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GRAND CONCORD INTERNATIONAL HOLDINGS LIMITED
廣豪國際控股有限公司

(Incorporated in the British Virgin Islands with limited liability)

(Stock code: 844)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2011

The board (the "**Board**") of directors (the "**Directors**") of Grand Concord International Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2011, with the comparative figures for the corresponding year ended 31 December 2010, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
Revenue	3	**416,547**	378,289
Cost of sales		**(289,041)**	(272,644)
Gross profit		**127,506**	105,645
Other income and gains	4	**625**	3,896
Selling and distribution expenses		**(9,413)**	(10,391)
Share-based payment	5	**(5,800)**	—
Administrative expenses		**(57,938)**	(27,984)
Finance costs	6	**(5,944)**	(4,761)
Profit before tax		**49,036**	66,405
Income tax expense	7	**(19,852)**	(12,934)
Profit for the year	8	**29,184**	53,471
Other comprehensive income for the year:			
Exchange differences arising on translation of foreign operations		**140**	195
Total comprehensive income for the year		**29,324**	53,666
		RMB cents	*RMB cents*
Earnings per share			
— Basic and diluted	9	**9**	18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**128,786**	113,739
Investment property		**—**	—
Prepaid lease payments		**13,019**	13,316
Deposits paid to acquire non-current assets		**2,190**	1,399
Prepayment		**150**	—
Deferred tax assets		**1,653**	1,318
		145,798	129,772
CURRENT ASSETS			
Inventories	*11*	**62,385**	51,400
Trade receivables	*12*	**35,130**	54,854
Prepayments and other receivables		**18,149**	17,097
Prepaid lease payments		**297**	297
Amount due from a related party		**—**	957
Restricted bank deposits		**8,700**	9,600
Cash and bank balances		**63,744**	9,454
		188,405	143,659
CURRENT LIABILITIES			
Trade and bills payables	*13*	**43,881**	55,038
Accruals and other payables		**17,098**	10,712
Advance from customers		**1,673**	408
Amount due to a shareholder		**—**	1,559
Amounts due to related parties		**—**	728
Interest-bearing borrowings		**62,654**	67,813
Income tax payable		**6,361**	4,616
		131,667	140,874
Net current assets		**56,738**	2,785
Total assets less current liabilities		**202,536**	132,557
NON-CURRENT LIABILITY			
Interest-bearing borrowings		**6,000**	18,000
NET ASSETS		**196,536**	114,557
CAPITAL AND RESERVES			
Share capital		**46,938**	—
Reserves		**149,598**	114,557
TOTAL EQUITY		**196,536**	114,557

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2011

1. GENERAL INFORMATION AND BASIS OF PRESENTATION AND CONSOLIDATION

The Company, which acts as an investment holding company, was incorporated in the British Virgin Islands (the "**BVI**") with limited liability under the Business Companies Act of the BVI (2004) (the "**Companies Act**") on 8 December 2010. The Company's shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since 24 November 2011. The address of the registered office of the Company is P.O. Box 3340, Road Town, Tortola, BVI. The head office and principal place of business of the Company in Hong Kong is at Units 1108-1109, 11th Floor, Tower II, Enterprise Square, 9 Sheung Yuet Road, Kowloon Bay, Kowloon, Hong Kong.

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

Pursuant to the group reorganisation completed on 22 February 2011 (the "**Reorganisation**"), the Company became the holding company of the companies now comprising the Group. Details of the Reorganisation are set out in the prospectus (the "**Prospectus**") of the Company dated 14 November 2011. Since all the entities which took part in the Reorganisation were under common control of controlling shareholders of the Company, the Group is regarded as a continuing entity. Accordingly, these consolidated financial statements of the Group for the years ended 31 December 2010 and 2011 has been prepared on the basis as if the Company had always been the holding company of the Group by applying the principles of merger accounting as set out in the Accounting Guideline 5 "Merger accounting for common control combinations" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), as if the Reorganisation had occurred from the date when the combining entities first came under the control of the controlling shareholders. The consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the two years ended 31 December 2011 which include the results, changes in equity and cash flows of the companies now comprising the Group have been prepared as if the current group structure have been in existence throughout the two years ended 31 December 2011, or since their respective dates of incorporation/establishment or acquisition, where it is the shorter period. The consolidated statements of financial position of the Group as at 31 December 2010 and 2011 have been prepared to present the assets and liabilities of the companies now comprising the Group as if the current group structure had been in existence at those dates. All significant intra-group transactions, balances, income and expenses are eliminated on combination.

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

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
Amendments to HKFRS 1	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
Hong Kong Accounting Standard ("**HKAS**") 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK (International Financial Reporting Interpretations Committee) ("**IFRIC**") — Int 14	Prepayments of a Minimum Funding Requirement
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as explained below, the adoption of these new and revised standards has had no material impact on the Group's performance and positions for the current year and prior years and/or on the disclosures set out in these consolidated financial statements.

The amendments to HKAS 1 (as part of improvements to HKFRSs issued in 2010) clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these consolidated financial statements have been modified to reflect the change.

HKAS 24 (as revised in 2009) amends the definition of related party and clarifies its meaning. This may result in identification of related parties who were not identified as related parties under the previous standard. The Group has applied for the first time the revised definition of a related party. The revised definition did not have any material impact on the Group's related party disclosures in the current and previous years.

HKAS 24 (as revised in 2009) also introduces a partial exemption from the disclosure requirements for government-related entities. The disclosure exemption did not affect the Group because the Group is not a government-related entity.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters[1]
Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[4]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[6]
HKFRS 9	Financial Instruments[6]
HKFRS 10	Consolidated Financial Statements[4]
HKFRS 11	Joint Arrangements[4]
HKFRS 12	Disclosure of Interests in Other Entities[4]
HKFRS 13	Fair Value Measurement[4]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[3]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[2]
HKAS 19 (as revised in 2011)	Employee Benefits[4]
HKAS 27 (as revised in 2011)	Separate Financial Statements[4]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[5]
HK(IFRIC) – INT 20	Stripping Costs in the Production Phase of a Surface Mine[4]

1 Effective for annual periods beginning on or after 1 July 2011
2 Effective for annual periods beginning on or after 1 January 2012
3 Effective for annual periods beginning on or after 1 July 2012
4 Effective for annual periods beginning on or after 1 January 2013
5 Effective for annual periods beginning on or after 1 January 2014
6 Effective for annual periods beginning on or after 1 January 2015

Amendments to HKFRS 7 Disclosures – Transfers of Financial Assets

The amendments to HKFRS 7 increase the disclosure requirements for transactions involving transfers of financial assets. These amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. The amendments also require disclosures where transfers of financial assets are not evenly distributed throughout the period. The Directors anticipate that the application of the amendments to HKFRS 7 will affect the Group's disclosures regarding transfers of financial assets in the future.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and Amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement". The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements of HKFRS 9 are described as follows:

HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011). Key requirements of these five standards are described below:

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee,

(b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 *Interests in Joint Ventures* and HK (SIC)-Int 13 *Jointly Controlled Entities – Non-Monetary Contributions by Venturers*. HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of this new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

The Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents the amounts received and receivable for sale of innerwear and fabrics products, net of discounts and sales related taxes. Revenue is analysed as follows:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Innerwear products	**291,074**	257,686
Knitted fabrics	**125,473**	120,603
	416,547	378,289

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

1) Innerwear products – manufacturing of innerwear and garments

2) Knitted fabrics – manufacturing of fabrics

Geographical information:

The Group's revenue from external customers is determined by the destination where the products are delivered to are detailed as follows:

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Japan	**247,274**	196,443
The People's Republic of China ("**PRC**") (country of domicile)	**127,798**	148,896
America	**39,248**	30,249
Others	**2,227**	2,701
	416,547	378,289

Information about major customers:

During the year ended 31 December 2011, apart from an overseas customer who purchased innerwear products from the Group amounted to RMB151,920,000 (2010: RMB128,007,000), no revenue from any single customer amounted to 10% or more of the Group's revenue.

4. OTHER INCOME AND GAINS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interest income	**333**	436
Sales of scrap materials	**223**	—
Rental income	**—**	167
Gain on disposal of an investment property and prepaid lease payments	**—**	3,293
Others	**69**	—
	625	3,896

5. SHARE-BASED PAYMENT

On 7 March 2011, in recognition of the services of two senior executives of the Group's subsidiaries (the "**Executives**"), Global Wisdom, being the Company's holding company, transferred a total of 1,300,000 shares of the Company (the "**Shares**") to the Executives, at an aggregate consideration of approximately RMB30,719,000 (the "**Shares Consideration**"). The Shares Consideration was determined by reference to a valuation, which performed by an independent valuer, and represented the then fair values of the Shares. The Shares Consideration are payable by the Executives in cash by three installments, with the first and second installments of aggregate RMB16,000,000 already settled by the Executives on 7 March 2011 and 7 March 2012 and the remaining installment to be settled by them on 7 March 2013. The net present value of the Shares Consideration to be settled by the Executives was determined to be approximately RMB24,919,000 as at 7 March 2011.

Accordingly, the Group recorded an expense for the share-based payment of RMB5,800,000 in respect of the aforesaid arrangement which accounted for as equity-settled share-based payment transaction in the year ended 31 December 2011, which represented the difference of the fair value of Shares transferred to the Executives and the net present value of Shares Consideration to be settled by the Executives as at 7 March 2011. Such amount of RMB5,800,000 was recorded as "other reserve" of the Group.

6. FINANCE COSTS

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**6,074**	4,573
Interest on other loans wholly repayable within five years	**613**	630
	6,687	5,203
Less: amounts capitalised in the cost of qualifying assets	**(743)**	(442)
	5,944	4,761

Borrowing costs capitalised arose on the general borrowing pool are calculated by applying a capitalisation rate of 7.3% (2010: 6%) per annum to expenditure on qualifying assets.

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Current tax:		
Provision for the year		
— PRC Enterprise Income Tax (the "**EIT**")	**19,844**	13,278
— Hong Kong Profits Tax	**—**	218
Withholding tax	**358**	—
Deferred tax	**(350)**	(562)
	19,852	12,934

(i) Overseas income tax

Pursuant to the rules and regulations of the BVI, the BVI subsidiary and the Company are not subject to any income tax in the BVI.

(ii) Hong Kong Profits Tax

The applicable tax rate for the subsidiaries incorporated in Hong Kong is 16.5% for the years ended 31 December 2011 and 2010.

For the year ended 31 December 2011, no provision for Hong Kong Profits Tax had been made as there were no estimated assessable profit derived from Hong Kong subsidiaries.

(iii) EIT

Under the Law of the Corporate Income Tax Law of the PRC which became effective from 1 January 2008, the income tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

The first profit-making year of Zhucheng Yumin Knitting Co., Limited 諸城裕民針織有限公司 ("**Zhucheng Yumin**"), one of the subsidiaries of the Company, was 2006 and it enjoyed 50% reduction of EIT and the applicable tax rate of Zhucheng Yumin was 12.5% for the year ended 31 December 2010. The applicable tax rate of Zhucheng Yumin was 25% for the year ended 31 December 2011.

No provision of EIT has been made for Shandong Grand Concord Garment Co., Limited 山東廣豪服飾有限公司 ("**Shangdong Grand Concord**"), one of the subsidiaries of the Company, as Shandong Grand Concord did not have any assessable profits subject to EIT for the years ended 31 December 2011 and 2010.

(iv) Withholding tax

According to the joint circular of the Ministry of Finance and State Administration of Taxation – Cai Shui 2008 No. 1, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for the year ended 31 December 2011, in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB126,814,000 (2010: RMB81,083,000) as the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such temporary differences will not reverse in the foreseeable future.

8. PROFIT FOR THE YEAR

	Year ended 31 December	
	2011	2010
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Salaries and other benefits	**55,667**	42,964
Share-based payment	**5,800**	—
Contributions to retirement benefit scheme	**2,723**	1,691
Total staff costs (including directors' emoluments)	**64,190**	44,655
Auditor's remuneration	**568**	26
Cost of inventories recognised as an expense	**289,085**	271,998
Amortisation of prepaid lease payments	**297**	280
Depreciation of property, plant and equipment	**13,453**	10,407
Depreciation of an investment property	**—**	13
Exchange difference, net	**1,810**	1,449
Loss on disposal of property, plant and equipment	**416**	11
Gain on disposal of investment property and prepaid lease payments	**—**	(3,293)
Reversal of impairment loss of inventories (included in cost of sales)	**(470)**	—
Impairment loss of inventories (included in cost of sales)	**426**	646
Research expenditure	**355**	188
Operating lease rentals in respect of rented premises	**950**	197

9. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2011 is based on the profit for the year of approximately RMB29,184,000 (2010: RMB53,471,000) and the weighted average of 308,328,767 ordinary shares (2010: 300,000,000 ordinary shares after adjusting for the new shares issued upon Reorganisation on 22 February 2011 and new shares issued on 31 August 2011) in issue during the year.

Weighted average number of ordinary shares

	2011	2010
Issued ordinary shares as at 1 January	**300,000,000**	300,000,000
Effect of issues of ordinary shares under public offering	**8,328,767**	—
Weighted average number of ordinary shares as at 31 December	**308,328,767**	300,000,000

The weighted average number of shares in issue during the year ended 31 December 2010 used in the basic earnings per share calculation is determined on the assumption that the shares issued before the listing of shares of the Company on the Stock Exchange (the "**Listing**"), which included 9,999,999 shares issued upon Reorganisation on 22 February 2011 and 290,000,000 shares issued on 31 August 2011, had been in issue since the beginning of the periods presented (1 January 2010).

Diluted earnings per share was the same as the basic earnings per share as there were no potential dilutive ordinary share outstanding during the years ended 31 December 2011 and 2010.

10. DIVIDENDS

No dividend was paid or proposed by the Company during the year ended 31 December 2011, nor has any dividend been proposed since the end of the reporting period (2010: Nil).

11. INVENTORIES

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Raw materials	**18,490**	14,942
Work-in-progress	**28,506**	31,440
Finished goods	**15,389**	5,018
	62,385	51,400

12. TRADE RECEIVABLES

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**35,169**	54,893
Less: allowance for doubtful debts	**(39)**	(39)
	35,130	54,854

The Group generally allows an average credit period of 30 to 60 days to its customers. The Group does not hold any collateral over the trade receivables. The aging analysis of the Group's trade receivables net of allowance for doubtful debts is presented based on the invoice date at the end of each reporting period and as follows:

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
0 – 30 days	**23,885**	38,492
31 – 60 days	**9,467**	15,725
61 – 90 days	**989**	190
Over 90 days	**789**	447
	35,130	54,854

Included in the Group's trade receivables balances are debtors with aggregate carrying amount of approximately RMB1,778,000 (2010: RMB637,000) which were past due as at the reporting date for which the Group has not provided for allowance for doubtful debts because there has not been a significant change in credit quality and these balances were subsequently recovered as at the date of this announcement.

13. TRADE AND BILLS PAYABLES

The average credit period on purchase of raw materials granted by the Group's suppliers was from 30 to 120 days. The Group has financial risk management policy to ensure that all payables are settled within the credit timeframe. The aging analysis of trade payables is presented based on the invoice date at the end of the reporting period and as follows:

	As at 31 December	
	2011	2010
	RMB'000	*RMB'000*
0 – 30 days	**27,875**	25,956
31 – 90 days	**8,818**	14,034
91 – 180 days	**4,601**	9,854
Over 180 days	**2,587**	5,194
	43,881	55,038

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

The global market conditions in 2011 were challenging. In the United States, the economy was under financial concerns with sluggish recovery. On the other side of the globe, the sovereign debt crisis was most widespread in the euro zone countries whereas in the Mainland China, the business environment was plagued by on-going rising inflation rate, weakening export sales as well as tightening monetary policies.

In 2011, there was an increase in the Group's principal raw materials prices particularly for synthetic yarns and dyes and these were correlated to the commodity prices of crude oil. Through a successful shift from production and sale of general fabrics and innerwear to functional fabrics and innerwear, the Group was able to uplift the selling prices in general and, hence a sustainable growth on the Group's revenue was recorded for the year. Besides, the Group reckoned the ongoing sales growth relies on customer relationship management with the existing customers and prospective customers. The Group has successfully entered into strategic cooperation agreement and/or exclusive sales agreements with some of fabrics customers aiming at providing high standard and quality products to maintain a long term relationship.

In anticipating for the growing demand of the Group's products, the Group continued to upgrade its production facilities in 2011 through investments in environmental friendly and technically advanced machinery. As a result, it led to a greater economy of scale for the Group's operation and enabled the Group to achieve a high level of production efficiency and competitiveness.

FINANCIAL REVIEW

Revenue

The following table sets forth a breakdown of the Group's revenue by knitted fabrics and innerwear products and as a percentage of the Group's total revenue for the year ended 31 December 2011, with corresponding comparative figures for 2010:

	Year ended 31 December			
	2011	**2011**	2010	2010
	RMB'000	***%***	*RMB'000*	*%*
Knitted fabrics				
General fabrics	**21,379**	**5.1**	19,911	5.3
Functional fabrics	**104,094**	**25.0**	100,692	26.6
Sub-total	**125,473**	**30.1**	120,603	31.9
Innerwear products				
General innerwear	**115,410**	**27.7**	121,005	32.0
Functional innerwear	**175,664**	**42.2**	136,681	36.1
Sub-total	**291,074**	**69.9**	257,686	68.1
Total	**416,547**	**100.0**	378,289	100.0

For the year ended 31 December 2011, the Group recorded a revenue of approximately RMB416.5 million (2010: RMB378.3 million), representing an increase of approximately RMB38.2 million, or approximately 10.1%. The sale volume of general fabrics, functional fabrics, general innerwear and functional innerwear for the year ended 31 December 2011 were approximately 336 tons, 1,284 tons, 10.0 million pieces and 9.8 million pieces respectively (2010: 401 tons, 1,317 tons, 12.7 million pieces and 7.1 million pieces respectively). The growth in revenue was mainly due to the adjustment on the Group's product development strategy by focusing on functional fabrics and innerwear.

Sales of innerwear products amounted to approximately RMB291.1 million (2010: RMB257.7 million) representing approximately 69.9% (2010: 68.1%) of the total revenue for the year ended 31 December 2011. The increase in sales of innerwear products in the amount of approximately RMB33.4 million or approximately 13.0% in 2011 was mainly due to the change in products mix by shifting the production of general innerwear to functional innerwear, which usually commanded a higher unit selling price than general innerwear.

Sales of knitted fabrics amounted to approximately RMB125.5 million (2010: RMB120.6 million) representing approximately 30.1% (2010: 31.9%) of the total revenue for the year ended 31 December 2011. The increase in sales of fabrics in the amount of approximately RMB4.9 million or approximately 4.1% in 2011 was mainly due to the increase in average selling price of fabrics products compared to the prior year.

Cost of sales

Cost of sales increased by approximately 6.0% from approximately RMB272.6 million for the year ended 31 December 2010 to approximately RMB289.0 million for the corresponding year in 2011. The increase primarily reflects the cost of raw materials, direct labour costs and subcontracting charges increased during the year ended 31 December 2011 as a result of the increase in sales of functional products, which have a higher unit cost, in 2011 and also the increases in unit prices of certain raw materials, particularly for synthetic yarns and dyes which were affected directly by the commodity prices of crude oil.

Gross profit and gross profit margin

Gross profit increased by approximately RMB21.9 million, or 20.7%, from approximately RMB105.6 million for the year ended 31 December 2010 to approximately RMB127.5 million for the corresponding year in 2011 as a result of increase in sales in functional products in 2011. The Group's gross profit margin increased from 27.9% for the year ended 31 December 2010 to 30.6% for the corresponding year in 2011, primarily as a result by focusing on the functional products.

The following table sets forth the Group's gross profit and gross profit margins by products for the year ended 31 December 2011, with corresponding comparative figures in 2010:

	Year ended 31 December			
	2011	**2011**	2010	2010
	Gross profit	**Gross profit margins**	Gross profit	Gross profit margins
	RMB'000	***%***	*RMB'000*	*%*
Knitted fabrics				
General fabrics	**3,828**	**17.9**	2,904	14.6
Functional fabrics	**29,854**	**28.7**	27,329	27.1
Sub-total	**33,682**		30,233	
Innerwear products				
General innerwear	**24,459**	**21.2**	24,043	19.9
Functional innerwear	**69,365**	**39.5**	51,369	37.6
Sub-total	**93,824**		75,412	
Total	**127,506**	**30.6**	105,645	27.9

Other income and gains

Other income and other gains amounted to approximately RMB0.6 million (2010: RMB3.9 million) for the year ended 31 December 2011, which were mainly interest income. The amount for last year primarily included a gain on disposal of an investment property and prepaid lease payments of RMB3.3 million.

Selling and distribution expenses

Selling and distribution expenses decreased by 9.4% to approximately RMB9.4 million (2010: RMB10.4 million) for the year ended 31 December 2011, primarily reflecting a decrease in transportation costs incurred for local and overseas delivery to customers. Through the efforts in negotiating with its customers, the Group has been able to shift the transportation costs to some customers.

Share-based payment

For the year ended 31 December 2011, an one-off share-based payment of RMB5.8 million in relation to the pre-listing share compensation to management was incurred.

Administrative expenses

Administrative expenses increased significantly to approximately RMB57.9 million (2010: RMB28.0 million) for the year ended 31 December 2011 primarily reflecting additional legal and professional fees incurred for the Listing, increases in total staff benefits (including salaries, social welfare and other staff costs) paid to the Directors and administrative staff due to business expansion.

Finance costs

Finance costs increased to approximately RMB5.9 million (2010: RMB4.8 million) for the year ended 31 December 2011 primarily due to a higher effective interest rate with a range of 6.6% to 9.3% for 2011 (2010: 5.1% to 7.8%) was charged on the bank borrowings.

Profit before tax

The Group's profit before tax decreased to approximately RMB49.0 million (2010: RMB66.4 million) for the year ended 31 December 2011 primarily due to the one-off Listing expenses and share-based payment incurred during the Group's Listing exercise in 2011.

Income tax expense

Income tax expense increased to approximately RMB19.9 million (2010: RMB12.9 million). The Group's effective tax rate for the year ended 31 December 2011 was 40.5%, as compared to 19.5% for the corresponding year in 2010, primarily due to (i) the expiration of 50% tax reduction for the Group's PRC operating subsidiaries which were then subject to the standard EIT rate of 25% and (ii) the non-deductible expenses mainly consisted of the professional fees for the Listing and the share-based payment.

Profit for the year and profit margin

The Group's profit for the year decreased by approximately RMB24.3 million, or 45.4%, from approximately RMB53.5 million for the year ended 31 December 2010 to approximately RMB29.2 million for the corresponding year in 2011. Profit margin was approximately 7.0% for the year ended 31 December 2011 (2010: 14.1%) and the decrease was mainly due to the increase of certain one-off administrative expenses in relation to the Listing and share-based payment as mentioned above.

Inventories

The inventory balances increased to approximately RMB62.4 million as at 31 December 2011 (2010: RMB51.4 million) reflecting an increase in raw materials and finished goods in anticipation of increased sales orders and delivery in 2012 and as a method to control the cost of sales due to the expectation on the continuous increase in price of raw materials.

The average inventory turnover days increased to approximately 72 days (2010: 51 days) for the year ended 31 December 2011.

Trade receivables

Trade receivables dropped to approximately RMB35.1 million (2010: RMB54.9 million) as at 31 December 2011. The trade receivables in 2010 were relatively higher as the Group had a mass delivery to customers in December 2010. Delivery to the customers in 2011 was better managed and thus, trade receivables decreased.

The average trade receivables turnover days increased moderately to approximately 39 days (2010: 33 days) for the year ended 31 December 2011 as the Group has granted credit period to the newly developed customers.

Trade and bills payables

Trade and bills payables decreased to approximately RMB43.9 million (2010: RMB55.0 million) as at 31 December 2011. The Group paid 20% to 30% deposit to the cotton yarns and synthetic yarns suppliers in advance to lock up the raw material costs, and as such, the amount of relevant trade and bills payables decreased.

The average turnover days for trade payables decreased to approximately 62 days (2010: 71 days) for the year ended 31 December 2011 which were in line with the trade credit periods given by the suppliers of the Group.

Liquidity and financial resources

The Group's principal sources of working capital included cash flow generated from the sale of its products and bank borrowings. As at 31 December 2011, the Group's current ratio (current assets divided by current liabilities) was 1.43 (2010: 1.02). As at 31 December 2011, the Group had cash and cash equivalents of approximately RMB63.7 million (2010: RMB9.5 million), mainly generated from the proceeds of Listing and short-term bank loans of RMB62.7 million (2010: RMB67.8 million). As at 31 December 2011, the Group's gearing ratio (calculated as the total debts as at year end divided by total assets for the year x 100% while debts are defined to include current and non-current interest-bearing borrowings) was 20.5%, as compared to 31.4% as at 31 December 2010.

As at 31 December 2011, the Group had no fixed rate bank loans (2010: RMB43.4 million) but variable rate bank loans of approximately RMB68.7 million (2010: RMB42.4 million). The effective interest rates on the Group's variable-rate bank borrowings ranged from 6.56% to 9.31% per annum as at 31 December 2011 (2010: fixed-rate: 5.1% to 6.1% per annum and variable-rate: 5.3% to 7.8% per annum, respectively). During the year under review, there was no material change to the Group's funding and treasury policy.

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

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

Interest rate and foreign currency exposure

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

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

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

Contingent liabilities

As at 31 December 2011, the Group had no material contingent liabilities.

Charges on Group assets

As at 31 December 2011, the Group's bills payables and bank loans were secured by the Group's machinery, buildings and prepaid lease payments of carrying amounts of RMB12.4 million, RMB35.7 million and RMB13.3 million, respectively (2010: RMB14.3 million, RMB37.9 million and RMB13.6 million, respectively). Certain trade receivables of the Group with carrying amount of RMB21.5 million as at 31 December 2011 (2010: RMB6.8 million) are pledged against short-term bank loans of the Group. As at 31 December 2011, the Group also pledged its bank deposits of RMB8.7 million (2010: RMB9.6 million) to secure short-term bank loans and short-term bills payables.

USE OF PROCEEDS FROM LISTING

The Company's shares have been listed on the Stock Exchange since 24 November 2011 (the "**date of the Listing**") The net proceeds from the Listing after deducting the relevant expenses were amounted to approximately HK$38.4 million. The Company currently does not have any intention to change its plan for use of proceeds as stated in the Prospectus. From the date of the Listing up to the date of this announcement, out of the total net proceeds from the Listing, approximately HK$6.1 million was utilised for upgrading and expanding the Group's manufacturing equipment and production plants to enhance its production efficiency and approximately HK$1.0 million was utilised for developing high-margin and innovative products. The remaining proceeds of approximately HK$31.3 million was deposited in interest-bearing accounts of financial institutions in the PRC and Hong Kong.

HUMAN RESOURCES

As at 31 December 2011, the Group employed approximately 1,314 employees. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews of the performance of its employees and their salaries and bonuses are performance related. The Group has neither experienced any significant problems with its employees or disruptions to its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced employees. The Group maintains good relationships with its employees.

DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2011 (2010: Nil).

PROSPECTS

Looking ahead, the current market conditions and the global economy are expected to persist in the near term. With the implementation of the Twelfth Five-Year Plan in the PRC where measures in increasing fiscal spending and to ease of credit policy have been envisaged to be implemented with a view to promoting domestic demand, a stable growth in the innerwear and fabric market is thus anticipated.

The Group believes opportunities provided in the domestic market and industries driven by continuing rising domestic consumption. Overall market demand in the PRC will continue to grow on the back of increasing income level, accelerated urbanisation and higher living standards. The Group will continue to expand production capacity to increase market share, enhance product quality and optimize product mix by continuing to invest in research and development, and enhance customer relationship by better fulfilling customers' needs.

The Group plans to expand its production capacities and upgrade its production facilities in order to enhance its strength in developing and manufacturing functional fabrics, which offer higher profit margin. It is the Group's strategy to maintain its focus on the Japanese market and expand further in the PRC and overseas markets. The Group will also build up its ODM capability by strengthening its own research and development ability for developing products to be marketed under its own brand "UTEX". In this way, the Group strives to grow into one of the leading Chinese functional fabric and innerwear manufacturers for major international apparel brands.

The Group will also closely collaborate with its suppliers of fibre and yarn to keep abreast of the latest technology for development of new fabrics. The Group believes that the collaboration with the upstream material suppliers will allow the Group to have a better control over the costs of raw materials and further strengthening its product development capability. The Group also recognises the importance of product development for sustainable growth. Thus, the Group will without reservation to strengthen its in-house product development capability through investments in acquiring new equipment, recruiting high caliber personnel and continuing training to its technicians.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities during the period from the date of Listing to 31 December 2011.

MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in the Prospectus, the Group did not engage in any material acquisitions or disposals during the year ended 31 December 2011.

CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders. The Company has adopted the Code on Corporate Governance Practices (the "**Corporate Governance Code**") as set out in Appendix 14 to the Rules (the "**Listing Rules**") Governing the Listing of Securities on the Stock Exchange as its own code to govern its corporate governance practices. The Board also reviews and monitors the practices of the Company from time to time with an aim to maintain and improve high standards of corporate governance practices. Since the Listing and up to the date of this announcement, the Company has complied with the code provisions (the "**Code Provisions**") of the Corporate Governance Code, except for the deviation set out as below:

Code Provision A2.1

The Code Provision A2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

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

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code since the date of Listing and up to 31 December 2011.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

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

The Audit Committee has reviewed with the management in relation to the accounting principles and practices adopted by the Group and discussed the auditing, internal controls and financial reporting matters, including the review of the audited consolidated financial statements of the Group for the year ended 31 December 2011.

The consolidated financial statements for the year ended 31 December 2011 have been audited by the Company's external auditors, SHINEWING (HK) CPA Limited.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2011 as set out in the preliminary announcement have been agreed by the Group's independent auditors, Messrs. SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. SHINEWING (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. SHINEWING (HK) CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Monday, 28 May 2012. A notice convening the annual general meeting will be published and despatched to shareholders in due course.

CLOSURE OF REGISTER

In order to establish the identity of the shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Wednesday, 23 May 2012 to Monday, 28 May 2012, both dates inclusive, during which period no transfer of shares will be registered.

Shareholders are reminded that in order to qualify for attendance at the annual general meeting, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wan Chai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 22 May 2012.

PUBLICATION OF FINAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This final results announcement is published on the Stock Exchange's website at www.hkexnews.hk and the website of the Company at www.grandconcord.com. The Company's annual report for the year 2011 will be available at the same websites and will be despatched to the Company's shareholders in due course.

By order of the Board
Grand Concord International Holdings Limited
Wong Kin Ling
Chairman

Hong Kong, 27 March 2012

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Wong Kin Ling, Madam Hung Kin, Mr. Wang Shao Hua and Mr. Wei Jin Long; and three independent non-executive Directors, namely Mr. Wang Jin Tang, Ms. Tay Sheve Li and Dr. Chan Ah Pun.