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 2013

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 2013, together with the comparative figures for the corresponding year ended 31 December 2012, which have been prepared in accordance with the Hong Kong Financial Reporting Standards ("**HKFRSs**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	3	**543,788**	475,764
Cost of sales		**(422,006)**	(359,673)
Gross profit		**121,782**	116,091
Other income and gains	4	**3,253**	1,215
Selling and distribution expenses		**(22,828)**	(14,219)
Administrative expenses		**(54,597)**	(45,943)
Finance costs	5	**(3,252)**	(3,473)
Profit before tax		**44,358**	53,671
Income tax expense	6	**(19,983)**	(18,181)
Profit for the year	7	**24,375**	35,490
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translating foreign operations		**(1,381)**	(143)
Income tax relating to item that may be reclassified subsequently		**–**	–
Other comprehensive expense for the year, net of income tax		**(1,381)**	(143)
Total comprehensive income for the year		**22,994**	35,347
Earnings per share:			
– Basic and diluted (RMB)	8	**0.06**	0.09

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**200,288**	163,219
Prepaid lease payments		**12,424**	12,722
Deposits paid to acquire non-current assets		**4,980**	860
Prepayment		**391**	191
Deferred tax assets		**785**	570
		218,868	177,562
CURRENT ASSETS			
Inventories	*10*	**62,825**	47,460
Trade and bills receivables	*11*	**69,633**	64,939
Prepayments and other receivables		**14,294**	14,789
Prepaid lease payments		**297**	297
Restricted bank deposits		**8,479**	3,750
Cash and bank balances		**30,949**	24,134
		186,477	155,369
CURRENT LIABILITIES			
Trade and bills payables	*12*	**55,573**	42,649
Accruals and other payables		**25,967**	21,487
Advance from customers		**1,452**	631
Interest-bearing borrowings		**67,795**	31,645
Income tax payables		**5,190**	4,636
		155,977	101,048
Net current assets		**30,500**	54,321
Total assets less current liabilities		**249,368**	231,883
NON-CURRENT LIABILITY			
Interest-bearing borrowings		**4,998**	–
NET ASSETS		**244,370**	231,883
CAPITAL AND RESERVES			
Share capital		**46,938**	46,938
Reserves		**197,432**	184,945
TOTAL EQUITY		**244,370**	231,883

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATION

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

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new and revised HKFRSs, which include HKFRSs, Hong Kong Accounting Standards ("**HKASs**") and Interpretations ("**Ints**"), issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 – 2011 Cycle issued in 2012
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (revised 2011)	Employee Benefits
HKAS 27 (revised 2011)	Separate Financial Statements
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC*) – INT 20	Stripping Costs in the Production Phase of a Surface Mine

* IFRIC represents the International Financial Reporting Interpretations Committee.

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

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

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

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

The Group has applied the amendments to HKFRS 7 for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation and recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in the consolidated financial statements.

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

In the current year, the Group has applied for the first time HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (revised 2011) and HKAS 28 (revised 2011) together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding the transitional guidance. HKAS 27 (revised 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

HKFRS 10 Consolidated Financial Statements

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 1 changes the definition of control such that an investor controls an investee if and only if it has (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.

As a result of the initial application of HKFRS 10, the directors of the Company made an assessment whether the Group has control over its investees at the date of initial application and concluded that the application of HKFRS 10 does not result in any change in control conclusions.

HKFRS 12 Disclosure of Interests in Other Entities

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 application of HKFRS 12 has resulted in more extensive disclosures in the consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements for 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 for share-based payment transactions within the scope of HKFRS 2 Share-based Payment, leasing transactions within the scope of HKAS 17 Leases and measurements that have some similarities to fair value but are not fair value.

HKFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

HKFRS 13 has been applied prospectively as of the beginning of the annual period and resulted in additional disclosure. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.

2 Effective for annual periods beginning on or after 1 July 2014.

3 HKFRS 9, as amended in December 2013, amended the mandatory effective date of HKFRS 9. The mandatory effective date is not specified in HKFRS 9 but will be determined when the outstanding phases are finalised. However, application of HKFRS 9 is permitted.

4 Effective for annual periods beginning on or after 1 January 2016.

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

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements.

Key requirements of HKFRS 9 are described as follows:

- 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that 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 of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

The effective date of HKFRS 9 is not yet determined. However, earlier application is permitted.

The directors of the Company 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.

Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The amendments to HKFRS 10 introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;

- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

The amendments to HKFRS 10, HKFRS 12 and HKAS 27 are effective for annual periods beginning on or after 1 January 2014 with early application permitted. The directors of the Company anticipate that the application of the amendments will have no effect on the Group as the Company is not an investment entity.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities 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 HKAS 32 are effective for annual periods beginning on or after 1 January 2014 with early application permitted and require retrospective application.

The directors of the Company anticipate that the application of the amendments to HKAS 32 may result in more disclosures being made with regard to offsetting financial assets and financial liabilities in the future.

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;
- each key assumption on which management has based its determination of fair value less costs of disposal;
- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments to HKAS 36 are effective for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied, and require retrospectively application.

The directors of the Company anticipate that the application of the amendments to HKAS 36 may result in additional disclosures being made with regard to the impairment assessment on non-financial assets.

HK(IFRIC) – Int 21 Levies

HK(IFRIC) – Int 21 provides guidance on when to recognise a liability for a levy imposed by a government for levies that are accounted for in accordance with HKAS 37 Provisions, Contingent Liabilities and Contingent Assets and levies where the timing and amount is certain. Under HK(IFRIC) – Int 21, a liability is recognised for a levy when the activity that triggers payment as identified by the relevant legislation occurs. HK(IFRIC) – Int 21 excludes income tax within the scope of HKAS 12 Income Taxes, fines and other penalties.

HK(IFRIC) – Int 21 is effective for annual periods beginning on or after 1 January 2014 with earlier application permitted and require retrospectively application.

3. REVENUE AND SEGMENT INFORMATION

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

	2013	2012
	RMB'000	*RMB'000*
Innerwear products	**360,720**	319,151
Knitted fabrics	**183,068**	156,613
	543,788	475,764

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

Information about the Group's revenue from external customers is presented based on the destination where the products are delivered. Information about the Group's non-current assets is presented based on geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Japan	**229,182**	224,747	**–**	–
The PRC (country of domicile)	**221,243**	165,931	**218,083**	176,992
United States	**93,093**	81,409	**–**	–
Others	**270**	3,677	**–**	–
	543,788	475,764	**218,083**	176,992

Note: Non-current assets excluded deferred tax assets.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2013	2012
	RMB'000	*RMB'000*
Customer A *(note (a))*	**131,074**	131,947
Customer B *(note (a))*	**–**	74,338
Customer C *(note (b))*	**68,642**	64,176
Customer D *(note (a))*	**63,025**	–

Notes:

(a) Revenue from manufacture of innerwear products and from overseas customers.

(b) Revenue from manufacture of knitted fabrics and from the PRC customer.

4. OTHER INCOME AND GAINS

	2013	2012
	RMB'000	*RMB'000*
Interest income	**450**	501
Sales of scrap materials	**198**	74
Gain on disposal of property, plant and equipment	**–**	45
Penalty income from suppliers	**73**	432
Insurance compensation	**96**	–
Development and design income for samples	**352**	–
Government grants *(note (a))*	**1,589**	–
Exchange gains	**370**	–
Others	**125**	163
	3,253	1,215

Note:

(a) During the year, government grants have been received by the Group from Zhucheng Bureau of Finance (諸城市財政局) for the contribution of the business development in Zhucheng county, which is directly recognised in profit or loss. The government subsidiaries have no specified conditions that the Group has to fulfill nor specified usage.

5. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**5,152**	4,775
Less: amounts capitalised in the cost of qualifying assets	**(1,900)**	(1,302)
	3,252	3,473

Borrowing costs capitalised during the year arose on the general borrowing pool and are calculated by applying a capitalisation rate of 5.9% (2012: 7.0%) per annum to expenditure on qualifying assets.

6. INCOME TAX EXPENSE

	2013	2012
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax (the "**EIT**")		
– Provision for the year	**19,059**	17,102
– Under-provision in prior years	**537**	–
Withholding tax	**613**	–
Deferred tax	**(226)**	1,079
	19,983	18,181

(a) 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.

(b) Hong Kong Profits Tax

The applicable tax rate for the subsidiaries incorporated in Hong Kong is 16.5% for the years ended 31 December 2013 and 2012.

For the years ended 31 December 2013 and 2012, no provision for Hong Kong Profits Tax had been made as there were no estimated assessable profit derived from Hong Kong subsidiaries.

(c) EIT

Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

No provision of EIT has been made for Shandong Grand Concord Garment Co., Limited 山東廣豪服飾有限公司 ("**Shandong 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 2013 and 2012.

(d) 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 the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for the year ended 31 December 2013, in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to approximately RMB192,102,000 (2012: RMB171,665,000) 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.

7. PROFIT FOR THE YEAR

	2013	2012
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging (crediting):		
Salaries and other benefits	**85,956**	73,471
Contributions to retirement benefit scheme	**5,946**	3,065
Total staff costs (including directors' emoluments)	**91,902**	76,536
Auditor's remuneration	**616**	885
Amortisation of prepaid lease payments	**297**	297
Cost of inventories recognised as an expense	**421,116**	358,663
Depreciation of property, plant and equipment	**20,905**	16,959
Exchange difference, net	**3,035**	1,228
Loss on disposal of property, plant and equipment	**54**	–
Impairment loss of inventories (included in cost of sales)	**–**	1,010
Research expenditure	**495**	389
Operating lease rentals in respect of rented premises	**1,218**	1,158

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2013 is based on the profit attributable to owners of the Company of approximately RMB24,375,000 (2012: RMB35,490,000) and the weighted average of 380,000,000 ordinary shares (2012: 380,000,000) in issue during the year.

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 2013 and 2012.

9. DIVIDENDS

No dividend is recommended by the directors of the Company in respect of the year ended 31 December 2013 (2012: HK3.5 cents per share).

10. INVENTORIES

	2013	2012
	RMB'000	*RMB'000*
Raw materials	**27,421**	24,015
Work-in-progress	**23,310**	20,230
Finished goods	**12,094**	3,215
	62,825	47,460

11. TRADE AND BILLS RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade and bills receivables	**69,672**	64,978
Less: allowance for doubtful debts	**(39)**	(39)
	69,633	64,939

The Group allows an average credit period of 30 to 90 days to its trade customers. The Group does not hold any collateral over the trade receivables. The following is an aged analysis of trade receivables net of allowance for impairment of trade receivables presented based on the invoice date at the end of each reporting period and as follows:

	2013	2012
	RMB'000	*RMB'000*
0 – 30 days	**44,659**	43,041
31 – 60 days	**16,556**	12,066
61 – 90 days	**7,190**	8,567
Over 90 days	**1,228**	1,265
	69,633	64,939

Included in the Group's trade receivables balance are debtors with aggregate carrying amount of approximately RMB6,851,000 (2012: RMB1,693,000) which are past due as at the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and these balances are still considered recoverable.

12. TRADE AND BILLS PAYABLES

The aged analysis of trade payables is presented based on the invoice date at the end of the reporting period and as follows:

	2013	2012
	RMB'000	*RMB'000*
0 – 30 days	**41,689**	33,128
31 – 90 days	**10,937**	7,039
91 – 180 days	**2,512**	1,731
Over 180 days	**435**	751
	55,573	42,649

The average credit period on purchase of goods is from 30 to 120 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS ENVIRONMENT

Business Review

The year 2013 is a tough year for China's textile industry. According to the statistics compiled by the National Bureau of Statistics of China, the growth of production of the textile industry in 2013 increased by only 8.7% over last year, representing a fall of 3.5% as compared to 2012. The slowdown in growth of production of the textile industry was attributable to the decline in growth of major textile categories, such as fiber, yarn, cloth and apparel, the output growth of which declined as compared to 2012.

The competitiveness of China textile enterprises in the global market was comparatively weak given the widening cotton price spread within and outside China as well as the continuously rising labour costs. In addition, under the new macro-control policies implemented by the Chinese government, China's economy grew by only 7.7% in 2013, much lower than the extensively high economic growth recorded as before, thereby seriously affecting the performance of the Chinese domestic market. On the other hand, the external economic environment rendered that no vigorous rebound in the industry would occur. As the EU and Japanese retail markets continued to shrink, China's textile industry was still facing the negative impact of weak economic recovery and insufficient market demand. At the same time, the rising labour costs in China and the severe competition from Southeast Asia and other emerging exporting countries, such as Vietnam, Cambodia, Bangladesh and Indonesia, caused big challenges to China's textile exports. Finally, the appreciation of RMB exchange rate as well as the depreciation of Japanese yen and USD greatly weakened the profitability of the Group due to its heavy reliance on exports.

In 2013, China's textile and apparel exports still recorded growth. China's textile exports amounted to USD113.85 billion, representing a year-on-year growth of 11.2%; and apparel exports amounted to USD178.22 billion, representing a year-on-year growth of 11.3%, respectively. Both growth rates were higher than the respective growth rate of 7.9% and 6.8% recorded during the same period of last year. In the year under review, the Group's orders from Japan, the United States and China remained stable. Japanese yen depreciation undermined the price competitiveness of the Group in Japan, one of its major export markets. Given the challenges in the market, the Group has reduced the unit price of some merchandise exports in order to retain valuable customers. The Group's revenue from sales of knitted fabrics and innerwear products amounted to approximately RMB183.1 million and RMB360.7 million respectively, representing a year-on-year growth of approximately 16.9% and 13.0%, fully reflecting the support of the customers from various markets to the Group.

To capture the market opportunities and provide customers with various product solutions in efficient and flexible manner. During the year, the Group continued to invest in environment friendly and technologically advanced production equipment, so as to enhance efficient automation production and improve the division of labour in different production processes, thereby lessening the pressure from the increasing labour cost, and laying a strong production foundation for the Group to further develop the European and the United States export markets.

Encouragingly, relying on our solid and established customer base, the good reputation in the industry and our innovation capability in functional fabrics and innerwear, the Group successfully absorbed lots of orders from the United States and Japan during the year under review, which contributed to an increase in both sales volume and sales amount during the year under review despite a difficult operating environment.

Driven by the demand for "Home ECO" (home environment protection) merchandise which was prevalent in Japan, the Group's functional fabrics and functional innerwear, its major products, successfully recorded steady growth during the year under review. Since some major Japanese brands has been promoting functional thermal innerwear at reasonable prices, lots of mass market brands revved up to launch corresponding products to meet the increasing market demand for various functionalities, which include warming and lightweight for the autumn and winter, cool sense, moisture-absorbing and perspiration-wicking for the spring and summer. Various innerwear styles with emphasis on comfortability and functionality have been in favour with consumers.

With the increasing awareness of environmental protection, the world has begun to use environment friendly and healthy "green" functional fabrics to manufacture various clothing, especially innerwear, in order to reduce the impact on human health. As a result, we believe the demand for functional fabrics and functional innerwear will have a lot of room for stable growth.

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 2013, with corresponding comparative figures for the year ended 31 December 2012:

	Year ended 31 December			
	2013	**2013**	2012	2012
	RMB'000	***%***	*RMB'000*	*%*
Knitted fabrics				
General fabrics	**11,877**	**2.2**	7,001	1.5
Functional fabrics	**171,191**	**31.5**	149,612	31.4
Sub-total	**183,068**	**33.7**	156,613	32.9
Innerwear products				
General fabrics	**153,514**	**28.2**	132,769	27.9
Functional fabrics	**207,206**	**38.1**	186,382	39.2
Sub-total	**360,720**	**66.3**	319,151	67.1
Total	**543,788**	**100.0**	475,764	100.0

For the year ended 31 December 2013, the Group recorded a revenue of approximately RMB543.8 million (2012: RMB475.8 million), representing an increase of approximately RMB68 million, or approximately 14.3%. The sales volume of general fabrics, functional fabrics, general innerwear and functional innerwear for the year ended 31 December 2013 were approximately 200 tons, 2,176 tons, 11.4 million pieces and 14.8 million pieces respectively (2012: approximately 169 tons, 1,710 tons, 10.3 million pieces and 10.9 million pieces respectively). The growth in revenue was mainly due to the increase in production and sales volume in both general and functional fabrics and innerwear products. With the close business relationship with its customers and the improvement of its production capacity, the Group was able to receive more orders from the existing customers and develop new customers in the year under review.

Sales of innerwear products amounted to approximately RMB360.7 million (2012: RMB319.2 million), representing approximately 66.3% (2012: 67.1%) of the total revenue for the year ended 31 December 2013. The increase in sales of innerwear products in the amount of approximately RMB41.5 million or approximately 13.0% in 2013 was mainly due to increase in production capacity as well as production and sales volume as a result of the capital expenditure on production facilities of innerwear products of the Group.

Sales of knitted fabrics amounted to approximately RMB183.1 million (2012: RMB156.6 million), representing approximately 33.7% (2012: 32.9%) of the total revenue for the year ended 31 December 2013. The increase in sales of fabrics in the amount of approximately RMB26.5 million or approximately 16.9% in 2013 was mainly due to the increase in production volume as well as the sales volume in 2013 as a result of the increase in the production capacity in knitted fabrics of the Group.

Cost of sales

Cost of sales increased by approximately 17.3% from approximately RMB359.7 million for the year ended 31 December 2012 to approximately RMB422.0 million for the corresponding year ended in 2013. The increase primarily reflected the cost of raw materials, direct labour costs and subcontracting charges increased during the year ended 31 December 2013 as a result of the increase in sales volume in 2013. Meanwhile, the salary costs in China increased as compared to last year, resulting in the increase in sale and production cost.

Gross profit and gross profit margin

Gross profit increased by approximately RMB5.7 million, or approximately 4.9%, from approximately RMB116.1 million for the year ended 31 December 2012 to approximately RMB121.8 million for the corresponding year ended in 2013. The Group's gross profit margin decreased from 24.4% for the year ended 31 December 2012 to 22.4% for the corresponding year ended in 2013, mainly due to the reduction in unit selling prices of both functional and general knitted fabrics and innerwear products to retain valuable customers.

The Group's gross profit and gross profit margins by products for the year ended 31 December 2013, with corresponding comparative figures in 2012:

	Year ended 31 December			
	2013	**2013**	2012	2012
	Gross profit	**Gross profit margins**	Gross profit	Gross profit margins
	RMB'000	***%***	*RMB'000*	*%*
Knitted fabrics				
General fabrics	**1,620**	**13.6**	960	13.7
Functional fabrics	**42,790**	**25.0**	37,443	25.0
Sub-total	**44,410**		38,403	
Innerwear products				
General innerwear	**14,170**	**9.2**	16,238	12.2
Functional innerwear	**63,202**	**30.5**	61,450	33.0
Sub-total	**77,372**		77,688	
Total	**121,782**	**22.4**	116,091	24.4

Other income and other gains

Other income and other gains amounted to approximately RMB3.3 million (2012: RMB1.2 million) for the year ended 31 December 2013 which were mainly interest income, sample sales income and government grants received. The increase in other income and other gains was mainly due to the increase in government grants received by the PRC subsidiaries in 2013 of approximately RMB1.6 million (2012: Nil).

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB8.6 million to approximately RMB22.8 million (2012: RMB14.2 million) for the year ended 31 December 2013, primarily due to the increase in sales volume and staff costs for the period. As the sales volume of knitted fabrics and innerwear products increased by approximately 26.5% and approximately 23.6%, respectively, the relevant transportation costs incurred for local and overseas delivery to customers increased.

Administrative expenses

Administrative expenses increased to approximately RMB54.6 million (2012: RMB45.9 million) for the year ended 31 December 2013. The increase in administrative expenses was mainly due to the increase in salaries and welfare of approximately RMB4.8 million to the administrative staff and increase in depreciation costs of approximately RMB1.4 million due to the expansion of the factories buildings of the Group. Moreover, an exchange loss of approximately RMB3.0 million (2012: RMB1.2 million) was recorded due to the weakened exchange rate of US dollar against Renminbi noted during the year ended 31 December 2013.

Finance costs

Finance costs slightly decreased to approximately RMB3.3 million (2012: RMB3.5 million) for the year ended 31 December 2013 primarily due to the Group's better management of the bank borrowings over the year, and certain interest on bank borrowings was capitalised in the cost of qualifying assets. Please refer to note 5 to the consolidated financial statements for details.

Profit before tax

The Group's profit before tax decreased to approximately RMB44.4 million (2012: RMB53.7 million) for the year ended 31 December 2013 primarily due to the increase in selling and distribution expenses and administrative expenses.

Income tax expense

Income tax expense increased to approximately RMB20.0 million (2012: RMB18.2 million). The Group's effective tax rate for the year ended 31 December 2013 was approximately 45.0%, as compared to approximately 33.9% for the corresponding year in 2012. The increase in effective tax rate was due to tax loss not recognised in the Group's subsidiaries for the year ended 31 December 2013.

Profit for the year and profit margin

The Group's profit for the year decreased by approximately RMB11.1 million, or approximately 31.3%, from approximately RMB35.5 million for the year ended 31 December 2012 to approximately RMB24.4 million for the corresponding year in 2013. Profit margin was approximately 4.5% for the year ended 31 December 2013 (2012: 7.5%) and the decrease in profit was mainly due to the increase in both selling and distribution expenses and administrative expenses.

Inventories

The inventory balances increased to approximately RMB62.8 million as at 31 December 2013 (2012: RMB47.5 million). As the sales and production volume in the year 2013 increased, the Group has retained more inventories as at 31 December 2013.

Meanwhile the average inventory turnover days decreased to approximately 48 days (2012: 56 days) for the year ended 31 December 2013, as the Group had better managed the production efficiency and delivery leadtime by investing technologically advanced facilities to further simplify the production process.

Trade and bills receivables

Trade receivables increased to approximately RMB69.6 million (2012: RMB64.9 million) as at 31 December 2013, primarily due to an increase in the sales to domestic customers whose settlement periods are longer than those granted to Japanese and US customers.

The average trade receivables turnover days increased to approximately 45 days (2012: 38 days) for the year ended 31 December 2013 as the sales to domestic customers increased. The trade receivables turnover days still fall within the credit terms granted to the customers of the Group.

Trade and bills payables

Trade and bills payables increased to approximately RMB55.6 million (2012: RMB42.6 million) as at 31 December 2013. Increase in trade and bills payables was mainly due to the fact that the Group has retained more inventories as at 31 December 2013 which was mainly purchased in November and December of 2013, which had not yet fall due as at 31 December 2013.

The average turnover days for trade payables decreased to approximately 42 days (2012: 44 days) for the year ended 31 December 2013 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 2013, the Group's current ratio (current assets divided by current liabilities) was 1.20 (as at 31 December 2012: 1.54). As at 31 December 2013, the Group had cash and cash equivalents of approximately RMB30.9 million (as at 31 December 2012: RMB24.1 million) and short-term bank loans of approximately RMB67.8 million (as at 31 December 2012: RMB31.6 million). As at 31 December 2013, 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) measured on the basis of total bank loans was approximately 18.0%, as compared to approximately 9.5% as at 31 December 2012.

As at 31 December 2013, the Group had no fixed rate bank loans (2012: RMB5 million) and variable rate bank loans of approximately RMB72.8 million (2012: RMB26.6 million). The effective interest rates on the Group's variable-rate bank borrowings ranged from 6.30% to 8.96% per annum as at 31 December 2013 (2012: fixed rate: 5.60% and variable-rate: 6.00% to 8.96% 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 risks relate primarily to its fixed-rate interest-bearing borrowings and the Group's also exposed to cash flow interest rate risks 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 historically 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 do not anticipate significant fluctuation in the interest rate on bank deposits. To mitigate the impact of interest rate fluctuations, the Group manage 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 2013, the Group had no material contingent liabilities.

Charges on group assets

As at 31 December 2013, the Group's bank loans were secured by the Group's machinery, buildings and land use rights of carrying amounts of approximately RMB13.3 million, RMB28.8 million and RMB12.7 million, respectively (as at 31 December 2012: RMB10.8 million, RMB22.5 million and RMB11.4 million, respectively). As at 31 December 2013, the Group also pledged its bank deposits of approximately RMB8.5 million (as at 31 December 2012: RMB3.8 million) to secure short-term bills payables.

USE OF PROCEEDS FROM LISTING

Net proceeds of approximately HKD38.4 million were raised from the initial public offering of the Company's shares in November 2011. The Company currently does not have any intention to change its plan for the use of proceeds as stated in the prospectus of the Company dated 14 November 2011. Up to the date of this announcement, out of the total net proceeds from the listing, approximately HKD19.2 million was utilised for upgrading and expanding the Group's manufacturing equipment and production plants to enhance its production efficiency; approximately HKD7.7 million, HKD3.8 million and HKD1.8 million were utilised for expanding the sales channel, developing high-margin and innovative products and promoting brand name, respectively. Among the remaining proceeds of approximately HKD5.9 million, HKD3.8 million was utilised as working capital of the Group and the remaining amount was deposited in interest-bearing accounts of financial institutions in the PRC and Hong Kong.

HUMAN RESOURCES

As at 31 December 2013, the Group employed approximately 2,000 employees. Key components of the Group's remuneration packages include basic salary, medical insurance, discretionary cash bonus and retirement benefit scheme. The Group conducts periodic reviews for the 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 a good relationship with its employees.

FINAL DIVIDEND

No payment of a final dividend for the year ended 31 December 2013 was recommended by the Board (2012: HK3.5 cents per share).

MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not engage in any material acquisitions or disposals during the year ended 31 December 2013.

PROSPECT

Looking forward, the Group will continue to expand its plants to increase production capacity, and commit itself to enhancing equipment, improving production automation and introducing more advanced production technology, in order to significantly maximise economic benefits through the enlargement of production scale. The Group wishes to gradually cultivate the Group's own apparel brand while consolidating its own foundation in order to achieve a breakthrough in performance.

In face of the ever-evolving innovations in the market of functional fabric products, in order to grasp the huge business opportunities in the textile and apparel production industry brought by the Chinese consumer market, the Group will further expand and seek breakthrough in performance in the China market by capitalising its leading research and development strengths in fabrics as well as its exclusive production and sales rights of international brands. Overseas market continues to be the core market of the Group. Currently, the Group's products are primarily exported to Japan and the United States. As the reputation of the Group's brand widely spreads across the world, it is expected that more new customers in existing and other overseas markets will be drawn. The Group will continue to maintain its sales to Japan and United States markets to ensure stable orders from customers.

The Group will continue to focus on production and sales of functional fabrics and functional innerwear products. With the increasing pressure on life and work and the pursuit for a healthy and environmental friendly lifestyle, more people around the world as well as residents in the mainland China keen to participate in leisure and outdoor sports, and thus drive the growth in production and sales of functional fabrics in the world. Compared to other countries, China's functional textile market still has much room for development. Although the consumption growth momentum weakened under the influence of new macro-control measures, we are confident that the demand for healthy living and quality consumer goods will become an important impetus to drive consumers to upgrade their consumption which will bring a bright environment for the Group to further expand the domestic market.

In order to fully exhibit the vertically-integrated operation advantages and to readily grasp market opportunities and maintain stable growth, the Group will continue to invest in advanced equipment and sophisticated technology to further improve production capacity and product quality, optimise production processes, increase production efficiency and reduce operating costs. The production capacity expansion will be conducted in line with the Group's development. The Group is looking forward to achieving significantly greater economies of scale brought by its expansion in the future.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2013.

CORPORATE GOVERNANCE PRACTICES

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 Board has adopted the code provisions of the Corporate Governance Code (the "**Code Provision**") set out in Appendix 14 to the Listing Rules. 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. During the year ended 31 December 2013, the Company has complied with the Code Provisions except for the deviation set out below:

Code Provision A.2.1

Code Provision A.2.1 provides that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

At present, the Company does not have any officer with the title of chief executive officer. The duties of a chief executive officer are undertaken by Mr. Wong Kin Ling. Although this deviates from the practice under Code Provision A2.1, where it provides that 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 an executive 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 of the Board. 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.

Code Provision A.6.7

Under code provision A.6.7, independent non-executive Directors should attend general meetings and develop a balanced understanding of the views of shareholders.

Mr. Wang Jin Tang, an independent non-executive Director, was unable to attend the annual general meeting of the Company held on 27 May 2013 as provided for in Code Provision A.6.7 as he had other important business engagements at the relevant time.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. The Company confirms that, having made specific enquiry of all the Directors, the Directors have complied with the required standards as set out in the Model Code during the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee (the "**Audit Committee**") of the Board comprises three independent non-executive Directors, Mr. Wang Jin Tang, Ms. Tay Sheve Li and Dr. Chan Ah Pun. The Audit Committee is chaired by Ms. Tay Sheve Li, who possesses the appropriate professional qualifications and extensive experience in, and knowledge of, finance and accounting as required under Rule 3.10 of the Listing Rules. All Audit Committee members hold the relevant industry or financial experience necessary to advise the Board on strategies and other related matters. None of the Audit Committee members is a former partner of the Company's existing external auditor.

The Audit Committee is responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditors, and any questions of resignation or dismissal of those auditors; monitoring the 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 Group's audited financial statements for the year ended 31 December 2013 had been reviewed by the Audit Committee, which was of the opinion that the preparation of such statements complied with the applicable accounting standards and requirements and that adequate disclosure had been made.

The consolidated financial statements for the year ended 31 December 2013 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 profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in the preliminary announcement have been agreed by the Group's auditor, SHINEWING (HK) CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by 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 SHINEWING (HK) CPA Limited on the preliminary announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company is scheduled to be held on Tuesday, 27 May 2014. A notice convening the annual general meeting will be published and despatched to shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the annual general meeting, the register of members of the Company will be closed from Friday, 23 May 2014 to Tuesday, 27 May 2014, 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 26/F Tesbury centre, 28 Queen's Road East, Hong Kong (which will be relocated to Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 31 March 2014), for registration no later than 4:30 p.m. on Thursday, 22 May 2014.

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 2013 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, 25 March 2014

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.