 1)	Interest of controlled corporation	697,272,000	58.11%
	Beneficial owner	7,114,000	0.59%
Mr. Zhang Wenbin ("Mr. Zhang") (Note 2)	Interest of spouse	704,386,000	58.70%

Notes:

1. Ms. Cai is the beneficial owner of the entire issued share capital of Festive Boom Limited which holds 697,272,000 Shares.

2. Mr. Zhang is deemed to be interested in the 704,386,000 Shares held by Festive Boom Limited by virtue of the interest held by his spouse, Ms. Cai.

(ii) Long position in the Company's associated corporation(s):

Name of Director	Name of associated corporation	Number of shares	Approximate percentage of shareholding
Ms. Cai	Festive Boom Limited	1	100%

As at 30 June 2013, save as disclosed herein, none of the Directors and chief executive of the Company were interested 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 in accordance with Section 352 of the SFO 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 2013, the following persons, other than the Directors and chief executive of the Company, had interests 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 the SFO:

Long position in Shares and underlying Shares

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Festive Boom Limited	Beneficial owner	697,272,000	58.11%
BHP International Markets Ltd.	Person having a security interest in shares	120,000,000	10.00%
Hong Kong Investments Group Limited	Beneficial owner	76,412,000	6.37%
Mr. Cheung Chi Mang (Note 1)	Interest of controlled corporation	76,412,000	6.37%
China Angel Fund	Beneficial owner	70,000,000	5.83%

Note:

1. Mr. Cheung Chi Mang is the beneficial owner of the entire issued share capital of Hong Kong Investments Group Limited and is deemed to be interested in the Shares held by Hong Kong Investments Group Limited.

Save as disclosed above, the Directors are not aware of any person, other than the Directors and chief executive, who had an interest in the Shares or underlying Shares that were required to be recorded pursuant to Section 336 of the SFO as of 30 June 2013.

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. Eligible participants include all Directors, employees of the Group; and suppliers, customers, consultants, agents, advisers and related entities who, in the sole opinion of the Board, will contribute or have contributed 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 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 of Directors ("**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 2013 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 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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 2013, the Company has complied with all the code provisions of the Corporate Governance Code.

MODEL CODE

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 2013.

AUDIT COMMITTEE

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

The Group's interim results for the six months ended 30 June 2013 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 2013. 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 2013.

Consolidated Income Statement

For the six months ended 30 June 2013-unaudited
(Expressed in Renminbi)

	Note	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Turnover	3, 4	**394,752**	287,861
Cost of sales		**(311,117)**	(212,668)
Gross profit		**83,635**	75,193
Other revenue	6(a)	**1,292**	1,070
Other net income/(loss)	6(b)	**248**	(411)
Selling and distribution expenses		**(10,648)**	(12,558)
Administrative expenses		**(20,929)**	(20,095)
Profit from operations		**53,598**	43,199
Finance costs	7(a)	**(5,224)**	(4,012)
Profit before taxation	7	**48,374**	39,187
Income tax	8	**(14,036)**	(11,287)
Profit for the period		**34,338**	27,900
Earnings per share			
Basic and diluted (RMB)	9	**0.03**	0.02

The notes on pages 21 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 2013-unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Profit for the period	**34,338**	27,900
Other comprehensive income for the period that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of subsidiaries outside the People's Republic of China, net of nil tax	**113**	363
Total comprehensive income for the period	**34,451**	28,263

The notes on pages 21 to 35 form part of this interim financial report.

Consolidated Balance Sheet

At 30 June 2013-unaudited
(Expressed in Renminbi)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Property, plant and equipment	10	**156,068**	123,460
Lease prepayments		**4,326**	4,378
Non-current prepayments for acquisitions of property, plant and equipment	10	**22,123**	43,109
Non-current prepayments for acquisitions of intangible assets		**–**	5,000
Intangible assets		**4,896**	–
Deferred tax assets		**2,712**	2,201
		190,125	178,148
Current assets			
Inventories	11	**101,447**	85,745
Current portion of lease prepayments		**104**	104
Trade and other receivables	12	**804,301**	774,216
Pledged deposits		**95,237**	59,556
Cash and cash equivalents		**14,874**	57,203
		1,015,963	976,824
Current liabilities			
Trade and other payables	13	**347,828**	318,417
Bank loans	14	**211,725**	204,308
Current taxation		**17,198**	28,436
		576,751	551,161
Net current assets		**439,212**	425,663
Total assets less current liabilities		**629,337**	603,811
Non-current liabilities			
Deferred tax liabilities		**2,726**	3,131
NET ASSETS		**626,611**	600,680
CAPITAL AND RESERVES	15		
Capital		**97,935**	97,935
Reserves		**528,676**	502,745
TOTAL EQUITY		**626,611**	600,680

The notes on pages 21 to 35 form part of this interim financial report.

Consolidated Statement of Changes In Equity

For the six months ended 30 June 2013-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 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 and 1 July 2012		97,935	160,683	2,268	880	17,956	276,088	555,810
Changes in equity for the six months ended 31 December 2012:								
Profit for the period		–	–	–	–	–	44,912	44,912
Other comprehensive income		–	–	–	(42)	–	–	(42)
Total comprehensive income for the period		–	–	–	(42)	–	44,912	44,870
Appropriations to statutory reserve		–	–	–	–	3,642	(3,642)	–
At 31 December 2012 and 1 January 2013		**97,935**	**160,683**	**2,268**	**838**	**21,598**	**317,358**	**600,680**
Changes in equity for the six months ended 30 June 2013:								
Profit for the period		**–**	**–**	**–**	**–**	**–**	**34,338**	**34,338**
Other comprehensive income		**–**	**–**	**–**	**113**	**–**	**–**	**113**
Total comprehensive income for the period		**–**	**–**	**–**	**113**	**–**	**34,338**	**34,451**
Appropriations to statutory reserve		**–**	**–**	**–**	**–**	**2,820**	**(2,820)**	**–**
Dividend approved and paid during the period	15(a)	**–**	**(8,520)**	**–**	**–**	**–**	**–**	**(8,520)**
At 30 June 2013		**97,935**	**152,163**	**2,268**	**951**	**24,418**	**348,876**	**626,611**

The notes on pages 21 to 35 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2013-unaudited
(Expressed in Renminbi)

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Cash generated from/(used in) operations	**41,531**	(59,347)
Income tax paid	**(26,190)**	(31,328)
Net cash generated from/(used in) operating activities	**15,341**	(90,675)
Net cash used in investing activities	**(13,693)**	(64,276)
Net cash (used in)/generated from financing activities	**(43,945)**	30,135
Net decrease in cash and cash equivalents	**(42,297)**	(124,816)
Cash and cash equivalents at 1 January	**57,203**	213,187
Effect of foreign exchange rate changes	**(32)**	26
Cash and cash equivalents at 30 June	**14,874**	88,397

The notes on pages 21 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 2013 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"). The Company's shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 September 2011.

(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 30 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 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.

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 2012 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 2012 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 2012 are available from the Company's registered office. The auditors have expressed an unmodified opinion on these financial statements in their report dated 20 March 2013.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements.

– Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

– IFRS 10, *Consolidated financial statements*

– IFRS 12, *Disclosure of interests in other entities*

– *Annual Improvements to IFRSs 2009-2011 Cycle*

– Amendments to IFRS 7, *Financial instruments – Disclosures – Offsetting financial assets and financial liabilities*

Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in this interim financial report has been modified accordingly.

IFRS 10, *Consolidated financial statements*

IFRS 10 replaces the requirements in IAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and SIC 12 Consolidation – Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 12, *Disclosure of interests in other entities*

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group because the Group does not disclose any segment assets or segment liabilities as such information are not regularly provided to the CODM.

2 CHANGES IN ACCOUNTING POLICIES *(continued)*

Amendments to IFRS 7, *Financial instruments – Disclosures – Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

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

3 TURNOVER

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

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Footwear	**389,815**	277,779
Apparel and related accessories	**4,937**	10,082
	394,752	287,861

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 2013				
	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	**211,510**	**102,610**	**56,483**	**24,149**	**394,752**
Inter-segment revenue	**834**	**–**	**860**	**–**	**1,694**
	212,344	**102,610**	**57,343**	**24,149**	**396,446**
Reportable segment profit					
Profit after taxation	**21,266**	**8,504**	**4,549**	**2,382**	**36,701**

	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

4 SEGMENT REPORTING *(continued)*

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

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Revenue		
Reportable segment revenue and consolidated turnover	396,446	287,861
Inter-segment revenue	(1,694)	–
Consolidated turnover	394,752	287,861
Profit		
Reportable segment profit derived from the Group's external customers	36,701	30,743
Unallocated other revenue and other net income/(loss)	504	(230)
Unallocated head office and corporate expenses	(2,867)	(2,613)
Consolidated profit after taxation	34,338	27,900

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 INCOME/(LOSS)

(a) Other revenue

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Interest income on bank deposits	956	1,060
Government subsidies	336	10
	1,292	1,070

The Group was entitled to unconditional government subsidies of RMB336,000 for the six months ended 30 June 2013 (six months ended 30 June 2012: RMB10,000). These government subsidies were recognised as other revenue when they became receivable.

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

(b) Other net income/(loss)

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Net foreign exchange gain/(loss)	**248**	(374)
Loss on disposal of property, plant and equipment	**–**	(37)
	248	(411)

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
(a) Finance costs		
Interest expense on bank loans wholly repayable within five years	**5,224**	4,012
(b) Staff costs		
Salaries, wages and other benefits	**35,455**	20,353
Contributions to defined contribution retirement schemes	**1,499**	674
	36,954	21,027
(c) Other items		
Cost of inventories	**311,117**	212,668
Depreciation of property, plant and equipment	**3,027**	3,102
Amortisation of lease prepayments	**52**	52
Amortisation of intangible assets	**104**	–
Impairment loss on		
– trade receivables	**2,047**	6,163
– deposits and prepayments	**2,949**	–
Operating lease charges in respect of properties		
– minimum lease payments	**3,104**	1,622
Operating lease charges in respect of trademarks		
– minimum lease payments	**1,442**	2,213
Research and development costs	**4,245**	3,548
Auditors' remuneration	**482**	488

8 INCOME TAX

Taxation in the consolidated income statement represents:

	Six months ended 30 June 2013 RMB'000	2012 RMB'000
Current tax – PRC corporate income tax		
Provision for the period	**14,952**	13,505
Deferred tax		
Origination and reversal of temporary differences	**(916)**	(2,218)
	14,036	11,287

(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 2013 and 2012. 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.

(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 recognised 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 2013 is based on the profit attributable to equity shareholders of the Company of RMB34,338,000 (six months ended 30 June 2012: RMB27,900,000) and weighted average number of 1,200,000,000 shares (six months ended 30 June 2012: 1,200,000,000 shares) in issue during the six months ended 30 June 2013.

There were no potential dilutive ordinary shares during the six months ended 30 June 2013 and 2012 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 2013, the Group's additions to property, plant and equipment amounted to RMB35,635,000 (six months ended 30 June 2012: RMB34,951,000).

During the six months ended 30 June 2013, the Group made prepayments of RMB18,429,000 and RMB3,694,000 (31 December 2012: RMB39,529,000 and RMB3,580,000) 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 2013 RMB'000	At 31 December 2012 RMB'000
Raw materials	**81,667**	72,825
Work in progress	**2,873**	2,427
Finished goods	**16,907**	10,493
	101,447	85,745

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Trade receivables and bills receivables	**331,103**	453,039
Less: allowance for doubtful debts	**(10,850)**	(8,803)
	320,253	444,236
Deposits and prepayments	**479,362**	325,341
Other receivables	**4,686**	4,639
	804,301	774,216

As of the balance sheet date, the ageing analysis of trade receivables and bills receivables (which are included in trade and other receivables), based on the invoice date (or date of revenue recognition, if earlier) and net of allowance for doubtful debts, is as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 90 days	**158,420**	279,743
91 days – 180 days	**59,057**	66,461
181 days – 360 days	**69,816**	77,396
Over 361 days	**32,960**	20,636
Trade receivables and bills receivable, net of allowance for doubtful debts	**320,253**	444,236

Trade receivables are normally due within 90 days from the date of billing. The maximum credit limit that may be outstanding at any time is determined based on such factors as the customer's credit history and current ability 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 2013 RMB'000	At 31 December 2012 RMB'000
Trade payables (note (a))	52,896	59,579
Bills payable (note (b))	205,418	164,217
Amounts due to directors (note 17(c))	494	2,431
Receipts in advance	62,418	58,752
Other payables and accruals (note (c))	26,602	33,438
	347,828	318,417

(a) As of the balance sheet date, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 2 months	14,476	20,559
2 to 3 months	2,046	8,188
Over 3 months	36,374	30,832
	52,896	59,579

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

At 30 June 2013, bills payable totalling RMB203,118,000 (31 December 2012: RMB157,817,000) were secured by pledged deposits of RMB85,998,000 (31 December 2012: RMB57,006,000).

At 30 June 2013, bills payable totalling RMB2,300,000 (31 December 2012: RMB6,150,000) were also secured by (i) pledged deposits of RMB740,000 (31 December 2012: RMB2,550,000) and (ii) certain assets of the Group, details of which are set out in note 14(c).

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Salaries, wages, bonus and other accrued benefits	15,127	16,530
Payables for the purchase of property, plant and equipment	718	780
Value-added tax payable	3,533	6,118
Others	7,224	10,010
	26,602	33,438

14 BANK LOANS

(a) At 30 June 2013, bank loans were repayable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year	**211,725**	204,308

(b) At 30 June 2013, the bank loans were analysed as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Bank loans		
– secured	**38,440**	34,400
– unsecured	**173,285**	169,908
	211,725	204,308

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

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Buildings	**32,689**	33,680
Lease prepayments	**4,430**	4,482
Pledged deposits	**8,499**	–
	45,618	38,162

At 30 June 2013, the Group's utilised banking facilities amounting to RMB30,000,000 (31 December 2012: RMB Nil) were also secured by personal guarantees from Zhang Wen Bin and Cai Xiu Man, the directors of the Company at nil fee.

(d) Included in secured and unsecured bank loans at 30 June 2013 were bills discounted with recourse totalling RMB Nil and RMB40,800,000 (31 December 2012: RMB2,500,000 and RMB68,300,000) respectively.

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 2013 (six months ended 30 June 2012: RMB Nil).

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of 0.88 HK cents (equivalent to approximately RMB0.71 cents) per ordinary share (six months ended 30 June 2012: 0.88 HK cents (equivalent to approximately RMB0.72 cents) per ordinary share)	**8,520**	8,640

(b) Share capital

Authorised and issued share capital

	At 30 June 2013		At 31 December 2012	
	Number of shares	**Amount**	Number of shares	Amount
	'000	**HK$'000**	'000	HK$'000
Authorised:				
Ordinary shares of HK$0.1 each	**10,000,000**	**1,000,000**	10,000,000	1,000,000
Ordinary shares, issued and fully paid:				
At the beginning and end of the period/year	**1,200,000**	**120,000**	1,200,000	120,000
Equivalent to (RMB'000)		**97,935**		97,935

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

16 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2013 not provided for in the interim financial report were as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Contracted for	**3,928**	17,800

(b) At 30 June 2013, the total future minimum lease payments under non-cancellable operating leases in respect of properties were payable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year	**1,847**	1,292
After 1 year but within 5 years	**20**	143
	1,867	1,435

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

16 COMMITMENTS *(continued)*

(c) At 30 June 2013, 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 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year	**8,776**	8,050
After 1 year but within 5 years	**6,551**	8,739
	15,327	16,789

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).

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 2013 and 2012, 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
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 2013 and 2012 are as follows:

(i) Lease of properties

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Rental payable/paid to:		
– Cai Xiu Man	**121**	139

(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) Amounts due to directors

	At 30 June	At 31 December
	2013	2012
	RMB'000	RMB'000
Amounts due to directors	**494**	2,431

17 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

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

Notes:

(i) The amounts due to directors at 30 June 2013 were unsecured, interest-free and repayable on demand.

(ii) During the six months ended 30 June 2013, there is cash advance made to a director and the details disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Cash advance made by the Group:

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 2012	RMB12,287,000
– at 31 December 2012 and 1 January 2013	RMBNil
– at 30 June 2013	RMBNil
Maximum balance outstanding	
– during the six months ended 30 June 2013	RMB7,262,000
– during the year ended 31 December 2012	RMB26,407,000

There was no amount due but unpaid, nor any provision made against the cash advance at 31 December 2012 and 30 June 2013.

(d) Key management personnel remuneration

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

	Six months ended 30 June	
	2013	2012
	RMB'000	RMB'000
Short-term employee benefits	**1,001**	807
Retirement scheme contributions	**13**	13
	1,014	820

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 16 to 35 which comprises the consolidated balance sheet of Active Group Holdings Limited as of 30 June 2013 and the related consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and 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 2013 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

30 August 2013