動感集團
Active Group

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1096

INTERIM REPORT **2014**

JiMaiLe 金邁王 · 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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Shoes Industrial Park
Baogai Town
Shishi
Fujian Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

AUDITORS

KPMG

LEGAL ADVISER

As to Hong Kong law:
Eversheds

STOCK CODE

01096

COMPANY WEBSITE

www.active-group.com.cn

FINANCIAL HIGHLIGHTS

KEY FINANCIAL HIGHLIGHTS

For the six months ended 30 June

	Note	2014	2013	% change
Revenue (RMB'000)		**368,915**	394,752	-6.5%
Gross profit (RMB'000)		**75,050**	83,635	-10.3%
Profit before taxation (RMB'000)		**37,674**	48,374	-22.1%
Profit for the period (RMB'000)		**24,997**	34,338	-27.2%
Gross profit margin (%)		**20.3%**	21.2%	
Profit after tax margin (%)		**6.8%**	8.7%	
Earnings per share ("**EPS**") – Basic (RMB)	1	**0.02**	0.03	

As at 30 June/31 December

	Note	2014	2013
Current ratio (times)	2	**1.6**	1.7
Trade and bills payables turnover days (days)	3	**182**	134
Trade and bills receivables turnover days (days)	4	**170**	161
Inventory turnover days (days)	5	**81**	59
Gearing ratio (%)	6	**14.6%**	15.6%

Notes for key ratios:

1/	Basic EPS:	Profit attributable to shareholders/weighted average number of ordinary shares of HK$0.10 each in the share capital of Active Group Holdings Limited ("**Shares**")
2/	Current ratio:	Current assets/current liabilities
3/	Trade and bills payables turnover days:	Average of opening and closing balances on trade and bills payables/purchase of raw materials and outsourced products (include 17% VAT) and multiplied by the number of days of the relevant period
4/	Trade and bills receivables turnover days:	Average of opening and closing balances on trade and bills receivables/turnover (include 17% VAT) and multiplied by the number of days of the relevant period
5/	Inventory turnover days:	Average of opening and closing balances on inventory/cost of sales and multiplied by the number of days of the relevant period
6/	Gearing ratio	Total bank loans/total assets

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

Market Review

The global economy still faces considerable uncertainties, and the tapering of the US Federal Reserve's quantitative easing policy may cause risks to the international financing of some emerging economies. The deflationary pressure of the European economy has not been relieved, and the diverging development of the global economic recovery will continue. In the first half of 2014, economy of the People's Republic of China (the "**PRC**" or "**China**") grew steadily at 7.4%, slightly down as compared with the previous period. In the retail market, due to the restrictions of "three public consumptions"[1] and lack of new consumption stimulants, the growth of total retail sales of consumer goods slowed down by 60 basis points as compared with the corresponding period last year, and domestic consumption in mainland China weakened due to multiple factors. Under such a depressed economic environment, the footwear industry in China was adversely affected. Apart from the pressure brought about by the increase of labour costs and rentals, competition caused by homogenization in the market and low consumer confidence also presented challenges for business operation.

While the growth in the footwear market in the first half of 2014 decelerated, prospects of the retail market in the second half remains unclear. Although the tightening measures implemented by the Central Government have been gradually accepted by the public, the purchasing power of optional consumer goods has yet to recover. Facing these severe challenges, besides making prudent adjustments to the strategies of Active Group Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") in response to the market condition this year, the management believes that the increasing disposable income and the forthcoming peak season for footwear retailing should add impetus to growth of sales, and the Group will actively seize the opportunities to achieve satisfactory results.

Business Review

Amidst the sluggish retail atmosphere in the market, the Group proactively adjusted the operating strategies, and integrated existing resources for brand development. The Group implemented a multi-brand strategy with five brands currently under operation, including three self-owned brands (***Jimaire, Bull Titan*** and ***Coremss***) and two licensed brands (***Greiff*** and ***Camel Active***). The launch of more functional footwear and design of novel and fashionable footwear to meet the market demand enabled the Group to enrich its product mix, and together with effective marketing campaigns, drove the constant improvement of its product performance. During the period under review, the sales volume of the Group's branded products increased significantly by 26.4% with a corresponding increase in sales value. Among which, the performance of ***Coremss*** which was newly launched last year was especially outstanding, with good market response as both its sales volume and revenue increased remarkably by more than 60% and 47% respectively. Relying on its solid foundation and focused strategies, the Group has successfully maintained its leading position in the men's casual footwear market.

Meanwhile, to cope with the challenging market environment, the Group selected business partners prudently, and spared no effort in optimizing the existing retail network in addition to steadily increasing the number of its retail sales points. In addition to conventional retail sales points, the electronic commerce platform is also a new frontier to be expanded. The management believes that, the expansion of the sales channels will help to attract younger consumers to further enlarge its customer base; and the loyal followers of the Group's brands will also overcome the geographical constraints for product updates at any time, so the sales performance will be improved.

The Group actively carried out the cost control measures, and tackled the burden of increasing production costs through strategies such as bulk purchases. However, as the Group still adopted the approach of lower margins and higher volume, and chose to provide customers with more discounts to increase its market share, the gross profit was thus affected. Nevertheless, the management believes that, when the market recovers, its solid foundation will help the Group swiftly seize the opportunities to achieve better operating performance.

[1] Three public consumptions: expenditure of traveling abroad on official businesses, expenses for purchase and operation of service cars and business-related entertainment incurred by government personnel.

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. As at 30 June 2014, the Group has entered into master sales agreements with 128 distributors and 470 department store customers which operated 2,509 retail sales points (as at 31 December 2013: 2,511) located throughout the PRC. The Group always prefers to maintain a reasonable and steady pace of retail sales network expansion. In order to adapt to the changing market conditions, the Group has conducted a stringent review over its retail sales points portfolio and made a net closure of two retail sales points and one self-owned flagship store with unsatisfactory performance during the period.

It is still one of the Group's major business development plans to open flagship stores in major fast-growing cities in order to build a significant brand awareness and recognition, and track consumer's preference over product design and quality. The timeline is still under consideration given the uncertainties in current economic outlook. The Group currently puts more focus on the quality of individual sales point as well as the overall retail sales points portfolio. The new retail sales network expansion will be mainly driven by the increase of the presence of Group's brands that are competitive and suitable.

Recognizing the increasing demand for online shopping, the Group continued to strengthen its online business by selling its branded products through popular e-commerce platforms such as Tmall.com (天貓網), JD.com (京東商城) and Vip.com (唯品會). 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 broaden the target customer base online. The Group also plans to develop an online and offline commerce platform, which includes setting up an information technology network supported by both hardware and software, to attract target customer online and directing them to offline physical stores.

Product design and development

The Group believes functionality and comfort and cutting-edge design are the most critical points for improving product differentiation and enabling the Group's branded products to stand out in the highly competitive footwear market. The Group's research and development ("**R&D**") department located at Guangzhou, which is equipped with advanced facilities and software, enables the Group to access updated industry information in a timely and efficient manner. As at 30 June 2014, there were 103 R&D professionals responsible for maintaining a steady output of high quality new designs. During the period, the Group has designed approximately 1,293 and 98 new styles in the footwear segment and the apparel and accessories segment respectively. Approximately 50% of the new designs subsequently went into commercial production and received favourable feedback from sophisticated consumers in the PRC.

R&D spending has accounted for about 1.14% of turnover for the period under review (six months ended 30 June 2013: 1.08%). The Group continued to make good use of different and special materials to broaden the appearance and functionality of its footwear offerings. It believes that its professional and experienced R&D team is able to provide a solid foundation for expanding its market share and helping build a firmer foundation for expanding its market share with a stronger brand image. The Group continues to focus on developing its design capacity in terms of style and functional innovation which should help optimise its product portfolio to realise sustainable growth in the market.

Production

As at 30 June 2014, the Group operated ten production lines at its production base in Fujian province with a total capacity of 2.9 million pairs of footwear for the first half of 2014. The utilisation rate of these ten production lines has reached around 97.5% during the period. The new production plant equipped with five production lines located in Suining, Jiangsu province has already completed almost 95% of the construction, and is expected to provide around 3 million pairs of footwear and a small quantity of apparel products once it is in full operation. The new plant would enable the Group to benefit from economies of scale and a more stable labour supply. Enjoying the ideal location closer to its major existing and potential markets, the Group believes that the new plant should strengthen its market presence and underpin its future growth.

Prospects

Looking ahead, as China's economy is still undergoing transformation, the management anticipates that the macro-economic environment and the weak consumption sentiment will continue to exert pressure on the domestic retail market. However, the management believes that there is still enormous potential in the men's casual footwear market, and maintains a prudent but positive attitude towards the business performance of the Group in the second half of 2014.

Along with the gradually increasing consumer recognition of the multiple functions and comfort of casual footwear, it has become a must-buy for consumers. In order to seize a larger market share, the Group will continue to enchance the reputation of its brands, and introduce more products to the market following the approach of lower margins and higher volume. The Group plans to further improve its sales network, focusing on second- and third-tier cities in the central and western regions of China with dense populations and enjoying faster economic development, such as Henan, Sichuan, Shanxi, Yunnan, Guizhou, Hubei and Hunan provinces and Chongqing municipality, the key development targets of the Group. Meanwhile, in light of the increasingly popular online consumption pattern, the Group intends to develop a business platform which combines online and offline sales and promotes its brands through an advanced information technology network so as to attract targeted consumers to the physical stores. The management believes that the business model complemented by online sales will help stimulating the overall sales and further expand the customer base.

The Group is also exploring suitable new brands to meet the market demand, in order to increase the revenue sources and improve the product mix by offering more diversified brand selections. A new brand of the Group, ***Brisk Lion***, has been introduced in the sales fair, and mainly targets high-end consumer groups fond of outdoor activities and also focuses on "mix and match wardrobes". In addition, the Group plans to place more resources in solidifying its brands in the hope of making breakthroughs in design and functions so as to improve the brand reputation and loyalty. The Group will also closely monitor the production costs and process, and is devoted to improvement in production volume and efficiency. The Group's factory in Suining, Jiangsu is expected to commence trial production by the end of 2014. As its local salary is lower than that in Fujian province, it is believed the new plant will help the Group to effectively control the labour cost.

Relying on its solid foundation with abundant industry experience spanning more than two decades, the Group will continue to improve its operating performance in all directions, and adopt prudent principles of finance management, carefully assess the market situation, actively enhance its strengths and promote sustainable and stable development. The Group will endeavour to strengthen its position as one of the leading multiple brand operators of men's casual footwear and seize the opportunities during the market recovery to achieve long-term and sustainable business development and ultimately create more values for shareholders of the Company ("**Shareholders**").

FINANCIAL REVIEW

Turnover

Turnover of the Group for the six months ended 30 June 2014 was RMB368.9 million, representing a decrease of 6.5% as compared to that of the corresponding period in 2013. It was mainly due to the decrease in sales of original equipment manufacturing ("**OEM**"), offset by the recovery of the increasing sales in Group's branded products during the period.

Revenue analysis by brand

	For the six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Jimaire	**83,961**	87,950
Bull Titan	**113,349**	102,610
Coremss	**60,836**	41,320
Luotuo Brand	**–**	15,163
Greiff	**14,589**	14,898
Camel Active	**9,760**	9,251
	282,495	271,192
OEM	**86,420**	123,560
	368,915	394,752

The Group's branded products' sales increased from RMB271.2 million for the six months ended 30 June 2013 to RMB282.5 million for the six months ended 30 June 2014, representing an increase of 4.2%. It was mainly attributed from the increase in sales volume, especially for ***Bull Titan***'s products during the period, resulted from the increase in demand of the Group's branded products and the enhanced recognition of the brands in the market. Sales of products under ***Jimaire*** decreased by RMB4.0 million or approximately 4.5%, from RMB88.0 million for the six months ended 30 June 2013 to RMB84.0 million for the six months ended 30 June 2014, 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 licence agreement, which was subsequently replaced by the Group's another new brand with similar positioning, ***Coremss***. Through effective marketing and sales strategy, ***Coremss*** has achieved a sound revenue of RMB60.8 million during the period under review, which shows the brand was widely accepted by the consumers.

Revenue from OEM operations decreased by RMB37.1 million or approximately 30.1%, from RMB123.5 million for the six months ended 30 June 2013 to RMB86.4 million for the same period in 2014. This was the result from the intensed price competition with other manufacturers in the market who try to utilize their spare production capacity under current unfavourable market condition. The Group continuously strives to optimise its production capacity and continue its focus and resources allocation strategy towards the Group's branded products, which contributes over 75% of turnover to the Group.

Gross profit and gross profit margin

It was another challenging period in terms of rising labour and raw material costs, gross profit of the Group for the six months ended 30 June 2013 was decreased by 10.3% and reached RMB75.1 million for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB83.6 million), while gross profit margin of the Group for the six months ended 30 June 2014 was 20.3%, representing a slight decrease of 0.9% when compared with the same period in 2013.

The decrease in gross profit margin of the Group was mainly contributed by the increasing unit production cost, which was driven by the aforesaid escalation in labour and raw material costs. Furthermore, the increase over unit production cost was also led by the innovative product designs and advanced materials used for production during the period, in response to the increasing demand from customers over the comfort level and functionality of men's casual footwear. However, management decided not to pass the increase in production cost to its customers but offered further discounts to them so that they could enjoy a competitive advantage over their peers, in order to enhance the Group's brands recognition and enlarge its market share, and further expand the retail sales network in the PRC. On the other hand, the Group strives to obtain bulk purchase discount from suppliers by placing orders of purchasing raw materials with larger volume, in order to cope with the pressure of the increasing raw material costs.

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 reduce discount offered to its customers and enjoy a higher gross profit margin afterwards.

Selling and distribution expenses

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

Selling and distribution expenses was RMB7.3 million, amounted to approximately 2.0% of turnover during the six months ended 30 June 2014 (six months ended 30 June 2013: 2.7%), primarily as a result of planned execution of marketing and sales strategy, and less marketing promotion support provided to its customers given more discount was offered by the Group during the period. The Group believes when customers launch marketing campaign under the Group's suggested framework with its own planning and design, it would improve the efficiency of marketing activities for the promotion of the Group's brands in different provinces in the PRC with customers having different consumption habits.

Administrative expenses

Administrative expenses increased by about 16.2% to RMB24.3 million for the six months ended 30 June 2014 primarily attributable to the additional allowance for doubtful debts recognized during the period for overdue receivables which amounted to RMB5.9 million (six months ended 30 June 2013: RMB2.0 million). The Group will take all necessary measures to tighten its credit control to improve the recovery of its trade receivables in the future.

Finance costs

Finance costs increased by approximately 18.7% from RMB5.2 million for the six months ended 30 June 2013 to RMB6.2 million for the six months ended 30 June 2014, primarily due to an increase in bank loans over the period as a result of the continuous expansion of business operation and production volume. The effective interest rate for bank borrowings for the six months ended 30 June 2014 is 6.4% per annum (six months ended 30 June 2013: 7.3%).

Effective tax rate

The effective tax rate for the Group increased from 29.0% for the six months ended 30 June 2013 to 33.6% for the corresponding period of 2014.

Profit attributable to Shareholders

Profit attributable to Shareholders decreased by 27.2% to approximately RMB25.0 million for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB34.3 million). Its ratio to revenue has dropped from 8.7% for the six months ended 30 June 2013 to 6.8% for the corresponding period in 2014. The decrease was mainly due to the decrease in gross profit margin from 21.2% for the six months ended 30 June 2013 to 20.3% for the period under review. Basic earnings per Share decreased from RMB3 cents for the six months ended 30 June 2013 to RMB2 cents for the corresponding period of 2014.

USE OF PROCEEDS

The Shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on 28 September 2011. Net proceeds from the global offering were approximately HK$337.4 million (after deducting the underwriting commission and relevant expenses). As at 30 June 2014, the unutilised proceeds were deposited and pledged in licensed banks in Hong Kong and the PRC.

Use of net proceeds from global offering

	Net proceeds *(HK$ million)*	**Utilised amount (up to 30 June 2014)** *(HK$ million)*	**Unutilised amount (as at 30 June 2014)** *(HK$ million)*
Establishing a new production facility	131.9	131.9	–
Establishing self-owned and operated flagship stores	75.6	2.8	72.8
Establishing a new product testing and R&D laboratory	52.6	52.6	–
Developing and increasing brand awareness	22.3	22.3	–
Expansion of the product R&D teams and equipment	10.8	10.8	–
Establishing of an enterprise resource planning (i.e. ERP) system	10.8	–	10.8
Expansion of original production capacity	8.8	8.8	–
General working capital	24.6	24.6	–
	337.4	253.8	83.6

LIQUIDITY AND FINANCIAL RESOURCES

In order to achieve better cost control and minimise the costs of funds, the Group's treasury activities are centralised and cash is generally deposited with banks and denominated mostly in Renminbi ("**RMB**"). As at 30 June 2014, the Group had net current assets of RMB491.1 million (31 December 2013: RMB466.9 million), of which cash and cash equivalents and pledged deposits were RMB120.6 million (31 December 2013: RMB121.3 million).

The Group has always been pursuing a prudent treasury management policy and is in a strong liquidity position with sufficient standby banking facilities to cope with daily operations and future development demands for capital. As at 30 June 2014, including the banking facilities as secured by the Group's pledged deposits, total available banking facilities of the Group amounted to RMB593.6 million, among which RMB393.6 million was utilised by the Group for its bank loans and bills payable. The ratio of outstanding bank loans and bills payables to total assets was 37.7% (31 December 2013: 32.6%).

The Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the six months ended 30 June 2014.

WORKING CAPITAL MANAGEMENT

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

The inventory turnover days of the Group were 81 days for the six months ended 30 June 2014 (year ended 31 December 2013: 59 days), primarily as a result of the bulk purchase of raw materials in order to receive a more sound unit price to cope with the pressure of increasing production costs during the period.

The average trade and bills receivables turnover days for the six months ended 30 June 2014 increased to 170 days (year ended 31 December 2013: 161 days), primarily due to the granting of payment extensions to some of the customers. 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 its customers.

The Group's average trade and bills payables turnover days increased to 182 days (year ended 31 December 2013: 134 days), primarily as a result of utilisation of bills for settlement of purchases which has a longer maturity period.

CAPITAL STRUCTURE

There was no change in the Group's capital structure during the six months ended 30 June 2014.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, FUTURE PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

During the six months ended 30 June 2014, save as aforesaid construction of the new production plants in Suining and the planning of developing an online and offline commerce platform, there was no significant investment, material acquisitions and disposal of subsidiaries by the Company. The Group has no plan to make any substantial investment in or acquisition of capital assets.

FOREIGN EXCHANGE RISK

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

During the six months ended 30 June 2014, the Group did not hedge any foreign exchange exposure against foreign currency risk. However, the management will continue to monitor foreign currency risks and adopt prudent measures as appropriate.

CHARGE ON ASSETS

As at 30 June 2014, the Group had pledged its land use rights and buildings with net book value of RMB35.0 million and deposits with banks of RMB108.6 million for the purpose of securing bank loans and certain bills payable.

Included in secured and unsecured bank loans as at 30 June 2014 were bills discounted with recourse totalling RMB Nil and RMB5.9 million (31 December 2013: RMB Nil and RMB28.5 million) which were secured by bills receivable of equivalent amounts at that date.

CONTINGENT LIABILITIES

There were no significant contingent liabilities for the Group as at 30 June 2014.

HUMAN RESOURCES

As at 30 June 2014, the Group employed 1,791 employees (as at 30 June 2013: 1,972 employees) with total staff costs of RMB37.4 million incurred for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB37.0 million). The Group offered competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

DISCLOSURE OF INTERESTS

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

As at 30 June 2014, the interests and short positions of the directors (the "**Directors**") and chief executive of the Company in the Shares, underlying shares of equity derivatives and debentures of the Company or its associated corporations (as defined by Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under Section 352 of SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") are as follows:

(i) Long position in the Shares:

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

Notes:

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

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

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

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

As at 30 June 2014, save as disclosed herein, none of the Directors and chief executive of the Company were interested in short position 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 Stock Exchange pursuant to the Model Code.

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

As at 30 June 2014, the following persons, other than the Directors and chief executive of the Company, had interests and short position 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 of Shareholder	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company
Festive Boom Limited	Beneficial owner	697,272,000	58.11%
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 and the entire issued share capital of Strait Energy Investment Company 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 30 June 2014.

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the Shareholders on 4 September 2011, the Company has conditionally adopted the share option scheme (the "**Share Option Scheme**") for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. Eligible participants include all Directors, employees of the Group; and suppliers, customers, consultants, agents, advisers and related entities who, in the sole opinion of the board of Directors ("**Board**"), will contribute or have contributed to the Group. The Directors were authorised to grant options to subscribe for Shares and to allot, issue and deal with the Shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering (as defined in the Prospectus, being 120,000,000 shares, excluding any options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules.

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

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

No share options were granted under the Share Option Scheme for the six months ended 30 June 2014 and up to the date of this interim report.

INTERIM DIVIDEND

The Board resolved that no interim dividend would be declared in respect of the six months ended 30 June 2014 (six months ended 30 June 2013: RMB Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted all the requirements of the code provisions of the Corporate Governance Code, which was formerly known as Code on Corporate Governance Practices, contained in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**"). During the six months ended 30 June 2014, the Company has complied with all the code provisions of the Corporate Governance Code.

MODEL CODE

Pursuant to a resolution passed by the Board on 4 September 2011, the Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors.

Specific enquiries have been made with the Directors, and all Directors confirmed in writing that they have complied with the required standards set out in the Model Code regarding their securities transactions for the six months ended 30 June 2014.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the six months ended 30 June 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2014.

Consolidated Statement of Profit or Loss – unaudited

For the six months ended 30 June 2014
(Expressed in Renminbi)

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Turnover	3, 4	**368,915**	394,752
Cost of sales		**(293,865)**	(311,117)
Gross profit		**75,050**	83,635
Other revenue	6(a)	**659**	1,292
Other net (loss)/income	6(b)	**(225)**	248
Selling and distribution expenses		**(7,290)**	(10,648)
Administrative expenses		**(24,321)**	(20,929)
Profit from operations		**43,873**	53,598
Finance costs	7(a)	**(6,199)**	(5,224)
Profit before taxation	7	**37,674**	48,374
Income tax	8	**(12,677)**	(14,036)
Profit for the period		**24,997**	34,338
Earnings per share			
Basic and diluted (RMB)	9	**0.02**	0.03

The notes on pages 21 to 35 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 15(a).

Consolidated Statement of Profit or Loss and Other Comprehensive Income – unaudited

For the six months ended 30 June 2014
(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Profit for the period	**24,997**	34,338
Other comprehensive income for the period that may be reclassified subsequently to profit or loss		
Exchange differences on translation of financial statements of subsidiaries outside the People's Republic of China, net of nil tax	**(413)**	113
Total comprehensive income for the period	**24,584**	34,451

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

Consolidated Statement of Financial Position – unaudited

At 30 June 2014
(Expressed in Renminbi)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment	10	**171,289**	174,115
Intangible assets		**3,899**	4,266
Lease prepayments		**4,222**	4,274
Non-current prepayments for acquisitions of property, plant and equipment	10	**17,930**	13,930
Deferred tax assets		**5,179**	4,851
		202,519	201,436
Current assets			
Inventories	11	**148,218**	113,908
Current portion of lease prepayments		**104**	104
Trade and other receivables	12	**1,019,341**	902,437
Current tax recoverable		**–**	139
Pledged deposits		**108,566**	108,642
Cash and cash equivalents		**12,013**	12,695
		1,288,242	1,137,925
Current liabilities			
Trade and other payables	13	**543,158**	433,634
Bank loans	14	**218,315**	209,011
Current tax payable		**35,662**	28,389
		797,135	671,034
Net current assets		**491,107**	466,891
Total assets less current liabilities		**693,626**	668,327
Non-current liabilities			
Deferred tax liabilities		**4,712**	3,997
NET ASSETS		**688,914**	664,330
CAPITAL AND RESERVES	15		
Capital		**97,935**	97,935
Reserves		**590,979**	566,395
TOTAL EQUITY		**688,914**	664,330

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

Consolidated Statement of Changes in Equity – unaudited

For the six months ended 30 June 2014
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company						
	Note	Capital RMB'000	Share premium RMB'000	Other reserve RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2013		97,935	160,683	2,268	838	21,598	317,358	600,680
Changes in equity for the six months ended 30 June 2013:								
Profit for the period		–	–	–	–	–	34,338	34,338
Other comprehensive income		–	–	–	113	–	–	113
Total comprehensive income for the period		–	–	–	113	–	34,338	34,451
Appropriations to statutory reserve		–	–	–	–	2,820	(2,820)	–
Dividend approved and paid during the period	15(a)	–	(8,520)	–	–	–	–	(8,520)
At 30 June 2013 and 1 July 2013		97,935	152,163	2,268	951	24,418	348,876	626,611
Changes in equity for the six months ended 31 December 2013:								
Profit for the period		–	–	–	–	–	37,638	37,638
Other comprehensive income		–	–	–	81	–	–	81
Total comprehensive income for the period		–	–	–	81	–	37,638	37,719
Appropriations to statutory reserve		–	–	–	–	3,517	(3,517)	–
At 31 December 2013 and 1 January 2014		**97,935**	**152,163**	**2,268**	**1,032**	**27,935**	**382,997**	**664,330**
Changes in equity for the six months ended 30 June 2014:								
Profit for the period		**–**	**–**	**–**	**–**	**–**	**24,997**	**24,997**
Other comprehensive income		**–**	**–**	**–**	**(413)**	**–**	**–**	**(413)**
Total comprehensive income for the period		**–**	**–**	**–**	**(413)**	**–**	**24,997**	**24,584**
Appropriations to statutory reserve		**–**	**–**	**–**	**–**	**1,948**	**(1,948)**	**–**
At 30 June 2014		**97,935**	**152,163**	**2,268**	**619**	**29,883**	**406,046**	**688,914**

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

Condensed Consolidated Cash Flow Statement – unaudited

For the six months ended 30 June 2014
(Expressed in Renminbi)

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Operating activities		
Cash generated from operations	**28,090**	41,531
Tax paid	**(4,917)**	(26,190)
Net cash generated from operating activities	**23,173**	15,341
Investing activities		
Payment for the purchase of property, plant and equipment	**(4,095)**	(14,649)
Other cash flows arising from investing activities	**605**	956
Net cash used in investing activities	**(3,490)**	(13,693)
Financing activities		
Dividends paid to equity shareholders of the company	**–**	(8,520)
Other cash flows arising from financing activities	**(20,283)**	(35,425)
Net cash used in financing activities	**(20,283)**	(43,945)
Net decrease in cash and cash equivalents	**(600)**	(42,297)
Cash and cash equivalents at 1 January	**12,695**	57,203
Effect of foreign exchange rate changes	**(82)**	(32)
Cash and cash equivalents at 30 June	**12,013**	14,874

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

Notes to the Unaudited Interim Financial Report

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34, *Interim financial reporting*, issued by the International Accounting Standards Board ("IASB"). It was authorised for issue by the board of directors of Active Group Holdings Limited (the "Company") on 28 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 2.

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Company and its subsidiaries (the "Group") since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on these financial statements in their report dated 28 March 2014.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company:

– Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*

– Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

– Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

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

Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have any impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or cash generating unit whose recovered amount is based on fair value less costs of disposal. These amendments do not have an impact on the Group's interim financial report as the Company does not have any impaired non-financial assets.

3 TURNOVER

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

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Footwear	**364,771**	389,815
Apparel and related accessories	**4,144**	4,937
	368,915	394,752

4 SEGMENT REPORTING

(a) Segment results

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

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

	Six months ended 30 June 2014					
	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	**170,381**	**103,090**	**60,330**	**24,349**	**10,765**	**368,915**
Inter-segment revenue	**4,522**	**4,325**	**–**	**–**	**8,260**	**17,107**
	174,903	**107,415**	**60,330**	**24,349**	**19,025**	**386,022**
Reportable segment profit						
Profit/(loss) after taxation	**14,086**	**8,121**	**5,389**	**(1,481)**	**(347)**	**25,768**

	Six months ended 30 June 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	211,510	102,610	56,483	24,149	–	394,752
Inter-segment revenue	834	–	860	–	–	1,694
	212,344	102,610	57,343	24,149	–	396,446
Reportable segment profit						
Profit after taxation	21,266	8,504	4,549	2,382	–	36,701

4 SEGMENT REPORTING *(continued)*

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

	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Revenue		
Reportable segment revenue	386,022	396,446
Inter-segment revenue	(17,107)	(1,694)
Consolidated turnover	368,915	394,752
Profit		
Reportable segment profit derived from the Group's external customers	25,768	36,701
Unallocated other revenue and other net (loss)/income	(92)	504
Unallocated head office and corporate expenses	(679)	(2,867)
Consolidated profit after taxation	24,997	34,338

5 SEASONALITY OF OPERATIONS

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

6 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

(a) Other revenue

	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Interest income on bank deposits	605	956
Government subsidies	–	336
Sundry income	54	–
	659	1,292

The Group was entitled to unconditional government subsidies of RMB Nil for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB336,000). These government subsidies were recognised as other revenue when they became receivable.

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

(b) Other net (loss)/income

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Net foreign exchange (loss)/gain	**(225)**	248

7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
(a) Finance costs		
Interest expense on bank loans wholly repayable within five years	**6,199**	5,224
(b) Staff costs		
Salaries, wages and other benefits	**35,961**	35,455
Contributions to defined contribution retirement schemes	**1,425**	1,499
	37,386	36,954
(c) Other items		
Cost of inventories	**293,865**	311,117
Depreciation of property, plant and equipment	**2,917**	3,027
Amortisation of lease prepayments	**52**	52
Amortisation of intangible assets	**367**	104
Impairment loss on		
– trade receivables	**5,927**	2,047
– deposits and prepayments	**1,020**	2,949
Operating lease charges in respect of properties		
– minimum lease payments	**2,282**	3,104
Operating lease charges in respect of trademarks		
– minimum lease payments	**1,076**	1,442
Research and development costs	**4,193**	4,245
Auditors' remuneration	**480**	482

8 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2014 RMB'000	2013 RMB'000
Current tax – PRC corporate income tax		
Provision for the period	12,291	14,952
Deferred tax		
Origination and reversal of temporary differences	386	(916)
	12,677	14,036

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

(b) No provision was made for Hong Kong Profits Tax as the Group did not derive any income which is subject to Hong Kong Profits Tax during the six months ended 30 June 2014 and 2013. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(c) The Group's PRC subsidiaries are subject to PRC corporate income tax at the statutory rate of 25% unless otherwise specified.

(d) 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.

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

9 EARNINGS PER SHARE

The calculation of basic earnings per Share for the six months ended 30 June 2014 is based on the profit attributable to equity shareholders of the Company of RMB24,997,000 (six months ended 30 June 2013: RMB34,338,000) and weighted average number of 1,200,000,000 Shares (six months ended 30 June 2013: 1,200,000,000 Shares) in issue during the six months ended 30 June 2014.

There were no potential dilutive ordinary shares during the six months ended 30 June 2014 and 2013 and, therefore, diluted earnings per Share are the same as the basic earnings per Share.

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2014, the Group's additions to property, plant and equipment amounted to RMB96,000 (six months ended 30 June 2013: RMB35,635,000).

As of 30 June 2014, the Group has made prepayments of RMB14,235,000 and RMB3,695,000 (31 December 2013: RMB10,235,000 and RMB3,695,000) for the acquisition of property, plant and equipment and a land use right for self-operating properties under development in the PRC, respectively.

11 INVENTORIES

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Raw materials	125,734	75,788
Work in progress	2,858	2,902
Finished goods	19,626	35,218
	148,218	113,908

12 TRADE AND OTHER RECEIVABLES

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Trade receivables and bills receivables	455,200	386,283
Less: allowance for doubtful debts	(17,656)	(11,729)
	437,544	374,554
Deposits and prepayments	540,734	504,462
Amount due from a director (note 17(c))	38,654	18,481
Other receivables	2,409	4,940
	1,019,341	902,437

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 90 days	158,312	190,360
91 days – 180 days	105,646	64,495
181 days – 360 days	108,211	86,236
Over 361 days	65,375	33,463
Trade receivables and bills receivable, net of allowance for doubtful debts	437,544	374,554

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

13 TRADE AND OTHER PAYABLES

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Trade payables	69,212	44,722
Bills payable (note (b))	343,182	228,088
	412,394	272,810
Amounts due to a director (note 17(c))	38,882	42,228
Receipts in advance	56,449	74,797
Other payables and accruals (note (c))	35,433	43,799
	543,158	433,634

(a) As of the end of reporting period, the aging analysis of trade payables and bills payables, based on the invoice date, is as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 2 months	158,376	121,811
2 to 3 months	106,675	50,904
Over 3 months	147,343	100,095
	412,394	272,810

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

At 30 June 2014, bills payable totalling RMB269,048,000 (31 December 2013: RMB223,888,000) were secured by pledged deposits of RMB95,326,000 (31 December 2013: RMB85,462,000).

At 30 June 2014, bills payable totalling RMB2,300,000 (31 December 2013: RMB2,300,000) were secured by (i) pledged deposits of RMB740,000 (31 December 2013: RMB740,000) and (ii) certain assets of the Group, details of which are set out in note 14(c).

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Salaries, wages, bonus and other accrued benefits	18,272	20,199
Payables for the purchase of property, plant and equipment	811	720
Value-added tax payable	4,402	11,318
Others	11,948	11,562
	35,433	43,799

14 BANK LOANS

(a) At 30 June 2014, bank loans were repayable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year	**218,315**	209,011

(b) At 30 June 2014, the bank loans were analysed as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Bank loans		
– secured	**59,078**	47,089
– unsecured	**159,237**	161,922
	218,315	209,011

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

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Buildings	**30,635**	31,698
Lease prepayments	**4,326**	4,378
Pledged deposits	**12,500**	22,440
	47,461	58,516

At 30 June 2014, the Group's utilised banking facilities totalling to RMB30,000,000 (31 December 2013: RMB30,000,000) were also secured by personal guarantees from Zhang Wen Bin and Cai Xiu Man, the directors of the Company at nil fee.

(d) Included in secured and unsecured bank loans at 30 June 2014 were bills discounted with recourse totalling RMB Nil and RMB5,900,000 (31 December 2013: RMB Nil and RMB28,500,000) respectively.

(e) At 30 June 2014 and 31 December 2013, all of the Group's banking facilities were subject to the fulfillment of certain covenants as are commonly found in lending arrangements with financial institutions. If the Group was to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with those covenants. At 30 June 2014, the covenant in relation to the current ratio of a subsidiary in respect of a bank loan of RMB30,000,000 (31 December 2013: RMB13,000,000) was breached. The bank loan has already been included in the current liabilities as at 30 June 2014.

15 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

(i) The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: RMB Nil).

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

	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of Nil HK cents (equivalent to approximately RMB Nil cents) per Share (six months ended 30 June 2013: 0.88 HK cents (equivalent to approximately RMB0.71 cents) per Share)	–	8,520

(b) Share capital

Authorised and issued share capital

	At 30 June 2014 Number of shares '000	At 30 June 2014 Amount HK$'000	At 31 December 2013 Number of shares '000	At 31 December 2013 Amount HK$'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 the beginning and end of the period/year	1,200,000	120,000	1,200,000	120,000
Equivalent to (RMB'000)		97,935		97,935

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

16 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2014 not provided for in the interim financial report were as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Contracted for	3,558	64,607

During the year ended 31 December 2013 the Group entered into agreements with three independent third parties, in which the purchase of fixed assets amounted to RMB57,049,000 (the "Agreements"). Pursuant to the cancellation notes signed between the Group and the three independent third parties in April 2014, the Agreements were terminated and no charge or penalty was required to be paid or payable by the Group in respect of termination.

(b) At 30 June 2014, the total future minimum lease payments under non-cancellable operating leases in respect of properties were payable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year	792	1,847
After 1 year but within 5 years	–	20
	792	1,867

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

16 COMMITMENTS *(continued)*

(c) At 30 June 2014, the Group committed to pay royalties for the usage of several trademarks for manufacturing and sales of footwear, apparel and related accessories products. The minimum guaranteed royalty payments were payable as follows:

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year	7,913	8,989

The Group licenses a number of trademarks from independent third parties and a related party ("the Licensors"). The licensing agreements for the trademarks typically run for an initial period of one to five years respectively, at the end of which period all terms are renegotiated. Royalties payable to the Licensors are pre-determined in the licensing agreements or calculated based on a percentage of sales revenue with an annual minimum guaranteed royalty payment. Further details of the licensing agreement with the related party are disclosed in note 17(b).

17 MATERIAL RELATED PARTY TRANSACTIONS

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

(a) Name and relationship with related parties

During the six months ended 30 June 2014 and 2013, the directors are of the view that related parties of the Group include the following individuals/entity:

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

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

17 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Significant related party transactions

Particulars of significant related party transactions during six months ended 30 June 2014 and 2013 are as follows:

(i) Lease of properties

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Rental payable/paid to:		
– Cai Xiu Man	**120**	121

(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

	At 30 June	At 31 December
	2014	2013
	RMB'000	RMB'000
Amounts due from a director	**38,654**	18,481
Amounts due to a director	**(38,882)**	(42,228)

17 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Amounts due (to)/from a director *(continued)*

Notes:

(i) The amount due (to)/from a director at 30 June 2014 was unsecured, interest-free and repayable on demand.

(ii) During the six months ended 30 June 2014, there is cash advance made to a director and the details are disclosed pursuant to section 161B of the Hong Kong Companies Ordinance are as follows:

Cash advance made by the Group:

Name of borrower	Ms Cai Xiu Man
Position	Director
Term of the cash advance	
– duration and repayment terms	Repayable on demand
– interest rate	Nil
– security	None
Balance of the cash advance	
– at 1 January 2013	RMB Nil
– at 31 December 2013 and 1 January 2014	RMB18,481,000
– at 30 June 2014	RMB38,654,000
Maximum balance outstanding	
– during the six months ended 30 June 2014	RMB49,933,000
– during the year ended 31 December 2013	RMB104,584,000

There was no amount due but unpaid, nor any provision made against the cash advance at 31 December 2013 and 30 June 2014.

(d) Key management personnel remuneration

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

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Short-term employee benefits	**1,072**	1,001
Retirement scheme contributions	**15**	13
	1,087	1,014

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

18 NON-ADJUSTING EVENTS AFTER REPORTING PERIOD

The following significant events took place subsequent to 30 June 2014:

(1) On 3 July 2014, the Group set up a new subsidiary, Jinmaiwang (Xiamen) Clothing Trading Company Limited ("Jinmaiwang Xiamen"). The principal activities of Jinmaiwang Xiamen are manufacturing and sale of apparels and related accessories in People's Republic of China. The registered capital of Jinmaiwang Xiamen is RMB180 million.

(2) On 25 July 2014, the Company entered into a subscription agreement with a third party individual for a debenture amounting to HK$5 million. The debenture is interest bearing at 7% per annum with a maturity period of 90 months. Interest is payable annually in arrears on the last day of each year from the date of issue, provided that the final repayment of interest shall be on the maturity date.

(3) On 28 July 2014, the Company entered into a subscription agreement with a third party individual for a debenture amounting to HK$5 million. The debenture is interest bearing at 7% per annum with a maturity period of 90 months. Interest is payable annually in arrears on the last day of each year from the date of issue, provided that the final repayment of interest shall be on the maturity date.

(4) On 4 August 2014, the Company entered into a subscription agreement with a third party individual for a debenture amounting to HK$10 million. The debenture is interest bearing at 5% per annum with a maturity period of eight years. Interest is payable every 6 months.

Review Report

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

INTRODUCTION

We have reviewed the interim financial report set out on pages 16 to 35 which comprises the consolidated statement of financial position of Active Group Holdings Limited (the "Company") as of 30 June 2014 and the related consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and condensed consolidated cash flow statement for the six months then ended and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and International Accounting Standard 34, *Interim financial reporting*, issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of the interim financial report in accordance with International Accounting Standard 34.

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

SCOPE OF REVIEW

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

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report as at 30 June 2014 is not prepared, in all material respects, in accordance with International Accounting Standard 34, *Interim financial reporting*.

KPMG
Certified Public Accountants

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

28 August 2014