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

Annual Report 2013
年報

ANNUAL REPORT **2013**

Jimaire 金迈王
COREMSS 克雷獅
BULL TITAN (US) 公牛巨人
Greiff
camel active

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

HEADQUARTERS 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

Financial Highlights

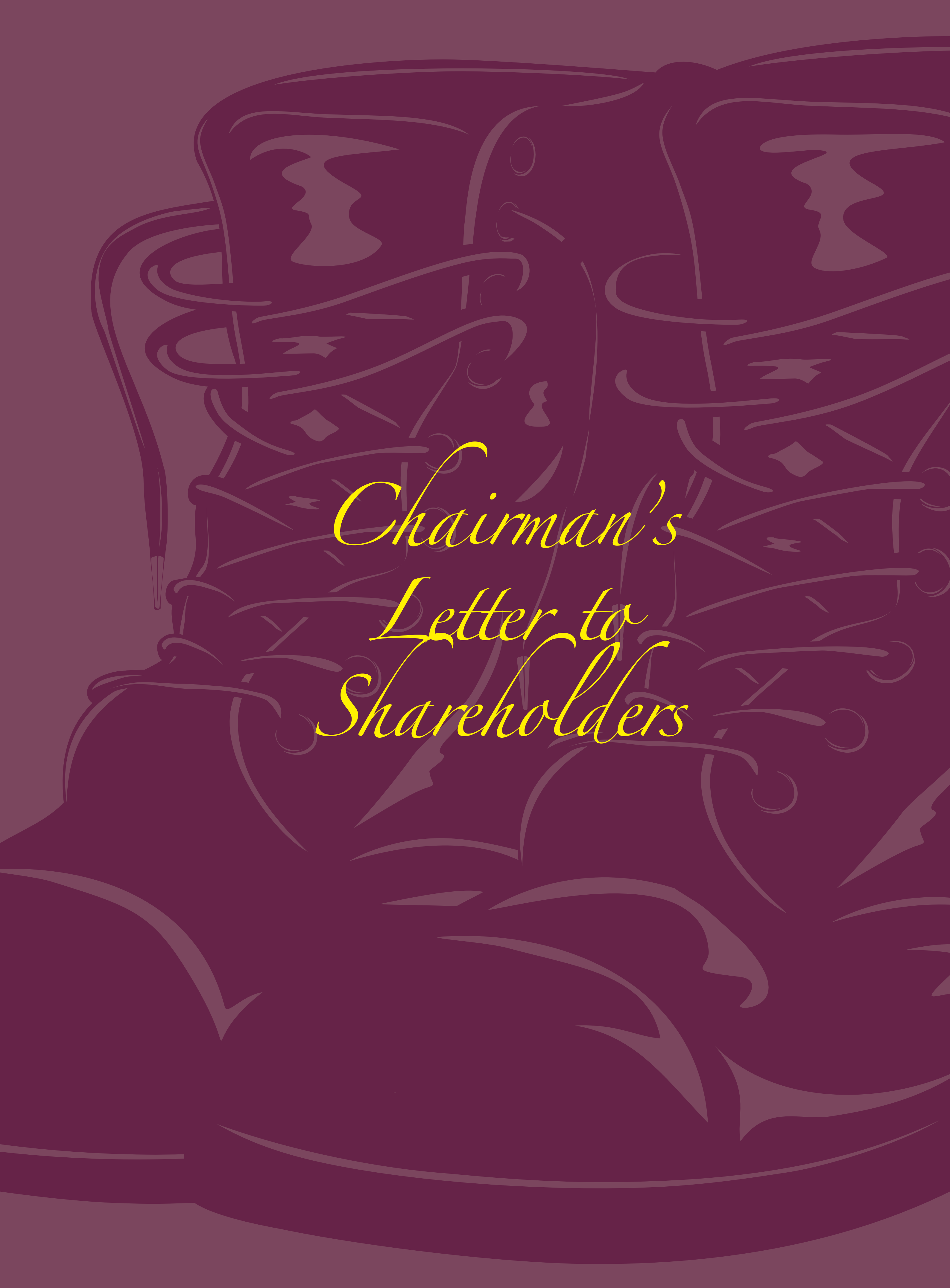
KEY FINANCIAL HIGHLIGHTS
For the year ended 31 December

	Note	2013	2012	% change
Revenue (RMB'000)		**792,572**	679,498	16.6%
Gross profit (RMB'000)		**174,380**	174,993	-0.4%
Profit before taxation (RMB'000)		**102,710**	104,791	-2.0%
Profit for the year (RMB'000)		**71,976**	72,812	-1.1%
Gross profit margin (%)		**22.0%**	25.8%	
Profit before tax margin (%)		**13.0%**	15.4%	
Earnings per share ("**EPS**") – Basic (RMB)	1	**0.06**	0.06	
Dividend per share – final (HK cents)		**–**	0.88	
As at 31 December				
Current ratio (times)	2	**1.7**	1.8	
Trade and bills payables turnover days (days)	3	**134**	109	
Trade and bills receivables turnover days (days)	4	**161**	159	
Inventory turnover days (days)	5	**59**	55	
Gearing ratio	6	**15.6%**	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 365 days
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 365 days
5/	Inventory turnover days:	Average of opening and closing balances on inventory/cost of sales and multiplied by 365 days
6/	Gearing ratio:	Total bank loans/total assets

Chairman's Letter to Shareholders



On behalf of the Board of Directors (the "**Board**"), I am pleased to present the annual results of Active Group Holdings Limited (the "**Company**") and its subsidiaries (collectively "**Active Group**" or the "**Group**") for the year ended 31 December 2013.

For the year ended 31 December 2013, turnover of the Group recorded an increase of 16.6% to RMB792.6 million (2012: RMB679.5 million). Gross profit remained stable, amounting to RMB174.4 million (2012: RMB175.0 million). Gross profit margin stood at 22.0% (2012: 25.8%). Profit attributable to equity shareholders of the Group for the year was RMB72.0 million, representing a decrease of 1.1% as compared to RMB72.8 million for the same period last year. Basic earnings per share were RMB0.06 (2012: RMB0.06).

The Group has always pursued a prudent treasury management policy and is in a strong liquidity position with sufficient standby banking facilities to cope with daily operations and future capital demands for development. As at 31 December 2013, including the banking facilities as secured by the Group's pledged deposits, total available banking facilities of the Group amounted to RMB538.2 million, of which RMB340.3 million were utilised by the Group for its bank loans and bills payable. The ratio of outstanding bank loans to total assets was 15.6% (2012: 17.7%).

In 2013, Chinese consumers' purchasing interest on medium-to-high end consumer goods remained conservative, and the luxury goods consumer market was generally hardly hit in 2013. Fortunately, the Group has always regarded product quality as its prime concern, and the Group's self-owned brands and original equipment manufacturing ("**OEM**") products all earned a high level of confidence from its customers. Amid the sluggish market conditions, the Group's branded products' business decreased slightly as compared to last year, while sales of OEM business increased 119.9%, boosting the positive performance of the overall turnover.

According to the Group's development strategy, priority is given to the production of branded products and OEM orders will be dealt with only in off season or when production capacity allows. Due to the weak consumption for high-end products in the People's Republic of China (the "**PRC**" or "**China**"), among the Group's series of brands, sales of the upper-middle priced ***Greiff*** and ***Camel Active***

were also affected when compared to last year. On the contrary, there were signs of improving economies in the overseas markets, including Japan, Korea and countries in Europe and America. In addition, because of the fine craftsmanship and assured quality of the Group's products, customers who have business with us for years have also recommended our products to other players in the industry. Therefore, the Group timely adjusted its production to gear towards the substantial demand of OEM customers, resulting in a significant increase in orders for OEM products during the year.

Nevertheless, the Group has continued to pay effort in developing its self-owned brands. During the year under review, our research and development ("**R&D**") centre in Guangzhou designed a total of 3,163 models of casual footwear and 228 new styles of apparel and accessories, approximately 50.4% of which reached commercial production and was offered in the market. Our R&D team actively brought in more new elements to the branded products to highlight its positioning. Take ***Jimaire*** as an example, the team is considering to use environmental-friendly and healthy materials to produce walking shoes for the middle-aged and retired men, with a view to diversify its products to attract new customer groups. Such product is in the exploration phase and market response still needs to be tested. The Group is confident that in the shoe shows of two seasons, the new product will contribute to the Group's performance. Other brands of the Group, including ***Bull Titan*** and ***Coremss***, had satisfactory sales performance, and as a new brand, ***Coremss*** was widely accepted by the consumers.

In the past year, the Group carried out its development at a steady pace, and expanded its business network after careful planning. The new sales points were located in the first-tier cities in Eastern China and Southern China, Gansu and Shaanxi in Northwestern China and Sichuan, Yunnan, Guizhou in Southwestern China and second and third-tier cities in Henan, Shanxi, Hubei and Hunan Provinces. The Group considers that the urbanization policy in China will speed up the development of these regions, which is very conducive to increasing the Group's market share.

In May and June 2013, the first two self-operated flagship stores of the Group commenced operation in Xiamen and Shishi, Fujian Province. Modelling the retail sales operation of the Group, these two flagship stores would help the Group to track customers' preference and have their feedback recorded for improving the product design and quality. It is one of our major business development plans to open a few more flagship stores in major fast-growing cities in the coming years, detailed timeline is still under consideration given the uncertainties in the economic outlook.

Construction of the new plant in Suining, Jiangsu Province is close to completion, and trial production is expected to commence in the second quarter of 2014. The new plant, with annual production volume of three million pairs of shoes, will become the bedrock supporting the future growth of our sales.

OUTLOOK

I believe there is enormous market potential in men's casual footwear, which provides sufficient room for development for an enterprise having diversified and famous brands. With increasing consumer recognition of the multifunctions and comfortableness of casual footwear, it has become a must-buy for consumers. In order to seize more market share, the Group will continue to expand the reputation of its brands, and introduce more products to the market following the sales guideline of maximizing turnover with lower profit margin.

While production costs continue to increase, the Group will adhere to the strategy carried out during the previous year such that the rising production cost will not be passed to our customers and they will be given more discount instead, enabling the Group to enjoy more competitive advantages

in the industry, thus enhancing our brand recognition and expanding our market share. With improved overall domestic consumption and economic conditions in China, the Group will then adjust the sales price to enhance its profitability.

The Group's new plant in Suining, Jiangsu Province will commence production in 2014. As the local wage in Suining is lower than that of Fujian Province, the Group is confident that the overall labour cost will be reduced. The Group will also closely monitor production cost and process, so as to increase production volume and efficiency.

The Group will expand its sales network at a reasonable and steady pace. In order to seize the opportunities brought by urbanization in China, the Group will focus on developing its sales network in second-and third-tier cities in the central and western regions of China in the future, such as regions and cities in Henan, Sichuan, Shaanxi, Yunnan, Guizhou, Hubei, Hunan provinces and Chongqing municipality.

The Group plans to launch a new self-owned brand, ***Brisk Lion***, mainly targeting young consumers of the age group between 29 to 39 years old in 2014. Several ***Brisk Lion*** footwear models will be launched at the Spring / Summer Footwear Sales Fair to test the order book and feedback from distributors. The Group intends to put more resources in cultivating the existing brands, seeking for breakthroughs in the design and function with a view to strengthen the positioning of every brand, thus enhancing the loyalty and attracting more target customer groups such that sales will resume to the level of the previous year and even higher.

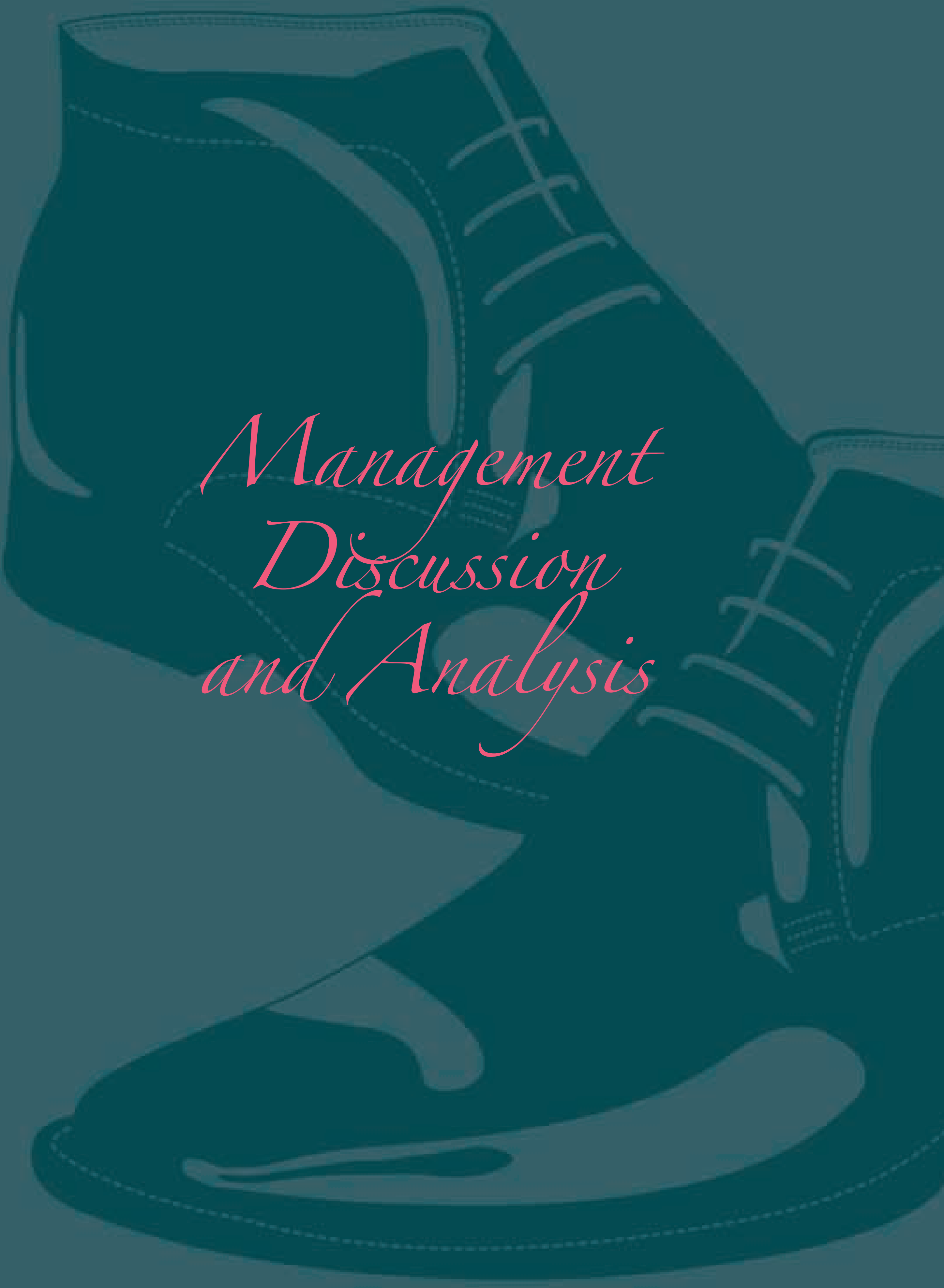
APPRECIATION

On behalf of the Board, I would like to take this opportunity to thank every member of our staff for their constant dedications and contributions to the Group. I also wish to express my sincere appreciation to our customers and business partners for their continuous support. We will continue to make further achievement and create the best returns for the shareholders of the Company ("**Shareholders**").

Cai Xiuman
Chairman

Hong Kong, 28 March 2014

Management Discussion and Analysis



MARKET REVIEW

During 2013, the global economy started to climb up from the rock bottom and went on steadily. The retail market and job market of the United States have been improving. The unsolved European sovereign debt crisis appeared to ease and it is hoped that Europe could overcome and get out of the economic recession. Owing to the sluggish global economic growth, the recovery is slow. Under such complicated and severe conditions, China has adjusted its mode of economic development whereby the high speed of growth in GDP is slowing down correspondingly. The year-on-year growth of GDP during the year was only 7.7%, being the lowest for the past fourteen years. Being impacted by the slow pace of China's economic growth and the sluggish market sentiment, the overall consumption demand is weakening. Among such consumption demand, consumers tended to become more conservative in buying consumer goods of medium and high grades. Besides, rental and production cost saw an increase. All such have brought challenges to the retail market.

Although the entire environment is unpredictable, favourable factors have become more significant. The Central Government of China continued to be dedicated to expand the domestic demand, driving the increase in the total volume of retail regarding consumer goods consumed by the entire country. Meanwhile, it is expected that the driving force of consumption will further be strengthened given that it is benefited from the facilitation of urbanization and continuous increase in the residents' disposable income. Following the consumers having regained their confidence, the management level believes that the Group is paying close attention to the market changes and is grasping opportunities for accelerating the development of the Group.

BUSINESS REVIEW

Since the market competition has become more and more vigorous and consumers are still conservative in buying medium to high-graded consumer goods, the Group is dedicated to optimizing its product mix and product creation. The Group is also continuously expanding its customer base so as to further consolidate its business base and increase the sources of income. The Group is always taking product quality as its first principle. Consumers always have high confidence in the Group's self-owned brands or the licensed brands. Moreover, the Group is implementing the multi-branding strategy that involves the business operation of five brands, including three self-owned brands, namely, ***Jimaire***, ***Bull Titan*** and ***Coremss*** together and two licensed brands, namely, ***Greiff*** and ***Camel Active***. With each of these five brands having its own market position and brand style targeting different segments from the middle to upper-middle end consumers in the market, the Group is providing customers with diversified product mix with high quality and appealing design. To meet the market needs, the Group is improving its product portfolio this year and will be launching more functional footwear with moderate price and will enhance the competitive power of its brands by expanding its customers base. Meanwhile, the orders placed for OEM products are increasing significantly to a great extent because of the increasing demand in the consumption sector of the overseas markets. In such manner, the entire turnover is being driven to perform magnificently. With the help of its rich experience in the industry and its effective strategy, the Group has realized steady growth in its revenue and has been successfully maintaining its leading position in the market of men's casual footwear.

On 24 June 2013, the Group announced that the Company and the registered owner of ***Luotuo Brand*** have not entered into any official agreement with legal binding effect. The letter of intent with no legal binding effect entered into by and between Shishi Haomai Shoes Industrial Co., Ltd. (石獅市豪邁鞋業有限公司) and the registered owner of ***Luotuo Brand***, on 27 February 2013, regarding the arrangement of the joint venture for operating the ***Luotuo Brand*** and its products has become void and invalid. Details of which are disclosed in the announcements released by the Company on 27 February 2013 and 24 June 2013 respectively.

The Group has been preparing for the expiry of ***Luotuo Brand*** and is filling in the gap due to the discontinued sale of ***Luotuo Brand***'s products by launching a new brand named ***Coremss*** which is similar to ***Luotuo Brand***. With accurate positioning and active marketing and sales strategy, ***Coremss*** has performed well and has achieved a sound revenue of RMB104.5 million during the year ended 31 December 2013, reflecting the fact that customers have totally accepted this new brand.

SALES AND DISTRIBUTION NETWORK

The branded products of the Group are sold through an extensive retail sales network, which is operated and maintained by the Group's customers, including distributors and department stores. The Group always prefers to maintain a reasonable and steady pace of retail sales network expansion. As at 31 December 2013, the Group entered into master sales agreements with 128 distributors and 475 department store customers (2012: 110 distributors and 501 department stores) that operated 2,511 retail sales points (2012: 2,334 retail sales points), which are located throughout the PRC. In particular, the Group has increased a number of retail sales points in the northwestern and southern regions of the country to

315 and 264 (2012: 273 and 209) respectively. Continued momentum in new retail sales points is mainly to capture greater demand, rising purchasing power and higher fashion sense of consumers in these regions.

	Number of retail shops and department store counters	
	31 Dec 2013	**31 Dec 2012**
Northern Region	366	363
Northeastern Region	196	196
Northwestern Region	315	273
Eastern Region	789	750
Southern Region	264	209
Southwestern Region	231	217
Central Region	350	326
Total	2,511	2,334

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 enable the Group to track consumers' preference and record their feedback for improving the product design as well as quality. It is one of the Group's major business development plans to open a few more flagship stores in major fast-growing cities in the coming years, detailed timeline is still under consideration given the uncertainties in the economic outlook.

As online sales become 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 reaching 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 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.

Under 2013 spring-summer and autumn-winter collection, the Group has designed approximately 3,163 and 228 new styles in the footwear segment and the apparel and accessories segment respectively. Approximately 50.4% of the new designs subsequently went into commercial production. To further enrich the product portfolio, the Group continued to expand its product range to broaden the appearance and functional figures of the footwear offerings. During the year, the Group introduced eco friendly casual footwear by using green materials, and hiking shoes specially designed for middle-aged or retired customers. 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 is able to provide 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 optimising 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, with its annual capacity expanded to approximately 6.2 million pairs of footwear (2012: 3.8 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. Almost 95% of the construction of the plant and its infrastructure has been completed by the end of 2013. The new production lines are expected to commence trial production during the second quarter of 2014. For setting up the new production lines, the Group entered into several agreements with total capital commitments contracted for the acquisition of production facilities of RMB57.0 million recorded as at 31 December 2013.

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.

FINANCIAL ANALYSIS

Turnover

In 2013, total turnover of the Group continued to grow at a steady pace. Revenue reached to RMB792.6 million, representing year-on-year growth of 16.6%. The increase in turnover was mainly attributable to the increase in sales of OEM, offsetted by the slowdown in sales of Group's branded products during the year.

Revenue analysis by brand and product is as follows:

Revenue analysis by brand

	For the year ended 31 December 2013 RMB'000	2012 RMB'000
Jimaire	**148,167**	180,780
Bull Titan	**196,935**	181,351
Coremss	**104,497**	–
Luotuo Brand	**15,163**	112,020
Greiff	**24,981**	41,729
Camel Active	**23,235**	36,465
	512,978	552,345
OEM	**279,594**	127,153
Total	**792,572**	679,498

Revenue analysis by product

	For the year ended 31 December 2013 RMB'000	%	2012 RMB'000	%
Casual footwear				
— Branded products	**504,770**	**63.7**	536,130	78.9
— OEM	**279,594**	**35.3**	127,153	18.7
Apparel and accessories	**8,208**	**1.0**	16,215	2.4
	792,572	**100.0**	679,498	100.0

The Group's branded product sales decreased from RMB552.3 million for the year ended 31 December 2012 to RMB513.0 million for the year ended 31 December 2013, representing a decrease of 7.1%.

During 2013, China's consumer sentiment remained soft, especially for luxury or high-priced products. This was reflected in the decrease in demand of two of the Group's branded products, ***Greiff*** and ***Camel Active***, which target consumers are mainly from affluent upper middle-class income group. Total turnover generated from these two brands decreased by RMB30.0 million or approximately 38.3%, from RMB78.2 million for the year ended 31 December 2012 to RMB48.2 million for 2013. On the other hand, the sales performance under the brand ***Bull Titan*** continued to be strong resulted from the enhanced recognition of the brand in the market, which turnover increased from RMB181.4 million to RMB196.9 million for the year ended 31 December 2013, representing an increase of 8.6% when compared with that in 2012. Sales of products under ***Jimaire*** decreased by RMB32.6 million or approximately 18.0%, from RMB180.8 million for the year ended 31 December 2012 to RMB148.2 million 2013, resulted from the increasing competition between peers with similar brand image. Sales of products under ***Luotuo Brand*** ceased since March 2013 after the expiry of the trademark license agreement.

Revenue from OEM operations increased by RMB152.4 million or approximately 119.9%, from RMB127.2 million for year ended 31 December 2012 to RMB279.6 million for 2013. This was the result of positive signs of improving economies in overseas markets and the confidence of customers over the craftsmanship and assured quality of the Group's products.

The following table sets out a breakdown of the number of units sold and the average selling price of the Group's branded products during the financial years indicated:

By number of units sold and average selling price		For the year ended 31 December 2013 Total units sold '000	2013 Average selling price RMB	2012 Total units sold '000	2012 Average selling price RMB
Jimaire	— Footwear (pairs)	**1,105**	**134.1**	1,473	122.7
Bull Titan	— Footwear (pairs)	**1,468**	**134.2**	1,222	148.4
Coremss	— Footwear (pairs)	**880**	**118.7**	–	–
Luotuo Brand	— Footwear (pairs)	**119**	**127.8**	840	133.4
Camel Active	— Footwear (pairs)	**127**	**182.6**	130	280.5
Greiff	— Footwear (pairs)	**96**	**175.4**	190	134.4
	— Apparel (pieces)	**55**	**149.5**	96	164.2
	— Accessories (pieces/pairs)	**0.07**	**22.9**	30	13.5

Revenue analysis of branded products by geographical location is as follows:

By region	For the year ended 31 December 2013 RMB'000	2013 %	2012 RMB'000	2012 %
Northern Region(1)	**63,272**	**12.3**	78,281	14.2
Northeastern Region(2)	**31,225**	**6.1**	34,345	6.2
Northwestern Region(3)	**43,722**	**8.5**	56,345	10.2
Eastern Region(4)	**281,605**	**54.9**	300,501	54.4
Southern Region(5)	**20,560**	**4.0**	19,006	3.4
Southwestern Region(6)	**47,777**	**9.3**	35,114	6.4
Central Region(7)	**24,817**	**4.9**	28,753	5.2
	512,978	**100.0**	552,345	100.0

Notes:

(1) Northern Region includes Beijing, Tianjin, Shanxi, Hebei and Inner Mongolia.

(2) Northeastern Region includes Heilongjiang, Liaoning and Jilin.

(3) Northwestern Region includes Gansu, Shaanxi, Qinghai, Xinjiang and Ningxia.

(4) Eastern Region includes Fujian, Shandong, Zhejiang, Jiangxi, Jiangsu, Anhui and Shanghai.

(5) Southern Region includes Guangdong, Guangxi and Hainan.

(6) Southwestern Region includes Sichuan, Yunnan, Guizhou, Chongqing and Tibet.

(7) Central Region includes Henan, Hubei and Hunan.

Revenue generated from Northern and Eastern Regions for the year ended 31 December 2013 accounted for 67.2% (2012: 68.6%) of total branded product sales. This was mainly attributable to the location of retail sales points in major first-tier cities such as Shanghai, Fujian and Beijing, where customers are relatively more affluent with strong purchasing power.

GROSS PROFIT AND GROSS PROFIT MARGIN

It was a challenging year in terms of rising labour and raw materials costs, gross profit of the Group was mildly decreased by 0.4% and reached to RMB174.4 million for the year ended 31 December 2013 (2012: RMB 175.0 million), while gross profit margin of the Group for the year ended 31 December 2013 was 22.0%, representing a decrease of 3.8% when compared with 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 materials costs. Furthermore, the increase over unit production cost was also led by the innovative product designs and advanced materials used for production during the year, 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 discounts 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 sales and marketing staff, and other costs related to sales and distribution. Selling and distribution expenses were RMB26.8 million, amounted to approximately 3.4% of turnover for the year ended 31 December 2013 (2012: 5.0%), 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 year. 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 7.2% to RMB38.2 million for the year ended 31 December 2013, primarily attributable to the increase over the expenses for R&D activities, from RMB4.2 million for the year ended 31 December 2012, to RMB5.1 million for 2013, and an additional impairment loss on prepayments of RMB2.9 million recognised during the year ended 31 December 2013, in respect of those long outstanding balances with no goods or services received by the Group (2012: RMB Nil).

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 balance as at 31 December 2013 was RMB374.6 million, as compared to RMB444.2 million as at 31 December 2012. The allowance for doubtful debts charged to profit or loss was RMB2.9 million for the year ended 31 December 2013 (2012: RMB4.4 million).

OTHER REVENUE

Other revenue for the year ended 31 December 2013 mainly represented government grants of RMB0.8 million (2012: RMB7.8 million) and interest income yielded from bank deposit during the year of RMB2.2 million (2012: RMB1.8 million).

FINANCE COSTS

Finance costs mainly consist of interest from short-term secured bank loans. Interest expense slightly rose to RMB10.6 million for the year ended 31 December 2013, represented an increase of 2.5% when compared to the preceding year. The rise was due to the increase of bank borrowing by the Group for the purpose of the continuous expansion of business operation and production volume, which the increment effect was offset by the decrease in the effective interest rate for bank borrowings from 6.9% for the year ended 31 December 2012 to 6.4% for 2013.

EFFECTIVE TAX RATE

The effective tax rate for the Group slightly decreased from 30.5% in 2012 to 29.9% in 2013.

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

Profit attributable to Shareholders was approximately RMB72.0 million (2012: RMB72.8 million) and the ratio to revenue was 9.1% for the year ended 31 December 2013 (2012: 10.7%). Basic earnings per share remains as RMB0.06 for the year ended 31 December 2013 (2012: RMB0.06).

LIQUIDITY AND CAPITAL RESOURCES

In order to achieve better cost control and minimise the cost of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi ("**RMB**"). As at 31 December 2013, the Group had net current assets of RMB466.9 million (31 December 2012: RMB425.7 million), of which cash and cash equivalents amounted to RMB12.7 million (31 December 2012: RMB57.2 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 31 December 2013, including the banking facilities as secured by the Group's pledged deposits, total available banking facilities of the Group amounted to RMB538.2 million, among which RMB340.3 million was utilised by the Group for its bank loans and bills payable. The ratio of outstanding bank loans to total assets was 15.6% (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 2013, and the Group has not entered into any interest rate swap arrangements to hedge against interest rate risks.

As at 31 December 2013, cash and cash equivalents, including bank deposits with original maturities not exceeding three months, amounted to RMB12.7 million. The decrease of RMB44.5 million as compared to the Group's position as at 31 December 2012 was mainly attributable to:

- Net cash generated from in operating activities amounted to RMB55.2 million (excluding income tax paid for RMB32.3 million), and was mainly the result of the net increase of advance payments to suppliers of approximately RMB179.8 million for securing raw materials and outsourcing production in advance for future inflation, though partially offset by the net decrease of trade and bills receivables amounted to RMB69.7 million, together with the increase in trade and other payables of RMB72.6 million and the effect of profit before taxation of RMB102.7 million;

- Net cash used in investing activities amounting to RMB25.3 million (excluding net increase in placement of pledged deposits for secured bank loan and bills payables amounting to RMB49.4 million), which was primarily due to the payment incurred for the construction of new production plant in Suining totalling RMB27.5 million, which was partially offset by interest of RMB2.2 million received;

- Net cash generated from financing activities amounted to RMB7.3 million, which was mainly attributable to proceeds from bank loans of RMB208.5 million, and was partially offset by the repayment of bank loans of RMB203.5 million, dividend paid during the year of RMB8.5 million and interest payment of RMB10.6 million.

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 year, 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.

PLEDGE OF ASSETS

As at 31 December 2013, the Group secured its bank loans and certain bills payables by a charge over land use rights with an aggregate carrying amount of RMB4.4 million (2012: RMB4.5 million), buildings with net book value of RMB31.7 million (2012: RMB33.7 million) and pledged deposits with an aggregate carrying amount of RMB22.4 million (2012: RMB Nil).

Included in secured and unsecured bank loans as at 31 December 2013 were bills discounted with recourse totalling RMB Nil and RMB28.5 million (31 December 2012: RMB2.5 million and RMB68.3 million), respectively.

WORKING CAPITAL MANAGEMENT

The Group recognises the importance of maintaining strong and stable cash flow from its operations in order to stay competitive and capture business opportunities as they arise.

A substantial part of the Group's inventory was raw materials. The inventory turnover days of the Group increased by 4 days to 59 days for the year ended 31 December 2013 (2012: 55 days), primarily due to the stock up of raw materials in anticipation of future price increases. The Group continued to observe a sound policy on raw material procurement and inventory control.

The trade and bills receivables turnover days for the year ended 31 December 2013 slightly increased to 161 days (2012: 159 days). During 2013, with 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 31 December 2013, total outstanding balance of bills to be received amounted to RMB37.6 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.

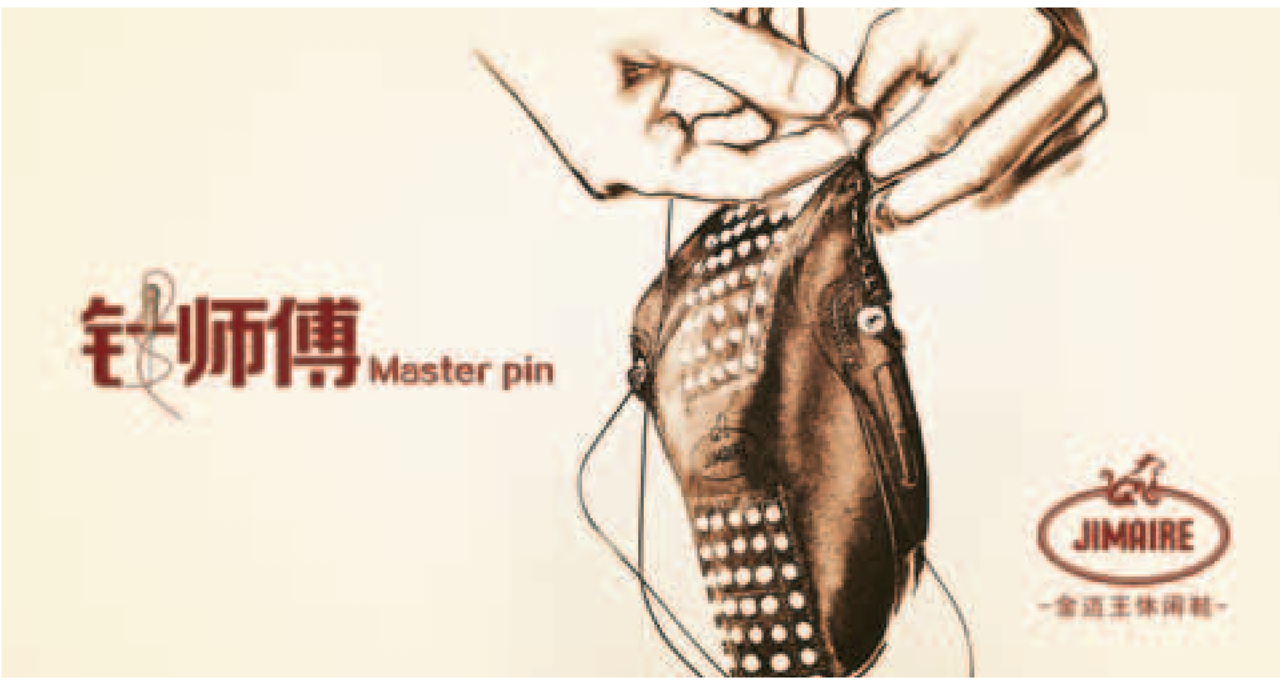
The turnover days for trade and bills payables rose to 134 days for the year ended 31 December 2013 (2012: 109 days), which was mainly because the Group has fully utilised the extended credit period offered by certain suppliers during the year.

USE OF PROCEEDS

The Group was 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 31 December 2013, the unutilised proceeds of approximately HK$83.8 million were deposited in licensed banks in Hong Kong and the PRC.

Use of net proceeds from global offering

	Percentage to total amount	**Net proceeds** (HK$ million)	**Utilised amount (up to 31 December 2013)** (HK$ million)	**Unutilised amount (as at 31 December 2013)** (HK$ million)
Establishing a new production facility	39.1%	131.9	131.9	–
Establishing self-owned and operated flagship stores	22.4%	75.6	2.6	73.0
Establishing a new product testing and R&D laboratory	15.6%	52.6	52.6	–
Developing and increasing brand awareness	6.6%	22.3	22.3	–
Expansion of the product R&D teams and equipment	3.2%	10.8	10.8	–
Establishing of an enterprise resource planning (i.e. ERP) system	3.2%	10.8	–	10.8
Expansion of original production capacity	2.6%	8.8	8.8	–
General working capital	7.3%	24.6	24.6	–
		337.4	253.6	83.8



EMPLOYEES AND EMOLUMENTS

As at 31 December 2013, the Group employed a total of 1,967 full-time employees in the PRC and Hong Kong, which included management staff, product designers, technicians, salespersons and workers. Remuneration for the entire full-time workforce amounted to RMB81.7 million for the reporting year, which is equivalent to 10.3% of the Group's turnover. The Group's emolument policies are formulated based on the performance of individual employees, whose performance are reviewed and evaluated periodically. Apart from contributions to the provident fund scheme (operation in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) and social security fund (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses are also awarded to employees according to individual performance. Since the adoption of the share option scheme on 4 September 2011, no options have been granted.

PROSPECTS

Looking ahead, the management remains prudently optimistic about the business performance of the Group for the coming year. 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 macroeconomic policy is expected to moderate and relax, gradually turning to the direction of stabilizing growth and promoting consumption, and with the continuously rising wages and disposable income for ordinary workers, the mainstream consumer group is going to further consolidate its base, which is expected to promote continued expansion of demand for quality branded products.

The Group will continue to proactively develop its business to achieve 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 multibrand operators. The Group remains optimistic about its medium-to-long-term development potential, and continually strives to create the best returns for the Shareholders.

The Group is committed to achieving and maintaining high standards of corporate governance, in compliance with the principles set out in the Corporate Governance Code (the "**Corporate Governance Code**") contained in Appendix 14 to the Rules ("**Listing Rules**") Governing the Listing of Securities on the Stock Exchange from time to time.

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. During the year ended 31 December 2013, the Company has complied with all the code provisions of the Corporate Governance Code.

THE BOARD

The Board oversees the management of the business and affairs of the Company. The Directors are accountable for making decisions objectively in the best interest of the Shareholders as a whole.

The Board is responsible for making decisions on all major aspects of the Company's affairs, including the approval and monitoring of key policy matters, overall strategies, business plans and annual budgets, internal control and risk management systems, material transactions, major capital expenditure, appointment of Directors and other significant financial and operational matters.

The Board may delegate aspects of its management and administration functions to the management. In particular, the day-to-day management of the Company is delegated to the chief executive officer of the Group, Mr. Zhang Wenbin, and his management team.

The Company has throughout the year met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications, accounting or related financial management expertise. At all times during the year, the independent non-executive Directors represent at least one-third of the Board. All independent non-executive Directors meet the guidelines for assessment of their independence as set out in Rule 3.13 of the Listing Rules. The Company has received from all of its independent non-executive Directors confirmation of their independence pursuant to Rule 3.13 of the Listing Rules.

Throughout the year, the composition of the Board was as follows:

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

A description of the Directors is set out in the section headed "Board of Directors and senior management" in this annual report.

The roles of the chairman and chief executive officer of the Group are separate. Ms. Cai Xiuman, the chairman of the Group and an executive Director, is responsible for overall strategic business development, management and operations. Ms. Cai Xiuman is the wife of Mr. Zhang Wenbin, the chief executive officer of the Group and another executive Director.

Mr. Zhang Wenbin, the chief executive officer of the Group and an executive Director, is responsible for leading the business operations of the Group to achieve the business and financial targets, proposing strategies to the Board and ensuring the effective implementation of the strategies and policies adopted by the Board. Mr. Zhang Wenbin is the husband of Ms. Cai Xiuman, the chairman of the Group and another executive Director.

The Board is expected to meet regularly and at least four times a year. The Directors have full access to information on the Group and independent professional advice at all times whenever deemed necessary by the Directors.

With respect to regular meetings of the Board, the Directors will be given written notice of the meeting at least 14 days in advance and an agenda with supporting Board papers no less than three days prior to the meeting. For other meetings, Directors are given as much notice as is reasonable and practicable in the circumstances.

The Board held 4 meetings during the year and the attendance of the Directors are set out on page 24.

APPOINTMENTS, RE-ELECTION AND ROTATION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 4 September 2011, which may be terminated by not less than three months' notice in writing served by either party on the other. Each of the independent non-executive Directors have been appointed for a term of three years commencing from 4 September 2011. None of the Directors has entered into a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

In accordance with the articles of association of the Company (the "**Articles**"), at each annual general meeting ("**AGM**") one third of the Directors for the time being shall retire from office by rotation and shall be eligible for re-election. Mr. Chen Yuanjian, Mr. Wu Xiaoqiu, Mr. Ye Lin and Mr. Lee Ho Yiu Thomas will retire at the AGM. All of the above retiring Directors, being eligible, will offer themselves for re-election at the same meeting.

Where vacancies arise at the Board, candidates will be proposed and put forward to the Board by the Nomination Committee (as defined below) as set out below under the section on Nomination Committee.

CORPORATE GOVERNANCE

The Board has carried out its duties and responsibilities as set out in D.3 in Appendix 14 to the Listing Rules including the development of policies and practices on corporate governance, monitoring the training and continuous professional development of Directors and senior management, reviewing the compliance with the Code, disclosure in this Corporate Governance Report and legal and regulatory requirements of the Company.

TRAINING, INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All Directors attended training programmes on commercial, legal and regulatory requirements in relation to a listed company in Hong Kong and/or the industry in which the Group conducts its businesses.

SECURITIES TRANSACTIONS

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (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 year.

BOARD COMMITTEES

The Company established a remuneration committee (the "**Remuneration Committee**"), an audit committee (the "**Audit Committee**") and a nomination committee (the "**Nomination Committee**") on 4 September 2011.

Remuneration Committee

The Remuneration Committee comprises all independent non-executive Directors, namely, Mr. Ye Lin, Mr. Wu Xiaoqiu and Mr. Lee Ho Yiu Thomas. Mr. Ye Lin is the chairman of the Remuneration Committee.

The major duties of the Remuneration Committee are as follows:

(a) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(b) to determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(c) to make recommendations to the Board of the remuneration of non-executive Directors;

(d) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(e) to review and approve management's remuneration proposals by reference to the Board's corporate goals and objectives;

(f) to review and approve compensation payable to the executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(g) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(h) to ensure that no Director or any of his associates is involved in deciding his own remuneration;

(i) to report to the Board on the matters set out in these terms of reference; and

(j) to consider other topics, as defined by the Board.

The Remuneration Committee held two meetings during the year of 2013 to review and approve the remuneration packages of Directors and senior management of the Group. All members of the Remuneration Committee attended that meeting.

Audit Committee

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 primary duties of the Audit Committee are to review and approve the Group's financial reporting process and internal control system. In addition, the major duties of the Audit Committee are as follows:

Relationship with the Group's auditor

(a) to be primarily responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(c) to discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(d) to develop and implement policy on engaging an external auditor to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

Review of the Group's financial information

(e) to review and monitor the integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained therein. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

   (i) any changes in accounting policies and practices;

   (ii) major judgmental areas;

   (iii) significant adjustments resulting from audit;

   (iv) going concern assumptions and any qualifications;

   (v) compliance with accounting standards; and

   (vi) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(f) Regarding (e) above:

   (i) members of the Audit Committee should liaise with the Board and the senior management, and the Audit Committee must meet, at least twice a year, with the Group's auditor; and

   (ii) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the reports and accounts it should give due consideration to any matters that have been raised by the Group's staff responsible for the accounting and financial reporting function, compliance officer, external auditor or internal control officer;

Oversight of the Group's financial reporting system and internal control procedures

(g) to review the Company's financial controls, internal control and risk management systems;

(h) to discuss the internal control system with management to ensure that management has performed its duty to have an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;

(i) to consider major investigations findings on internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(j) where an internal audit function exists, to review the internal audit programme, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(k) to review the Group's financial and accounting policies and practices;

(l) to review the external auditor's management letter, any material queries raised by the external auditor to management about accounting records, financial accounts or systems of control and management's response;

(m) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(n) to act as the key representative body for overseeing the Company's relations with the external auditor;

(o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(p) to report to the Board on the matters set out in these terms of reference; and

(q) to consider other topics, as defined by the Board.

Two meetings of the Audit Committee were held during the year to consider and review the audited financial statements of the Group for the year ended 31 December 2012 and the unaudited financial statements of the Group for the six months ended 30 June 2013 and the attendance of the Audit Committee members of such meetings is set out on page 24.

A recent meeting of the Audit Committee was held on 28 March 2014 to consider and review the audited financial statements of the Group for the year ended 31 December 2013 and internal control related matters. All members of the Audit Committee attended that meeting.

Nomination Committee

The Nomination Committee comprises all independent non-executive Directors, namely, Mr. Wu Xiaoqiu, Mr. Ye Lin and Mr. Lee Ho Yiu Thomas. Mr. Wu Xiaoqiu is the chairman of the Nomination Committee.

The major duties of the Nomination Committee are as follows:

(a) to review the structure, size and composition of the Board (including the skills, knowledge and experience) at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(c) to assess the independence of independent non-executive Directors;

(d) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer of the Group; and

(e) to give due regard to the benefits of diversity on the Board against objective criteria in reference to the board diversity policy when performing its duties.

Where vacancy on the Board exists, the Nomination Committee will carry out a selection process by making reference to the skills, experience, professional knowledge, personal integrity and time commitments of the proposed candidates, the Company's needs and other relevant statutory requirements and regulations, and select or make recommendations to the Board on the selection of candidates for directorship.

The Nomination Committee held two meetings during the year of 2013 to nominate the members of Board for retirement and re-election at the Meeting, and to review the structure, size, diversity of the Board. The Nomination Committee has also adopted the following diversity policy on the Board:

We embrace and encourage our employees' differences in age, color, disability, ethnicity, family or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status, and other characteristics that make our directors unique.

MEETING ATTENDANCE

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. The attendance of individual Directors at these meetings during the year is set out below:

	Attendance			
	Board meeting(s)	Audit Committee meeting(s)	Remuneration Committee meeting(s)	Nomination Committee meeting(s)
Executive Directors				
Ms. Cai Xiuman *(Chairman)*	4/4	–	–	–
Mr. Zhang Wenbin *(Chief executive officer)*	4/4	–	–	–
Mr. Huang Jianren *(Chief operation officer)*	4/4	–	–	–
Mr. Chen Yuanjian *(Chief financial officer)*	4/4	–	–	–
Independent non-executive Directors				
Mr. Wu Xiaoqiu	2/4	2/2	2/2	2/2
Mr. Ye Lin	2/4	2/2	2/2	2/2
Mr. Lee Ho Yiu Thomas	2/4	2/2	2/2	2/2

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility for the preparation of the financial statements of the Company to ensure that these financial statements give a true and fair presentation in accordance with the International Financial Reporting Standards.

The statement by the auditor about their reporting responsibilities is set out in the independent auditor's report on page 35.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INDEPENDENT AUDITOR

The Audit Committee reviews and monitors the independent auditor's independence, objectivity and effectiveness of the audit process. It receives each year letter from the independent auditor confirming their independence and objectivity and holds meetings with representatives of the independent auditor to consider the scope of its audit, approve its fees, and the scope and appropriateness of non-audit services, if any, to be provided by it. The Audit Committee also makes recommendations to the Board on the appointment and retention of the independent auditor.

The remuneration payable to the independent auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2013 amounted to approximately HK$2.0 million and HK$0.2 million respectively.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has overall responsibility for the Group's system of internal control and assessment and management of risks. In meeting its responsibility, the Board has put in place policies and procedures which provide a framework for the identification and management of risks.

The Directors have reviewed the effectiveness of the Group's internal control system, which covers all material controls, including financial, operational and compliance controls and risk management functions.

In the meeting held on 28 March 2014, the Audit Committee has also reviewed and considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function. The findings of the Audit Committee have been reported to the Board.

COMPANY SECRETARY

The company secretary of the Company, Miss Yau Suk Yan, is a full-time employee of the Group. Please refer to her biographical details as set out on page 34 of this annual report.

SHAREHOLDERS' RIGHTS AND COMMUNICATIONS WITH SHAREHOLDERS AND INVESTOR RELATIONS

The management believes that effective communication with the investment community in a timely manner through various media is essential. The Company held regular briefings, attended investor conferences and participated in roadshows to meet institutional investors and financial analysts in the PRC, Hong Kong and overseas countries to keep them abreast of the Company's business and development.

Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, if they have any enquiries about their Shares and dividends. The contact details of the Company are set out in the section entitled "Corporate Information" in the annual report.

The Company's AGM allows the Directors to meet and communicate with shareholders. The Company ensures that shareholders' views are communicated to the Board. The chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the Audit, Remuneration and Nomination Committees and the external auditor also attended the AGM to answer questions from shareholders.

AGM proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices. The notice of AGM is distributed to all shareholders at least 20 clear business days prior to the AGM and the accompanying circular also sets out details of each proposed resolution and other relevant information as required under the Listing Rules. The chairman of the AGM exercises his/her power under the Articles to put each proposed resolution to the vote by way of a poll. The procedures for demanding and conducting a poll are explained at the beginning of the meeting. Voting results are posted on the Group's website in accordance with the Listing Rules.

Shareholder(s) holding not less than one-tenth of the paid up capital of the Company can make a written requisition to the Board or the company secretary to require an extraordinary general meeting to be called pursuant to article 58 of the Articles. The written requisition shall specify the business to be transacted in the meeting, must be signed by the requisitionist and shall be deposited at the principal place of business of the Company in Hong Kong, which is presently situated at Office C, 21st Floor, Legend Tower, No.7 Shing Yip Street, Kowloon, Hong Kong. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders or investors can contact the Company in the following ways to make enquiry or to provide suggestions:

Contact Person:	Miss Yau Suk Yan, company secretary
Tel:	(852) 2886 8558
Postal Address:	Office C, 21st Floor, Legend Tower, No. 7 Shing Yip Street, Kowloon, Hong Kong

To put forward proposals at a general meeting, the Shareholders should submit a written notice of those proposals with detailed contact information to the company secretary at the Company's principal place of business stated above.

AGM for the year ended 31 December 2012 was held on 6 May 2013. The attendance record of the Directors at the meeting is set out below:

	AGM
Executive Directors	
Ms. Cai Xiuman *(Chairman)*	1/1
Mr. Zhang Wenbin *(Chief executive officer)*	1/1
Mr. Huang Jianren *(Chief operation officer)*	1/1
Mr. Chen Yuanjian *(Chief financial officer)*	1/1
Independent non-executive Directors	
Mr. Wu Xiaoqiu	1/1
Mr. Ye Lin	1/1
Mr. Lee Ho Yiu Thomas	1/1

During the financial year, there were no changes in any of the Company's constitutional documents.

The Directors have pleasure in submitting their annual report together with the audited financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of Company is investment holding and the principal activities of its subsidiaries are set out in note 14 to the financial statements.

RESULTS & DIVIDENDS

Results of the Group for the year ended 31 December 2013 are set out in the consolidated statement of profit or loss on page 36. Other movements in reserves are set out in the consolidated statement of changes in equity on page 41.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2013.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 88 of this annual report.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the year ended 31 December 2013 are set out in note 23(c) to the financial statements.

DISTRIBUTABLE RESERVES

As at 31 December 2013, the Company's aggregate amounts of reserves available for distribution were approximately RMB302,987,000.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or applicable laws of the Cayman Islands where the Company was incorporated.

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment are set out in note 11 to the financial statements.

BANK BORROWINGS AND INTEREST

Details of the Group's bank borrowings are set out in note 22 to the financial statements. Bank borrowings repayable within one year or on demand are classified as current liabilities in the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2013, the Group's five largest customers accounted for approximately 28.4% of the Group's total revenue and the Group's largest customer for the year accounted for approximately 6.9% of the Group's total revenue. The Group's five largest suppliers accounted for approximately 24.0% of the Group's total purchases, while the largest supplier for the year accounted for approximately 5.4% of the Group's total purchases.

To the knowledge of the Directors, none of the Directors or their respective associates or any of the Shareholders of the Company who owns more than 5% of the Company's issued share capital has any interest in any of the Group's five largest customers or suppliers.

EMPLOYEES

As at 31 December 2013, the Group had 1,967 employees in total. The table below shows a breakdown of the Group's employees by their responsibilities:

Department	**Number of employees**
Management and administration	201
Production and procurement	1,547
Sales and marketing	109
Product design and R&D	110
Total	1,967

Total staff costs for the year under review amounted to approximately RMB81.7 million and the details are set out in note 5(b) to the financial statements. The Group determined the remuneration packages of all employees (include the directors) with reference to their qualification, experience, job nature, performance and market condition.

The Group has established various welfare plans including the provision of pension funds, medical insurance, unemployment insurance and other relevant insurance for employees who are employed by the Group pursuant to the rules and regulations of the PRC and the existing policy requirements of the local government. The Group also maintains the employee short-term health insurance and unforeseen injury insurance. In addition, the Group provides staff quarters to its employees.

Directors and qualified employees of the Company may be granted share options to subscribe for shares in the Company in accordance with the terms and conditions of the Share Option Scheme (as defined below).

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

As at 31 December 2013, the interests and short positions of 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 are as follows:

(A) Long position in shares of the Company:

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

Notes:

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

2. Mr. Zhang Wenbin is deemed to be interested in the 704,386,000 Shares beneficially held by his spouse Ms. Cai Xiuman.

(B) Long position in shares of the Company's associated corporation(s):

Name of Director	Name of associated corporation	Number of share(s)	Percentage of shareholding in the company
Ms. Cai Xiuman	Festive Boom Limited	1	100%

As at 31 December 2013, save as disclosed herein, none of the Directors and chief executive of the Company were interested in short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under Section 352 of SFO or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contracts of significance to which the Company, its holding company, or any of its subsidiaries was a party and in which a Director or a controlling Shareholder had a material interest, whether directly or indirectly, existed at the end of the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or their respective associates has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

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

As at 31 December 2013, the following persons, other than the Directors and chief executive of the Company, had interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of Part XV of the SFO:

Long position in Shares and underlying Shares

Name	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Festive Boom Limited	Beneficial owner	697,272,000	58.11%
Strait Energy Limited	Person having a security interest in shares	647,272,000	53.94%
Strait Energy Investment Company Limited (Note 1)	Interest of controlled corporation	647,272,000	53.94%
中國石油天然氣集團公司 (Note 2)	Interest of controlled corporation	647,272,000	53.94%
Central Huijin Investment Ltd. (Note 3)	Person having a security interest in shares	647,272,000	53.94%
China Construction Bank Corporation (Note 4)	Person having a security interest in shares	647,272,000	53.94%
Hong Kong Investments Group Limited	Beneficial owner	76,412,000	6.37%
Mr. Cheung Chi Mang (Note 5)	Interest of controlled corporation	76,412,000	6.37%

Notes:

1. Strait Energy Investment Company Limited is deemed to be interested in the 647,272,000 Shares as it holds 50% of the issued share capital of Strait Energy Limited.

2. 中國石油天然氣集團公司 is deemed to be interested in the 647,272,000 Shares as it indirectly holds 50% of the issued share capital of Strait Energy Limited.

3. Central Huijin Investment Ltd. is deemed to be interested in the 647,272,000 Shares as it indirectly holds 57.26% of CCB International Securities Limited, which has a security interest over those Shares.

4. China Construction Bank Corporation is deemed to be interested in the 647,272,000 Shares as it indirectly holds the entire issued share capital of CCB International Securities Limited, which has a security interest over those Shares.

5. 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 whose interests are set out in the section "Directors' and chief executive's interests and short positions in shares, underlying shares of equity derivatives and debentures" above, who had an interest or short positions in the Shares or underlying Shares that were required to be recorded pursuant to Section 336 of Part XV of the SFO as of 31 December 2013.

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the then Shareholders on 4 September 2011, the Company has conditionally adopted the share option scheme (the "**Share Option Scheme**") for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Directors were authorised to grant options to subscribe for the 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 of the Company dated 16 September 2011 (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 from time to time.

Unless otherwise approved by the Shareholders in general meeting, the number of Shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the Shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the 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 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 year ended 31 December 2013 and up to the date of this annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The Company has not redeemed any of the Shares during the year ended 31 December 2013. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's securities during the year ended 31 December 2013.

PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires that at least 25% of an issuer's total issued share capital must at all times be held by the public. Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained sufficiency of public float at all times during the year ended 31 December 2013.

CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, the following transactions fall within the de minimis exemption under Rule 14A.33(3)(a) of the Listing Rules and are therefore exempt from the reporting, announcement and independent shareholders' approval requirements:

1. Trademark licensing agreement

Pursuant to the trademark licensing agreement dated 10 February 2011, UK Greiff Company Ltd. ("**Greiff UK**") granted to 哥雷夫(廈門)國際貿易有限公司 (Greiff (Xiamen) International Trading Co., Ltd) an indirect wholly-owned subsidiary of the Company, a sole and exclusive license to use the ***Greiff*** trademark for a term from 10 February 2011 to 27 January 2019 at nil consideration. Greiff UK is a company wholly-owned by Ms. Cai Xiuman, a controlling Shareholder and an executive Director. Accordingly, Greiff (UK) is an associate of Ms. Cai Xiuman and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transaction under the trademark licensing agreement therefore becomes a connected transaction under Chapter 14A of the Listing Rules.

2. Tenancy agreement

Pursuant to a tenancy agreement dated 25 July 2011, Ms. Cai Xiuman agreed to lease to Jinmaiwang Group Limited, an indirect wholly-owned subsidiary of the Company, the premises located at Office C, 21st Floor, Legend Tower, No. 7 Shing Yip Street, Kowloon, Hong Kong, at a monthly rental of HK$25,200 (exclusive of management fee and utilities expenses) for a term of three years commencing from 1 August 2011. Ms. Cai Xiuman is a controlling Shareholder and an executive Director, and is therefore a connected person of the Company under Chapter 14A of the Listing Rules. The transaction under the tenancy agreement therefore becomes a connected transaction under Chapter 14A of the Listing Rules.

RELATED PARTY TRANSACTIONS

Details of the material related party transactions undertaken in the normal course of business are provided under note 25 to the financial statements, and none of which constitutes a discloseable connected transaction as defined under the Listing Rules.

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

As disclosed in the announcement of the Company dated 27 November 2013, on 20 November 2013, Festive Boom Limited, a controlling Shareholder, pledged 647,272,000 ordinary shares in the share capital of the Company (the "**Pledged Shares**") in favour of an independent third party as security for a bond issued by Festive Boom Limited with principal amount of HK$240,000,000 and due on 20 November 2015 (the "**Bond**"). The Pledged Shares in aggregate represent approximately 53.94% of the issued share capital of the Company as at the date of this annual report.

Among the proceeds of the HK$240,000,000 from the issue of the Bond, Festive Boom Limited has provided an advance amounted RMB31,000,000 to the Company for the Group's use in the purchase of its production facilities in the production plants in Jiangsu province. Such amount due to Festive Boom Limited is unsecured, interest-free and repayable on demand. As at the date of this annual report, the pledge of the Pledged Shares has not been released.

DEED OF NON-COMPETITION

The Company entered into a deed of non-competition (the "**Deed of Non-Competition**") with Ms. Cai Xiuman, Mr. Zhang Wenbin and Festive Boom Limited (collectively referred to as the "**Controlling Shareholders**") on 4 September 2011 so as to better safeguard the Group from any potential competition with effect from 28 September 2011 and to formalise the principles for the management of potential conflicts between them and to enhance our corporate governance in connection with the listing of the Shares on the Stock Exchange.

The independent non-executive Directors have reviewed compliance by the Controlling Shareholders and confirm that based on confirmations and information provided by each of the Controlling Shareholders, they were in compliance with the Deed of Non-Competition during the year ended 31 December 2013.

The independent non-executive Directors were not required to review any matter in relation to compliance and enforcement of the Deed of Non-Competition during the year ended 31 December 2013.

AUDITOR

KPMG will retire and, being eligible, offer themselves for re-appointment. A resolution for the reappointment of KPMG as auditor of the Company is to be proposed at the AGM.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement to attend the AGM, the register of members of the Company will be closed from 14 May 2014 to 16 May 2014 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending the AGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration by not later than 4:30 p.m. on 13 May 2014.

On behalf of the Board

Cai Xiuman
Chairman

Hong Kong, 28 March 2014

Biographies of each member of the senior management team are set out below:

EXECUTIVE DIRECTORS

Ms. Cai Xiuman (蔡秀滿), aged 43, is the chairman of the Group and an executive Director. Ms. Cai was appointed as a Director on 12 February 2010. She is a founder of the Group and primarily responsible for overall strategic business development, management and operation. Ms. Cai joined the Group in 1995 and served as a general manager in Shishi Haomai responsible for strategic planning and sales management. She established Jinmaiwang Fujian in 2003 and served as a deputy manager, responsible for overall finance and administration. She further established Luotuo Quanzhou in 2005. Ms. Cai has over 20 years of experience in sales and marketing in shoe manufacturing industry. Prior to joining the Group, Ms. Cai worked in a shoe manufacturing company, namely Shishi City De Shili Shoes Industry Company Limited (石獅市德士利鞋業有限公司), and was responsible for financial management. Ms. Cai is the wife of Mr. Zhang Wenbin and did not hold any directorship in any other listed companies in the past three years.

Mr. Zhang Wenbin (張文彬), aged 47, is the chief executive officer of the Group and an executive Director. Mr. Zhang was appointed as a Director on 2 February 2011. He is a founder of the Group and has over 20 years of experience in shoes manufacturing industry. Mr. Zhang established Shishi Haomai in 1995 and served as a deputy general manager. He has been appointed as the chief executive director and general manager of Jinmaiwang Fujian since 2003. In 2007, Mr. Zhang was appointed as the deputy council chairman of the 3rd Bao Gai Business Association of Shishi City (石獅市寶蓋商會) and was a representative of the 4th National People's Congress of the People's Republic of Congress of Shishi City from 2003 to 2006. Prior to joining the Group, Mr. Zhang worked in a shoe manufacturing company, namely Shishi City De Shili Shoes Industry Company Limited (石獅市德士利鞋業有限公司), and was responsible for sales management. Mr. Zhang is currently a committee member of Shishi Industrial and Commercial Commission (石獅市工商業聯合會) and Shishi Association for Quality and Technical Supervision (石獅市質量技術監督協會). Mr. Zhang is the husband of Ms. Cai Xiuman and did not hold any directorship in any other listed companies in the past three years.

Mr. Huang Jianren (黃建仁), aged 36, is the chief operation officer of the Group and an executive Director. Mr. Huang was appointed as a Director on 2 February 2011. He has over 10 years of experience in accounting and finance. He joined the Group in 2000 and was appointed as a manager in finance department of the Group responsible for financial management. Prior to joining the Group, Mr. Huang served as a finance manager in a sporting goods company, namely Wish (Xiamen) Sporting Goods Co., Ltd. (偉士(廈門)體育用品有限公司). Mr. Huang graduated from Fujian Province Financial Management Civil Servant College (福建省財會管理幹部學院) with a diploma in account and audit in 2007. He did not hold any directorship in any other listed companies in the past three years.

Mr. Chen Yuanjian (陳元建), aged 50, joined the Group in 2009 and was appointed as the chief financial officer of the Group and an executive Director. Mr. Chen was appointed as a Director on 2 February 2011. He is responsible for the financial management of the Group. He has over 23 years of experience in financial management. Prior to joining the Group, Mr. Chen served as an assistant to the chief executive officer and a chief financial officer of Putian Ailiai Xiefu Company Limited (莆田艾力艾鞋服有限公司) from 2007 to 2009. He was an accountant in Putian City Shengfeng Asset Auction Company Limited (莆田市盛峰資產拍賣有限公司) from 2004 to 2006. Mr. Chen was appointed as an executive director of Quality Food International Limited (later renamed as China Power New Energy Development Company Limited), a company listed on the Stock Exchange (stock code: 735), between 1999 to 2002. Between 1996 to 2003, he served as a chief financial controller in Fujian Sanhua Shiye Company Limited (福建省三華實業有限公司). Mr. Chen was a financial manager of Fujian Xinwei Electronics Industry Co. Ltd. (福建省新威電子工業有限公司) from 1994 to 1996. From 1991 to 1993, he was the manager of finance department of Fujian Yaowah Glass Industry Group Co., Ltd. (福建耀華玻璃工業集團股份有限公司). Mr. Chen graduated from Xiamen University (廈門大學) with a diploma of accounting in 1985. Mr. Chen did not hold any directorship in any other listed companies in the past three years.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wu Xiaoqiu (吳曉球), aged 55, was appointed as an independent non-executive Director on 4 September 2011. He is a deputy dean of postgraduate house (研究生院), a committee member of academic board (學術委員會), the head of the Finance and Securities Research Institute (金融與證券研究所) and professor of School of Account and Finance (財經金融學院) of Renmin University of China (中國人民大學) since 2002. Mr. Wu served as an independent director of Haitong Securities Co., Ltd (海通證券股份有限公司), a company listed in the PRC, between July 2007 to May 2011. He is also an assistant to the principal of the Renmin University of China. Mr. Wu is currently appointed as a supervisor of Bank of Beijing (北京銀行股份有限公司). He also served as an independent director of Yonyou Software Co., Ltd. (用友軟件股份有限公司), Industrial Securities Co., Ltd. (興業證券股份有限公司) and Xinyu

Iron & Steel Co., Ltd. (新余鋼鐵股份有限公司), all of which are companies listed in the PRC. Mr. Wu obtained a bachelor degree of Economics from Jiangxi University of Finance and Economics (江西財經大學) in 1983. He further obtained a master degree in citizens economic planning and management and doctoral degree in economics in Renmin University of China in 1986 and 1990 respectively. Save as disclosed above, Mr. Wu did not hold any directorship in any other listed companies in the past three years.

Mr. Ye Lin (葉林), aged 50, was appointed as an independent non-executive Director on 4 September 2011. Mr. Ye has about 23 years of experience in legal profession. He is a deputy officer of the Civil and Commercial Law Education and Research Office (民商法教研室), the head of the Companies Law and Securities Law Research Institute (公司法與證券法研究所) and council member of the Institute of Lawyers (律師學院) of the Renmin University of China. He has also served as a professor in the Renmin University of China since 2000. Mr. Ye is currently an independent director of HSBC Jintrust Fund Management Company Limited (匯豐晉信基金管理有限公司). Mr. Ye has been appointed as an independent director of each of Guirenniao Co., Ltd. (貴人鳥股份有限公司) and Guangdong Guanhao High-tech Co., Ltd. (廣東冠豪高新科技股份有限公司), both are companies listed in the PRC. Mr. Ye obtained a bachelor degree of law, a master degree of law and a doctoral degree of law in Renmin University of China in 1985, 1989 and 1993 respectively. Save as disclosed above, Mr. Ye did not hold any directorship in any other listed companies in the past three years.

Mr. Lee Ho Yiu Thomas (李浩堯), aged 36, was appointed as an independent non-executive Director on 4 September 2011. Mr. Lee has 14 years of experience in auditing, accounting and financial management. He is now the partner of Lee, Au & Co. Certified Public Accountant. Mr. Lee previously worked as an assistant financial controller in The Beauty Group and also worked at KPMG from 2000 to 2005. Mr. Lee is a fellow of the Association Chartered Certified Accountants, a practising member of the Hong Kong Institute of Certified Public Accountants, a certified tax adviser and a member of the Hong Kong Taxation Institute, a certified internal auditor and a member of the Institute of Internal Auditors, a certified information systems auditor and a member of the ISACA. Mr. Lee holds a bachelor's degree of science in accounting and finance from University of Warwick and a second bachelor's degree in Law from the Tsinghua University. Mr. Lee served as an independent non-executive director of ABC Communications (Holdings) Limited (stock code: 0030), a company listed on the Main Board of the Stock Exchange between January 2011 to February 2013. Mr. Lee is currently an independent non-executive director of Suncorp Technologies Limited (stock code: 1063) and Dongwu Cement International Limited (stock code: 695), both companies are listed on the Main Board of the Stock Exchange. He is also an independent non-executive director of Inno-Tech Holdings Limited (stock code: 8202), a company listed on the GEM Board of the Stock Exchange. Save as disclosed above, Mr. Lee did not hold any directorship in any other listed companies in the past three years.

The Directors have confirmed that there is no other information which is required to be disclosed under Rule 13.51(2)(h)-(v) of the Listing Rules.

SENIOR MANAGEMENT

Mr. Wu Shulin (吳樹林), aged 48, joined the Group in 2003 and was appointed as a sales and marketing director (營銷總監). He is responsible for strategic planning, sales and management of the Group. Mr. Wu is also a general manager of Luotuo Quanzhou since 2005. He has over 20 years of experience in sales and marketing. Prior to joining the Group, Mr. Wu served as business manager of a commodity factory Shishi Xinhu Commodity Factory (石獅新湖日用品廠) from 1984 to 1990. Between 1991 to 2002, he served as a deputy general manager of Shishi Dexiang Food Company Limited (石獅德祥食品有限公司). Mr. Wu is the husband of Mr. Zhang Wenbin's younger sister.

Mr. Zhang Zuqiao (張祖僑), aged 39, joined the Group in 1998 and was appointed as the technical director (技術總監) of the Group since 2001. Mr. Zhang is responsible for the development of new products and management of production technology of the Group. Mr. Zhang has over 12 years of experience in shoe manufacturing.

Mr. Huang Congming (黃聰明), aged 55, is a vice-president of the Group. He has over 20 years of management experience in shoes industry. Mr. Huang joined the Group in 1995. He is the brother-in-law of Mr. Zhang Wenbin.

Miss Yau Suk Yan (邱淑欣), aged 32, is the financial controller and company secretary of the Group. She joined the Group in 2010 and responsible for the accounting and financial management of the Group. Miss Yau previously worked at one of the big four international accounting firms with over 6 years of experience in the field of auditing including the audit and internal control experience in various listed companies in Hong Kong. Miss Yau is a fellow of the Hong Kong Institute of Certified Public Accountants. She obtained a bachelor degree in accounting from The Hong Kong Polytechnic University in 2004.

Independent auditor's report to the shareholders of
Active Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Active Group Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 36 to 87, which comprise the consolidated and company statements of financial position as at 31 December 2013, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

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

28 March 2014

Consolidated Statement of Profit or Loss

For the year ended 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Turnover	3	**792,572**	679,498
Cost of sales		**(618,192)**	(504,505)
Gross profit		**174,380**	174,993
Other revenue	4(a)	**3,416**	9,758
Other net income/(loss)	4(b)	**429**	(261)
Selling and distribution expenses		**(26,755)**	(33,758)
Administrative expenses		**(38,206)**	(35,647)
Profit from operations		**113,264**	115,085
Finance costs	5(a)	**(10,554)**	(10,294)
Profit before taxation	5	**102,710**	104,791
Income tax	6(a)	**(30,734)**	(31,979)
Profit for the year		**71,976**	72,812
Earnings per share			
Basic and diluted (RMB)	10	**0.06**	0.06

The notes on pages 43 to 87 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 23(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013
(Expressed in Renminbi)

	2013 RMB'000	2012 RMB'000
Profit for the year	**71,976**	72,812
Other comprehensive income for the year 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	**194**	321
Total comprehensive income for the year	**72,170**	73,133

The notes on pages 43 to 87 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	11	**174,115**	123,460
Intangible assets	12	**4,266**	–
Lease prepayments	13	**4,274**	4,378
Non-current prepayments for acquisitions of property, plant and equipment		**13,930**	43,109
Non-current prepayments for acquisitions of intangible assets	15	**–**	5,000
Deferred tax assets	16(b)	**4,851**	2,201
		201,436	178,148
Current assets			
Inventories	17	**113,908**	85,745
Current portion of lease prepayments	13	**104**	104
Trade and other receivables	18	**902,437**	774,216
Current tax recoverable	16(a)	**139**	–
Pledged deposits	19	**108,642**	59,556
Cash and cash equivalents	20(a)	**12,695**	57,203
		1,137,925	976,824
Current liabilities			
Trade and other payables	21	**433,634**	318,417
Bank loans	22	**209,011**	204,308
Current tax payable	16(a)	**28,389**	28,436
		671,034	551,161
Net current assets		**466,891**	425,663
Total assets less current liabilities		**668,327**	603,811
Non-current liabilities			
Deferred tax liabilities	16(b)	**3,997**	3,131
NET ASSETS		**664,330**	600,680

At 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
CAPITAL AND RESERVES	23		
Capital		**97,935**	97,935
Reserves		**566,395**	502,745
TOTAL EQUITY		**664,330**	600,680

Approved and authorised for issue by the board of directors on 28 March 2014.

Zhang Wen Bin
Director

Cai Xiu Man
Director

The notes on pages 43 to 87 form part of these financial statements.

Statement of Financial Position

At 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Non-current assets			
Investments in subsidiaries	14	**395,470**	404,342
Current assets			
Other receivables	18	**15,219**	11,578
Pledged deposits		**8,500**	–
Cash and cash equivalents	20(a)	**321**	8,351
		24,040	19,929
Current liabilities			
Other payables	21	**2,077**	1,949
Bank loans	22	**16,511**	8,108
		18,588	10,057
Net current assets		**5,452**	9,872
NET ASSETS		**400,922**	414,214
CAPITAL AND RESERVES	23		
Share capital		**97,935**	97,935
Reserves		**302,987**	316,279
TOTAL EQUITY		**400,922**	414,214

Approved and authorised for issue by the board of directors on 28 March 2014.

Zhang Wen Bin
Director

Cai Xiu Man
Director

The notes on pages 43 to 87 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company						
	Note	Capital RMB'000 (Note 23(c))	Share premium RMB'000 (Note 23(d)(i))	Other reserve RMB'000 (Note 23(d)(ii))	Exchange reserve RMB'000 (Note 23(d)(iii))	Statutory reserve RMB'000 (Note 23(d)(iv))	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2012		97,935	169,323	2,268	517	15,823	250,321	536,187
Changes in equity for 2012:								
Profit for the year		–	–	–	–	–	72,812	72,812
Other comprehensive income		–	–	–	321	–	–	321
Total comprehensive income for the year		–	–	–	321	–	72,812	73,133
Appropriations to statutory reserve		–	–	–	–	5,775	(5,775)	–
Dividends approved and paid during the year	23(b)	–	(8,640)	–	–	–	–	(8,640)
Balance 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 2013:								
Profit for the year		**–**	**–**	**–**	**–**	**–**	**71,976**	**71,976**
Other comprehensive income		**–**	**–**	**–**	**194**	**–**	**–**	**194**
Total comprehensive income for the year		**–**	**–**	**–**	**194**	**–**	**71,976**	**72,170**
Appropriations to statutory reserve		**–**	**–**	**–**	**–**	**6,337**	**(6,337)**	**–**
Dividends approved and paid during the year	23(b)	**–**	**(8,520)**	**–**	**–**	**–**	**–**	**(8,520)**
Balance at 31 December 2013		**97,935**	**152,163**	**2,268**	**1,032**	**27,935**	**382,997**	**664,330**

The notes on pages 43 to 87 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2013
(Expressed in Renminbi)

	Note	2013 RMB'000	2012 RMB'000
Operating activities			
Cash generated from/(used in) operations	20(b)	**55,150**	(87,504)
Income tax paid		**(32,294)**	(37,585)
Net cash generated from/(used in) operating activities		**22,856**	(125,089)
Investing activities			
Payment for the purchase of property, plant and equipment		**(27,521)**	(118,398)
Proceeds from sale of property, plant and equipment		**–**	30
Payment for the purchase of intangible assets		**–**	(5,000)
Interest received		**2,232**	1,790
Changes in pledged deposits		**(49,363)**	(24,809)
Net cash used in investing activities		**(74,652)**	(146,387)
Financing activities			
Proceeds from new bank loans		**208,548**	278,483
Repayment of bank loans		**(203,470)**	(158,775)
Interest paid		**(10,554)**	(10,294)
Changes in amount due from/to a director		**21,316**	14,690
Dividends paid to equity shareholders of the Company		**(8,520)**	(8,640)
Net cash generated from financing activities		**7,320**	115,464
Net decrease in cash and cash equivalents		**(44,476)**	(156,012)
Cash and cash equivalents at beginning of the year		**57,203**	213,187
Effect of foreign exchange rate changes		**(32)**	28
Cash and cash equivalents at end of the year	20(a)	**12,695**	57,203

The notes on pages 43 to 87 form part of these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual IFRSs, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries.

The Company and other investment holding subsidiaries incorporated in the Cayman Island, The British Virgin Islands (the "BVI") and Hong Kong have their functional currency in Hong Kong dollar ("HKD") or United States dollar ("USD") and subsidiaries established in the People's Republic of China (the "PRC") have their functional currency in Renminbi ("RMB"). As the Group mainly operates in the PRC, RMB is used as the presentation currency of the Group's financial statements. All financial information presented is rounded to the nearest thousand except otherwise stated. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The IASB has issued several 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*
- Amendments to IFRS 7, *Financial instruments – Disclosures – Offsetting financial assets and financial liabilities*

Impact of the adoption of the new or amended IFRSs are discussed below:

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

The amendments to IAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies *(continued)*

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. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in note 14.

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 these financial statements 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 during the years presented.

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

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less any impairment losses (see note 1(i)).

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(i)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over the estimated useful lives as follows:

Buildings	–	The shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion
Plant and machinery	–	5 to 10 years
Furniture, fittings and equipment	–	5 years
Motor vehicles	–	5 to 10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(f) Construction in progress

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is stated at cost less impairment losses (see note 1(i)). Cost comprises direct costs of construction and installation during the construction period. Capitalisation of these costs ceases and the construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

No depreciation is provided in respect of the construction in progress until it is substantially completed and ready for its intended use.

(g) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(i)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

–	Trademarks	5 to 10 years

Both the period and method of amortisation are reviewed annually.

(h) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(h) Leased assets *(continued)*

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

(i) Impairment of assets

(a) Impairment of trade and other receivables

Trade and other current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of the each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets *(continued)*

(a) Impairment of trade and other receivables *(continued)*

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

– For other current receivables and other financial assets carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated recoverable amount.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables, bills receivable and prepayments included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables, bills receivable and prepayments directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(b) Impairment of other assets

Internal and external sources of information are reviewed at the end of the each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment;

– intangible assets;

– lease prepayments;

– non-current prepayments for acquisitions of property, plant and equipment;

– non-current prepayments for acquisitions of intangible assets; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(i) Impairment of assets *(continued)*

(b) Impairment of other assets *(continued)*

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal, or value in use, if determinable.

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(c) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(i)(a) and (b)).

(j) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using an effective interest method.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(o) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(p) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities and all deferred tax assets, to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided that they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(p) Income tax *(continued)*

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Interest income

Interest income from bank deposits is recognised as it accrues using the effective interest method.

(Expressed in Renminbi unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(r) Revenue recognition *(continued)*

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attached to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(s) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated it fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

For the purposes of presenting the consolidated financial statements, the Group adopted RMB as its presentation currency. The results of operations with functional currency other than RMB are translated into RMB, at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of an operation with functional currency other than RMB, the cumulative amount of the exchange differences relating to that operation with functional currency other than RMB is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly-controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(v) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

(Expressed in Renminbi unless otherwise indicated)

2 ACCOUNTING JUDGEMENT AND ESTIMATES

Sources of estimation uncertainty

Note 26 contains information about the assumptions and their risk factors relating to financial instruments. Other sources of estimation uncertainty are as follows:

(i) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and distribution expenses. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles or changes in market conditions. Management reassesses these estimations at the end of the reporting period to ensure inventory is shown at the lower of cost and net realisable value.

(ii) Impairment of trade receivables and bills receivables

Management determines the impairment of trade receivables and bills receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. If the financial conditions of the customers were to deteriorate, actual write-off would be higher than estimated. Management reassesses the impairment of trade receivables and bills receivables at the end of the reporting period.

(iii) Impairment of prepayments

The Group makes prepayments to suppliers for securitizing the supply of raw materials. Management determines the impairment of prepayments on a regular basis based on the judgement and estimates of the ability to collect or utilise the prepayments from suppliers. Where the expectation is different from the original estimates, such difference will impact the carrying value of prepayments and allowance expenses in the period which such estimates has been changed. Management reassesses the impairment of prepayments at the end of the reporting period.

(iv) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. The management reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(Expressed in Renminbi unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

The principal activities of the Group are manufacturing and sale 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:

	2013 **RMB'000**	2012 RMB'000
Footwear	**784,364**	663,283
Apparel and related accessories	**8,208**	16,215
	792,572	679,498

The Group's customer base is diversified and no individual customer had transactions which has exceeded 10% of the Group's revenue for the years ended 31 December 2013 and 2012.

Further details regarding the Group's principal activities are disclosed below.

(b) Segment reporting

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 five 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"), Greiff (Xiamen) International Trading Company Limited ("Greiff Xiamen") and Jiangsu Active Shoes Industrial Co., Ltd. ("Jiangsu Active"). No operating segments have been aggregated to form the above reportable segments.

– Fujian Jinmaiwang: this segment manufactures and sells the "Jimaire" branded as well as original equipment manufacturing casual footwear products. The "Jimaire" brand was launched in 1996 and is developed and owned by the Group. The brand is positioned to target the consumer segment of middle to upper-middle class and offers a range of casual footwear in business classic and practical style.

– Shishi Haomai: this segment manufactures and sells the "Bull Titan" branded casual footwear products. The brand was launched in 1996 and is developed and owned by the Group. The brand is positioned to target the youth market segment and offers casual footwear in sporty and trendy style.

(Expressed in Renminbi unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

- Luotuo Quanzhou: this segment manufactures and sells the "Luotuo Brand" branded and the "Coremss" branded casual footwear, apparel and related accessories products.

  Luotuo Brand was licensed to the Group in 2003. The brand offers functional outdoor footwear with special features, such as water-proof hiking shoes and air-breathable shoes. The trademark licence agreement which granted the non-exclusive licence to the Group to use the trademark of Luotuo Brand for casual footwear and sport footwear in the PRC expired on 28 February 2013.

  The "Coremss" brand was launched in March 2013 with similar positioning with Luotuo Brand. The brand is positioned to target the consumer segment in the age group from 30 to 55 and focuses more on business casual and functional outdoor footwears.

- Greiff Xiamen: this segment sells the "Camel Active" branded and the "Greiff" branded casual footwear, apparel and related accessories products. The "Camel Active" brand was licensed to the Group in 2010. The brand is positioned to target the more affluent consumer segment and offers casual footwear in premium style. The "Greiff" brand was licensed to the Group in 2009. The brand is positioned to target the affluent consumer segment and offers casual footwear, apparel and related accessories in grand and elegant style.

- Jiangsu Active: this segment sells the "Bull Titan" branded and the "Coremss" branded casual footwear.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is "profit/(loss) after taxation". To arrive at reportable segment profit, the Group's profit is further adjusted for items not specially attributable to individual segments and other head office or corporate administrative costs.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

(Expressed in Renminbi unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results *(continued)*

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 years ended 31 December 2013 and 2012 is set out below:

	Year ended 31 December 2013					
	Fujian Jinmaiwang RMB'000	**Shishi Haomai RMB'000**	**Luotuo Quanzhou RMB'000**	**Greiff Xiamen RMB'000**	**Jiangsu Active RMB'000**	**Total RMB'000**
Reportable segment revenue derived from the Group's external customers	**427,761**	**196,935**	**114,731**	**48,216**	**4,929**	**792,572**
Inter-segment revenue	**834**	**14,282**	**17,742**	**–**	**3,632**	**36,490**
Reportable segment revenue	**428,595**	**211,217**	**132,473**	**48,216**	**8,561**	**829,062**
Reportable segment profit						
Profit/(loss) after taxation	**48,702**	**20,990**	**14,662**	**(2,403)**	**168**	**82,119**

	Year ended 31 December 2012					
	Fujian Jinmaiwang RMB'000	Shishi Haomai RMB'000	Luotuo Quanzhou RMB'000	Greiff Xiamen RMB'000	Jiangsu Active RMB'000	Total RMB'000
Reportable segment revenue derived from the Group's external customers	307,933	181,351	112,020	75,823	2,371	679,498
Inter-segment revenue	1,741	–	–	–	–	1,741
Reportable segment revenue	309,674	181,351	112,020	75,823	2,371	681,239
Reportable segment profit						
Profit/(loss) after taxation	40,988	23,873	11,609	5,145	(285)	81,330

(Expressed in Renminbi unless otherwise indicated)

3 TURNOVER AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

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

	2013 RMB'000	2012 RMB'000
Revenue		
Reportable segment revenue	**829,062**	681,239
Elimination of inter-segment revenue	**(36,490)**	(1,741)
Consolidated turnover (note 3(a))	**792,572**	679,498
Profit		
Reportable segment profit	**82,119**	81,330
Elimination of inter-segment revenue	**(4,725)**	–
Reportable segment profit derived from the Group's external customers	**77,394**	81,330
Other revenue and other net income	**516**	237
Unallocated head office and corporate expenses	**(5,934)**	(8,755)
Consolidated profit after taxation	**71,976**	72,812

(iii) Geographic information

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods delivered.

	2013 RMB'000	2012 RMB'000
The PRC (place of domicile)	**782,834**	669,311
Korea	**6,174**	6,286
Other countries	**3,564**	3,901
	9,738	10,187
	792,572	679,498

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE AND OTHER NET INCOME/(LOSS)

	2013 RMB'000	2012 RMB'000
(a) Other revenue		
Interest income on bank deposits	**2,232**	1,790
Government subsidies	**846**	7,770
Sundry income	**338**	198
	3,416	9,758

The Group was entitled to unconditional government subsidies of RMB846,000 for the year ended 31 December 2013 (2012: RMB7,770,000). These government subsidies were recognised as other revenue when they became receivable.

	2013 RMB'000	2012 RMB'000
(b) Other net income/(loss)		
Net foreign exchange gain/(loss)	**392**	(224)
Loss on disposal of property, plant and equipment	**(5)**	(37)
Others	**42**	–
	429	(261)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2013 RMB'000	2012 RMB'000
(a) Finance costs		
Interest expense on bank loans wholly repayable within five years	**10,554**	10,294
(b) Staff costs		
Salaries, wages and other benefits	**78,314**	54,246
Contributions to defined contribution retirement schemes	**3,402**	2,174
	81,716	56,420

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION *(continued)*

Profit before taxation is arrived at after charging: *(continued)*

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the local authorities whereby the subsidiaries are required to make contributions to the Schemes based on a percentage of the eligible employees' salaries during the years ended 31 December 2013 and 2012. Contributions to the Schemes vest immediately. Under the Schemes, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income subject to a cap of monthly relevant income of HK$25,000.

The Group does not have any other pension schemes for its employees in respect of the subsidiaries outside Hong Kong and the PRC. In the opinion of the directors of the Company, the Group did not have any significant liabilities beyond the above contributions in respect of the retirement benefits of its employees.

	Note	**2013** **RMB'000**	2012 RMB'000
(c) Other items			
Cost of inventories #	17(b)	**618,192**	504,505
Depreciation of property, plant and equipment	11	**6,040**	5,972
Amortisation of trademarks	12	**734**	–
Amortisation of lease prepayments	13	**104**	104
Impairment loss on trade receivables		**2,926**	4,405
Impairment loss on trade prepayment		**2,949**	–
Operating lease charges in respect of properties			
– minimum lease payments		**5,996**	3,677
Operating lease charges in respect of trademarks			
– minimum lease payments		**7,974**	7,356
Research and development costs		**5,052**	4,227
Auditors' remuneration		**1,903**	2,089

Cost of inventories includes RMB65,370,000 (2012: RMB41,376,000) relating to staff costs, depreciation and amortisation and operating lease charges, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2013 RMB'000	2012 RMB'000
Current tax – PRC corporate income tax		
Provision for the year	**32,518**	31,491
Deferred tax		
Origination and reversal of temporary differences (note 16(b))	**(1,784)**	488
	30,734	31,979

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

(ii) 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 years presented. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC corporate income tax is calculated based on a statutory rate of 25% of the assessable profits of the companies comprising the Group.

(iv) According to the new tax law of the PRC and its implementation rules, dividends receivable by non-PRC-resident corporate investors from PRC-resident enterprises are subject to withholding income tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008.

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

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2013 RMB'000	2012 RMB'000
Profit before taxation	**102,710**	104,791
Notional tax on profit before taxation, calculated at the rates applicable in the tax jurisdictions concerned	**26,817**	27,599
Effect of non-deductible expenses	**4,237**	2,822
Effect of non-taxable income	**(5)**	(31)
Tax effect of recognition of temporary difference, not recognised in prior year	**(1,181)**	–
PRC dividend withholding tax (note 16(b))	**866**	1,589
Actual tax expense	**30,734**	31,979

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to Section 161 of the Hong Kong Companies Ordinance is as follows:

	2013				
	Directors' fees RMB'000	**Salaries, allowances and benefits in kind RMB'000**	**Discretionary bonuses RMB'000**	**Retirement scheme contributions RMB'000**	**Total RMB'000**
Executive directors					
Zhang Wen Bin	**191**	**230**	**50**	**3**	**474**
Cai Xiu Man	**191**	**232**	**40**	**–**	**463**
Huang Jian Ren	**96**	**128**	**35**	**3**	**262**
Chen Yuan Jian	**96**	**127**	**35**	**3**	**261**
	574	**717**	**160**	**9**	**1,460**
Independent non-executive directors					
Wu Xiao Qiu	**144**	**–**	**–**	**–**	**144**
Ye Lin	**144**	**–**	**–**	**–**	**144**
Lee Ho Yiu Thomas	**96**	**–**	**–**	**–**	**96**
	384	**–**	**–**	**–**	**384**
	958	**717**	**160**	**9**	**1,844**

	2012				
	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive directors					
Zhang Wen Bin	194	135	40	3	372
Cai Xiu Man	195	182	38	–	415
Huang Jian Ren	97	113	35	3	248
Chen Yuan Jian	97	112	40	3	252
	583	542	153	9	1,287
Independent non-executive directors					
Wu Xiao Qiu	146	–	–	–	146
Ye Lin	146	–	–	–	146
Lee Ho Yiu Thomas	97	–	–	–	97
	389	–	–	–	389
	972	542	153	9	1,676

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' REMUNERATION *(continued)*

During the years ended 31 December 2013 and 2012, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in note 8 below as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2013 and 2012.

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2012: four) are directors for the year ended 31 December 2013, whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the remaining one individual (2012: one individual) are as follows:

	2013 **RMB'000**	2012 RMB'000
Salaries and other emoluments	**306**	292
Discretionary bonuses	**26**	–
Retirement scheme contributions	**12**	10
	344	302

The emoluments of the remaining one individual are within the following band:

	2013 **Number of** **individuals**	2012 Number of individuals
Nil to HK$1,000,000	**1**	1

9 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a profit of RMB2,615,000 (2012: a loss of RMB4,926,000) which has been dealt with in the financial statements of the Company.

10 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB71,976,000 (2012: RMB72,812,000) and the weighted average of 1,200,000,000 ordinary shares (2012: 1,200,000,000) in issue during the year.

There were no dilutive potential ordinary shares throughout the years ended 31 December 2013 and 2012 and therefore, diluted earnings per share are the same as the basic earnings per share.

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings RMB'000	Plant and machinery RMB'000	Furniture, fittings and equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2012	60,275	9,352	4,520	4,149	–	78,296
Additions	48	496	704	124	66,752	68,124
Disposals	–	–	–	(350)	–	(350)
At 31 December 2012	60,323	9,848	5,224	3,923	66,752	146,070
At 1 January 2013	**60,323**	**9,848**	**5,224**	**3,923**	**66,752**	**146,070**
Additions	**–**	**139**	**40**	**356**	**56,165**	**56,700**
Disposals	**(12)**	**–**	**–**	**–**	**–**	**(12)**
At 31 December 2013	**60,311**	**9,987**	**5,264**	**4,279**	**122,917**	**202,758**
Accumulated depreciation:						
At 1 January 2012	9,008	3,305	2,013	2,595	–	16,921
Charge for the year	3,574	1,095	859	444	–	5,972
Written back on disposals	–	–	–	(283)	–	(283)
At 31 December 2012	12,582	4,400	2,872	2,756	–	22,610
At 1 January 2013	**12,582**	**4,400**	**2,872**	**2,756**	**–**	**22,610**
Charge for the year	**3,697**	**1,121**	**843**	**379**	**–**	**6,040**
Written back on disposals	**(7)**	**–**	**–**	**–**	**–**	**(7)**
At 31 December 2013	**16,272**	**5,521**	**3,715**	**3,135**	**–**	**28,643**
Net book value:						
At 31 December 2013	**44,039**	**4,466**	**1,549**	**1,144**	**122,917**	**174,115**
At 31 December 2012	47,741	5,448	2,352	1,167	66,752	123,460

Buildings which are held for own use are situated in the PRC. At 31 December 2013, buildings with net book value of RMB31,698,000 (2012: RMB33,680,000) were mortgaged to banks for certain banking facilities granted to the Group (see note 22(c)).

(Expressed in Renminbi unless otherwise indicated)

12 INTANGIBLE ASSETS

The Group

	Trademarks RMB'000
Cost:	
At 1 January, 31 December 2012 and 1 January 2013	–
Additions	5,000
At 31 December 2013	5,000
Accumulated amortisation:	
At 1 January, 31 December 2012 and 1 January 2013	–
Charge for the year	734
At 31 December 2013	734
Net book value:	
At 31 December 2013	4,266

The amortisation charge for the year is included in "administrative expenses" in the statement of profit or loss.

13 LEASE PREPAYMENTS

	The Group	
	2013 RMB'000	2012 RMB'000
At 1 January	**4,482**	4,586
Less: Amortisation for the year	**(104)**	(104)
At 31 December	**4,378**	4,482
Represented by:		
Current portion	**104**	104
Non-current portion	**4,274**	4,378
	4,378	4,482

The lease prepayments represent cost of the land use rights in respect of land located in the PRC, on which the Group built its production premises and buildings. The lease expires in September 2055.

At 31 December 2013, land use rights with an aggregate carrying amount of RMB4,378,000 (2012: RMB4,482,000) were pledged as securities for certain banking facilities granted to the Group (see note 22(c)).

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES

	The Company	
	2013	2012
	RMB'000	RMB'000
Unlisted shares, at cost	**165,053**	165,053
Amount due from a subsidiary	**230,417**	239,289
	395,470	404,342

Amount due from a subsidiary is unsecured, interest-free and has no fixed terms of repayment. The directors regard amount due from a subsidiary as non-current asset and as "interests in subsidiaries" as they do not intend to request repayment of this amount from the subsidiary within 12 months of the end of the reporting period.

Details of the subsidiaries are set out below.

Name of company	Place of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities
Chuang Wei Limited	The BVI	Registered capital of United States dollars US$10,000	100%	–	Investment holding
Jinmaiwang Group Limited ("Jinmaiwang Hong Kong") 金邁王控股有限公司	Hong Kong	Registered capital of Hong Kong dollars HK$10,000	–	100%	Investment holding
福建金邁王鞋服製品有限公司 ("Fujian Jinmaiwang") (notes (i) and (iii))	The PRC	Registered capital of HK$120,000,000	–	100%	Manufacturing and sales of casual footwear
石獅市豪邁鞋業有限公司 ("Shishi Haomai") (notes (ii) and (iii))	The PRC	Registered capital of RMB1,500,000	–	100%	Manufacturing and sales of casual footwear
駱駝(泉州)鞋服有限公司 ("Luotuo Quanzhou") (notes (i) and (iii))	The PRC	Registered capital of US$10,000,000	–	100%	Manufacturing, sales and trading of casual footwear, apparel and related accessories
哥雷夫(廈門)國際貿易有限公司 ("Greiff Xiamen") (notes (ii) and (iii))	The PRC	Registered capital of RMB8,000,000	–	100%	Trading of casual footwear, apparel and related accessories
江蘇動感鞋業有限公司 ("Jiangsu Active") (notes (i) and (iii))	The PRC	Registered capital of RMB110,000,000	–	100%	Manufacturing, sales and trading of casual footwear, apparel and related accessories

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENTS IN SUBSIDIARIES *(continued)*

Name of company	Place of incorporation/ establishment	Particulars of issued and paid up capital/ registered capital	Proportion of ownership interest Held by the Company	Proportion of ownership interest Held by a subsidiary	Principal activities
廣州哥雷夫鞋服有限公司 ("Guangzhou Greiff") (notes (ii) and (iii))	The PRC	Registered capital of RMB500,000	–	100%	Manufacturing and trading of casual footwear apparel and related accessories

Notes:

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

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

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

15 NON-CURRENT PREPAYMENTS FOR ACQUISITIONS OF INTANGIBLE ASSETS

The balance at 31 December 2012 represented prepayments to an independent third party company for acquisition of trademarks registered in the PRC.

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Group

(a) Current taxation in the consolidated statement of financial position represents:

	2013 RMB'000	2012 RMB'000
At 1 January	**(28,436)**	(34,530)
Provision for PRC corporate income tax for the year	**(32,518)**	(31,491)
Over-provision in respect of prior years	**410**	–
PRC corporate income tax paid	**32,294**	37,585
At 31 December	**(28,250)**	(28,436)
Represented by:		
Income tax recoverable	**139**	–
Income tax payable	**(28,389)**	(28,436)
	(28,250)	(28,436)

(Expressed in Renminbi unless otherwise indicated)

16 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

The Group *(continued)*

(b) Deferred tax assets and (liabilities) recognised

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Allowance for impairment of trade receivables RMB'000	Allowance for impairment of trade prepayment RMB'000	Elimination of unrealised profit RMB'000	PRC dividend withholding tax RMB'000	Total RMB'000
At 1 January 2012	1,100	–	–	(1,542)	(442)
Credited/(charged) to profit or loss (note 6(a))	1,101	–	–	(1,589)	(488)
At 31 December 2012	2,201	–	–	(3,131)	(930)
At 1 January 2013	**2,201**	**–**	**–**	**(3,131)**	**(930)**
Credited/(charged) to profit or loss (note 6(a))	**732**	**737**	**1,181**	**(866)**	**1,784**
At 31 December 2013	**2,933**	**737**	**1,181**	**(3,997)**	**854**

	2013 RMB'000	2012 RMB'000
Represented by:		
Net deferred tax assets recognised in the consolidated statement of financial position	**4,851**	2,201
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(3,997)**	(3,131)
	854	(930)

(c) Deferred tax liabilities not recognised

At 31 December 2013, no deferred tax liabilities in respect of the 10% PRC dividend withholding tax that would be payable on the distribution of undistributed profits of the Group's PRC subsidiaries amounting to RMB329,651,000 (2012: RMB262,529,000) have been recognised as the Company controls the dividend policy of these subsidiaries and the directors determined that it is probable that these profits would not be distributed in the foreseeable future.

17 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	The Group 2013 RMB'000	The Group 2012 RMB'000
Raw materials	**75,788**	72,825
Work in progress	**2,902**	2,427
Finished goods	**35,218**	10,493
	113,908	85,745

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss is as follows:

	The Group 2013 RMB'000	The Group 2012 RMB'000
Carrying amount of inventories sold	**618,192**	504,505

18 TRADE AND OTHER RECEIVABLES

	The Group 2013 RMB'000	The Group 2012 RMB'000	The Company 2013 RMB'000	The Company 2012 RMB'000
Trade receivables and bills receivables	**386,283**	453,039	**–**	–
Less: Allowance for doubtful debts	**(11,729)**	(8,803)	**–**	–
	374,554	444,236	**–**	–
Deposits and prepayments (notes (i) and (ii))	**504,462**	325,341	**–**	–
Amount due from a director (note 25(c))	**18,481**	–	**14,970**	11,575
Other receivables	**4,940**	4,639	**249**	3
	902,437	774,216	**15,219**	11,578

Notes:

(i) Included in the deposits at 31 December 2013 were rental and utilities deposits of RMB741,000 (2012: RMB732,000) which were not expected to be recovered within one year.

(ii) Prepayments consist of advance payments made to suppliers for purchases of raw materials and finished goods.

Apart from (i) above, all of the trade and other receivables (including amount due from a director) are expected to be recovered or recognised as expense within one year.

(Expressed in Renminbi unless otherwise indicated)

18 TRADE AND OTHER RECEIVABLES *(continued)*

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable, based on the invoice date and net of allowance for doubtful debts, is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Within 90 days	**190,360**	279,743
91 days-180 days	**64,495**	66,461
181 days-360 days	**86,236**	77,396
Over 361 days	**33,463**	20,636
	374,554	444,236

Trade receivables and bills receivables are normally due within 90 days from the date of billing. The Group also offers revolving credit to its customers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on factors such as the customers' 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. Further details of the Group's credit policy are set out in note 26(a).

(b) Impairment of trade and other receivables

Impairment losses in respect of trade receivables and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivables directly (see note 1(i)(a)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
At 1 January	**8,803**	4,398
Impairment loss recognised	**2,926**	4,405
At 31 December	**11,729**	8,803

At 31 December 2013, the Group's trade receivables and bills receivables of RMB11,729,000 (2012: RMB8,803,000) were individually determined to be impaired. The individually impaired receivables related to a number of customers with long outstanding balances with no subsequent settlement received or customers that were in financial difficulties and management assessed that these receivables were not recoverable. Consequently, specific allowances for doubtful debts of RMB11,729,000 (2012: RMB8,803,000) were recognised.

(Expressed in Renminbi unless otherwise indicated)

18 TRADE AND OTHER RECEIVABLES *(continued)*

(c) Trade receivables that are not impaired

The ageing analysis of trade receivables and bills receivables that are neither individually nor collectively considered to be impaired are as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Current	**190,360**	279,743
Less than 60 days past due	**41,175**	44,996
61 days-180 days past due	**81,796**	75,754
Over 180 days past due	**61,223**	43,743
Amounts past due	**184,194**	164,493
	374,554	444,236

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

19 PLEDGED DEPOSITS

Pledged deposits with banks have been placed as security for bills payable issued by the Group (see notes 21(b), 21(c) and 21(d)) and bank loans of RMB22,440,000 (see note 22(c)).

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement comprise:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash at bank and in hand	**12,695**	57,203	**321**	8,351

At 31 December 2013, cash and cash equivalents in the amount of RMB11,428,000 (2012: RMB47,077,000) are denominated in RMB and are deposited in the PRC in the ordinary course of business. RMB is not a freely convertible currency and the remittance of funds out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(Expressed in Renminbi unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS *(continued)*

(b) Reconciliation of profit before taxation to cash generated from/(used in) operations:

	Note	2013 RMB'000	2012 RMB'000
Profit before taxation		**102,710**	104,791
Adjustments for:			
– Interest expense	5(a)	**10,554**	10,294
– Depreciation	5(c)	**6,040**	5,972
– Amortisation of lease prepayments	5(c)	**104**	104
– Amortisation of trademarks	5(c)	**734**	–
– Net foreign exchange (gain)/loss		**(243)**	224
– Interest income	4(a)	**(2,232)**	(1,790)
– Impairment loss on trade receivables	5(c)	**2,926**	4,405
– Impairment loss on trade prepayments	5(c)	**2,949**	–
– Loss on disposal of property, plant and equipment	4(b)	**5**	37
Changes in working capital:			
– Increase in inventories		**(28,163)**	(20,198)
– Increase in trade and other receivables		**(112,809)**	(330,352)
– Increase in trade and other payables		**72,575**	139,009
Cash generated from/(used in) operations		**55,150**	(87,504)

21 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	**2013 RMB'000**	2012 RMB'000
Trade payables	**44,722**	59,579	**–**	–
Bills payable (notes (b), (c) and (d))	**228,088**	164,217	**–**	–
	272,810	223,796	**–**	–
Amount due to a subsidiary	**–**	–	**718**	900
Amount due to a director (note 25(c))	**42,228**	2,431	**–**	–
Receipts in advance	**74,797**	58,752	**–**	–
Other payables and accruals (note (e))	**43,799**	33,438	**1,359**	1,049
	433,634	318,417	**2,077**	1,949

All of the above balances (including the amount due to a director) are expected to be settled within one year or repayable on demand.

(Expressed in Renminbi unless otherwise indicated)

21 TRADE AND OTHER PAYABLES *(continued)*

(a) As of the end of the reporting period, the ageing analysis of trade and bills payables (which are included in trade and other payables), based on the invoice date, is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Within 2 months	**121,811**	89,292
2 to 3 months	**50,904**	53,601
Over 3 months	**100,095**	80,903
	272,810	223,796

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

(c) At 31 December 2013, bills payable totalling RMB223,888,000 (2012: RMB157,817,000) were secured by pledged deposits of RMB85,462,000 (2012: RMB57,006,000).

(d) At 31 December 2013, bills payable totalling RMB2,300,000 (2012: RMB6,150,000) were secured by (i) pledged deposits of RMB740,000 (2012: RMB2,550,000), and (ii) certain assets of the Group, details of which are set out on note 22(c).

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

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Salaries, wages, bonus and other accrued benefits	**20,199**	16,530	**–**	–
Payables for the purchase of property, plant and equipment	**720**	780	**–**	–
Value-added tax payable	**11,318**	6,118	**–**	–
Others	**11,562**	10,010	**1,359**	1,049
	43,799	33,438	**1,359**	1,049

22 BANK LOANS

(a) At 31 December 2013, the bank loans were repayable as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Within 1 year	**209,011**	204,308	**16,511**	8,108

(Expressed in Renminbi unless otherwise indicated)

22 BANK LOANS *(continued)*

(b) At 31 December 2013, the bank loans were analysed as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank loans				
– secured	**47,089**	34,400	**8,649**	–
– unsecured	**161,922**	169,908	**7,862**	8,108
	209,011	204,308	**16,511**	8,108

(c) The amounts of banking facilities and the utilisation at 31 December 2013 are set out as follows:

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Banking facilities				
– secured	**68,649**	40,000	**8,649**	–
– unsecured	**469,532**	403,380	**7,862**	28,380
	538,181	443,380	**16,511**	28,380
Amounts utilised	**340,307**	308,719	**16,511**	8,108

The secured bank loans and certain bills payable (note 21(d)) were secured by the following assets:

	2013	2012
	RMB'000	RMB'000
Buildings (note 11)	**31,698**	33,680
Lease prepayments (note 13)	**4,378**	4,482
Pledged deposits (note 19)	**22,440**	–
	58,516	38,162

At 31 December 2013 and 2012, all of the Group's banking facilities were subject to the fulfilment of certain covenants as are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 26(b). At 31 December 2013, the covenant in relation to the current ratio of a subsidiary in respect of a bank loan of RMB13,000,000 were breached. As such, the non-current portion of RMB8,000,000 has been reclassified to current liabilities at 31 December 2013.

(d) Included in secured and unsecured bank loans of the Group as at 31 December 2013 were bills discounted with recourse totalling RMB Nil and RMB28,500,000 (2012: RMB2,500,000 and RMB68,300,000) respectively.

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company

	Share capital RMB'000 (Note23(c))	Share premium RMB'000 (Note 23(d)(i))	Other reserve RMB'000 (Note 23(d)(ii))	Exchange reserve RMB'000 (Note 23(d)(iii))	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2012	97,935	169,323	164,969	(1,570)	(2,884)	427,773
Loss for the year	–	–	–	–	(4,926)	(4,926)
Other comprehensive income	–	–	–	7	–	7
Total comprehensive income for the year	–	–	–	7	(4,926)	(4,919)
Dividends approved and paid during the year	–	(8,640)	–	–	–	(8,640)
Balance at 31 December 2012 and 1 January 2013	**97,935**	**160,683**	**164,969**	**(1,563)**	**(7,810)**	**414,214**
Profit for the year	**–**	**–**	**–**	**–**	**2,614**	**2,614**
Other comprehensive income	**–**	**–**	**–**	**(7,386)**	**–**	**(7,386)**
Total comprehensive income for the year	**–**	**–**	**–**	**(7,386)**	**2,614**	**(4,772)**
Dividends approved and paid during the year	**–**	**(8,520)**	**–**	**–**	**–**	**(8,520)**
Balance at 31 December 2013	**97,935**	**152,163**	**164,969**	**(8,949)**	**(5,196)**	**400,922**

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(b) Dividends

(i) Dividends payable and proposed to equity shareholders of the Company attributable to the year:

	2013 **RMB'000**	2012 RMB'000
Final dividend proposed after the end of the reporting period	**–**	8,520

No dividend was proposed during the year ended 31 December 2013, nor has any dividend been proposed since the end of reporting period.

During the year ended 31 December 2012, a final dividend of HK$0.0088 (equivalent to approximately RMB0.0071) per ordinary share was proposed to shareholders.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

	2013 **RMB'000**	2012 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.0088 (equivalent to approximately RMB0.0071) per ordinary share (2012: HK$0.0088 (equivalent to approximately RMB0.0072) per ordinary share)	**8,520**	8,640

(c) Share capital

Authorised and issued share capital

	2013 **Number of shares** **'000**	**2013** **Amount** **HK$'000**	2012 Number of shares '000	2012 Amount HK$'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 1 January and 31 December	**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.

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company would be in a position to pay off its debts as they fall due in the ordinary course of business.

(ii) Other reserve

Other reserve represents the difference between the Group's interest in the historical carrying value of an entity under common control of the same group of equity shareholders and the acquisition consideration paid for that entity; and the difference between the nominal value of shares of the subsidiaries acquired over the nominal value of the shares issued by the Company in exchange under the reorganisation of the Group completed on 2 February 2011.

(iii) Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy set out in note 1(s).

(iv) Statutory reserve

Transfers from retained profits to PRC statutory reserve are made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to appropriate 10% of its after-tax profit, as determined in accordance with the PRC accounting rules and regulations, to statutory general reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory general reserve can be used to make good prior years' losses, if any, and may be converted into paid-up capital provided that the balance after such conversion is not less than 25% of the registered capital.

(e) Distributable reserves

The Company was incorporated on 12 February 2010 and has not made any profits since its date of incorporation. Accordingly, there was no reserve available for distribution to shareholders as at 31 December 2013.

The aggregate amounts of reserves available for distribution to equity shareholders of the Company were RMB302,987,000 (2012: RMB316,279,000). After the end of the reporting period, no final dividend (2012: RMB8,520,000) was proposed. (This dividend has not been recognised as a liability at the end of the reporting period.)

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risk and by securing access to financing at a reasonable cost.

The Group referred "capital" as including all components of equity. Trade balances and short-term bank loans that arise in the course of ordinary business are not regarded by the Group as capital. On this basis, the amount of capital employed by the Group at 31 December 2013 were RMB664,330,000 (2012: RMB600,686,000).

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustment to the capital structure in light of changes in economic conditions affecting the Group.

Except for the banking facilities which require the fulfilment of certain covenants as disclosed in note 22(c), neither the Company nor any of the subsidiaries are subject to externally imposed capital requirements in either current or prior year.

24 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2013 not provided for in the consolidated financial statement were as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Contracted for	**64,607**	17,800

(b) At 31 December 2013, the total future minimum lease payments under non-cancellable operating leases in respect of properties were payable as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Within 1 year	**1,392**	1,292
After 1 year but within 5 years	**–**	143
	1,392	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.

24 COMMITMENTS *(continued)*

(c) At 31 December 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:

	The Group	
	2013	2012
	RMB'000	RMB'000
Within 1 year	**8,989**	8,050
After 1 year but within 5 years	**–**	8,739
	8,989	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 25(b)(ii).

25 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed in notes 7, 8, 18, 21 and 23 of these consolidated financial statements, the Group entered into the following significant related party transactions.

(a) Name and relationship with related parties

During the years ended 31 December 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
Huang Cong Ming * 黃聰明	Key management personnel and brother in-law to Zhang Wen Bin
Wu Shu Lin * 吳樹林	Key management personnel and brother in-law to Zhang Wen Bin
Zhang Li Zhu * 張禮祝	Father of Zhang Wen Bin
Zhang Wen Zhi * 張文質	Brother of Zhang Wen Bin
UK Greiff Company Ltd ("UK Greiff")	A private company wholly-owned by Cai Xiu Man

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

(Expressed in Renminbi unless otherwise indicated)

25 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Significant related party transactions

Particulars of significant related party transactions during the years ended 31 December 2013 and 2012 are as follows:

(i) Lease of properties

	The Group	
	2013	2012
	RMB'000	RMB'000
Rental payable/paid to Cai Xiu Man	**241**	246

(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)/from a director

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	RMB'000	**RMB'000**	RMB'000
Amount due from a director	**18,481**	–	**14,970**	11,575
Amount due to a director	**(42,228)**	(2,431)	**–**	–

Notes:

(i) The amounts due (to)/from the director, Ms Cai Xiu Man, at 31 December 2013 are unsecured, interest-free and repayable on demand.

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

Cash advance made by the Group:

Name of borrower	Ms Cai Xiu Man
Position	Director
Balance of the cash advance	
– at 1 January 2012	RMB12,287,000
– at 31 December 2012 and 1 January 2013	RMB Nil
– at 31 December 2013	RMB18,481,000
Maximum balance outstanding	
– during the year ended 31 December 2013	RMB104,584,000
– during the year ended 31 December 2012	RMB26,407,000

25 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	The Group	
	2013	2012
	RMB'000	RMB'000
Short-term employee benefits	**2,583**	1,991
Retirement scheme contributions	**33**	27
	2,616	2,018

Total remuneration was included in "staff costs" (see note 5(b)).

(e) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of lease of properties and use of trademark in note 25(b) constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however they are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest, currency, commodity price and business risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and may take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 90 days from the date of billing. The Group also offers revolving credit to its customers. The revolving credit, which provides for a maximum credit limit that may be outstanding at any one time, is determined based on such factors as current market conditions and the customers' 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. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2013, 0% (2012: 1%) of the total trade and other receivables was due from the Group's largest customer and 9% (2012: 8%) was due from the five largest customers.

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(a) Credit risk *(continued)*

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide any guarantees which would expose it to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's and the Company's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and the Company can be required to pay.

The Group

	2013		
	Within 1 year or on demand RMB'000	**Total contractual undiscounted cash flow RMB'000**	**Balance sheet carrying amount RMB'000**
Bank loans	**211,805**	**211,805**	**209,011**
Trade and other payables	**340,356**	**340,356**	**340,356**
	552,161	**552,161**	**549,367**

	2012		
	Within 1 year or on demand RMB'000	Total contractual undiscounted cash flow RMB'000	Balance sheet carrying amount RMB'000
Bank loans	209,700	209,700	204,308
Trade and other payables	259,665	259,665	259,665
	469,365	469,365	463,973

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(b) Liquidity risk *(continued)*

The Company

	2013		
	Within 1 year or on demand RMB'000	**Total contractual undiscounted cash flow RMB'000**	**Balance sheet carrying amount RMB'000**
Bank loans	**16,539**	**16,539**	**16,511**
Other payables	**2,077**	**2,077**	**2,077**
	18,616	**18,616**	**18,588**

	2012		
	Within 1 year or on demand RMB'000	Total contractual undiscounted cash flow RMB'000	Balance sheet carrying amount RMB'000
Bank loans	8,239	8,239	8,108
Other payables	1,949	1,949	1,949
	10,188	10,188	10,057

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Borrowings issued at fixed rates and at variable rates expose the Group to fair value interest rate risk and cash flow interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's total borrowings at the end of the reporting period:

The Group

	2013		2012	
	Effective interest rate %	**Amount RMB'000**	Effective interest rate %	Amount RMB'000
Fixed rate borrowings:				
RMB bank loans	**6.61**	**157,500**	7.06	191,200
Variable rate borrowings:				
RMB bank loans	**7.14**	**35,000**	8.20	5,000
HKD bank loans	**2.59**	**16,511**	3.28	8,108
		51,511		13,108
Total net borrowings		**209,011**		204,308
Net fixed rate borrowings as a percentage of total net borrowings		**75%**		94%

(ii) Sensitivity analysis

At 31 December 2013, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB428,000 (2012: RMB119,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group. The impact on the Group's profit after tax and retained profits is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2012.

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Currency risk

The Group is exposed to currency risk primarily from (i) sales and purchases which give rise to receivables, payables and cash balances that are denominated in USD, a currency other than the functional currency of the entities to which the transactions relate and; (ii) proceeds from initial public offering received by the Company denominated in HKD which were mostly exchanged into RMB.

(i) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the end of reporting period. Differences resulting from the translation of the financial statements of the entities with functional currency other than RMB into the Group's presentation currency are excluded.

The Group

	2013		2012	
	United States Dollars RMB'000	**Renminbi RMB'000**	United States Dollars RMB'000	Renminbi RMB'000
Trade and other receivables	**905**	**–**	1,060	–
Cash and cash equivalents	**770**	**10,207**	100	15,027
Trade and other payables	**(1,665)**	**–**	(1,755)	–
Net exposure arising from recognised assets and liabilities	**10**	**10,207**	(595)	15,027

The Company

	2013 Renminbi RMB'000	2012 Renminbi RMB'000
Cash and cash equivalents	**39**	40
Net exposure arising from recognised assets and liabilities	**39**	40

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(d) Currency risk *(continued)*

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit for the year and retained profits arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

The Group

	2013		2012	
	Increase/ (decrease) in foreign exchange rates	**Increase/ (decrease) in profit for the year and retained profits RMB'000**	Increase/ (decrease) in foreign exchange rates	Increase/ (decrease) in profit for the year and retained profits RMB'000
United States Dollars	**5%**	**7**	5%	(22)
	(5)%	**(7)**	(5)%	22
Renminbi	**5%**	**510**	5%	751
	(5)%	**(510)**	(5)%	(751)

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2012.

(Expressed in Renminbi unless otherwise indicated)

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES *(continued)*

(e) Commodity price risk

The major raw materials used in the production of the Group's products include leather, cloth, rubber, polymers and plastics. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

(f) Business risk

The Group's primary business is the manufacturing and sales of casual footwear, apparel and related accessories. The Group's financial results are influenced by the rapidity with which designs are copied by competitors and reproduced at much lower prices, as well as by the Group's ability to continue to create new designs that find favour in the market place, maintain a larger network of customers and distributors, manufacture sufficient quantities to meet fashionable sales, and dispose of excess inventories without excessive losses. Based on these factors, the Group may experience significant fluctuations in its future financial results.

(g) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 December 2013 and 2012.

27 IMMEDIATE AND ULTIMATE CONTROLLING PARTIES

At 31 December 2013, the directors consider the immediate parent and ultimate holding company of the Group to be Festive Boom Limited, which is incorporated in the BVI and beneficially owned by Cai Xiu Man. This entity does not produce financial statements available for public use.

28 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2013

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2013 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
IFRS 9, *Financial instruments*	Not yet established by IASB

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, as extracted from the audited financial statements and the Company's prospectus dated 16 September 2011, is set out below:

	Year ended 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Turnover	**792,572**	679,498	607,197	412,138	231,461
Cost of sales	**(618,192)**	(504,505)	(397,621)	(282,984)	(167,336)
Gross profit	**174,380**	174,993	209,576	129,154	64,125
Other revenue	**3,416**	9,758	959	267	248
Other net income/(loss)	**429**	(261)	5,636	(613)	(22)
Selling and distribution expenses	**(26,755)**	(33,758)	(33,626)	(16,560)	(9,041)
Administrative expenses	**(38,206)**	(35,647)	(27,313)	(14,482)	(10,223)
Finance costs	**(10,554)**	(10,294)	(3,740)	(1,295)	(768)
PROFIT BEFORE TAXATION	**102,710**	104,791	151,492	96,471	44,319
Income tax	**(30,734)**	(31,979)	(39,215)	(25,142)	(12,777)
PROFIT FOR THE YEAR	**71,976**	72,812	112,277	71,329	31,542
Earnings per share — Basic and diluted (RMB)	**0.06**	0.06	0.12	0.08	0.04

ASSETS, LIABILITIES AND EQUITY

	As at 31 December				
	2013	2012	2011	2010	2009
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
TOTAL ASSETS	**1,339,361**	1,154,972	841,016	350,152	198,435
TOTAL LIABILITIES	**(675,031)**	(554,292)	(304,829)	(193,195)	(111,916)
TOTAL EQUITY	**664,330**	600,680	536,187	156,957	86,519