JICHENG UMBRELLA HOLDINGS LIMITED
集成傘業控股有限公司

(Incorporated in the Cayman Islands with limited liability) Stock Code: 1027

GLOBAL OFFERING

Sole Sponsor

中国平安资本(香港)
PING AN OF CHINA CAPITAL (HONG KONG)

Sole Global Coordinator

中国平安证券(香港)
PING AN OF CHINA SECURITIES (HONG KONG)

Joint Bookrunners and Joint Lead Managers

中国平安证券(香港)
PING AN OF CHINA SECURITIES (HONG KONG)

齊魯國際
QILU INTERNATIONAL

If you are in any doubt *about any of the contents of this prospectus, you should obtain independent professional advice.*

JICHENG UMBRELLA HOLDINGS LIMITED
集成傘業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	**:**	**150,000,000 Shares (subject to the Over-allotment Option)**
Number of International Placing Shares	**:**	**135,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Number of Hong Kong Offer Shares	**:**	**15,000,000 Shares (subject to adjustment)**
Offer Price	**:**	**Not more than HK$1.6 per Share plus brokerage fee of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**1027**

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A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents Delivered to the Registrar of Companies" in Appendix VII to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any of the other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on or about Friday, 6 February 2015 and, in any event, not later than 6:00 p.m. Friday, 6 February 2015. The Offer Price will be not more than HK$1.6 per Offer Share and is currently expected to be not less than HK$1.1 per Offer Share, unless otherwise announced. Investors applying for the Hong Kong Offer Shares must pay, on application, the maximum Offer Price of HK$1.6 per Offer Share, together with brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price is less than HK$1.6 per Offer Share.

The Sole Global Coordinator (on behalf of the Underwriters), with the consent of our Company, may reduce the indicative Offer Price range stated in this prospectus and/or reduce the number of Offer Shares being offered pursuant to the Global Offering at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction of the indicative Offer Price range and/or the number of Offer Shares will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure and Conditions of the Global Offering" and "How to Apply for the Hong Kong Offer Shares" of this prospectus. If, for any reason, the Offer Price is not agreed between our Company and the Sole Global Coordinator (on behalf of the Underwriters) on or before 6:00 p.m. Friday, 6 February 2015 (Hong Kong time), the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse. Please also see the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination" of this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States, except that Offer Shares may be offered, sold or delivered to QIBs in reliance on an exemption from registration under the U.S. Securities Act provided by, and in accordance with the restrictions of, Rule 144A or another exemption from the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States in offshore transactions in accordance with Regulation S.

3 February 2015

*If there is any change in the following expected timetable, our Company will issue a separate announcement to be published on the websites of the Stock Exchange (**www.hkexnews.hk**) and of our Company (**www.jcumbrella.com**).*

	2015
Latest time to complete electronic applications under the **HK eIPO White Form** service through the designated website at **www.hkeipo.hk**[2]	11:30 a.m. on Friday, 6 February 2015
Application lists open[3]	11:45 a.m. on Friday, 6 February 2015
Latest time to lodge **WHITE** and **YELLOW** Application Forms and to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, 6 February 2015
Latest time to complete payment of **HK eIPO White Form** applications by effecting internet banking transfer(s) or PPS payment transfer(s)[2]	12:00 noon on Friday, 6 February 2015
Application lists close[3]	12:00 noon on Friday, 6 February 2015
Expected Price Determination Date[5]	Friday, 6 February 2015
(a) Announcement of the final Offer Price, the indication of level of interest in the International Placing, the results of applications in the Hong Kong Public Offering and the basis of allocation under the Hong Kong Public Offering to be published (a) in The Standard (in English) and the Hong Kong Economic Times (in Chinese); (b) on the website of our Company at **www.jcumbrella.com**; and (c) on the website of the Stock Exchange at **www.hkexnews.hk** on or before[6]	Thursday, 12 February 2015
(b) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares – 11. Publication of Results" from	Thursday, 12 February 2015
A full announcement of the Hong Kong Public Offering containing (a) and (b) above to be published on the website of the Stock Exchange at **www.hkexnews.hk**[6] and our Company's website at **www.jcumbrella.com**[7]	Thursday, 12 February 2015
Results of allocations in the Hong Kong Public Offering will be available at **www.tricor.com.hk/ipo/result** with a "search by ID" function on	Thursday, 12 February 2015

Despatch of share certificates of the Offer Shares or deposit of share certificates of the Offer Shares into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[8]	Thursday, 12 February 2015
Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly successful (in the event that the final Offer Price is less than initial price per Hong Kong Offer Share payable on application) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[9]	Thursday, 12 February 2015
Dealing in the Shares on the Stock Exchange expected to commence at 9:00 a.m. on	Friday, 13 February 2015

Notes:

1. All times and dates refer to Hong Kong local times and dates except as otherwise stated. Details of the structure of the Global Offering, including the conditions of the Hong Kong Public Offering, are set out in the section headed "Structure and Conditions of the Global Offering" of this prospectus. If there is any change in this expected timetable, an announcement will be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese).

2. You will not be permitted to submit your application to the **HK eIPO White Form** Service Provider through the designated website at **www.hkeipo.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m. you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number eight or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 February 2015, the application lists will not open and close on that day. Please refer to the section headed "How to Apply for the Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists" of this prospectus. If the application lists do not open and close on Friday, 6 February 2015, the dates mentioned in this section may be affected. A press announcement will be made by us in such event.

4. Applicants who apply by giving electronic application instructions to HKSCC should refer to the section headed "How to Apply for the Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" of this prospectus.

5. The Price Determination Date, being the date on which the final Offer Price is to be determined, is expected to be on or around Friday, 6 February 2015 and in any event, not later than Friday, 6 February 2015. If, for any reason, the final Offer Price is not agreed by 6:00 p.m. on Friday, 6 February 2015 between the Sole Global Coordinator (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

6. The announcement will be available for viewing on the "Main Board – Allotment of Results" page on the website of the Stock Exchange at **www.hkexnews.hk**.

7. None of the information contained on any website forms part of this prospectus.

8. Applicants who apply for 1,000,000 Hong Kong Offer Shares or more may collect share certificates (if applicable) and refund cheques (if applicable) in person may do so from our Hong Kong Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 12 February 2015 or any other date as notified by us in the newspapers as the date of despatch of share certificates/e-Auto Refund payment instructions/refund cheques. Applicants being individuals who is eligible for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who is eligible for personal collection must attend by sending their authorised representatives each bearing a letter of authorisation from his/her/its corporation stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar, Tricor Investor Services Limited. Applicants who have applied on **YELLOW** Application Forms may not elect to collect their share certificates, which will be deposited into CCASS for credit of their designated CCASS Participants' stock accounts or CCASS Investor Participant stock accounts, as appropriate. Uncollected share certificates and refund cheques will be despatched by ordinary post to the addresses specified in the relevant applications at the applicants' own risk. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares" of this prospectus.

9. e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful application and also in respect of successful applications in the event that the final Offer Price is less than the initial price per Hong Kong Offer Share payable on application. Part of your Hong Kong identity card number/passport number or, if you are joint applicants, part of the Hong Kong identity card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party to facilitate your refund. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong identity card number/passport number may lead to delay in encashment of your refund cheque or may invalidate your refund cheque. Further information is set out in the section headed "How to Apply for the Hong Kong Offer Shares" of this prospectus.

Share certificates are expected to be issued on Thursday, 12 February 2015 but will only become valid certificates of title provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company has not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Global Coordinator, the Sole Sponsor, the Underwriters, any of their respective directors, employees, agents or professional advisers or any other person or party involved in the Global Offering.

This summary aims at giving you an overview of the information contained in this prospectus. Because this is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk factors". You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas. During the Track Record Period, we also produced and sold umbrella parts such as plastic cloth and shaft to our customers. During the Track Record Period, revenue of our export sales accounted for approximately RMB263 million, RMB339 million, RMB427 million and RMB399 million, representing approximately 80.8%, 89.9%, 88.3% and 76.1% of our total revenue respectively, while revenue of our domestic sales accounted for approximately RMB62 million, RMB38 million, RMB57 million and RMB125 million, representing approximately 19.2%, 10.1%, 11.7% and 23.9% of our total revenue respectively. According to Frost & Sullivan, we were the largest exporter of umbrellas and parasols in the PRC in terms of export volume in 2013, which recorded a total export volume of approximately 31 million units with a market share of 3.4%. With respect to the market of Plastic Umbrellas, we were the largest manufacturer of the Plastic Umbrellas in the PRC in terms of sales volume in 2013, which represented a market share of approximately 20.4%. The market of Plastic Umbrellas represented approximately 8.6% of the total umbrella market in the PRC in terms of sales volume in 2013. We were also the largest supplier of Plastic Umbrellas in Japan in 2013 in terms of sales volume, with approximately 43.1% of the market share. We were the third largest umbrellas and parasols manufacturer in the PRC in terms of sales volume in 2013, with approximately 2.0% market share and a total sales volume of 33 million units.

Our business model and products

We principally sell our POE umbrellas, nylon umbrellas and umbrella parts on export basis to our overseas customers which accounted for approximately 80.8%, 89.9%, 88.3% and 76.1% of our total revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. During the Track Record Period, we exported our POE umbrellas, nylon umbrellas and umbrella parts to markets such as Japan, Hong Kong, South Korea, Taiwan, France and Cambodia. Our overseas customers would usually provide us with their design and specification. Our sales personnel would closely communicate with our customers. Depending on the specific needs of these overseas customers, our sales personnel would put forward our suggestions for modifications to design and specification from our research and development staff to our customers for their consideration. When customers decide on the final design and specification, we would make samples and provide to our customers for approval.

For domestic market, we sell our POE umbrellas and nylon umbrellas and umbrella parts to our customers in the PRC which accounted for approximately 19.2%, 10.1%, 11.7% and 23.9% of our total revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. Our domestic customers would usually place orders with us from selection of our existing POE umbrellas and nylon umbrellas products which are all designed by our research and development team. We also sell some of our POE umbrellas and nylon umbrellas under our Jicheng (集成) brand through sales to our non-trading customers such as supermarkets which accounted for approximately 5.4%, 2.8%, 2.4% and 2.1% of the total revenue for the three years ended 31 December 2013 and the ten months ended 31 October 2014.

We also manufactured umbrella parts as an ancillary products mainly for our existing customers, both overseas and domestic customers, some of which also purchased POE umbrellas and nylon umbrellas from us.

Our products mainly consist of POE umbrellas, nylon umbrellas and umbrella parts such as plastic cloth and shaft.

The following table sets out a breakdown of our revenue by business segments during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Export sales										
POE umbrellas	212,840	65.4	286,028	75.8	372,220	77.0	327,272	77.8	316,410	60.3
Nylon umbrellas – Straight	30,336	9.3	26,458	7.0	16,597	3.4	14,527	3.5	27,728	5.3
Nylon umbrellas – Folded	17,152	5.3	24,047	6.4	23,750	4.9	21,091	5.0	26,128	5.0
Umbrella parts*	2,772	0.8	2,552	0.7	14,378	3.0	12,453	3.0	29,115	5.5
Sub total	263,100	80.8	339,085	89.9	426,945	88.3	375,343	89.3	399,381	76.1
Domestic sales										
POE umbrellas	12,216	3.8	7,751	2.0	14,808	3.1	10,604	2.5	60,356	11.5
Nylon umbrellas – Straight	5,629	1.7	3,167	0.8	4,740	1.0	4,629	1.1	11,881	2.3
Nylon umbrellas – Folded	7,089	2.2	3,306	0.9	5,653	1.1	3,874	0.9	33,489	6.3
Umbrella parts*	37,529	11.5	24,058	6.4	31,469	6.5	25,991	6.2	19,596	3.8
Sub total	62,463	19.2	38,282	10.1	56,670	11.7	45,098	10.7	125,322	23.9
Total	325,563	100.0	377,367	100.0	483,615	100.0	420,441	100.0	524,703	100.0

* *Umbrella parts include mainly plastic cloth, shaft and miscellaneous parts.*

		For the year ended 31 December						For the ten months ended 31 October	
		2011		2012		2013		2014	
		POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas
Export sales									
Average selling price	*RMB*	10.8	11.8	12.1	12.7	13.2	13.5	14.1	16.4
Sales volume	*Unit'000*	19,682	4,022	23,615	3,966	28,211	2,986	22,483	3,289
Gross profit	*RMB'000*	58,487	9,938	77,188	9,586	97,518	9,107	85,763	13,254
Gross profit margin	*%*	27.5	20.9	27.0	19.0	26.2	22.6	27.1	24.6

The increase in export sales gross profit was largely due to increased average selling price and the relatively moderate increase in our cost of sales year by year during the Track Record Period. During the Track Record Period, we managed to maintain a dual increase in both of our sales volumes and the average selling prices. The reason for such increase was due to (i) during the Track Record Period, the number of our total Japanese customers has risen from 38 to 50 and our other export sales customers increased from 20 to 25, (ii) our continuing effort to make slight modification to the design of our umbrella products to attract customers and, as required by our customers, changing the types of raw materials used in the production of our umbrella products, such as raw materials for producing shaft and handles, and (iii) we would also take into account the price adjustment of our major competitors in the market when we increased the selling prices of our umbrella products. According to Frost & Sullivan, during the Track Record Period, most of the major market competitors of our Group also increased their selling prices of umbrella products mainly due to the increased costs of sales. According to Frost & Sullivan, there are no official statistics on the wholesale price of umbrellas in Japan. As stated above, our average unit selling prices of POE umbrellas and nylon umbrellas was approximately RMB14 (approximately JPY230) and RMB16 (approximately JPY262) in 2014 respectively. For the retailers in Japan, represented by chained convenient stores, typical retail price of POE umbrella ranged from approximately JPY400 to JPY600 (approximately RMB24 to RMB37) and nylon umbrellas ranged from approximately JPY600 to JPY900 (approximately RMB37 to RMB55). For chained convenient stores, typical gross margin was approximately 20% to 30%. In such cases, the average wholesale price of POE umbrellas and nylon umbrellas is estimated to be approximately JPY307 to JPY500 (approximately RMB19 to RMB31) and JPY461 to JPY750 (approximately RMB28 to RMB46), respectively. During the Track Record Period, the average wholesale price of POE umbrellas and nylon umbrellas has both experienced a slight rise. In terms of POE umbrellas, the main reason for the difference in the wholesale price and our export price was primarily due to (i) the quality of the POE umbrellas depending on the types/quality of raw materials as requested by different customers; and (ii) targeted profit margin as anticipated by these wholesalers on a case by case basis. As for nylon umbrellas, the main reason for the difference in the wholesale price and our export price was primarily due to (i) variety of types of nylon umbrellas ranging from straight to folded with the use of different types of fabric and other raw materials as requested by different customers; and (ii) targeted profit margin as anticipated by these wholesalers on a case by case basis. During the Track Record Period, the increase in the average selling price of our nylon umbrellas was primarily due to change of product mix that we sold more two-folded umbrellas to our export sales customers. Two-folded umbrella had the highest selling price compared to that of three-folded umbrella and straight umbrella during the Track Record Period. For details of the selling price of our nylon umbrellas products, please refer to the paragraph headed "Our Products – Nylon Umbrellas" under the section headed "Business" of this prospectus.

		For the year ended 31 December						For the ten months ended 31 October	
		2011		2012		2013		2014	
		POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas
Domestic sales									
Average selling price	*RMB*	8.4	14.9	8.5	13.4	11.1	14.2	14.1	17.0
Sales volume	*Unit'000*	1,451	854	911	482	1,328	731	4,276	2,674
Gross profit	*RMB'000*	3,040	2,441	1,423	1,140	3,607	2,253	15,809	10,634
Gross profit margin	*%*	24.9	19.2	18.4	17.6	24.4	21.7	26.2	23.4

The domestic sales volume of POE umbrellas decreased from approximately 1.5 million units in 2011 to 0.9 million units while the domestic sales volume of nylon umbrellas decreased from approximately 0.9 million units to 0.5 million units in 2012. The drop of domestic sales volume for both of our POE umbrellas and nylon umbrellas in 2012 was primarily due to the decreased purchase from our PRC customers, which were mainly comprised of trading companies. Due to the intense competition in the PRC for export markets and the sales orders of these PRC trading companies depended on the orders they received from their end customers, we experienced fluctuation of sales volume from these PRC trading companies when their sales to their corresponding end-customers dropped accordingly. For example, the sales of one of our PRC trading company customers, amounted to approximately RMB8.9 million, RMB3.4 million, RMB14.4 million and RMB14.6 million during the Track Record Period, whose ranking in terms of sales fluctuated as well, ranging from number 7, number 19, number 8 and number 10 for the years ended 31 December 2011 and 2012 and 2013 and 31 October 2014 respectively. Our Directors confirmed that there was no single event leading to the fluctuation of our domestic sales during the Track Record Period. The fluctuation was primarily due to our focus on the export business and the relatively high turnover rate of our domestic sales customers for the years 2011 and 2012 and the first half of 2013, the performance of our domestic sales was not as stable as that of our export sales. However, since the second half of 2013, we allocated more resources to our domestic sales in order to develop the PRC market and we managed to secure certain PRC customers, such as Customer G, which started to do bulk purchase from us and in turn led to the soaring of our domestic sales for the ten months ended 31 October 2014. As confirmed by our Directors, there were several reasons for increase in the average selling price of our POE umbrellas in the domestic sales, including (i) our PRC customers upgraded their requirement on types of raw materials in the manufacturing of our POE umbrellas in the sense that they now prefer the end product with higher quality rather than solely aim at low manufacturing cost and cheap selling price just like in the past, (ii) similar to the Japanese market, some of the PRC customers now prefer larger size POE umbrellas, for example from approximately 53 centimeters long to 58 centimeters long, which resulted in higher production costs and higher selling prices, and (iii) we would also take into account the price adjustment of our major competitors in the market when we increased the selling prices of our POE umbrellas. Similar to that of our export sales, the increase in the average selling price of our domestic sales of nylon umbrellas was primarily due to change of product mix that we sold more two-folded umbrella. Two-folded umbrella had the highest selling price compared to that of three-folded umbrella and straight umbrella during the Track Record Period. For details of the selling price of our nylon umbrellas products, please refer to the paragraph headed "Our Products – Nylon Umbrellas" under the section headed "Business" of this prospectus.

Our Directors confirm that, while maintaining Japan as our prime market, it is our strategy to continue to further expand our PRC market and other overseas market in order to diversify our market presence and ensure business growth in a long run.

Tax Rebate

The current export tax rebate rate in the PRC is 15.0%. The amount of tax rebate our Group received was approximately RMB27 million, RMB43 million, RMB56 million and RMB62 million for the three years ended 31 December 2013 and the ten months ended 31 October 2014, representing 8.4%, 11.5%, 11.5% and 11.8% of our total revenue, and 65.9%, 97.7%, 93.3% and 96.9% of our net profit respectively. Export tax rebate contributed significantly to our Group's net profit during the Track Record Period. The tax rebate comprised a refund of VAT incurred on raw materials used to manufacture umbrellas in China which subsequently exported. Our Directors are of the view that the export tax rebate arises in the ordinary course of business of our Group.

The below table shows the gross profit and gross profit margin of overseas sales before export tax rebate of our Group's export umbrella products.

		For the year ended 31 December						For the ten months ended 31 October	
		2011		2012		2013		2014	
		POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas
Export sales									
Gross profit	*RMB'000*	43,756	7,937	48,243	7,390	58,717	5,498	43,742	6,280
Gross profit margin	%	20.6	16.7	16.9	14.6	15.8	13.6	13.8	11.7

Customers

We sold our umbrella products directly to our customers, majority of which were either overseas or domestic trading companies. For each of the three years ended 31 December 2013 and the ten months ended 31 October 2014, our largest customer accounted for approximately 24.5%, 26.1%, 21.1% and 20.0% of our total sales respectively, whereas our five largest customers accounted for approximately 59.9%, 60.3%, 47.7% and 53.3% of our total sales respectively. For the three years ended 31 December 2013, all of our top five customers were Japanese companies which are principally engaged in trading business. For the ten months ended 31 October 2014, three out of our top five customers were Japanese companies and the remaining two were Cambodian company, namely Customer I, and PRC company, namely

Customer G, respectively, which are also principally engaged in trading business. The total domestic sales amount of nylon umbrellas substantially increased from approximately RMB10 million for the year ended 31 December 2013 to RMB45 million for the ten months ended 31 October 2014. On the other hand, the total domestic sales amount of POE umbrellas increased from approximately RMB14 million for the year ended 31 December 2013 to RMB60 million for the ten months ended 31 October 2014. The main reason for such increases was due to the business growth generated from Customer G, our new customer in 2014, which accounted for approximately RMB35 million of our nylon umbrellas sales and RMB41 million of our POE umbrellas sales. For details of Customer G and Customer I, please refer to the paragraph headed "Sales and Marketing – Our Customers" under the section headed "Business". Despite the sluggish economic condition in Japan during the Track Record Period, as shown in the table below, our Group's sales performance in Japan managed a steadily upward trend mainly due to our strong relationship with our major Japanese customers and the quality of our umbrella products. For details of our competitive advantages, please refer to the paragraph headed "Competitive Strengths" in the section headed "Business" of this prospectus.

We generally provide credit period up to 150 days for our domestic sales customers and up to 30 days for our export sales customers including our Japanese and Cambodian customers. Our Directors are of the view that it is market practice to give longer credit terms to PRC customers while payment would usually be settled by way of telegraphic transfer by our export sales customers of shorter credit terms. The material sales terms of our export sales customers and domestic sales customers are substantially the same.

The following table sets out a breakdown of our revenue by the top five geographic locations of the customers during the Track Record Period:

	For the year ended 31 December									For the ten months ended 31 October		
Ranking	**2011**			**2012**			**2013**			**2014**		
		RMB'000	*%*		*RMB'000*	*%*		*RMB'000*	*%*		*RMB'000*	*%*
1	Japan	246,517	75.7	Japan	313,916	83.2	Japan	366,825	75.9	Japan	312,255	59.5
2	PRC	62,463	19.2	PRC	38,282	10.1	PRC	56,670	11.7	PRC	125,322	23.9
3	Taiwan	7,130	2.2	South Korea	12,559	3.3	South Korea	15,801	3.3	Hong Kong	28,872	5.5
4	South Korea	3,225	1.0	Taiwan	6,601	1.8	Taiwan	13,293	2.7	Cambodia	27,311	5.2
5	Vietnam	2,265	0.7	Vietnam	2,550	0.7	Thailand	9,061	1.9	South Korea	12,314	2.3
	Others*	3,963	1.2	Others*	3,459	0.9	Others*	21,965	4.5	Others*	18,629	3.6
Total		325,563	100.0		377,367	100.0		483,615	100.0		524,703	100.0

* *Others mainly include France, US and other countries.*

Apart from maintaining Japan as our top market during the Track Record Period, we also expanded other markets such as the PRC, Hong Kong and Cambodia in order to diversify our market presence and to ensure continuous business growth. For further details, please refer to the section headed "Business" of this prospectus.

Our production facilities

We manufacture our umbrella products at our Dongshi Production Site and Yonghe Production Site both located in Jinjiang City (晉江市), Fujian Province (福建省), the PRC. Our Dongshi Production Site first commenced production in 1996 and our Yonghe Production Site commenced production in 2004. The production sites and other ancillary facilities we operate have a total site area of approximately 78,644 sq.m. and a total gross floor area of approximately 99,228 sq.m.. Our production process is partly automatic and labour intensive. The table below sets forth the production capacity of the two production sites during the Track Record Period:

	For the year ended 31 December									For the ten months ended 31 October 2014		
	2011			2012			2013					
	Yonghe Production Site	Dongshi Production Site	Total	Yonghe Production Site	Dongshi Production Site	Total	Yonghe Production Site	Dongshi Production Site	Total	Yonghe Production Site	Dongshi Production Site	Total
	Unit'000	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*
Estimated maximum capacity[(i)]												
POE umbrellas	14,118	14,567	28,685	23,625	14,625	38,250	24,750	15,750	40,500	19,602	12,474	32,076
Nylon umbrellas	5,354	4,604	9,958	5,375	4,623	9,998	5,375	4,623	9,998	4,257	3,661	7,918
	19,472	19,171	38,643	29,000	19,248	48,248	30,125	20,373	50,498	23,859	16,135	39,994
Actual production												
POE umbrellas	12,277	8,218	20,495	12,282	11,406	23,688	10,215	14,970	25,185	14,601	12,329	26,930
Nylon umbrellas	2,814	1,632	4,446	2,018	1,323	3,341	1,243	1,765	3,008	3,051	3,074	6,125
	15,091	9,850	24,941	14,300	12,729	27,029	11,458	16,735	28,193	17,652	15,403	33,055
Utilisation rate[(ii)]												
POE umbrellas	87%	56%	71%	52%	78%	62%	41%	95%	62%	74%	99%	84%
Nylon umbrellas	53%	35%	45%	38%	29%	33%	23%	38%	30%	72%	84%	77%
Total	77%	51%	65%	49%	66%	56%	38%	82%	56%	74%	95%	83%

Notes:

(i) The estimated maximum capacity is calculated for illustration purpose only, based on 365 days per year except for public holidays and 8 working hours per day.

(ii) The utilisation rate for the year 2011, 2012, 2013 is calculated by dividing the actual production of a year by the estimated maximum capacity of the year. The utilisation rate for the ten months ended 31 October 2014 is calculated by dividing the actual production of the period by the estimated maximum capacity of 300 days.

To meet the increasing demand of our umbrella products, we plan to construct a new production plant in the industrial area located in An Qiu City (安丘市) of Shandong Province (山東省), the PRC. For further details, please refer to the section headed "Business – Business Strategies – Increase our Production Capacity" of this prospectus.

Raw materials and suppliers

We use a variety of raw materials and accessories in our manufacturing processes. The principal raw materials such as steel plate, chemical materials (which mainly include LDPE and LLDPE), plastic cloth, nylon cloth and certain components of umbrella frame (such as ribs and shaft). We believe that the domestic supply of these raw materials is currently sufficient for our production needs. We also procure other raw materials such as packaging materials from third parties. We have established stable business relationships with multiple suppliers and had not experienced any material shortage or delay in the supply of raw materials during the Track Record Period.

OUR KEY DRIVERS OF OUR GROWTH AND OUR COMPETITIVE STRENGTHS

As shown in the two tables in the paragraph headed "Market Projections of the Japanese Umbrellas and Parasols Market" in the section headed "Industry Overview" of this prospectus, the demand for umbrellas in Japan experienced fluctuation during the Track Record Period, in particular POE umbrellas' consumption decreased from 76 million units in 2012 to 65 million units in 2013. Despite the market condition, our Group's sales to Japan market maintained a stable upward trend during the Track Record Period. Our Directors consider that the key drivers of our success include (i) our solid relationship with our major Japanese customers, which we spent years to consolidate and such strong tie was built upon on our quality product that satisfied the stringent requirement of our Japanese customers; and (ii) our expansion into and growth in sales in the PRC and other South East Asian market during the Track Record Period substantially boosted our growth as well.

We also believe that the followings are the key components to our success: (i) we are one of the leading umbrella manufacturers in the PRC and exporters to the Japan market; (ii) we have established long-term business relationships with our major customers; (iii) we produce high-quality products and possess outstanding product development capabilities benefiting from our relationship with key export customers; (iv) we have an experienced and dedicated management team with extensive industry experience; (v) our Jicheng (集成) brand is well recognised in the PRC industry; and (vi) we own strategically located, large scale production facilities to achieve economies of scale and low production cost.

OUR BUSINESS STRATEGIES

We intend to implement the following principal strategies to expand our business and create values for our Shareholders: (i) increase and develop our market share in the overseas markets; (ii) strengthen our product design and development capabilities and optimise our product offerings; (iii) increase market share and penetration in the PRC and promote our brand and brand awareness in the PRC; and (iv) increase our production capacity.

RISK FACTORS

There are risks associated with any investment. Our business faces risks including those set out in the section headed "Risk Factors" of this prospectus, in particular the following most material risks: (i) any decrease of the export tax rebate in the future could have a negative effect on our profitability; (ii) our business, financial condition and results of operations may be affected by the loss of key customers; (iii) we may be subject to political and economic instability and fluctuations in currency rates of foreign currencies, associated with selling of our umbrella products to Japan and other overseas customers; (iv) any failure to maintain an effective quality control system at our production facilities could harm our business; (v) any unexpected disruption at our production facilities could have a material and adverse effect on our business, financial condition and results of operations; (vi) we may experience a shortage of labour or our labour costs may continue to increase; (vii) we do not have a long-term purchase commitments from our customers, which expose us to potential volatility in our turnover; (viii) reliance on purchasing power of Japanese residents and China's per capita annual disposable income and living expenditure per household; (ix) we may experience a material adverse change in our financial results for the year ended 31 December 2014 and the year ending 31 December 2015 which is mainly attributable to the listing expenses incurred in relation to the Global Offering.

SUMMARY OF FINANCIAL INFORMATION

The following table is a summary of the consolidated results of our Group for the three years ended 31 December 2011, 2012, 2013 and for the ten months ended 31 October 2014 respectively.

Extract of the consolidated statements of profit or loss and other comprehensive income

	Year ended 31 December			**Ten months ended 31 October**	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	325,563	377,367	483,615	420,441	524,703
Gross profit	80,949	93,697	119,392	104,949	137,611
Profit attributable to owners of the Company	40,580	43,135	57,631	51,073	62,778

Extract of the consolidated statements of financial position

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets	285,215	404,014	385,928	342,121
Total assets	412,366	525,566	501,601	467,183
Current liabilities	244,108	313,159	279,439	237,360

Financial Ratio

	For the year ended/ as at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
Current ratio[(1)]	1.2 times	1.3 times	1.4 times	1.4 times
Return on equity[(2)]	24.6%	20.8%	26.9%	–%[(4)]
Gearing ratio[(3)]	81.0%	66.8%	77.9%	70.9%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year/period end.

2. Return on equity is calculated by the total comprehensive income for the year divided by the total equity as at the respective year end and multiplied by 100%.

3. Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end.

4. Calculation of return on equity is on full year basis.

Inventory

During the Track Record Period, the balance of our inventory amounted to approximately RMB173 million, RMB163 million, RMB119 million and RMB94 million, which accounted for approximately 60.7%, 40.4%, 30.7% and 27.4%, respectively, of our total current assets. During the Track Record Period, our Group's average inventories' turnover days were approximately 229 days, 216 days, 141 days and 82 days respectively. Such decrease in the inventory turnover days was mainly due to our adoption of the measures that our purchasing department reviews and monitors our inventory level regularly so as to maintain an appropriate level of inventory with reference to the production schedule and the prevailing market price of each kind of raw materials we require.

Cash Flow Position

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash (used in) from operating activities	(34,526)	156,254	41,194	(92,246)	17,423
Net cash (used in) from investing activities	(18,769)	(139,064)	144,888	148,347	(12,789)
Net cash from (used in) financing activities	51,152	(2,396)	(24,745)	22,725	(75,935)
(Decrease) increase in cash and cash equivalents	(2,143)	14,794	161,337	78,826	(71,301)
Cash and cash equivalents at the beginning of the year/period	12,415	10,272	25,066	25,066	186,403
Cash and cash equivalents at the end of the year	10,272	25,066	186,403	103,892	115,102

During the Track Record Period, bank balances and cash amounted to approximately RMB10 million, RMB25 million, RMB186 million and RMB115 million respectively. The increasing trend of our cash flow position during the Track Record Period was primarily due to cash generated from daily operation and increase of bank borrowings.

The amount of bank loans was approximately RMB136 million, RMB142 million, and RMB173 million, and RMB163 million as at 31 December 2011, 2012 and 2013 and 31 October 2014, respectively. Such increases were primarily for the purpose of increasing our level of working capital, and due to the expenses relating to the preparation and the construction of our new office building in Yonghe Production Site and making reserve for application of land titles and related expenses for some of our lands. To the best knowledge of our Directors, it is getting more difficult to obtain new banking facility in Fujian province. Even though a new banking facility may be obtained, the interest rate for such new banking facility will be much higher than that of the existing ones. Therefore, for the benefit of keeping good relationship with the banks in the PRC which in turn enables us to keep our banking facilities stable, our Directors take the view that it is necessary to keep our current bank loans level.

SHAREHOLDING INFORMATION

Immediately following completion of the Global Offering, Jicheng Investment, which is beneficially wholly owned by Mr. Huang, will hold 450,000,000 Shares, representing 75% of the issued share capital of our Company. For the purpose of the Listing Rules, Mr. Huang and Jicheng Investment are the Controlling Shareholders of our Company. Please refer to the section headed "Relationship with the Controlling Shareholders" of this prospectus for further details.

GLOBAL OFFERING STATISTICS

Number of Offer Shares in the Global Offering	:	150,000,000
Number of Hong Kong Offer Shares	:	15,000,000
Number of International Placing Shares	:	135,000,000
Over-allotment Option	:	22,500,000 Offer Shares
Offer Price range	:	HK$1.1 to HK$1.6 per Offer Share
Board lot	:	2,000

	Based on an Offer Price of HK$1.1	**Based on an Offer Price of HK$1.6**
Market capitalisation	HK$660 million	HK$960 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to owners of our Company per Share(1)	RMB0.58(2) (HK$0.73)(4)	RMB0.68(2) (HK$0.86)(4)

Notes:

1. Please see the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus for further details regarding the assumptions used and the calculations method.

2. The prepaid lease payments and buildings of the Group as at 30 November 2014 were valued by International Valuation Limited, an independent valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. With reference to the valuation of the Group's property interests as set out in Appendix IV to this prospectus, the Group's interest in prepaid lease payments and buildings as at 30 November 2014 of approximately RMB115.7 million. Comparing this amount with the unaudited net carrying value of prepaid lease payments and buildings of the Group as of 30 November 2014 of approximately RMB98.1 million, there was a revaluation surplus of approximately RMB17.6 million. If the revaluation surplus was incorporated in the Group's financial statements, additional annual amortisation and depreciation of approximately RMB2.2 million will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state its prepaid lease payments and buildings at cost less accumulated amortisation/depreciation and any impairment loss in accordance with the relevant HKASs.

3. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owner of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2014.

4. The unaudited pro forma adjusted consolidated net tangible assets per share is translated to Hong Kong dollars at exchange rate of RMB0.794 to HK$1.00. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

DIVIDEND POLICY

For the year ended 31 December 2013, our subsidiaries declared and paid to their then shareholders dividends of RMB50 million in total. Our subsidiaries also declared to their then shareholders dividends of RMB56 million in total in September 2014 and paid in October 2014 by cash. We do not have a fixed dividend policy. The form, frequency and amount of future dividends on the Shares will be at the discretion of the Board and will depend on factors such as our results of operations, cash flows, financial conditions, future prospects and regulatory restrictions on the payment of dividends by us or our operating subsidiaries. There can be no assurance that any dividends will be paid. Investors should consider the risk factors affecting our Group as set forth in the section headed "Risk Factors" of this prospectus and the cautionary notice regarding forward-looking statements contained in the section headed "Forward-looking Statements" of this prospectus.

LISTING EXPENSES

The listing expenses to be borne by our Company are estimated to be approximately HK$22 million (excluding the underwriting commission). During the Track Record Period, our Company incurred listing expenses of approximately HK$10 million, which were recognised as administrative expenses in the consolidated statements of profit or loss and other comprehensive income for the ten months ended 31 October 2014, and approximately HK$3 million were capitalised as deferred expenses in the consolidated statements of financial position as at 31 October 2014 to be recognised as a deduction in equity. Our Company expects to incur additional listing expenses (excluding the underwriting commission) of approximately HK$9 million, of which approximately HK$7 million are expected to be recognised as administrative expenses for the year ending 31 December 2015 and approximately HK$2 million are expected to be recognised as a deduction in equity directly. Assuming an Offer Price of HK$1.35 (being the mid-point of the Offer Price range), the amount of underwriting commission expected to be incurred by our Company is approximately HK$6 million, which will be charged to equity of our Company. The listing expenses of approximately HK$10 million and HK$7 million will be charged to our profit and loss account for the year ended 31 December 2014 and the year ending 31 December 2015 respectively, which will be reflected in our administrative expenses for the year ended 31 December 2014 and the year ending 31 December 2015 respectively.

The estimated listing expenses are the latest best estimate for reference only and are subject to adjustment based on the actual amount incurred or to be incurred. Our results of operations are expected to be adversely affected by the non-recurring listing expenses incurred.

Please refer to the section headed "Risk Factors – The Financial Results of our Group are Expected to be Affected by the Expenses in Relation to the Listing" of this prospectus for details.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2014

Estimated consolidated profit attributable to equity shareholders of the Company(1, 2 and 3)	Not less than RMB72 million (approximately HK$90 million)
Unaudited pro forma estimated earnings per Share(3)	Not less than RMB0.12 (approximately HK$0.15)

Notes:

(1) The basis on which the profit estimate has been prepared are set out in Appendix III to this prospectus. The estimated consolidated net profit attributable to equity shareholders of our Company for the year ended 31 December 2014 is based on the actual consolidated results of our Group for the ten months ended 31 October 2014 and our estimate of the consolidated results of our Group for the two months ended 31 December 2014.

(2) The calculation of the unaudited pro forma estimated earnings per Share is arrived at by dividing the estimated consolidated profit attributable to equity shareholders of our Company for the year ended 31 December 2014 assuming a total of 600,000,000 Shares in issue during the entire year assuming the Global Offering has been completed on 1 January 2014 without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The estimated consolidated profit attributable to equity shareholders of our Company and the unaudited pro forma estimated earnings per Share are converted into Hong Kong Dollars at the exchange rate of RMB1 to HK$1.25. No representation is made that HK$ amounts have been, could have been or may be converted to RMB, or vice verse, at that rate or at all.

USE OF PROCEEDS

Assuming an Offer Price of HK$1.35 per Offer Share (being the mid-point of the indicative Offer Price range of HK$1.1 to HK$1.6 per Offer Share), the net proceeds from the Global Offering are estimated to be approximately HK$174.8 million after deducting the underwriting fees and other estimated expenses in connection with the Global Offering.

Our Directors presently intend to apply the net proceeds as follows:

- approximately HK$125.0 million, representing approximately 71.5% of the net proceeds from the Global Offering, will be utilised for increasing our production capacity by constructing a new factory upon obtaining the necessary approvals;

- approximately HK$5.0 million, representing approximately 2.9% of the net proceeds from the Global Offering, will be utilized for paying the outstanding balance of the consideration in relation to the construction and completion of the new 10-storey office building in our Yonghe Production Site with a gross floor area of approximately 10,782 sq.m., which is expected to be completed in 2015;

- approximately HK$21.1 million, representing approximately 12.1% of the net proceeds from the Global Offering, will be utilized for further expansion of our branded umbrellas by intensifying our marketing activities to promote our brand awareness both in the domestic and overseas markets, of which (i) approximately HK$19.0 million for placing advertisements in traditional media and internet and participating in major trade fairs in the PRC and overseas and investing in advertising and promotional materials for developing new markets of our umbrella products, and (ii) approximately HK$2.1 million for training our sales and technical teams;

- approximately HK$6.2 million, representing approximately 3.5% of the net proceeds from the Global Offering, will be utilised to strengthen our technical expertise and know-how to ensure continuous improvement of our products, of which approximately (i) HK$3.2 million for recruiting more experts for our research and development team, (ii) approximately HK$1 million for subsidizing our research and development staff to attend external training, and (iii) approximately HK$2 million for further cooperation with academic or professional institutions and enhancing our research and development capabilities; and

- approximately HK$17.5 million, representing approximately 10% of the net proceeds from the Global Offering, will be applied for working capital and other general corporate purposes.

Please refer to the section headed "Future Plans and Use of Proceeds" of this prospectus for further details.

RECENT DEVELOPMENTS OF OUR GROUP SUBSEQUENT TO THE TRACK RECORD PERIOD

On 6 October 2014, our Group entered into a legally-binding memorandum with the government of An Qiu (安丘市) of Shandong Province (山東省), the PRC for the purpose of construction of a new factory in order to expand our production capacity. For details of this expansion plan, please refer to the section headed "Business – Business Strategies – Increase our Production Capacity" of this prospectus.

Based on our unaudited management accounts which have been reviewed by our Reporting Accountants, for the subsequent two months ended 31 December 2014, our export sales amounted to approximately RMB50 million, representing approximately 64.4% of our total revenue, while domestic sales amounted to approximately RMB28 million, representing approximately 35.6% of our total revenue. Among our export sales, sales of POE umbrellas, nylon umbrellas and umbrella parts amounted to approximately RMB36 million, RMB8 million and RMB6 million, representing approximately 46.2%, 10.6% and 7.6% of our total sales. For domestic sales, sales of POE umbrellas, nylon umbrellas and umbrella parts amounted to approximately RMB20 million, RMB6 million and RMB2 million, representing approximately 25.8%, 7.5% and 2.3% of our total sales. The significant increase in domestic sales during the two months ended 31 December 2014 as compared to the corresponding period in 2013 was mainly due to purchase from one of our PRC customers, namely Customer G, as new customer of our Group since 2014, whose purchase amount was approximately RMB23 million, representing approximately 83.0% of total domestic sales for the two months ended 31 December 2014. For export sales, our Customer I, which started business relationship with our

Group since 2013 and ranked 19 by then, has become one of our top five customers for the ten months ended 31 October 2014. The further expansion into overseas market such as Cambodia has positive impact on the financial performance of our Group. For the purpose of diversifying our market presence and ensure continuous business growth, our Directors consider that it is of vital importance, apart from maintaining our Japan market share, to keep expanding into the PRC and other overseas markets. Customer G placed small purchase orders with the Group in 2008 and did not continue to purchase from the Group after that because it went through some restructuring in terms of its structure and business strategy. It was satisfied with the Group's product quality and delivery time and commenced bulk purchases from the Group in 2014. We value Customer G because it matches with our business strategy to diversify our market presence and expand our market share in the PRC market. Our Directors also take the view that the reason for the fast-growing business relationship with Customer G was due to our market reputation, in particular our performance in the Japan market, that led Customer G, as a new market entrant, to do bulk purchase of umbrella products from us at the outset. On the other hand, Customer I, was similar to the Japanese customers, that it started bulk purchase from us after small purchase in 2013. For the background information of Customer G and Customer I, please refer to the paragraph headed "Sales and Marketing – Our Customers" in the section headed "Business" of this prospectus. To best knowledge of the Directors, Customer G's onward customers are mostly overseas customers.

	For 1 November – 31 December 2014	
	RMB'000 (unaudited)	%
Export sales		
POE umbrellas	35,981	46.2
Nylon umbrellas	8,223	10.6
Umbrella parts*	5,888	7.6
Sub-total	50,092	64.4
Domestic sales		
POE umbrellas	20,095	25.8
Nylon umbrellas	5,836	7.5
Umbrella parts*	1,790	2.3
Sub-total	27,721	35.6
Total	77,813	100.0

* *Umbrella parts include mainly plastic cloth, shaft and miscellaneous parts.*

The following table sets out a breakdown of our revenue by the top five geographic locations of the customers for 1 November 2014 to 31 December 2014:

		1 November 2014 – 31 December 2014	
Ranking		*RMB'000* (unaudited)	*%*
1	Japan	38,781	49.8
2	PRC	27,721	35.6
3	Cambodia	5,866	7.5
4	Hong Kong	3,068	3.9
5	Taiwan	1,051	1.4
	Others*	1,326	1.8
Total		77,813	100.0

* *Others mainly include Germany, France and other countries.*

Notwithstanding the recent weakening of Japanese Yen against RMB and the US dollar, our Group's sales performance in the Japan market remained relatively stable for the two months ended 31 December 2014. Riding on our continuing effort to modify design slightly to keep customers intrigued, we managed to moderately increase the average selling price of our umbrella products during the Track Record Period. We also noted that some of our Japanese customers correspondingly increased the selling price of our products moderately in response to the weakening of Japanese Yen. For the year ended 31 December 2014, our export sales to Japan market amounted to RMB351 million, representing approximately 58.3% of our total revenue, as opposed to RMB367 million, representing approximately 75.9% of our total revenue for the year ended 31 December 2013. Despite the fact that the Japanese Yen depreciated against RMB and the US dollar since 2013 and some of our Group's customers in Japan had to increase the selling prices of products to alleviate the effect of the weakening of the Japanese Yen, our Group's sales in Japan remained relatively stable.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 31 October 2014 (being the latest date of which our audited consolidated financial statements were made up as set out in the Accountants' Report).

NON-COMPLIANCE

Our Group had not fully complied with certain PRC laws and regulations in the previous years, namely:

1. Jinjiang Jicheng has not obtained the State-owned Land Use Rights Certificates for two lands located at Yonghu Village, Dongshi Town, Jingjiang City, Fujian Province, the PRC. The two lands occupy a total site area of 3,685 sq.m. and 5,806 sq.m. respectively. There are (1) one 1-storey building with gross floor area of approximately 2,971 sq.m. on the 3,685 sq.m. land; (2) one 5-storey building with gross floor area of approximately 1,909 sq.m. located on the 5,806 sq.m.; and (3) one 6-storey and one 4-storey buildings with respective floor area of approximately 1,449 sq.m. and 1,160 sq.m. partially located on the 5,806 sq.m. land. The total gross floor area of all these 3 buildings is approximately 4,518 sq.m.. Due to the lack of State-owned Land Use Rights Certificates for the two lands with respective total site area of 3,685 sq.m. and 5,806 sq.m., all the aforementioned 4 buildings have not yet obtained the required permits, project final acceptance and the building ownership certificates. The one 1-storey and one 5-storey buildings are our production workshops and one 6-storey and one 4-storey buildings are our staff quarters. We have obtained the State-owned Land Use Rights Certificate for one of the lands with total site area of 3,685 sq.m. on 7 January 2015.

2. Jinjiang Jicheng has not obtained the relevant permits, project final acceptance and building ownership certificate for one 1-storey building with gross floor area of approximately 397 sq.m. located on a piece of land with State-owned Land Use Certificate Jin Guo Yong (2006) Di No. 00014. It is used as a production workshop.

3. Fujian Jicheng has not obtained the relevant permits, the project final acceptance and the building ownership certificate for two 1-storey buildings at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Rights Certificate of Jin Guo Yong (2008) Di No. 00903. The gross floor area of the two buildings is 1,200 sq.m. and 810 sq.m. respectively. Both two buildings were production workshops.

4. Fujian Jicheng has not obtained the relevant permits for one 1-storey temporary construction at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Right Certificate of Jin Guo Yong (2009) Di No. 00320. The total gross floor area of this temporary construction is approximately 68 sq.m. and is used as ancillary repairing workshop.

5. Fujian Jicheng has not obtained the planning permit for construction project (建設工程規劃許可證) and the construction permit (施工許可證) for one construction in progress at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Right Certificates of Jin Guo Yong (2009) Di No. 00320. The total gross floor area of this construction is 10,782 sq.m. and is a 10-storey building. This building is intended to be used as an office for the Company.

Since the total gross floor area of the buildings with defective title and are in use currently contributed to approximately 7.4% of the total gross floor area of our two production sites and other ancillary facilities and it only takes one to twelve days to demolish these buildings and one to six days to relocate the facilities therein, our Directors are of the view that the lands and buildings with title defects above are not material to the Group's business operations.

For the details of our non-compliance incidents, please refer to the section headed "Business – Non-Compliance" of this prospectus.

In this prospectus, unless the context otherwise requires, the following terms shall have the meanings set out below.

"Accountants' Report"	the accountants' report of our Group prepared by the Reporting Accountants set out in Appendix I to this prospectus
"Anti-Unfair Competition Law"	Anti-Unfair Competition Law of the PRC (中華人民共和國反不正當競爭法)
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) as the context may require, any of them which is used in relation to the Hong Kong Public Offering
"Articles" or "Articles of Association"	the articles of association of our Company, adopted on 23 January 2015 and with effect from the Listing Date, and as amended from time to time
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"AUD"	Australian dollar, the lawful currency of Australia
"Board" or "Board of Directors"	the board of Directors
"business day"	a day on which banks in Hong Kong are open for general banking business, other than (i) a Saturday or a Sunday; or (ii) a day on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalisation Issue"	the issue of 449,999,000 Shares made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in the section headed "Further Information about our Group – Written Resolutions of our Sole Shareholder" in Appendix VI to this prospectus
"Cayman Companies Law"	Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time

"Cayman Share Registrar"	Appleby Trust (Cayman) Ltd.
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"close associate"	has the meaning ascribed to it under the Listing Rules
"Companies Ordinance"	Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong (as amended, supplemented or otherwise modified from time to time)
"Company" or "our Company"	Jicheng Umbrella Holdings Limited (集成傘業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 12 June 2014
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consumers Protection Law"	Consumers Protection Law of the PRC (中華人民共和國消費者權益保護法)
"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules, and in the context of our Company, means Mr. Huang and Jicheng Investment

"Deed of Indemnity"	the deed of indemnity dated 2 February 2015 and executed by our Controlling Shareholders in favour of our Company (for itself and for the benefit of its subsidiaries), particulars of which are set out in the section headed "Other Information – Tax and Other Indemnities" in Appendix VI to this prospectus
"Deed of Non-competition"	the deed of non-competition dated 2 February 2015 and executed by our Controlling Shareholders in favour of our Company (for itself and for the benefit of its subsidiaries), in respect of certain non-competition undertakings given by our Controlling Shareholders in favour of us, particulars of which are set out in the section headed "Relationship with the Controlling Shareholders" of this prospectus
"Director(s)" or "our Director(s)"	director(s) of our Company
"Dongshi Production Site"	the production site of our Group located in Dongshi Town (東石鎮), Jinjiang City (晉江市), Fujian Province (福建省), the PRC
"EIT"	the enterprise income tax payable under the PRC EIT Law
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), which came into effect 1 January 2008
"Foreign Trade Law"	Foreign Trade Law of the PRC (中華人民共和國對外貿易法)
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research and consulting company which prepared the Frost & Sullivan Report
"Frost & Sullivan Report"	the industry overview report commissioned by our Group and prepared by Frost & Sullivan on umbrella market in Japan and the PRC
"Fujian Jicheng"	福建集成傘業有限公司 (Fujian Jicheng Umbrella Co., Ltd.) (formerly known as 福建冠泓塑膠有限公司 (Fujian Guanhong Plastic Co., Ltd.) before the change of name in November 2008), a limited liability company established in the PRC on 24 December 2004, and an indirect wholly-owned subsidiary of the Company

"GDP"	gross domestic product
"General Administration of Customs"	General Administration of Customs of the PRC (中華人民共和國海關總署)
"Global Offering"	the Hong Kong Public Offering and the International Placing
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **HK eIPO White Form** Service Provider
"Group", "our Group", "we", "our" or "us"	our Company and its subsidiaries, or where the context refers to any time prior to our Company becoming the holding company of its present subsidiaries, the present subsidiaries of our Company and the businesses operated by such subsidiaries
"Guidance Catalog"	Guidance Catalog of Industries for Foreign Investment (外商投資產業指導目錄)
"**HK eIPO White Form**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website at **www.hkeipo.hk**
"**HK eIPO White Form** Service Provider"	the **HK eIPO White Form** service provider designated by us, as specified on the designated website at **www.hkeipo.hk**
"HKFRS"	Hong Kong Financial Reporting Standards
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited
"HK$" or "HK dollars" or "HKD"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Government"	the government of Hong Kong
"Hong Kong Offer Shares"	the 15,000,000 Shares being initially offered for subscription in the Hong Kong Public Offering, subject to adjustment

"Hong Kong Public Offering"	the conditional offering by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price, details of which are set out under the section headed "Structure and Conditions of the Global Offering" of this prospectus
"Hong Kong Share Registrar"	Tricor Investor Services Limited, the branch share registrar and transfer office of our Company in Hong Kong
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting – Hong Kong Underwriters" of this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 2 February 2015, relating to the Hong Kong Public Offering and entered into by, amongst other parties, the Sole Global Coordinator, the Hong Kong Underwriters and our Company
"Import and Export Regulations"	Regulations on the Administration over Import and Export of Goods of the PRC (中華人民共和國貨物進出口管理條例)
"Independent Third Parties"	persons or companies which are independent of and not connected with (within the meaning of the Listing Rules) any of the directors, chief executive and substantial shareholders (within the meaning of the Listing Rules) of our Company, any of its subsidiaries or any of their respective associates, and an "**Independent Third Party**" means any of them
"Internal Control Consultant"	SHINEWING Risk Services Limited, the internal control consultant of our Company
"International Placing"	the conditional placing of the International Placing Shares, at the Offer Price with professional, institutional and other investors by the International Placing Underwriters on behalf of our Company as described in the section headed "Structure and Conditions of the Global Offering" of this prospectus

"International Placing Shares"	the 135,000,000 Offer Shares initially being offered for subscription at the Offer Price under the International Placing together with, where relevant, any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option, but subject to the adjustment as described in the section headed "Structure and Conditions of the Global Offering" of this prospectus
"International Placing Underwriters"	the underwriters of the International Placing
"International Placing Underwriting Agreement"	the underwriting agreement in relation to the International Placing expected to be entered into among our Company, our executive Directors, our Controlling Shareholders, the Sole Global Coordinator and the International Placing Underwriters on or around the Price Determination Date, as further described in section headed "Underwriting – Underwriting Arrangements and Expenses – The International Placing" of this prospectus
"Japanese Yen" or "JPY"	Japanese Yen, the lawful currency of Japan
"Jicheng BVI"	Jicheng Umbrella Holding Limited, a company incorporated under the laws of the British Virgins Islands with limited liability on 13 June 2014, and a direct wholly-owned subsidiary of the Company
"Jicheng Company"	Jicheng Umbrella (Hong Kong) Co. (集成洋傘(香港)實業公司), a sole proprietorship of Mr. Huang as at the Latest Practicable Date which commenced business in Hong Kong on 16 August 2000
"Jicheng HK"	Jicheng Umbrella Hong Kong Company Limited (集成傘業香港有限公司), a company incorporated under the laws of Hong Kong with limited liability on 30 June 2014, and an indirect wholly-owned subsidiary of the Company
"Jicheng Investment"	Jicheng Investment Limited, a company incorporated under the laws of the British Virgins Islands with limited liability on 10 June 2014, and wholly-owned by Mr. Huang

"Jicheng Umbrella"	福建省晉江市集成雨具實業有限公司 (Fujian Province Jinjiang City Jicheng Umbrella Industrial Co., Ltd.), a limited liability company established in the PRC on 18 November 1994 and dissolved on 13 August 2014
"Jinjiang Guantai"	晉江冠泰傘業有限公司 (Jinjiang Guantai Umbrella Co., Ltd.), a limited liability company established in the PRC on 19 September 2003 and dissolved on 19 October 2010
"Jinjiang Jicheng"	晉江集成輕工有限公司 (Jinjiang Jicheng Light Industry Co., Ltd.), a limited liability company established in the PRC on 13 May 1996, and an indirect wholly owned subsidiary of the Company
"Joint Bookrunners"	Ping An of China Securities and Qilu International Capital Limited
"Joint Lead Managers"	Ping An of China Securities and Qilu International Securities Limited
"Labour Contract Law"	Labour Contract Law of the PRC (中華人民共和國勞動合同法)
"Latest Practicable Date"	27 January 2015, being the latest practicable date for the inclusion of information in this prospectus prior to the printing of this prospectus
"Listing"	listing of the Shares on the Main Board
"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date on which dealings of the Shares on the Main Board first commence, which is expected to be on 13 February 2015
"Listing Rules"	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
"Macau"	the Macau Special Administrative Region of the PRC

"Main Board"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, adopted on 23 January 2015 and with effect from the Listing Date, and as amended from time to time
"MOFCOM" or "Ministry of Commerce"	the PRC Ministry of Commerce (中華人民共和國商務部), or its predecessor, the Ministry of Foreign Trade and Economic Cooperation, as appropriate to the context
"Mr. Huang"	Mr. Huang Wenji (黃文集), our Chairman, an executive Director and a Controlling Shareholder
"National Development and Reform Commission"	National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC" or "National People's Congress"	the National People's Congress of the PRC (中華人民共和國全國人民代表大會)
"Offer Price"	the final price per Offer Share in Hong Kong dollars (exclusive of the brokerage fee of 1.0%, the SFC transaction levy of 0.0027% and the Stock Exchange trading fee of 0.005%)
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares, together with, where relevant, any additional Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option expected to be granted by our Company to the International Placing Underwriters, excisable by Sole Global Coordinator (on behalf of the International Placing Underwriters) subject to the terms and conditions of the International Placing Underwriting Agreement pursuant to which our Company may be required to allot and issue up to an aggregate of 22,500,000 additional Offer Shares (representing 15% of the initial number of the Offer Shares) to cover over-allocations in the International Placing and/or to satisfy the obligation of the Stabilising Manager to return securities borrowed under the Stock Borrowing Agreement, particulars of which are set out in the section headed "Structure and Conditions of the Global Offering" of this prospectus

"PRC" or "China"	The People's Republic of China which, for the purpose of this prospectus, shall exclude Hong Kong, Macau and Taiwan
"PRC Company Law"	Company Law of the PRC (中華人民共和國公司法)
"PRC Government"	the central government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and instrumentalities thereof
"PRC Legal Advisers"	Shu Jin Law Firm (廣東信達律師事務所)
"Price Determination Date"	the date, expected to be on or around 6 February 2015 but in any event, not later than 6:00 p.m. 6 February 2015, on which the Offer Price is fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company
"Product Quality Law"	Product Quality Law of the PRC (中華人民共和國產品質量法)
"Property Law"	Property Law of the PRC (中華人民共和國物權法)
"Provisions Guiding Foreign Investment Direction"	Provisions Guiding Foreign Investment Direction (指導外商投資方向規定)
"Provisions of Registration of Customs Declaration Entities"	Provisions of the Customs on the Administration of Registration of Customs Declaration Entities of the PRC (中華人民共和國海關報關單位註冊登記管理規定)
"QIB"	a qualified institutional buyer within the meaning of Rule 144A
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation arrangements undergone by our Group in preparation for the Listing, which is more particularly described in the section headed "History and Corporate Structure" of this prospectus
"Reporting Accountants"	SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of our Company

"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to our Directors by our Shareholders, further details of which are contained in the section headed "Written Resolutions of our Sole Shareholder" in Appendix VI to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shares"	ordinary shares of our Company with a nominal value of HK$0.01 per Share
"Shareholder(s)"	holder(s) of the Shares
"Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company on 23 January 2015, a summary of its principal terms is set forth in the section headed "Share Option Scheme" in Appendix VI to this prospectus
"Sino-Foreign Equity Joint Venture Enterprise Law"	Sino-Foreign Equity Joint Venture Enterprise Law of the PRC (中華人民共和國中外合資經營企業法)
"Social Insurance Law"	Social Insurance Law of the PRC (中華人民共和國社會保險法)
"Sole Global Coordinator" or "Ping An of China Securities"	Ping An of China Securities (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities, acting as the sole global coordinator of the Global Offering

"Sole Sponsor" or "Ping An of China Capital"	Ping An of China Capital (Hong Kong) Company Limited, a licensed corporation under the SFO permitted to carry out type 6 (advising on corporate finance) regulated activity, acting as the sole sponsor to the Listing
"sq.ft."	square foot (feet)
"sq.m."	square metre(s)
"Stabilising Manager"	Ping An of China Securities
"Standing Committee"	The Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"State Council"	The State Council of the PRC, namely the Central People's Government of the PRC (國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into on or about the Price Determination Date between Jicheng Investment and the Sole Global Coordinator
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Tak Lee Mei"	Tak Lee Mei Industrial Co. (香港德利美實業公司), a sole proprietorship of Mr. Huang as at the Latest Practicable Date which commenced business in Hong Kong on 28 June 2008
"Takeovers Code"	the Code on Takeovers and Mergers of Hong Kong
"Tax Consultant"	SHINEWING Tax and Business Advisory Limited
"Track Record Period"	the three financial years ended 31 December 2013 and the ten months ended 31 October 2014
"Trademark Law"	Trademark Law of the PRC (中華人民共和國商標法)
"Trademark Office"	The Trademark Office of the State Administration for Industry and Commerce of the PRC (國家工商行政管理總局商標局)

"Underwriters"	the Hong Kong Underwriters and the International Placing Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Placing Underwriting Agreement
"United States", "U.S." or "US"	the United States of America
"US$", "US dollar", "US dollars" or "USD"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"VAT"	value-added tax
"Wholly Foreign-owned Enterprise Law"	Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法)
"Work Safety Law"	Work Safety Law of the PRC (中華人民共和國安全生產法)
"Yonghe Production Site"	the production site of our Group located in Yonghe Town (永和鎮), Jinjiang City (晉江市), Fujian Province (福建省), the PRC
"%"	percent

The English names of the PRC established companies or entities and the PRC laws and regulations mentioned in this prospectus are translations from their Chinese names. If there is any inconsistency, the Chinese names shall prevail.

Certain monetary amounts included in this prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

Unless the context requires otherwise, translation of US$ into HK$, RMB into HK$, RMB into JPY and AUD into RMB is made in this prospectus, for illustration purpose only, at the rates of US$1.0 = HK$7.8, RMB1.0 = HK$1.25, JPY100 = RMB6.1 and AUD1.0 = RMB5.2. No representation is made that any amount in US$, HK$, JPY, RMB or AUD could have been or could be converted at the above rate or at any other rate or at all. Unless otherwise specified, all references to any shareholdings in our Company assume no exercise of the Over-allotment Option.

This glossary contains explanations of certain terms used in this prospectus in connection with us and our business. These terminologies and their given meanings may not correspond to those standard meanings and usage adopted in the industry.

"EVA"	Ethylene Vinyl Acetate is an environmental friendly fabric for umbrellas' canopy which is free of azo and heavy metal chromium, which can make non-transparent canopy and has better performance than POE on elasticity, flexibility, glossiness and breathability. Umbrella and parasol made of EVA is biodegradable and recyclable and is an environmentally friendly substitute for PVC
"FOB"	Free On Board, international commercial terms stipulating seller must load the goods on board of the vessel nominated by buyer
"ISO"	the International Organisation for Standardisation, world-wide federation of national standard bodies
"ISO9001"	the certification for an internationally recognized standard for quality management
"ISO14001"	the certification for an internationally recognized standard for environmental management
"LDPE"	Low Density Polyethylene is key raw material for the cover of plastic umbrella and is mainly made from ethylene
"LLDPE"	Linear Low Density Polyethylene is key raw material for the cover of plastic umbrella and is mainly made from ethylene
"Nylon Filament"	is a generic designation for a family of synthetic polymers known generically as aliphatic polyamides, containing monomers of amides joined by peptide bonds
"Plastic Umbrellas"	mean POE umbrellas and EVA umbrellas
"POE"	Polyolefin Elastomers is an environmental friendly fabric for umbrellas' canopy which is free of azo and heavy metal chromium. Umbrella and parasol made of POE is biodegradable and recyclable and is an environmentally friendly substitute for PVC

"Polyester Filament"	is a category of polymers which contains the ester functional group in their main chain. It is an important variety of synthetic fiber and is the most widely used fiber in the overall textile industry
"PVC"	Polyvinyl Chloride is cheap, easy to assemble and durable. PVC can make transparent canopy, and is the first generation for plastic umbrellas. However, PVC degrades very slowly, and can release toxic when fumes. Thus, PVC umbrellas have been basically eliminated

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. The business, financial condition or results of operations of our Group could be materially adversely affected by any of these risks. The trading price of the Shares could decline due to any of these risks, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Any decrease of the export tax rebate in the future will have a negative effect on our profitability

According to the tax circular, Cai Shui [2008] No. 144 (「財政部、國家稅務總局關於提高勞動密集型產品等商品增值稅出口退稅率的通知」, Notice of the Ministry of Finance and the State Administration of Taxation on Raising the Export Tax Rebate Rates for Labour-Intensive and Other Commodities), the Ministry of Finance and State Administration of Taxation jointly increased the export tax rebate rate of umbrella from 11.0% to 13.0% with effect from 1 December 2008. According to the tax circular, Cai Shui [2009] No. 88 (「財政部、國家稅務總局關於進一步提高部分商品出口退稅率的通知」, Notice of the Ministry of Finance and the State Administration of Taxation on Raising the Export Tax Rebate Rates for Certain Commodities), the export tax rebate rate of umbrella has been increased to 15.0% from 13.0% with effect from 1 June 2009. Export tax rebate contributed significantly to our Group's net profit during the Track Record Period. There has been no change on the export tax rebate rate of umbrella in the past five years. The tax rebate received for the Track Record Period were approximately RMB27 million, RMB43 million, RMB56 million and RMB62 million, representing approximately 8.4%, 11.5%, 11.5% and 11.8% of our total revenue and 65.9%, 97.7%, 93.3% and 96.9% of our net profit respectively. The tax rebate comprised a refund of VAT incurred on raw materials used to manufacture umbrellas in China which subsequently exported. Tax rebate is a crucial part of exporters' profit. Any reduction of tax rebate in the future is likely to bring negative impact to our profit margin.

Our business, financial condition and results of operations may be affected by the loss of key customers

During the Track Record Period, our sales to our five largest customers in aggregate accounted for approximately 59.9%, 60.3%, 47.7% and 53.3% of our total sales respectively. We also heavily relied on sales to our export sales customers, large majority of which were trading companies, as our sales to our export customers accounted for approximately 80.8%, 89.9%, 88.3% and 76.1% of our total revenue during the Track Record Period. It is important for us to maintain close and mutually beneficial relationships with our key overseas and domestic customers. Our revenue is also subject to our customers' business, product quality, sales strategy, industry conditions and the overall economic market environments. We cannot assure you that our customers, particularly, our trading companies customers, may continue to purchase from us at current levels, or at all, and they may become insolvent or otherwise default on payments under such orders, fail to take delivery of our products in accordance with the purchase orders, or purchase similar products from our competitors. Any significant reduction of sales to or loss of any of our key customers could materially and adversely affect our business, financial condition and results of operations.

We generally do not have long-term purchase commitments from our export sales customers and our sales are made on the basis of individual purchase orders. We believe that the quality of our umbrella products and services have attracted our export sales customers to purchase from us. However, we are not the exclusive supplier for these customers and we do not have guaranteed orders from them. There is no assurance that these customers will not purchase from other suppliers whom they perceive offer equal or superior products or services, or whom offer lower prices than us.

We usually discuss with our key customers at the year end the quantities of products to be sold for the next year. However, such discussions are not legally binding and are only represented as sales indications or targets for products. These indications or targets are subject to the purchase orders issued by the customers which become legally binding when accepted by us. The sales prices are also generally not fixed in such discussions but determined at the time the purchase orders are placed and are based on the pricing policy of our Group. Therefore, until the purchase orders are placed, there is no certainty that we will generate revenue from such discussions.

If demand for our customers' products deteriorates or if there are any other developments adverse to our major customers such as any significant changes in the operations or financial condition of our major customers, including consolidation or change of ownership, restructuring or liquidation, we may experience a material adverse effect on our business, operating results and financial condition.

We may be subject to certain risks, such as political and economic instability and fluctuations in currency rates of foreign currencies, associated with selling our umbrella products to Japan, the PRC and other overseas customers

During the Track Record Period, revenue derived from our two major markets, namely Japan and the PRC accounted for approximately 94.9%, 93.3%, 87.6% and 83.4% in aggregate, revenue derived from Japan accounted for approximately 75.7%, 83.2%, 75.9% and 59.5%, respectively, of our total revenue, while revenue derived from the PRC accounted for approximately 19.2%, 10.1%, 11.7% and 23.9%, respectively, of our total revenue. Any change in market demand levels for our umbrella products in Japan, the PRC and in our other export destinations may have a significant effect on our business, financial condition and results of operations. In particular, we are affected by changes in the economic condition of Japan, a major destination of our products, and the PRC.

Relying heavily on exporting our products to Japan, our financial performance may be tied to the fluctuations in the Japan economy. For instance, Japan was affected by a series of incidents including the 2008 financial crisis, the 2011 earthquake and tsunami and the recent increase of VAT from 5.0% to 8.0%, which hampered the purchasing power of Japanese residents. Hence, we cannot guarantee that we can continue to expand our customer base in Japan and generate significant revenue from exporting to Japan. There is possibility that we cannot maintain the existing level of purchase orders from Japan.

If our customers are not able to maintain their existing levels of orders, it could have a material adverse effect on us. To the extent that we do not maintain our existing levels of business with our customers, we will need to attract new customers or secure new business with our existing customers. If we are not able to do so, our business, results of operations and financial condition may be adversely affected.

Export sales are also subject to various risks, including political tension arising from territorial dispute between China and Japan and economic instability, the imposition of foreign tariffs and other trade barriers, fluctuations in currency rates of foreign currencies against RMB, the impact of foreign government regulations and the effects of income and withholding taxes, governmental expropriation and differences in business practices. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with overseas sales that could cause loss of revenues and earnings. Unfavourable changes in the political, regulatory and business climate could have a material adverse effect on our sales, financial condition, profitability or cash flows.

As our sales are primarily made in US dollar, RMB and Japanese Yen whereas our purchases of materials and payment of wages and salaries to the PRC workers are in RMB and US dollar, we are exposed to exchange rate risk. In addition, we are exposed to the risks associated with the currency conversion and exchange rate system in the PRC.

Our profit margins will be negatively affected to the extent that we are unable to increase the US dollar and Japanese Yen selling prices of the products we sell to our overseas customers to account for any appreciation of the RMB against the US dollar and Japanese Yen. Further, any future significant fluctuations in exchange rates will result in increases or decreases in our reported costs and earnings, and also adversely affect the carrying value of our non-RMB-denominated assets and the amount of our equity, and, accordingly, our business, financial condition, results of operations and prospects.

If there is any material fluctuation in the exchange rates of one currency that we use to settle our payables against the other currency we received from our customers, and if we are unable to pass on the exchange risk to our customers, our results of operations and financial condition may be adversely affected.

In addition, any changes in consumers' preferences and our failure to timely respond to such changes may lead to a reduction in demand for our products and adversely affect our financial condition. If we are unable to effectively manage these risks, our ability to conduct or expand our business abroad would be impaired, which may in turn have a material adverse effect on our business, financial condition, results of operations and prospects.

Any failure to maintain an effective quality control system at our production facilities could harm our business

The quality of our umbrella products is critical to the success of our business. This significantly depends on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of the system, the quality control training programme, and our ability to ensure that our employees adhere to our quality control policies and guidelines. Any significant failure or deterioration of our quality control system could result in the production of defective or substandard products, delays in the delivery of our products, the need to replace defective or substandard products and damage to our reputation. If our products do not meet the specifications and requirements agreed with or requested by our customers, or if any of our products are defective, or result in our customers suffering losses as a result of product liability claims, we may be subject to product liability claims and litigations, claims for indemnity by our customers and other claims for compensation. We may also incur significant legal costs regardless of the outcome of any claim of alleged defect. Product failures or defects, and any complaints or negative publicity resulting therefrom, could result in decreased sales of these or other products, or claims or litigation against us regarding the quality of our products. As a result, our business, financial condition and operating results could be materially and adversely affected.

The umbrella industry is subject to stringent quality and safety standards in the PRC. Our products are regulated by several national standards (GB/T23147-2008 and GB 28477-2012) as well as industry standards (QB/T 4152/2010). We compete on our ability to manufacture products that adhere to the safety and quality standards. If we fail to adhere to the standards that meet the official requirements and the expectations of our consumers when manufacturing our products, our reputation may be harmed and we may lose critical customer orders, or we may face product liability claims or product recalls.

In addition, some members of our Group have received internationally recognised certifications relating to our environmental and quality management standards, such as ISO 14001:2004 and ISO 9001:2008 certifications. Our Directors believe these recognitions and certifications are a significant contributor to our overall success. Customers in overseas markets, in particularly developed countries like Japan, usually pay great attention to the products quality and environmental compliance. Accordingly, any significant failure or deterioration of our quality control systems could result in a loss of such recognitions and certifications, which in turn could have a material adverse effect on our reputation and prospects.

Any unexpected disruption at our production facilities could have a material and adverse effect on our business, financial condition and results of operations

A smooth and consistent daily operations of our production facilities are highly crucial to our business. Regular repair and maintenance programmes for our production facilities are scheduled by our production department. Annual and half-year machinery maintenance for machines such as production of shaft, plastic cloth and moulding are scheduled to ensure no production disruption and in accordance with our internal standards. During the Track Record Period, there had been no material breakdown at our production facilities. However, we cannot assure you that there will be no sudden malfunction or stoppage of our production facilities during our daily operations and if any breakdown or malfunctions of machinery happened, our business, financial condition and results of operations could be adversely impacted. Our Group has engaged a subcontractor for operation of our canteen in Jinjiang Jicheng since 2013. In

January 2014, there was a food poisoning incident due to hygiene issues. As a result, around 40 of our staff were sent to hospital for inspection and medical treatment. Jinjiang Health Bureau (晉江市衛生局) of Fujian Province later found out that such subcontractor failed to obtain Food Service Licences (餐飲服務許可證) and fined him RMB10,000 as administrative penalty. For details, please refer to the section headed "Business – Labour, Occupational Safety and Health Measures" of this prospectus. Our operation and financial condition may be adversely affected if we fail to prevent similar health issue in the near future.

Our production process relies on a constant and sufficient supply of utilities including water and electricity. Although we have not experienced any material disruption in our production due to power and water supply failure during the Track Record Period, in the event of an earthquake, fire, drought, flood or other natural disaster, political instability, riot or civil unrest, extended outage of critical utilities or transportation systems, terrorist attack or other events that limit or disrupt our ability to operate our manufacturing facilities, we may experience substantial losses, including loss of revenue from disrupted production, exceeding our insurance coverage. We may also need to incur substantial additional expenses to repair or replace any damaged equipment or facility. In addition, our ability to manufacture and supply products and our ability to meet our delivery obligations to our customers would be significantly disrupted and our relationships with our customers could be damaged, which could have a material and adverse effect on our business, financial condition and operating results.

We have certain non-compliance issues with our land and buildings

According to the PRC Legal Advisers, we have the following non-compliance issues with our lands and buildings:

1. Jinjiang Jicheng has not obtained the State-owned Land Use Rights Certificates for two lands located at Yonghu Village, Dongshi Town, Jingjiang City, Fujian Province, the PRC. The two lands occupy a total site area of 3,685 sq.m. and 5,806 sq.m. respectively. There are (1) one 1-storey building with gross floor area of approximately 2,971 sq.m. on the 3,685 sq.m. land; (2) one 5-storey building with gross floor area of approximately 1,909 sq.m. located on the 5,806 sq.m.; and (3) one 6-storey and one 4-storey buildings with respective floor area of approximately 1,449 sq.m. and 1,160 sq.m. partially located on the 5,806 sq.m. land. The total gross floor area of all these 3 buildings is approximately 4,518 sq.m.. Due to the lack of State-owned Land Use Rights Certificates for the two lands with respective total site area of 3,685 sq.m. and 5,806 sq.m., all the aforementioned 4 buildings have not yet obtained the required permits, project final acceptance and the building ownership certificates. The one 1-storey and one 5-storey buildings are our production workshops and one 6-storey and one 4-storey buildings are our staff quarters. We have obtained the State-owned Land Use Rights Certificate for one of the lands with total site area of 3,685 sq.m. on 7 January 2015.

2. Jinjiang Jicheng has not obtained the relevant permits, project final acceptance and building ownership certificate for one 1-storey building with gross floor area of approximately 397 sq.m. located on a piece of land with State-owned Land Use Certificate Jin Guo Yong (2006) Di No. 00014. It is used as a production workshop.

3. Fujian Jicheng has not obtained the relevant permits, the project final acceptance and the building ownership certificate for two 1-storey buildings at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Rights Certificate of Jin Guo Yong (2008) Di No. 00903. The gross floor area of the two buildings is 1,200 sq.m. and 810 sq.m. respectively. Both two buildings were production workshops.

4. Fujian Jicheng has not obtained the relevant permits for one 1-storey temporary construction at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Right Certificate of Jin Guo Yong (2009) Di No. 00320. The total gross floor area of this temporary construction is approximately 68 sq.m. and is used as ancillary repairing workshop.

5. Fujian Jicheng has not obtained the planning permit for construction project (建設工程規劃許可證) and the construction permit (施工許可證) for one construction in progress at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Right Certificates of Jin Guo Yong (2009) Di No. 00320. The total gross floor area of this construction is 10,782 sq.m. and is a 10-storey building. This building is intended to be used as an office for the Company.

Please refer to the section headed "Business – Non-Compliance" for further details. If we are forced to relocate or are ordered to pay any penalty due to the above non-compliance issues, our business operations and financial position may be affected.

We may experience a shortage of labour or our labour costs may continue to increase

Our production process is labour-intensive. During the Track Record Period, our direct labour cost under cost of sales amounted to approximately RMB41 million, RMB48 million, RMB49 million and RMB48 million, respectively. As we expand our production capacity, our need for production personnel may increase. Moreover, labour costs have increased in the PRC in recent years. Starting from 2012, our Yonghe Production Site experienced loss of labour force. Our Directors confirmed that the loss of labour force was mainly because many of these workers did not return to Yonghe Production Site after Chinese new year holiday. Instead, they preferred to look for a job in their hometown provinces, which partially led to a decrease in our utilization rate in Yonghe Production Site. We cannot assure you that we will not experience any shortage of labour for our production needs or that the costs of labour in the PRC will not continue to increase in the future. If we experience a shortage of labour, we may not be able to maintain our production volume. If labour costs continue to increase in the PRC, our production costs will increase and we may not be able to pass all these increases to our customers due to competitive pricing pressures. Accordingly, if we experience a shortage of labour or our labour costs continue to increase, our business prospects, financial condition and results of operations may be adversely affected.

If we are unable to identify and adopt other appropriate means to reduce our labour costs, or pass on to our customers an increase in costs of our outsourced production due to the rising cost of raw materials and labour, our business, financial condition and results of operations may be materially and adversely affected. Furthermore, we cannot assure you that any disputes, work stoppages or strikes will not arise in the future. Any future disputes with our employees could adversely affect our business, financial condition and results of operations.

We do not enter into long-term supply contracts with our suppliers and our production cost and schedule may be adversely affected if we fail to secure supply

During the Track Record Period, our five largest suppliers accounted for approximately 36.6%, 29.4%, 43.4% and 36.2% of our total purchases, and purchases from our largest supplier accounted for approximately 8.7%, 9.5%, 19.6% and 16.2% of our total purchases.

We do not enter into any long-term supply contracts with our suppliers. There is no assurance that our suppliers will be able to supply the required raw materials to us in a timely manner or that they will not significantly increase the prices at the time of our purchase. There is also no assurance that our suppliers would be able to deliver to us the raw materials up to our required standard. In either case, our production schedule and business could be materially and adversely affected. In addition, we may not be able to secure alternative supplies of raw materials of similar quality from other suppliers at prices and terms acceptable to us. In such event, our business, financial condition and operating results may be materially and adversely affected.

The quality of the electroplating services and cloth-dyeing services provided by our independent subcontractors may not be satisfactory and this may materially affect our business and reputation

We engage independent electroplating and cloth-dyeing factories which are close to our production facilities for the electroplating and cloth-dyeing procedure in our production process. We engage subcontractors to manufacture a portion of our products according to our specifications. During the Track Record Period, the subcontracting fees paid to these subcontractors accounted for approximately RMB7 million, RMB5 million, RMB5 million and RMB9 million, representing approximately 2.6%, 1.6%, 1.3% and 2.3% of our total cost of sales.

The ability of a subcontractor to process our products is limited by its production capacity. We generally do not have any long-term agreements with any subcontractors, meaning we typically place orders on an individual basis, depending on the purchase orders from our customers. It is possible that other customers of our subcontractors are of a larger scale and are better financed than we are, or have long-term agreements with our subcontractors. Accordingly, our subcontractors may allocate their production capacities to these customers during times of production capacity shortages. Any shortfall in such available production capacity could significantly affect our ability to deliver our products in a timely fashion, which may result in a loss of revenue and may damage our relationships with our customers. In addition, if the cost of subcontracting increases and we are unable to pass on such higher costs to our customers, our profit margins may be significantly reduced, thereby adversely affecting our financial condition and results of operations. We review the performance, standard of services provided, financial status and pricing offered of our sub-contractors on a regular basis. We have not received any material claims or complaints by our customers in respect of the quality of our products during the Track Record Period. However, there is no assurance that these subcontractors will comply with our requirements or the quality of their services will be satisfactory. We cannot assure you that such quality control is sufficient for us to identify all defects of such semi-finished or finished products, or that such products will have the same quality as those we manufacture by ourselves. Any quality problems related to our subcontractors, if undetected, may adversely affect our business and reputation.

If we are unable to maintain high utilisation rates at our production facilities, our margins and profitability may be materially and adversely affected

Higher utilisation rates of our production facilities allow us to allocate fixed costs over a greater number of products produced, thus increasing our profit margins. During the Track Record Period, our Dongshi Production Site achieved average production utilisation rates of approximately 51.0%, 66.0%, 82.0% and 95.0% respectively, whereas our Yonghe Production Site achieved an average production utilisation rates of approximately 77.0%, 49.0%, 38.0% and 74.0% respectively. The utilisation rates of our production facilities depend primarily on the demand for our products. The utilisation rates may also be affected by various other factors, such as skills of our employees, adverse weather conditions, natural disasters and breakdown of our production equipment. There is no assurance that we will be able to maintain a comparable level of output and utilisation rates for our Dongshi Production Facilities and Yonghe Production Facilities in the future. In the event we are unable to achieve high utilisation rates for any or all of our production facilities, our business, financial condition and operating results may be materially and adversely affected.

We may not be able to adequately protect our intellectual property, or may be exposed to third-party claims of infringement or misappropriation of intellectual property rights

Our future success depends in part upon our proprietary technology. We consider that our Jicheng (集成) brand, the designs of our products, our trademarks, patents and similar intellectual property rights are critical to our success. As of the Latest Practicable Date, we hold a total of 23 patents granted by the State Intellectual Property Office of the PRC. In addition, we have 20 trademarks registered in the PRC, three trademarks registered in Hong Kong and one trademark registered with the International Bureau of World International Property Organization. It is possible that any patents held by us may be invalidated, circumvented, or challenged. There can be no assurance that such patents or registered trademarks will provide us with competitive advantages or adequately safeguard our proprietary rights. Existing patents are granted for prescribed time periods and will expire at various times in the future. Registered trademarks are valid for ten years according to Trademark Law and must be renewed within certain prescribed period.

Our design and manufacturing processes involve usage of proprietary know-how and intellectual property rights, which may be susceptible to infringement by third parties. To protect the proprietary know-how we use in our production, we rely primarily on contractual arrangements with our management and technical personnel who have access to our proprietary know-how. We cannot assure you that our standard confidentiality and non-competition agreements or the non-disclosure clauses in our employment contracts are enforceable under PRC law or are adequate to protect our proprietary know-how.

We may be subject to litigation involving claims of patent infringement or violation of intellectual property rights of third parties. The defence and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel.

An adverse judgement in any such litigations or proceedings to which we may become a party may subject us to significant liability to third parties, require us to seek licences from third parties, pay ongoing royalties, redesign our products or subject us to injunctions prohibiting the manufacture and sales of our products or the use of our technologies. Protracted litigation may also result in our customers or potential customers deferring or limiting their purchase or use of our products until resolution of such litigation. As a result, such litigation may have material adverse effects on our business, financial condition and results of operations.

We may not be able to maintain our growth or able to implement our business plan successfully

We experienced rapid growth during the Track Record Period. Our revenue grew from approximately RMB326 million in 2011 to RMB484 million in 2013 at a CAGR of approximately 21.9%. Comparing the ten months ended 31 October 2013 with the ten months ended 31 October 2014, our revenue grew by 24.8% from approximately RMB420 million to RMB525 million. During the Track Record Period, our gross profit margin was approximately 24.9%, 24.8%, 24.7% and 26.2%, respectively, and our net profit margin was approximately 12.7%, 11.7%, 12.4% and 12.2%, respectively. Our ability to sustain our profit margin in the future depends on a variety of factors, including successful implementation of our expansion plans and business strategies, market demand for our products, our ability to respond to market preference, efficient utilisation of our management and financial resources and ability to recruit and retain suitable skilled personnel. Failure to do so will affect our gross profit margin and net profit margin adversely.

Nonetheless, we may not be able to sustain such growth rate. Even if we maintain such growth rates, we may not be able to manage the growth in an efficient and effective manner. In the event we are unable to maintain or manage our business growth, or otherwise experience pricing pressure or loss of market presence, we may experience stagnant or negative growth, thereby materially and adversely impairing our business, financial condition and operating results. As many factors affecting our future growth are beyond our control, we may not be able to achieve our historical growth rate.

Our business plans set forth in the paragraph headed "Business – Our Business Strategies" and the section headed "Future Plans and Proceeds" of this prospectus are based on assumptions of future events which may entail certain risks and are inherently subject to uncertainties, such as changes in the industry, availability of funds, prices of raw materials, sufficiency of manpower, competition, government policies and political and economic developments in the PRC. These assumptions may not be correct, which could affect the commercial viability of our business plans. As such, there can be no assurance that our business plans will be implemented successfully as scheduled (in terms of, for instance, time and cost) or at all. If we fail to effectively and efficiently implement our business plans, we may not be successful in achieving desirable and profitable results. Even if we effectively and efficiently implement our business plans, there may be other unexpected events or factors that prevent us from achieving the desirable and profitable results from the implementation of our business plans. Our sales may not grow at the same rate as the increase in our production capacity, which may result in excess production capacity in our production facilities. Our financial condition, operating results and growth prospects may be materially and adversely affected if our future business plans fail to achieve positive results.

We rely on our key personnel for our future growth

Our past success is attributable to the vision, experience, expertise and managerial and technical skills of our core management team led by Mr. Huang. Mr. Huang is responsible for overall management, strategic development and major decision-making and has more than 18 years of experience in the umbrella products industry. The success of our Group is also dependent on the core members of our research and development department. The future success of our Group is dependent on the continued efforts, performance and abilities of such key management.

The Directors and our senior management implement our business plans and oversee our day-to-day operations. In addition, the creative efforts and innovation of our research and development team play a crucial role in determining whether our umbrella products has the requisite market appeal for achieving a healthy sales volume. Our future development and expansion will rely on the continued dedication, skills and experience of such key personnel, in particular, Mr. Yang and other members of our senior management team as mentioned in the section entitled "Directors, Senior Management and Employees" of this prospectus.

Members of our key personnel may terminate their employment with us at will. There is no assurance that we can retain such key personnel for their future services, nor that we can assure that qualified personnel can be found to replace any potential loss of such key personnel, which could adversely affect our profitability and operations.

We operate in a highly competitive environment and we may not be able to sustain our current market position

Due to the evolving markets in which we compete, additional competitors with significant market presence and financial resources may enter those markets, and thereby intensify the competition. These competitors may be able to reduce our market share by adopting more aggressive pricing policies than we can or by developing technology and services that gain wider market acceptance than our products do. Existing and potential competitors may also develop relationships with our customers in a manner that could significantly harm our ability to sell and market.

The market for our umbrella products is competitive. We face competition in the market for umbrella products from both international and domestic manufacturers. According to Frost & Sullivan, we were ranked the third largest umbrellas and parasols manufacturer in China in terms of sales volume in 2013, accounted for 2.0% market share and the top five manufactures in aggregate accounted for 13.7% of the market share. Some of our competitors have greater access to capital and substantially greater production, intellectual property, marketing and other resources than we do. Our ability to compete successfully in the umbrella industry depends on various factors, including effective cost control, consistency in product quality, timely delivery of products to meet customers' schedules, customer services and technical expertise, and factors that are outside of our control, such as industry and general economic conditions. We cannot assure you that our strategies will remain competitive or that they will continue to be successful in the future. Increased competition may result in loss of our market share, which may have a material adverse effect on our business, prospects, financial condition and results of operations.

We also face competition from overseas suppliers. If our key overseas customers meet their requirements through the use of overseas suppliers, we may not be able to increase our market share or find a market for our umbrella products, and our business, prospects, financial condition and results of operations may be adversely affected.

Fluctuations in prices of raw materials or unstable supply of raw materials could negatively impact our operations and may adversely affect our profitability

During the Track Record Period, direct materials constituted large portion of our cost of sales, approximately 69.4%, 70.6%, 75.5% and 76.2% of our cost of sales respectively. Our primary raw materials include chemical materials, steel plate, components of umbrella frame and plastic and nylon cloths. Like other umbrella manufacturers, we were and are subject to the price fluctuation in raw materials used in our manufacturing process. For details of price fluctuation of our major raw materials, please refer to the section headed "Industry Overview – Prices of the Key Raw Materials" of this prospectus.

The prices of most of our raw materials generally follow the price trends of, and vary with, market conditions. Supplies of these raw materials may also be subject to a variety of factors that are beyond our control, including but not limited to market shortages, suppliers' business interruptions, government control, weather conditions and overall economic conditions, all of which may have an impact on their respective market prices from time to time. In the future, there may be periods of time when we are unable to pass our cost increases on to customers in a timely manner to avoid adverse impacts on our profit margins. For example, there is a potential time lag between when prices for raw materials increase under our purchase orders and when we can implement a corresponding increase in price under our sales orders with our customers. In addition, when raw material costs increase rapidly and such costs are passed along to customers as product price increases, the credit risks associated with certain customers can be compounded and demand may decrease. Our business prospects, financial condition and results of operations may be adversely affected by the increase and volatility of these costs. Such cost increases may also increase our working capital needs, which could reduce our liquidity and cash flow.

Our efforts in product enhancement and new product development, in particular our POE umbrellas, may not succeed and this may affect our business and operating results

The umbrella industry is rapidly evolving and undergoes continuous development. Our success relies significantly on our ability to develop new umbrella products and improve the quality of our existing products, in particular our POE umbrellas, which had primarily fueled the growth of our revenue and accounted for approximately 69.1%, 77.8%, 80.0% and 71.8% of our total revenue during the Track Record Period. If we fail to develop appropriate products with acceptable quality or lag behind our competitors in improving our product quality or product range, we may not be able to maintain our leading position, and hence our operating results and prospects could be adversely affected. If we fail to accurately assess the market trends, anticipate market developments and direct our efforts to relevant product development projects or the demand for our POE umbrellas decreases significantly, our business, operating results and financial condition could be adversely affected. The unavailability and insufficiency of capital for product development projects and any areas where our employees' experience may be lacking could all affect our development plans.

We may not be successful in maintaining our current market position or implementing our market expansion plan and such failure may affect our business and financial performance

We intend to maintain our current market position and continue to expand into new markets, including both domestic and the overseas markets, through extending our sales and marketing networks and establishing new production facilities.

As our market expansion in Japan and new markets such as Hong Kong, Cambodia and South Korea may require additional management, financial and human resources, and may be subject to a number of risks including but not limited to the future development of the Japan economy, we cannot assure you that we will be able to maintain our current market share or continue to develop new customers in other regions.

Our maintenance of current market position and market expansion may be hindered by risks including but not limited to cultural differences, instability or changes in the political, regulatory or economic environment, lack of understanding of the local business environment, financial and management system or legal system, differences in legal burdens in complying with local laws and regulations, payment practices, stringent product liability and warranty requirements, potentially adverse tax consequences, competition within the local market and volatility in currency exchange rates.

Maintaining our current market position and implementing our market expansion plan have resulted in, and will continue to result in, substantial demands on our resources. Managing our expansion will require, among other things:

- continued enhancement of our research and development capabilities;

- successful hiring and training of personnel;

- increased marketing and service activities;
- management of our sales network;
- sufficient liquidity;
- effective and efficient financial and management control; and
- effective cost and quality control.

There is no assurance that we will be able to successfully maintain or expand our market coverage or grow our business successfully after deploying our management and financial resources, particularly in the overseas markets. Any failure in maintaining our current market position or implementing our market expansion plan could materially and adversely affect our business, financial condition and results of operations.

There is no assurance that we will be able to retain members of our senior management team and other key personnel or recruit additional competent personnel for our future development. Any loss of senior management members or key personnel without immediate and adequate replacement may limit our competitiveness, affect our production planning and implementation, reduce our manufacturing quality or cause customer dissatisfaction. In addition, if any member of our senior management team joins our competitors or forms a competing company, we may lose customers, suppliers, production know-how and key staff and members. As a result, our business, financial condition and operating results may be materially and adversely affected.

Our insurance coverage may not be sufficient to cover the risks relating to our operations and potential losses

Our operations are subject to hazards and risks that are typically associated with manufacturing operations which may cause significant injury or damage to person or property. We carry insurance to protect ourselves from a range of contingencies including, among others, risk of loss, theft of, and damage to, among others, property, plant and equipment, and inventory in all of our production facilities and warehouses. However, no assurance can be given that our insurance coverage will be able to cover all types of, or be sufficient to cover the full extent of any loss, theft of or damage to property or injury to person for which we may be held liable.

Our ability to meet the demand of and our contractual obligations to our customers as well as our ability to grow our business are all heavily dependent on the efficient, proper and uninterrupted operations of our facilities. Power failures or disruptions, the breakdown, failure or substandard performance of equipment, the destruction of buildings and other facilities due to fire or natural disasters such as hurricanes, severe winter storms, flood, droughts or earthquakes will severely affect our ability to continue our operations and may cause significant property damage and personal injuries. Our existing insurance policies may not be sufficient to compensate us for any losses arising from damage to our buildings, equipment and infrastructure. In addition, there are certain types of losses, such as those resulting from war, acts of terrorism, earthquakes, typhoons, flooding and other natural disasters, for which we cannot obtain insurance at a reasonable cost or at all. Any events and any losses or liabilities that are not covered by our current insurance policies may have a material adverse impact on our business, financial condition, results of operations and prospects.

We may be exposed to claims in respect of product quality and safety standard made by the end-consumers of our products and infringement of third party intellectual property rights

According to the terms of sales with our customers, there is no restriction on the overseas sales of our customers in relation to our products. As such, our trading companies customers may further sell our products overseas provided that they have the right to export and their compliance with relevant PRC export laws and regulations, and we, as the manufacturers and designers of the products, may be liable for infringement of third party intellectual property rights for these onward sales made by our trading companies customers. There is no assurance that we would not be named as a defendant in a lawsuit or proceedings brought by end-consumers in respect of our products.

We face an inherent risk of exposure to product liability claims in the event that the use of our products results in health or safety issues or damages. The end-consumers of our products may have the right to bring an action under tort and we may also be subject to tortious liabilities for any damages caused by defects of our umbrella products. According to the Tort Law of the PRC (中華人民共和國侵權責任法) which was promulgated by the Standing Committee on 26 December 2009 and became effective since 1 July 2010, if financial damages or physical injuries are incurred to an individual due to substandard product quality, the manufacturer of the product and the seller shall assume civil liability in accordance with the laws.

A successful claim against us in respect of our umbrella products or a material recall of our products may result in (i) legal costs incurred in connection with such claim or other adverse allegations or rectifying such defects; (ii) deterioration of our brand and corporate image; and (iii) material adverse effect on our sales, results of operations and financial conditions.

We rely on independent logistic companies and delivery agents

We do not have our own transportation team. During the Track Record Period and up to the Latest Practicable Date, we entered into contracts with independent logistic companies and delivery agents for transportation or delivery of our umbrella products to locations designated by our customers. Should the logistic companies and delivery agents fail to comply with the terms of our contracts with them or any regulatory requirements, they may fail to transport or deliver our umbrella products to our customers in a timely manner or at all. Upon any failure by our existing logistic companies or delivery agents to discharge their delivery obligations, we may not be able to find other suitable companies or agents as replacements on a timely basis, and our business, financial performance and operations may thereby be adversely and materially affected.

The logistics service providers are responsible for any loss or damage to our umbrella products during delivery and are responsible for the insurance coverage in respect of our umbrella products delivered by them. There is no assurance that the logistics service providers have sufficient insurance coverage for our umbrella products delivered by them, if at all. As such, our customers may have liability claims against us if there is loss or damage to our umbrella products during delivery and the logistics service providers do not have any or sufficient insurance coverage. Any such claims, regardless of whether they are ultimately successful, could cause us to incur litigation costs, harm our business reputation and disrupt our operations. If any such claims are ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition and results operations.

We are subject to risk of increase in inventories and inventory turnover days

We need to maintain certain inventory level to meet the market demand for our umbrella products as well as the requirements in relation to our expanded business. During the Track Record Period, the balance of our inventory amounted to approximately RMB173 million, RMB163 million, RMB119 million and RMB94 million, accounted for approximately 60.7%, 40.4%, 30.7% and 27.4%, respectively, of our total current assets. We adopt inventory control policy and measures to monitor the inventory levels through our management information system. We cannot assure you that our inventory control policy and measures will be implemented effectively. In addition, we cannot assure you that we will not experience any slow movement of inventory due to various seasons, which may result in reduced sales of our umbrella products and pressure on our operating cash flow, and we may subsequently incur significant provision as a result of a high level of obsolete inventories.

During the Track Record Period, our Group's average inventories' turnover days were approximately 229 days, 216 days, 141 days and 82 days respectively. Such decrease in the inventory turnover days was mainly due to our adoption of the measures that our purchasing department reviews and monitors our inventory level regularly so as to maintain an appropriate level of inventory, and existing storage of each kind of raw materials in view of the prevailing purchase price. Please refer to the paragraph headed "Liquidity, Financial Resources and Capital Structure" in the section headed "Financial Information" of this prospectus for further details of our inventories and inventory turnover days.

In the event that we fail to properly assess our need and maintain an appropriate inventory level, we may build up excessive inventories. As a result, this may have an adverse impact on our business operations.

The financial results of our Group are expected to be affected by the expenses in relation to the Listing

Our financial results for the year ended 31 December 2014 and the year ending 31 December 2015 will be affected by the non-recurring expenses related to the Listing. The listing expenses to be borne by our Company are estimated to be approximately HK$22 million (excluding the underwriting commission). During the Track Record Period, our Company incurred listing expenses of approximately HK$10 million, which were recognised as administrative expenses in the consolidated statements of profit or loss and other comprehensive income for the ten months ended 31 October 2014, and approximately HK$3 million were capitalised as deferred expenses in the consolidated statements of financial position as at 31 October 2014 to be recognised as a deduction in equity. Our Company expects to incur additional listing expenses (excluding the underwriting commission) of approximately HK$9 million, of which approximately HK$7 million are expected to be recognised as administrative expenses for the year ending 31 December 2015 and approximately HK$2 million are expected to be recognised as a deduction in equity directly. Assuming an Offer Price of HK$1.35 (being the mid-point of the Offer Price range), the amount of underwriting commission expected to be incurred by our Company is approximately HK$6 million, which will be charged to equity of our Company. Therefore, the financial result of our Group for the year ended 31 December 2014 and the first quarter of 2015 may be materially and adversely affected.

Our ability to obtain additional financing may be limited

We have financed our working capital and capital expenditure needs primarily through cash generated from our operations and bank borrowings during the Track Record Period. Our capital needs may increase in the future as we continue to expand our business. Our ability to raise additional capital will depend on the performance of our current business and the successful implementation of our key strategic initiatives, as well as economic and market conditions and other factors, some of which are beyond our control. We may not be successful in raising any required capital on reasonable terms and in a timely manner, or at all. If we are not successful in raising additional capital or if new capital funding costs are higher than our prior capital funding costs, our business, financial condition and results of operations may be materially affected.

As of 31 October 2014, we had approximately RMB163 million of outstanding borrowings which were due and payable within one year. Our ability to borrow additional funds will depend on many factors, some of which are beyond our control, including levels of investors' confidence in the markets we operate in and any factors that may impact market conditions and market confidence in general. In addition, challenging market conditions may result in reduced liquidity, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and a tightening of credit terms. If we are unable to borrow funds from our current or other funding sources or the access to funds becomes more expensive, it may adversely impact our business, prospects, financial condition and results of operations.

Dividends declared in the past may not be indicative of our dividend policy in the future

Historically, we declared and paid dividends of RMB50 million in total for the year ended 31 December 2013 and declared and paid dividends of RMB56 million in total in September and October 2014 respectively. Our Directors may declare dividends after taking into account, among other things, our results of operations, cash flows and financial condition, operating and capital requirements, the Memorandum and Articles of Association, the Cayman Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. For further details of our dividend policy, please refer to the section headed "Financial Information – Dividend Policy" of this prospectus. Our future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of the Board. There is no assurance that the amount of dividends declared by our Company in the future, if any, will be at a level comparable with that in the past.

Our Company is a holding company and relies on dividends paid by our subsidiaries for our funding requirements

As a holding company, our Company relies on the receipt of dividends from our subsidiaries to pay dividends to our Shareholders and satisfy our obligations. The ability of our direct and indirect subsidiaries to pay dividends to their shareholders (including us) is subject to a number of factors including but not limited to our financial performance, earnings, surplus and directors' discretion. There is no assurance that any dividend will be declared and paid in the future.

In addition, the ability of each of our subsidiaries in the PRC to pay dividends to its shareholders is subject to the requirements of PRC law. PRC regulations permit payment of dividends only out of accumulated profits as determined in accordance with PRC accounting standards and regulations. Dividends may not be paid until cumulative prior years' losses are made up. As a result, if any of our subsidiaries in the PRC, incurs losses, such losses may impair its ability to pay dividends or other distributions to us, which would restrict our ability to pay dividends and to service our indebtedness. Our PRC subsidiaries are required to make monthly contributions to the social security plans maintained for their employees, consisting of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. In addition, our PRC subsidiaries are also required to set aside at least 10.0% of their after-tax profits based on PRC accounting standards each year to their general reserves or statutory capital reserve fund until the cumulative amount of such reserves and fund reaches 50.0% of their registered capital. As at 31 October 2014, our statutory reserves amounted to approximately RMB19 million, and our retained profits that were unrestricted and were available for distribution to our Shareholders amounted to approximately RMB129 million. Our statutory reserves are not available for distribution as cash dividends.

RISK RELATING TO OUR INDUSTRY

The current global market fluctuations and economic downturn could materially and adversely affect our business, financial condition and operations

The global capital and credit markets have been experiencing volatility and disruption in the recent years. Concerns over inflation or deflation, energy costs, geopolitical issues, the availability and cost of credit and the financial viability of the European banking and financial system have contributed to unprecedented levels of market volatility. These factors, combined with declining business activities and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged global recession. As a result, consumer demand for our umbrella products may significantly decrease, thereby materially and adversely affecting our business, financial condition and results of operations. If the economic downturn continues, our business operation and financial position may be adversely affected.

Many laws and regulations in the PRC are promulgated in broad principles and the PRC government has gradually laid down implementation rules and has continued to refine and modify such laws and regulations. As the PRC legal system develops, the promulgation of new laws or refinement and modification of existing laws may affect foreign investors. There can be no assurance that (i) future changes in legislation or the interpretation will not have an adverse effect upon our business, operations or profitability, and (ii) the PRC authorities will not issue further directives, regulations, clarifications or implementation rules requiring us to obtain further approvals in relation to our business, operations and our proposed Listing.

Emerging competitors in other developing countries

The umbrella industry in the PRC is highly competitive, and the competitors in this market include both international and domestic companies. Within PRC, the market is fragmented with thousands of local manufacturers. We compete against our competitors primarily on research and development capability, market positioning, sales network, pricing and customer loyalty. Some of our competitors may have greater financial, management, human, distribution or other resources than us. Our results of operations could be affected by a number of competitive factors, including our competitors increasing their operational efficiencies, adopting competitive pricing strategies, expanding their operations, or adopting innovative sales methods or product designs. In addition, our competitors may endeavour to maintain and increase their market share, which may be at our expense. As a result, our results of operations and market position may be adversely affected. Globally, the PRC umbrella industry is faced with emerging competitors in other developing countries like Cambodia and Vietnam. Challenged by rising cost pressure of labour force and raw materials, competitors with low production cost are likely to threaten China's leading position. There is a possibility that China's dominant position as the export origin of umbrellas, with 93.4% of global volume in 2012, cannot be maintained. This would have an adverse impact on our revenue because 88.3% of our revenue was derived from exporting our products in 2013.

Our sales of umbrella may be affected by seasonality

We believe that there is a seasonal pattern in the purchasing of our umbrella products by consumers. Specifically, peak season for our business is normally in the second quarter of the year before rainy season of the northern hemisphere starts. Any reduction in the sales of our umbrella products during the peak season may have an adverse material impact on our sales and performance. We may be exposed to risks associated with such seasonal factors and the fluctuation of demand of our umbrella products. Should there be any adverse change of market condition during the peak season, our profitability may be adversely affected.

RISKS RELATING TO THE PRC

All of our Group's business activities are located in the PRC. Accordingly, the results of operations, financial position and prospects of our Group are subject, to a significant degree, to the economic, political and legal developments of the PRC.

Our business and operations are subject to certain laws and regulations of the PRC

Our business and operations are subject to certain laws and regulations of the PRC. Any breach or non-compliance with these laws and regulations of the PRC may result in the imposition of penalties by the relevant authorities, including the suspension, withdrawal or termination of our business licenses. In addition, should there be any changes in the licensing requirements, such as a requirement to obtain more licenses or more stringent criteria having to be satisfied before certain licenses are granted, the cost to ensure that we comply with these licensing requirements may increase. The withdrawal, suspension or termination of our licenses or permits, or the imposition of any penalties, as a result of any infringement of any regulatory requirements will have an adverse impact on our business and results of operations.

Our business and operations may be materially and adversely affected by any changes in the political, economic and social conditions of the PRC

Our financial condition and prospects are to a significant degree subject to the political, economic and social conditions of the PRC, as all of our assets are located in the PRC and all of the revenue is derived from operations that take place in the PRC. Any changes in the political, economic and social conditions of the PRC may adversely affect our business and viability. The PRC government has undergone various reforms of its economic systems. Such reforms have resulted in economic growth for the PRC in the last three decades. However, many of the reforms are unprecedented or experimental, and are expected to be refined and modified from time to time. In addition, the scope, application and interpretation of laws relating to such reforms may be uncertain. Other political, economic and social factors may also lead to further refinement or adjustment of the reform measures. Such refinement and adjustment process may consequently have a material adverse impact on our operations in the PRC or our financial performance. Our results and financial condition may be adversely affected by any changes in the PRC's political, economic and social conditions and by changes in policies of the PRC government or changes in laws, regulations or the interpretation or implementation thereof.

Uncertainties regarding interpretation and enforcement of the PRC laws and regulations may impose adverse impact on our business, operations and profitability

Our business and operations in the PRC are governed by the legal system of the PRC. The PRC legal system may not be sufficiently comprehensive when compared to the legal systems of certain developed countries. The interpretation of the PRC laws and regulations may be influenced by momentary policy changes reflecting domestic political and social changes. Accordingly, the outcome of dispute resolutions may not be consistent or predictable with certainty. In addition, it may also be difficult to enforce judgements and arbitration awards in the PRC, or to obtain enforcement of judgement by a court of another jurisdiction.

Effect of changes in the PRC environmental laws and regulations

As advised by the PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we did not have any material violation of all existing relevant PRC environmental protection laws, rules and regulations. However, we cannot give assurance that the PRC government will not impose stricter laws or regulations in relation to environmental protection. If we fail to comply with any change in the relevant laws and regulations, we may be subject to penalties or even suspension or closing down of our business by relevant authorities. Furthermore, compliance with any amended environmental law or regulation may force us to incur significant capital expenditure, which may adversely and materially affect our operation and profitability.

The political and economic situation in the PRC may have a material adverse effect on our business

Before its adoption of the economic reforms and open policy in late 1970s, the PRC had been primarily a planned economy. With the commencement of the PRC government's effort to reform the Chinese economy in 1978, the PRC government introduced changes to its economic system, as well as the government structure. These reforms have led to significant economic growth and progress in social development. The PRC government still owns a significant portion of the productive assets in China. Economic reform policies have placed much emphasis on creating autonomous enterprises and the utilisation of market mechanisms. Factors that may cause the PRC government to modify, delay or even discontinue the implementation of certain reform measures include political changes, political instability and economic factors such as changes in rates of national and regional economic growth, unemployment and inflation.

Our Directors anticipate that the PRC government will continue to further implement these reforms, further reduce government interference on enterprises, and rely more on free market mechanisms for the allocation of resources, bringing positive effect on our overall and long-term development. Any changes in the political climate, economic and social situation, the laws, regulations and policies of the PRC arising therefrom, may have an adverse effect on the present or future operations of our Group. With our business and operations substantially based in the PRC, our operation and financial results could be adversely affected by the restrictive or austere policies introduced by the PRC government. We may not be able to capitalise on economic reform measures adopted by the PRC government. We cannot assure you that the PRC government will not impose economic and regulatory controls that may adversely affect our Group's business, financial position and results of operations.

Any catastrophe, including outbreaks of health pandemics and other extraordinary events, could severely disrupt our business operations

Our operations are vulnerable to interruption and damage from natural and other types of catastrophes, including earthquakes, tsunami, fire, floods, hail, windstorms, severe winter weather (including snow, freezing water, ice storms and blizzards), health pandemics, environmental accidents, power loss, communications failures, explosions, man-made events such as terrorist attacks, and similar events. Due to their nature, we cannot predict the incidence, timing and severity of catastrophes. In addition, changing climate conditions, primarily rising global temperatures, may be increasing, or may in the future increase, the frequency and severity of natural catastrophes. If any such catastrophe or extraordinary event were to occur in the future, our ability to operate our business could be seriously impaired. Such events could make it difficult or impossible for us to deliver our products to our customers and could decrease demand for our products. Since 2003, there have been several outbreaks of avian influenza, or the bird flu, beginning in the PRC and, eventually, spreading to certain parts of Africa and Europe. More recently, there was outbreak in the PRC of the H7N9 virus. Any occurrence of these pandemic diseases or other adverse public health developments could severely disrupt our staffing and otherwise reduce the activity levels of our work force, causing a material and adverse effect on our business operations.

Introduction of new laws and regulations or changes to existing laws and regulations by the PRC legislative authorities and administrative authorities may adversely affect our business

Our business and operations in the PRC are governed by the legal system of the PRC. The legal system in the PRC is based on statutory law. Under this system, prior court decisions may be cited for references but do not have binding precedential effect. Accordingly, the outcome of dispute resolution may not be consistent or predictable as in the other more developed jurisdictions.

Interpretation and enforcement of the PRC laws and regulations may be subject to changes in policies and political environment. Different regulatory authorities may have different interpretation and enforcement of the industries policies and foreign investment policies, which requires companies to meet the policies requirements issued by relevant regulatory authorities from time to time, and obtain approvals and complete filings in accordance with the relevant regulatory authorities' interpretation and enforcement of such policies. If there are any future changes in applicable laws, regulations, administrative interpretations or regulatory documents, or stricter enforcement policies by the relevant PRC regulatory authorities, more stringent requirements could be imposed on the industries we are currently engaged in. Compliance with such new requirements could impose substantial additional costs or otherwise have a material adverse effect on our business, financial condition and results of operations. In addition, if we fail to meet such new rules and requirements relating to approval, construction, environmental or safety compliance of our operations, we may be ordered by the relevant PRC regulatory authorities to change, suspend construction of or close of the relevant production facilities. Alternatively, these changes may also relax some requirements, which could be beneficial to our competitors or could lower market entry barriers and increase competition. As a result, our business, financial condition and results of operations could be materially and adversely affected.

In addition, since the PRC economy is developing at a faster pace than its legal system and the PRC laws and regulations regarding foreign investments are relatively new and evolving, there may be uncertainties as to whether and how existing laws and regulations will apply to certain circumstances or events, and until the development of the legal system is kept abreast of economic reforms and development in the PRC, such uncertainties are likely to remain. We cannot assure you that introduction of new laws and regulations and amendments to existing laws and regulations by the PRC legislative authorities and administrative authorities may not adversely affect our profitability and prospects.

For details of some of the relevant PRC laws and regulations to which our Group is currently subject, please refer to the section headed "Regulatory Overview" of this prospectus.

Government control on currency conversion and changes in the exchange rate between RMB and other currencies could negatively affect our financial condition, operations and our ability to pay dividends

Our revenue and purchases are primarily denominated in RMB, US$ and Japanese Yen. RMB is not currently a freely convertible currency and our Group needs to convert RMB into foreign currencies for payment of dividends, if any, to Shareholders, which is subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE regulates the conversion of RMB into foreign currencies. Foreign invested enterprises ("**FIEs**") are required to apply to SAFE or its local branches for Foreign Exchange Registration Certificates.

Under relevant PRC foreign exchange laws and regulations, payment of current account items, including profit distributions and interest payments are permitted to be made in foreign currencies without prior government approval but are subject to certain procedural requirements. Strict foreign exchange control continues to apply to capital account transactions, which must be approved by and/or registered with SAFE. We cannot assure you that the PRC regulatory authorities will not impose further restrictions on foreign exchange transactions for current-account items, including payment of dividends.

Furthermore, in 2005, China revalued the exchange rate of the RMB to the US dollars and abolished the pegging of the RMB solely to the US dollars as applied in the past. Instead, it is pegged against a basket of currencies. We cannot assure you that in the future China will not revalue RMB or permit its substantial appreciation. Any increase in the value of RMB may adversely affect the growth of the PRC economy and competitiveness of various industries in the PRC, including the industries in which our Group operates, which could in turn affect the financial condition and operations of our Group. Fluctuations in exchange rates for US$ and Japanese Yen may adversely affect the value, translated or converted into RMB, of our net assets, earnings and any declared dividends. We may incur new debt financings which may include foreign currency denominated borrowings. Any adverse fluctuations in exchange rates among these foreign currencies may materially and adversely affect our results of operations.

Distribution and transfer of funds may be subject to restrictions under the PRC laws

Any distributable profits that are not distributed in a given year will be retained and made available for distribution in subsequent years. The calculation of distributable profits under PRC accounting principles is different in many respects from Hong Kong accounting principles.

Distributions by our subsidiaries in the PRC to our Company may be subject to governmental approval and taxation. These requirements and restrictions may affect our ability to pay dividends to our Shareholders. Any transfer of funds from our Company to our subsidiaries in the PRC, either as a shareholder loan or as an increase in registered capital, is subject to registration and/or approval granted by PRC governmental authorities. These limitations on the free flow of funds between our Company to subsidiaries in the PRC could restrict our ability to act in response to changing market conditions in a timely manner. Furthermore, members of our Group may obtain credit facilities in banks in the future which restrict them from paying dividends to their shareholders.

Relevant PRC tax law may affect tax exemptions on dividends received by our Company and Shareholders and increase our PRC EIT rate

Our Company is incorporated under the laws of the Cayman Islands and, following the Reorganisation, holds interests in our PRC subsidiaries indirectly through a Hong Kong-incorporated company. Pursuant to the PRC EIT Law and its implementation rules, which were enacted on 16 March 2007 and 6 December 2007 respectively, and both of which became effective on 1 January 2008, if our Company is deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC or with an office or premises which has no actual relationship with the income of our Company, a withholding tax at the rate of 10.0% will be applied to any dividends paid by PRC resident enterprise to our Company, unless our Company is entitled to reduction or elimination of such tax, including by tax treaties. According to the tax treaties entered into between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in the PRC to its shareholder(s) in Hong Kong will be subject to withholding tax at a rate of 5.0% if the Hong Kong company directly holds a 25.0% or more interest in the PRC enterprise and other conditions required by the PRC laws and regulations are satisfied; otherwise, the dividend withholding tax rate is 10.0%.

According to the Circular of the State Administration of Taxation on Relevant Issues Relating to the Implementation of Dividend Clauses in Tax Treaty Agreements (國家稅務總局關於執行稅收協定股息條款有關問題的通知) ("**Notice 81**") promulgated on 20 February 2009, the corporate recipients of dividends distributed by PRC enterprises must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends.

According to the Administrative Measures for Non-resident Enterprise to Enjoy Treatments under Tax Treaties (Trial) (非居民享受稅收協定待遇管理辦法(試行)) ("**Administrative Measures**") which came into force on 1 October 2009, in order for a non-resident enterprise (as defined under the PRC tax laws) that is in receipt of dividends from PRC resident enterprises to enjoy the favourable tax benefits under the tax arrangements, an application for approval to the competent tax authority must first be submitted. The non-resident enterprise may not enjoy the favourable tax treatments provided in the tax treaties without such approval. In addition, the EIT Law provides that, if an enterprise incorporated outside the PRC has its "de facto management organisation" located within the PRC, such enterprise may be recognised as a PRC tax resident enterprise and thus may be subject to EIT at the rate of 25.0% on its worldwide income excluding equity-investment income such as dividends and bonuses between qualified resident enterprises. Substantially all members of our management are located in the PRC. We cannot rule out the possibility that our Company may also be deemed a PRC tax resident enterprise and therefore subject to an EIT rate of 25.0% on our worldwide income (including dividend income received from our subsidiaries), which excludes equity-investment income such as dividends and bonuses between qualified resident enterprises. As a result of the uncertainty as to whether our Company will be deemed as a "non-PRC tax resident enterprise" and for reasons as set out above, the applicable tax rate in relation to the relevant members of our Group following the Reorganisation will be different from the basis adopted in the financial information of our Group and, as such, our historical operating results will not be indicative of our operating results for future periods and the value of our Shares will be adversely affected. Further, dividends payable to corporate Shareholders outside the PRC may be subject to withholding tax at the rate of 10.0%.

Changes in legal requirements and governmental policies concerning environmental protection could impact our business

We are subject to PRC environmental laws and regulations, which include the 《中華人民共和國環境保護法》(Environmental Protection Law of PRC),《中華人民共和國水污染防治法》(Law of the PRC on the Prevention and Control of Water Pollution),《中華人民共和國大氣污染防治法》(Law of the PRC on the Prevention and Control of Atmospheric Pollution),《中華人民共和國環境噪音污染防治法》(Law of the PRC on the Prevention and Control of Pollution From Environment Noise) and《中華人民共和國固體廢物污染環境防治法》(Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste). These laws and regulations govern a broad range of environmental matters, including air pollution, water pollution, noise emissions and waste discharge.

According to current PRC national and local environmental protection laws and regulations, any enterprise which discharges wastewater, waste disposal, or polluted air is required to seek approval for the establishment of such an enterprise in the PRC from the relevant environmental protection authorities. The relevant PRC laws and regulations also require any such enterprise to carry out an environmental impact assessment before commencing construction of its production facilities and ensure that such production facilities meet the prevailing relevant environmental standards to treat wastewater.

These environmental protection laws and regulations are complex and are constantly evolving and becoming more stringent. We may not always be able to quantify the cost of complying with such laws and regulations. Any violation of the PRC environmental protection laws and regulations could subject us to a substantial fine, damage our reputation, result in delays in production or result in a temporary or permanent closing of some or all of our production facilities.

We cannot assure you that the national or local authorities will not enact additional laws or regulations or amend or enforce new regulations in a more rigorous manner. Changes in environmental protection laws and regulations may require us to alter production processes, which could result in increased costs and could harm our financial condition and results of operations. Stricter laws and regulations, or more stringent interpretations of existing laws or regulations, may impose new liabilities on us, reduce operating hours, require additional investment by us in pollution control equipment, or impede the opening of new or expanding existing plants or facilities. We could be forced to invest in preventive or remedial action, like pollution control facilities, which could incur substantial costs. Such costs, liabilities or disruptions in operations could materially and adversely affect our business, financial condition and results of operations.

It may be difficult to enforce any judgements obtained from non-PRC courts against us in the PRC

Currently substantially all of our assets are located within the PRC. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts with most western countries. Therefore, it may be difficult for the investors to enforce against us in the PRC any judgements obtained from non-PRC courts.

RISKS RELATING TO THE SHARES AND THE GLOBAL OFFERING

Potential conflict of interests between our Controlling Shareholders and other minority Shareholders

Immediately following the Global Offering and the Capitalisation Issue, our Controlling Shareholders collectively will beneficially own 75.0% of the Shares (assuming no exercise of the Over-allotment Option and taking into no account of any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme). The interests of our Controlling Shareholders may differ from the interests of other Shareholders.

Our Controlling Shareholders could have significant influence in determining the outcome of any corporate transaction or other matters submitted to our Shareholders for approval, including mergers, consolidations and the sale of all or substantially all of the assets, election of Directors and other significant corporate action. In cases where their interests are aligned and they vote together, our Controlling Shareholders will also have the power to prevent or cause a change in control. Without the consent of some or all of our Controlling Shareholders, we may be prevented from entering into transactions that could be beneficial to us. We cannot assure that our Controlling Shareholders will act entirely in our interest or that conflicts of interest will be resolved in our favour. The interests of our Controlling Shareholders may differ from the interests of our minority Shareholders and our Controlling Shareholders are free to vote according to their interests.

There has not been any prior public market for the Shares and an active trading market may not develop

An active trading market for the Shares may not develop and the trading price of the Shares may fluctuate significantly. Prior to the Global Offering, there has been no public market for the Shares. The Offer Price range has been determined through negotiation between our Company and the Joint Bookrunners (for themselves and on behalf of the Underwriters) and the final Offer Price may not be indicative of the price at which the Shares will be traded following the completion of the Global Offering. In addition, there is no assurance that an active trading market for the Shares will develop, or, if it does develop, that it will be sustained following completion of the Global Offering, or that the trading price of the Shares will not decline below the Offer Price.

The trading price of the Shares may also be subject to significant volatility in response to, among others, the following factors:

- variations in our operating results;
- changes in the analysis and recommendations of securities analysts;
- announcements made by us or our competitors;
- changes in investors' perception of our Group and the investment environment;
- developments in the umbrella industry;
- changes in pricing made by us or our competitors;
- the liquidity of the market for the Shares; and
- general economic and other factors.

Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our Shares may be subject to changes in price not directly related to our performance.

The trading volume and share price of the Shares may fluctuate

The price and trading volume of the Shares may be highly volatile. Factors such as variations in our revenue, earnings and cash flow, announcements of new technologies, strategic alliances or acquisitions, industrial or environmental accidents suffered by us, loss of key personnel, changes in ratings by financial analysts and credit rating agencies, litigation or fluctuations in the market prices for the merchandise sold could cause large and sudden changes in the volume and price at which the Shares will trade. In addition, the Stock Exchange and other securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of any particular company. These fluctuations may also materially and adversely affect the market price of the Shares.

Future sales of substantial amounts of the Shares in the public market may adversely affect the prevailing market price of the Shares

Certain facts and statistics in this prospectus that do not relate directly to our Group's operations, including those relating to the PRC and its economy, have been derived or extracted from various publications of governmental agencies and Independent Third Parties. However, the facts and statistics in this prospectus may not be reliable in terms of their completeness, accuracy and fairness given such information has not been independently verified by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters or any of their respective directors, officers, affiliates, advisers or representatives, or any other parties involved in the Global Offering, and such information may not be consistent with other publicly available information. Our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Underwriters or any of their respective directors, officers, affiliates, advisers or representatives, or any other parties involved in the Global Offering make no representation as to the completeness or accuracy of those information and there is no assurance that such information contained in this prospectus is prepared to the same standard or level of accuracy and comparable with similar kind of information available in other publications or jurisdictions. Therefore, the facts and statistics in this prospectus shall not be unduly relied upon.

Issuance of new Shares or equity linked securities may cause dilution in shareholding

We may need to raise additional funds in the future to finance our future plans, whether in relation to existing operations, expanding points of sale or otherwise. If additional funds are raised through the issuance of our new equity or equity-linked securities other than on a pro rata basis to existing Shareholders, then (a) the percentage ownership of our existing Shareholders may be reduced, and/or (b) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of our existing Shareholders.

Statistics and industry information may come from various sources which may not be reliable

This prospectus contains information and statistics that are derived from various publicly available official government and other publications and generally believed to be reliable. However, we cannot guarantee the quality and reliability of these publications. Whilst our Directors and the Sole Sponsor have taken reasonable care to ensure that such facts and statistics in this prospectus are accurately reproduced, these facts and statistics have not been independently verified by us. Our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters, their respective directors and advisers or any other parties involved in the Global Offering do not make any representation as to the accuracy of such facts and statistics, which may not be consistent with other information and may not be complete or up-to-date. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the facts and statistics in this prospectus may be inaccurate or may not be comparable from period to period to facts and statistics produced for other economies and should not be unduly relied upon. Furthermore, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

There are risks associated with the forward-looking statements contained in this prospectus

The information in this prospectus contains certain forward-looking statements and information relating to our Group that are based on the belief of our Directors as well as assumptions based on the information currently available to them. In this prospectus, the words "believe", "consider", "expect", and similar expressions, as they relate to our Company or our Group or our Directors, are intended to, among others, identify forward-looking statements. Such statements reflect the current views of our Directors with respect to, among others, future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Should one or more of these risks or uncertainties materialise, or should underlying assumptions be proved to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as believed, considered, estimated or expected.

Investors should read the entire prospectus and should not rely on any information contained in press articles or other media coverage regarding us and the Global Offering

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there might be press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties, including the risk factors described in this prospectus. Forward-looking statements can be identified by words such as “may”, “will”, “should”, “would”, “could”, “believe”, “expect”, “anticipate”, “intend”, “plan”, “continue”, “seek”, or the negative of these terms or other comparable terminology. Examples of forward-looking statements include, but are not limited to, statements we make regarding our business strategies, development activities, estimates and projections, expectations concerning future operations, profit margins, profitability, competition and the effects of regulation.

Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We give no assurance that these expectations and assumptions will prove to have been correct. Although these forward-looking statements are made by our Directors after due and careful consideration, these statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this document. Should one or more of the risks or uncertainties materialise, or should the underlying assumptions be proved to be incorrect, our financial condition may be adversely affected and may vary materially from those described herein as anticipated, believed, estimated or expected. Accordingly, such statements are neither statements of historical fact nor guarantees or assurances of future performance. Hence, you should not place undue reliance on such forward-looking statements.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, regional, national or global political, economic, business, competitive, market and regulatory conditions and the following:

- our business strategies and plan of operation;
- the success of our existing and future operation;
- our capital expenditure plans;
- our dividend policy;
- our ability to retain senior management team members and recruit qualified and experienced new team members;
- our ability to maintain our competitiveness and operational efficiency;
- our prospective financial conditions;
- future development in our industry;
- the global and domestic economy;

- laws, regulations and rules for the umbrella industry in Japan, the PRC and other parts of the world; and

- other factors that are described in the section headed "Risk factors" of this prospectus.

Any forward-looking statement made by us in this document applies only as at the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Subject to the requirements of applicable laws, rules and regulations, we undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise. All forward-looking statements contained in this document are qualified by reference to this cautionary statement.

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable laws in the countries of their respective citizenship, residence and domicile.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information about our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

The Global Offering is made solely on the basis of the information contained and the representation made in this prospectus and the related Application Forms. No person is authorised in connection with the Global Offering to give any information or to make any representation not contained in this prospectus and the related Application Forms, and any information or representation not contained herein should not be relied upon as having been authorised by our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters, any of their respective directors or affiliates of any of them or any other person or party involved in the Global Offering.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the related Application Forms contain the terms and conditions of the Hong Kong Public Offering.

The Listing is sponsored by Ping An of China Capital. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters and the International Placing is expected to be fully underwritten by the International Placing Underwriters. The Global Offering is subject to our Company and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price. The Global Offering is managed by Ping An of China Securities.

If, for any reason, the Offer Price is not agreed among our Company and the Sole Global Coordinator (on behalf of the Underwriters), the Global Offering will not proceed and will lapse. For further information, please refer to the section headed "Underwriting" of this prospectus.

RESTRICTIONS ON SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

Each person acquiring the Offer Shares will be required to, or be deemed by his acquisition of the Offer Shares, to confirm, that he is aware of the restrictions on offer and sale of the Offer Shares described in this prospectus.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalisation Issue and the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option and any option which may be granted under the Share Option Scheme).

No part of the share or loan capital of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

REGISTER OF MEMBERS AND STAMP DUTY

All Offer Shares sold pursuant to applications made in the Hong Kong Public Offering will be registered on our Company's register of members to be maintained in Hong Kong. Our Company's principal register of members will be maintained by our Company's principal share registrar in the Cayman Islands.

Dealings in the Offer Shares registered in the register of members of our Company maintained in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding and dealing in the Offer Shares. None of our Company, the Sole Global Coordinator, the Sole Sponsor, the Joint Lead Managers, the Underwriters, any of their respective directors or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposition of the Offer Shares.

PROCEDURE FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedure for applying for the Hong Kong Offer Shares is set out in the section headed "How to Apply for the Hong Kong Offer Shares" of this prospectus and on the related Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure and Conditions of the Global Offering" of this prospectus.

CURRENCY TRANSLATIONS

Unless the context requires otherwise, translation of US$ into HK$, RMB into HK$, RMB into JPY and AUD into RMB is made in this prospectus, for illustration purpose only, at the rates of US$1.0 = HK$7.8, RMB1.0 = HK$1.25, JPY100 = RMB6.1 and AUD1.0 = RMB5.2. No representation is made that any amount in US$, HK$, JPY, RMB or AUD could have been or could be converted at the above rate or at any other rate or at all.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail.

ROUNDING

Certain monetary amounts included in this prospectus have been subject to rounding adjustments; accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

OFFER SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange as well as the compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advice for details of these settlement arrangements and how such arrangements will affect their rights and interests.

OVER-ALLOTMENT AND STABILISATION

In connection with the Global Offering, Ping An of China Securities, as the stabilising manager, or any person acting for it, may over-allot Shares or effect any other transactions with a view to stabilising and maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail for a limited period after the date of Listing. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising action.

In connection with the Global Offering, our Company is expected to grant to the International Placing Underwriters the Over-allotment Option, which is exercisable in full or in part by the Sole Global Coordinator (on behalf of the International Placing Underwriters) up to (and including) the date which is the 30th day after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, our Company may be required to issue at the Offer Price up to an aggregate of 22,500,000 Shares, representing 15.0% of the total number of Offer Shares initially available under the Global Offering, to cover over-allocations in the International Placing, if any.

Further details with respect to stabilisation and the Over-allotment Option are set out in the section headed “Structure and Conditions of the Global Offering – Stabilisation and Over-allotment” of this prospectus.

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Huang Wenji (黃文集)	No. 59 Qiao Sheng Road Dongshi Town Jinjiang City Fujian Province PRC	Chinese
Ms. Chen Jieyou (陳解㥂)	No. 59 Qiao Sheng Road Dongshi Town Jinjiang City Fujian Province PRC	Chinese
Mr. Yang Guang (楊光)	No. 31-1 Hua Hu Fang Jia Dun Huang Shi Gang District Huang Shi City Hubei Province PRC	Chinese
Mr. Lin Zhenshuang (林貞雙)	Flat C, 8th Floor No. 7 Lan Feng City Garden Luo Shan Town Jinjiang City Fujian Province PRC	Chinese
Independent non-executive Directors		
Mr. Tse Ka Wing (謝家榮)	Flat G, 31st Floor, Block 2 Broadview Garden Tsing Yi New Territories Hong Kong	Chinese
Mr. Yang Xuetai (楊學太)	No. 269 Cheng Hua Bei Lu Feng Ze District Quanzhou City Fujian Province PRC	Chinese
Ms. Yau Lai Ying (邱麗英)	Room B, 18/F., Hilary Court 63G Bonham Road Mid-levels Hong Kong	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	Ping An of China Capital (Hong Kong) Company Limited 28/F, 169 Electric Road North Point Hong Kong
Sole Global Coordinator	Ping An of China Securities (Hong Kong) Company Limited 28/F, 169 Electric Road North Point Hong Kong
Joint Bookrunners	Ping An of China Securities (Hong Kong) Company Limited 28/F, 169 Electric Road North Point Hong Kong
	Qilu International Capital Limited 7/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong
Joint Lead Managers	Ping An of China Securities (Hong Kong) Company Limited 28/F, 169 Electric Road North Point Hong Kong
	Qilu International Securities Limited 7/F, Li Po Chun Chambers 189 Des Voeux Road Central Central Hong Kong

Legal advisers to our Company	*as to Hong Kong law:* Hastings & Co. 5th Floor, Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong *as to Cayman Islands law:* Appleby 2206-19 Jardine House 1 Connaught Place Central Hong Kong *as to PRC law:* Shu Jin Law Firm 24/F, Aerospace Skyscraper 4019 Shennan Road Futian, Shenzhen PRC
Legal advisers to the Sole Sponsor and the Underwriters	*as to Hong Kong law:* Pang & Co. in association with Loeb & Loeb LLP 21/F., CCB Tower 3 Connaught Road Central Hong Kong *as to PRC law:* Deheng Law Offices (Shenzhen) Storey 11, Section B Anlian Plaza No. 4018, Jintian Road Futian, Shenzhen PRC
Auditors and reporting accountants	SHINEWING (HK) CPA Limited Certified Public Accountants 43/F, The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Property valuer	International Valuation Limited Room 1203A, 12/F Kai Tak Commercial Building 317-319 Des Voeux Road Central Hong Kong
Receiving bank	Standard Chartered Bank (Hong Kong) Limited 15/F Standard Chartered Tower 388 Kwun Tong Road Kwun Tong Hong Kong

Registered office	Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Head office and principal place of business in the PRC	Yonghe Industrial Section Yonghe Town Jinjiang City Fujian Province PRC
Principal place of business in Hong Kong	5th Floor Gloucester Tower The Landmark 11 Pedder Street Central Hong Kong
Company's website address	www.jcumbrella.com *(information on this website does not form part of this prospectus)*
Company secretary	Cheung Ka Shing *HKICPA* Flat 615, 6/F., Hong Ying Court Tak Tin Estate Lam Tin Kowloon Hong Kong
Authorised representatives	Huang Wenji No. 59 Qiao Sheng Da Road Dongshi Zhen Jinjiang City Fujian Province PRC Cheung Ka Shing Flat 615, 6/F., Hong Ying Court Tak Tin Estate Lam Tin Kowloon Hong Kong

Compliance adviser	Ping An of China Capital (Hong Kong) Company Limited 28/F, 169 Electric Road North Point Hong Kong
Audit committee	Tse Ka Wing *(Chairman)* Yang Xuetai Yau Lai Ying
Remuneration committee	Yau Lai Ying *(Chairperson)* Yang Xuetai Tse Ka Wing
Nomination committee	Yang Xuetai *(Chairman)* Tse Ka Wing Yau Lai Ying
Cayman Share Registrar	Appleby Trust (Cayman) Ltd. Clifton House 75 Fort Street Grand Cayman KY1-1108 Cayman Islands
Hong Kong Share Registrar	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banks	Bank of China Limited Jinjiang Branch No. 154, Chongde Road, Qingyang Town Jinjiang, Quanzhou City Fujian Province PRC

China Construction Bank Corporation
Jinjiang Branch
China Construction Bank Building
No. 169, Yingbin Road
Jinjiang, Quanzhou City
Fujian Province
PRC

China Everbright Bank Company Limited
Xiamen Branch
1/F to 4/F, Everbright Bank Building
No. 81, Hubin South Road
Xiamen City, Fujian Province
PRC

In preparation for the Global Offering, our Company has sought the following waiver from strict compliance with the relevant provisions of the Listing Rules:

MANAGEMENT PRESENCE

Pursuant to Rule 8.12 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must ordinarily reside in Hong Kong. The principal business operations, offices and factories of our Group are primarily located, managed and conducted in the PRC, and the Group's senior management members are and will therefore continue to be based in the PRC. All the executive Directors are not Hong Kong residents or not based in Hong Kong. Our Company does not and will not in the foreseeable future have two executive Directors residing in Hong Kong for the purposes of satisfying the requirement under Rule 8.12 of the Listing Rules.

As a result, we have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 8.12 of the Listing Rules, on the following conditions to ensure that regular and effective communication is maintained between the Stock Exchange and our Company:

1. our Company will appoint two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. Our Company will appoint Mr. Cheung Ka Shing, the company secretary of our Company, who is ordinarily resident in Hong Kong, and Mr. Huang, an executive Director, as the two authorised representatives of our Company. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon request and will be readily contactable by their respective mobile phone number, office phone number, e-mail address and facsimile number. Each of the two authorised representatives has been duly authorised to communicate on our behalf with the Stock Exchange;

2. both of the authorised representatives of our Company will have means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters;

3. to enhance the communication between the Stock Exchange, the authorised representatives and the Directors, our Company will implement a policy whereby (a) each executive Director will have to provide his respective mobile phone numbers, office phone numbers, fax numbers and email addresses to the authorised representatives; (b) each executive Director will endeavour to provide valid phone number or means of communication to the authorised representatives when he is traveling; and (c) each Director will provide his mobile phone numbers, office phone numbers, fax numbers and email addresses to the Stock Exchange;

4. our Company shall promptly inform the Stock Exchange of any changes on the authorised representatives and/or the compliance adviser in accordance with the requirements of the Listing Rules;

5. our Company will appoint a compliance adviser pursuant to Rule 3A.19 of the Listing Rules who will have access at all times to our authorised representatives, Directors and senior management to ensure that they are in a position to provide prompt responses to any query or request from the Stock Exchange in respect of our Company and will act as an additional channel of communication with the Stock Exchange for a period commencing on the Listing Date and ending on the date on which our Company distributes the annual report for the first full financial year after the Listing Date in accordance with Rule 13.46 of the Listing Rules; and

6. each of the Directors (including the independent non-executive Directors) who is not ordinarily resident in Hong Kong possesses or is able to apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

According to Rule 4.04(1) of the Listing Rules, the Accountant's Report contained in this prospectus must include, inter alia, the results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus or such shorter period as may be acceptable to the Stock Exchange.

Pursuant to section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a company incorporated outside Hong Kong and proposing to offer shares must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of that Schedule in its prospectus.

According to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Group is required to include in this prospectus a statement as to the gross trading income or sales turnover (as the case may be) of our Group during each of the three financial years immediately preceding the issue of this prospectus as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown of the more important trading activities.

According to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, our Group is required to include in this prospectus a report by our auditor with respect to profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The Accountant's Report for each of the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2014 has been prepared and is set out in Appendix I to this prospectus.

An application was made to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, and such waiver was granted by the Stock Exchange, on the conditions that:

(i) the Company lists on the Stock Exchange by 31 March 2015;

(ii) the Company obtains a certificate of exemption from the SFC from similar requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and

(iii) a profit estimate for the year ended 31 December 2014 which complies with Rules 11.17 to 11.19 of the Listing Rules; and a Directors' statement that after performing all due diligence work which they consider appropriate, there is no material adverse change to its financial and trading positions or prospect with specific reference to the trading results from 1 November 2014 to 31 December 2014 is included in the prospectus.

An application was also made to the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance for a certificate of exemption from strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the inclusion of the Accountant's Report for the three full financial years ended 31 December 2014 in this prospectus on the ground that it would be unduly burdensome for the audited results for the financial year ended 31 December 2014 to be finalised in a short period of time.

A certificate of exemption has been granted by the SFC under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that (i) particulars of the exemption are set out in this prospectus and (ii) this prospectus is issued on or before 3 February 2015.

Our Directors and the Sponsor have confirmed that all information that is necessary for the public to make an informed assessment of the activities, assets and liabilities, financial and trading position, management and prospects of the Group has been included in the prospectus, as such the waiver granted by the Stock Exchange and the exemption granted by the SFC from strict compliance with Rule 4.04(1) of the Listing Rules and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would not prejudice the interests of the investing public.

Our Directors and the Sponsor also have confirmed that they have performed sufficient due diligence to ensure that, up to the Latest Practicable Date, there have been no material adverse change in the financial and trading position or prospects of the Group since 1 November 2014 and there have been no event since 1 November 2014 which would materially affect the information shown in the accountant's report set out in Appendix I to this prospectus.

Certain facts, statistics and data presented in this section and elsewhere in this prospectus have been derived, in part, from various government official publications. Whilst our Directors have taken all reasonable care to ensure that the relevant facts and statistics are accurately reproduced from these official government sources, such facts and statistics have not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Lead Managers, the Underwriters, their respective affiliates, directors and advisers or any other parties involved in the Global Offering, and none of them makes any representation as to the accuracy or completeness of such information which may not be consistent with other information available and may not be accurate and should not be unduly relied upon.

In this section, information regarding the relevant industries has been recited or extracted from certain articles, reports or publications which are generally and/or publicly available or otherwise from independent public resource providers to which the Sole Sponsor is a subscriber, authors and compilers of such articles, reports and publications are Independent Third Parties, and their preparations were not commissioned nor funded by us or the Sole Sponsor. Geographical regions appeared in this section shall have the same meanings as used in the respective sources from which the corresponding information has been recited or extracted.

REPORT COMMISSIONED FROM FROST & SULLIVAN

We commissioned Frost & Sullivan, an independent market research and consulting company, to conduct an analysis of, and to prepare a report on, the umbrella industry in the PRC and Japanese markets respectively. We paid Frost & Sullivan a fee of RMB750,000, which we believe reflects market rates. Founded in 1961, Frost & Sullivan has 40 offices with more than 2,000 industry consultants, market research analysts, technology analysts and economists globally. It conducts industry research among other services. Frost & Sullivan has been covering the Chinese market from its offices in the PRC since the 1990s. Its industry coverage in the PRC includes agriculture, chemicals, materials and food, among others.

The Frost & Sullivan Report includes information on the PRC and Japanese umbrella markets and economic data, which have been quoted in this prospectus. The methodology used by Frost & Sullivan in its report involved conducting both primary and secondary research obtained from numerous sources within the umbrellas and parasols industry in both China and Japan. The primary research was conducted through face-to-face and telephone interviews with experts in the industry and seasoned professionals with the major competitors of the Group. The primary research involved interviewing leading industry participants and the secondary research involved reviewing company reports, independent research reports and data based on Frost & Sullivan's own research database.

Frost & Sullivan has made the various market statistics based on the industrial common knowledge in the umbrellas and parasols industry. Frost & Sullivan has conducted a series of in-depth interviews with industry participants and experts to derive its findings and analysis on market size, market dynamics, market drivers, market restraints, and future trends, etc. regarding the Chinese and Japanese Plastic Umbrellas market. Frost & Sullivan has also corroborated information sourced from the industry participants and experts through crosschecking the information sourced from different types of organisations and different levels of participants, and also coordinating with the information sourced from other channels such as secondary research on official statistics publications or public release of relevant departments, to ensure that the report to be made by it will be consistent with the information known to the industry practice.

In compiling and preparing the research, Frost & Sullivan assumed that (i) the global and Japanese economy is likely to gradually recover over the forecast period; (ii) there is no external shock such as natural disasters to affect the demand and supply of raw materials during the forecast period; (iii) drivers like shifting consumption patterns, increasing purchasing power, optimistic economy outlook and changing lifestyle are likely to sustain the quick development of the PRC retail market; and (iv) the PRC umbrellas and parasols market is expected to be driven by driving forces like recovery of global consumer goods market, consumption pattern transformation in China, products innovation and differentiation, upgrading technique and new material application. The research results may be affected by the accuracy of these assumptions and the choice of these parameters.

OVERVIEW OF CHINESE UMBRELLAS AND PARASOLS MARKET

Plastic Umbrellas and parasols

The umbrellas and parasols industry is a labour intensive industry. The Chinese umbrellas and parasols industry has benefited from plenteous and low-cost labour resource and has grown fast in the past years. Till 2013, China has become the major umbrella manufacturer and exporter in the world. As of 2013, the cloth umbrellas and parasols industry of China was at the later growth stage and huge number of players has resulted in high fragmentation of the industry. Although exportation was still the main sales channel till 2013, there is a trend that many companies are shifting their focus from overseas market to domestic market, especially after the 2008 financial crisis. Meanwhile, domestic market was far from maturity compared with developed markets as of 2013. As one of the categories in umbrellas and parasols industry, the Plastic Umbrellas industry was still at the early growth stage in 2013. Compared to the cloth umbrellas and parasols industry in China, there were relatively few players which used environmentally friendly materials such as POE and EVA to produce Plastic Umbrellas, for they were quite new in China. Among those, our Group was the largest Plastic Umbrella manufacturers in China and even the largest in Asia as of 2013 in terms of sales volume.

In the forecast period, it is expectable that more companies are likely to make greater efforts to build and reinforce their brand image, and Plastic Umbrellas are likely to be the new trend in the near future. More new market segments are likely to be created as the customers' demand goes diversified. With the rise of leading players, the market is likely to become more concentrated.

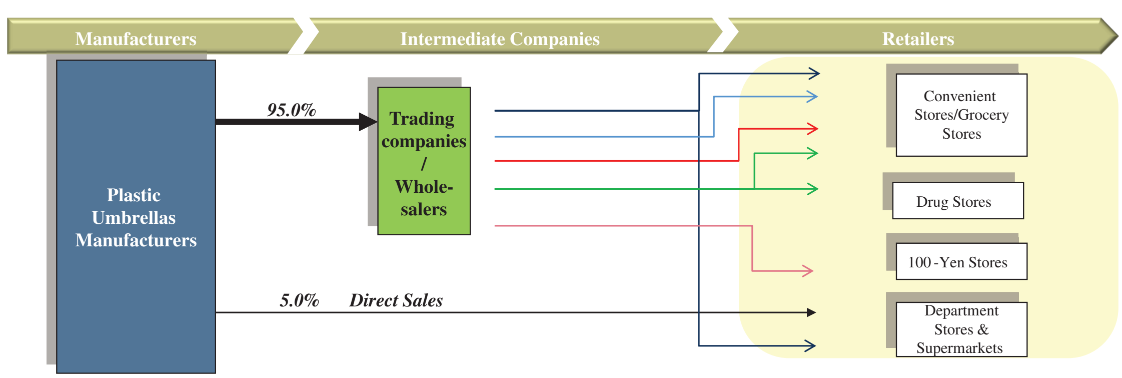
Japan as largest destination of China's exports

As of 2013, China was the major umbrella exporter in the world. Over the past few years, China's umbrella exports have kept a quick growth. According to General Administration of Customs, China's total export value of umbrellas amounted to approximately USD2 billion in 2013. Asia, Europe and South America respectively took up approximately 54.4%, 20.2% and 10.5% of China's total umbrella export value in 2013. Top ten export destinations in 2013 were Japan, Philippines, U.S., Hong Kong, South Korea, Brazil, Thailand, Indonesia, Italy and Germany. Top ten destinations contributed 53.9% to the total export value. In terms of both the export value and export volume, Japan was the largest export destination of China's umbrellas and parasols. In 2013, approximately 12.5% of the export value and 11.4% of export volume went to Japanese market. Many large Japanese umbrella retailers, represented by the chain convenient stores and department stores, had established a steady and long-term cooperation with Chinese suppliers. Japan's leading position in the Chinese umbrella export market is likely to be maintained in the following years.

ANALYSIS OF PLASTIC UMBRELLAS MARKET IN JAPAN

Value chain of Plastic Umbrellas

Most of the Plastic Umbrellas are sourced by Japanese traders or wholesalers. Japanese retailers seldom source umbrellas directly from China. For the large retailers, they need to source thousands of kinds of goods and prefer to rely on trading companies who can provide multiple kinds of goods. In addition, by sourcing from the large trading companies, retailers are able to effectively reduce the inventory risks. For middle and small-size companies, comparing to sourcing directly from China, cost of purchase from trading companies is usually even lower. Trading companies are able to get a low sourcing price because of their vast sourcing quantity.



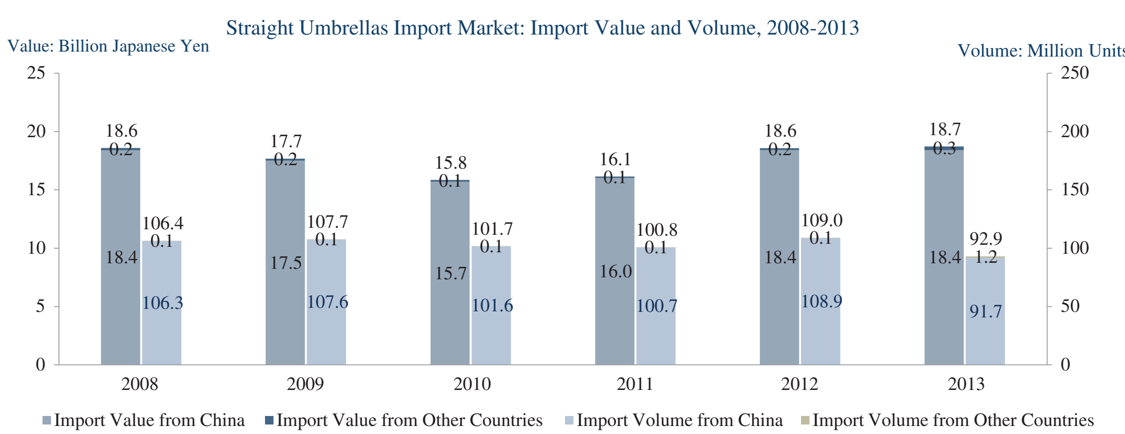
Source: Frost & Sullivan

For the retailing market, convenient stores and grocery stores are the major channels. Japan has highly developed convenient store market with over 50,000 outlets. These stores are mainly located around subway stations, residential areas, office buildings, etc. Once people need to buy a plastic umbrella, they can always find these stores easily. It is estimated that nearly 70.0% of the plastic umbrellas are sold in these stores. Drug stores and 100-Yen stores are another shopping places for plastic umbrellas. Nearly 15.0% of the plastic umbrellas are sold in these drug stores. These 100-Yen stores contribute nearly 15.0% of the sales volume of plastic umbrellas. Department stores and supermarket usually sell cloth umbrellas rather than plastic umbrellas.

Chained convenient store market is consolidated with top three players covering over half of total outlets. In terms of outlet number, these leading players have been actively expanding their business in recent years. From 2008 to 2013, outlet number of top three players increased from approximately 29,200 to approximately 38,100, with a CAGR of 5.5%. Quick expansion of leading players is expected to make the market further consolidated. Leading convenient stores are likely to have more shares of plastic umbrellas sales in the future. Large retailers usually have a few (generally less than five) trading companies for plastic umbrellas and tend to establish a long term cooperation with reliable trading companies. For plastic umbrellas manufactures, stable relationship with these key trading companies becomes a crucial successful factor.

Convenient stores are the major sales terminals for plastic umbrella. It is estimated that nearly 70.0% of plastic umbrellas are sold in these convenient stores. Once people need to buy a plastic umbrella, they can always find these stores easily. According to Frost & Sullivan, the increased number of convenient stores are expected to moderately drive the growth of plastic umbrellas market in Japan as well as the sales performance of our Group given that our Group is one of the major suppliers to Japan's plastic umbrellas market.

China's position in Japanese Plastic Umbrellas import market



Source: Japan Ministry of Finance, Frost & Sullivan

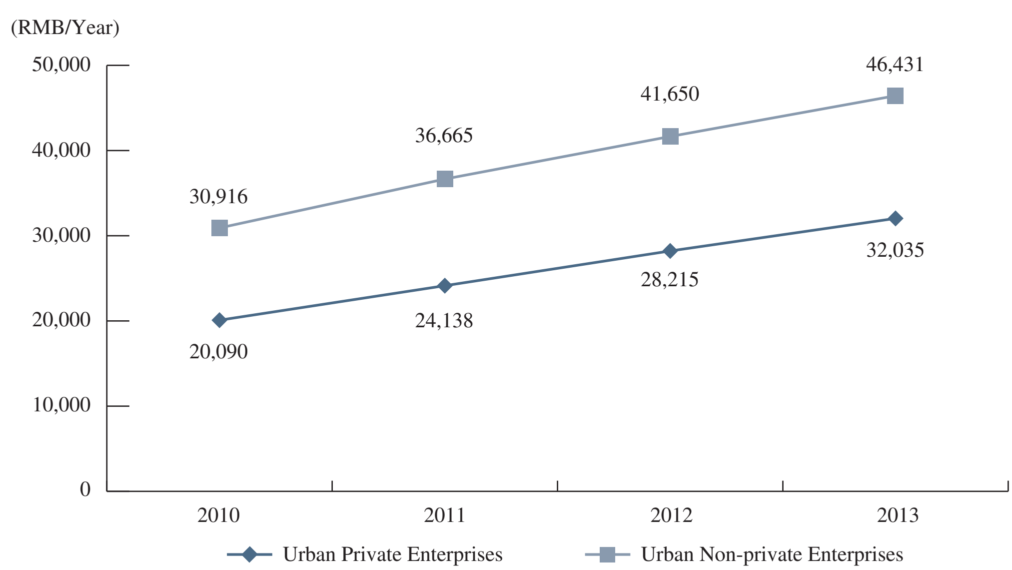
For Japanese market, plastic umbrellas generally occupied nearly 70.0% of total imported straight umbrellas. Taiwan used to be the major sourcing place for Japan. From 1990s, Taiwan's umbrella industry is gradually replaced by mainland China. Japanese importers started to establish cooperation with Chinese manufacturers. From that time, China has gradually become the largest sourcing place for straight umbrellas and plastic umbrellas for Japan. Since the 21st Century, China has already established a dominant position in Japan's straight umbrella and plastic umbrella import market. Over 98.0% of the imported straight umbrellas in Japan were from China, in terms of both the value and volume in 2013. Apart from China, there is a limited number of countries providing straight umbrellas, especially plastic umbrellas to Japan. Typical exporters include Taiwan and Southeast Asian countries such as Cambodia, Thailand and Vietnam. Southeast Asian countries have lower labour costs than that of China but their industrial chain is still under-developed. With good quality, well-developed industrial chain and long-term cooperation with Japanese companies, China is expected to keep its dominant position in the following years.

Apparent consumption volume forecasts

Comparing to other markets, Japanese people have a much higher acceptance of Plastic Umbrellas. Suffered from the economic crisis since 2008, apparent consumption of Plastic Umbrellas decreased from approximately 72 million units in 2008 to approximately 70 million units in 2011. In 2012, Japanese economy returned to the rising channel and the consumption of Plastic Umbrellas reached a record high level with a volume of approximately 76 million units. However, overstock in 2012 restrained the volume in 2013 and 65 million units of Plastic Umbrellas are consumed in 2013. As Japanese economy is expected to have a recovery in the following years, apparent consumption for Plastic Umbrellas is also likely to have a moderate growth, hitting approximately 69 million units in 2017 with a CAGR of 1.2% from 2013 to 2017.

ANALYSIS ON LABOUR COSTS IN THE PRC

Average Wages of Staffs and Workers in Manufacturing Industry (China), 2010-2013



Source: National Bureau of Statistics of China, Frost & Sullivan

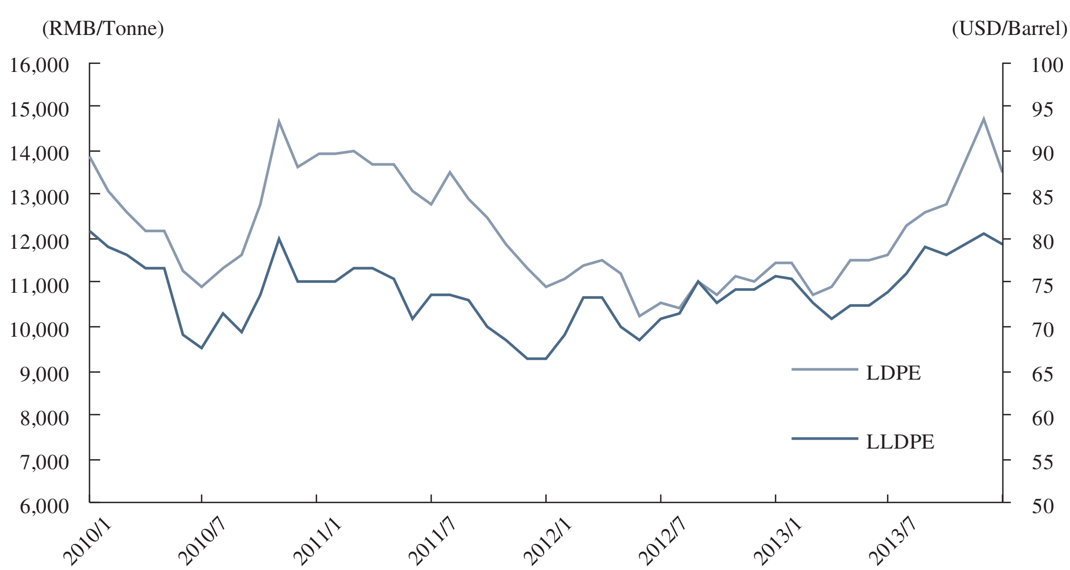
With healthy growth of Chinese economy, wages of Chinese people have been gradually improved. From 2010 to 2013, average wages of staffs and workers in manufacturing industry of urban private enterprises increased from approximately RMB20,090 per year to approximately RMB32,035 per year, with a CAGR of approximately 16.8%. During the same period, average wages of staffs and workers in manufacturing industry of urban non-private enterprises increased from approximately RMB30,916 per year to approximately RMB46,431 per year, with a CAGR of approximately 14.5%.

As labour cost is one of the key costs for manufacturing enterprises, including manufacturers of umbrellas, rising wages are expected to bring about rising pressure on production costs. As a result, prices of those products are likely to witness a rise in the coming years, offsetting the rising costs.

PRICES OF THE KEY RAW MATERIALS

The following chart sets out the average price of the key raw materials of our Group during 2010 to 2013.

Average Price of LDPE, LLDPE (China), 2010-2013

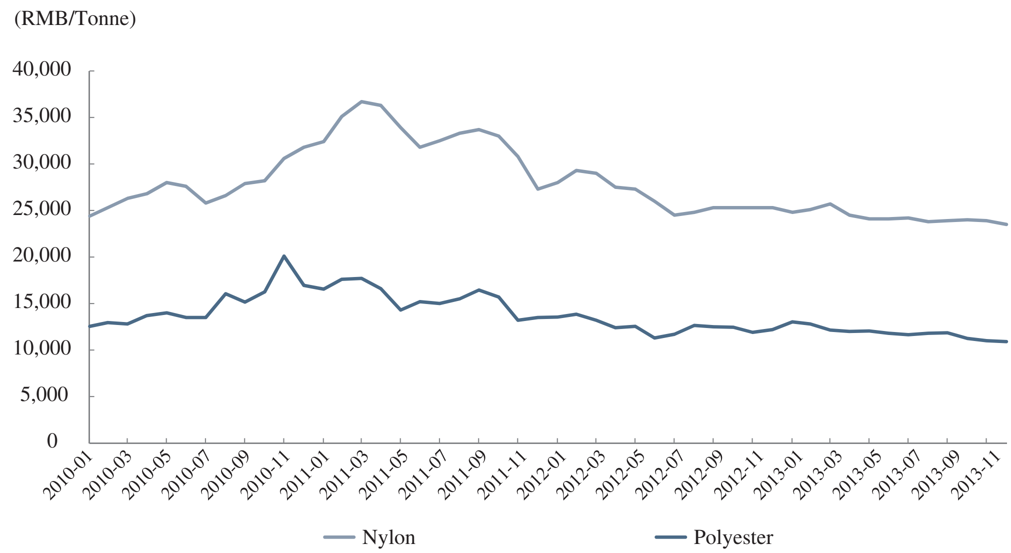


Source: Wind, Frost & Sullivan

LDPE and LLDPE

Prices of LDPE and LLDPE had experienced similar fluctuation since 2010. As ethylene is a key petrochemical product, price change of crude oil has a direct impact on the prices of LDPE and LLDPE. After reaching a high level in the second half of 2010, the prices had witnessed a decline till the middle of 2012. Drop of crude oil prices and weak downstream demand resulted in the decline of LDPE and LLDPE in 2012. In 2013, recovery of developed economies fueled up the crude oil prices, pushing up the prices of LDPE and LLDPE. Accordingly, yearly average prices of LDPE and LLDPE reached USD12,108 per tonne and USD11,121 per tonne in 2013.

Average Price of Nylon Filament and Polyester Filament (China), 2010-2013



Source: Wind, China Chemical & Fiber Economic Information Network, China Chemical Fibers Association, Frost & Sullivan

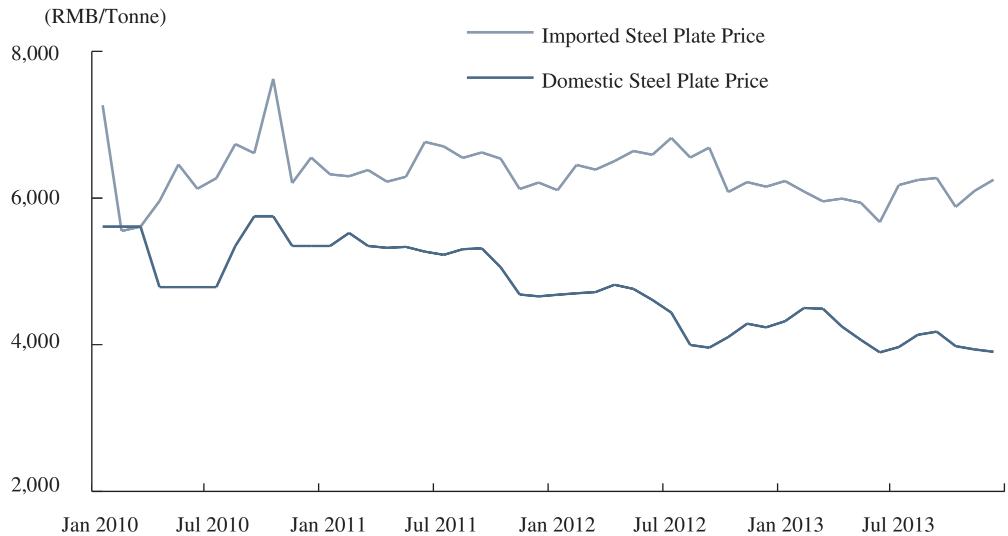
Nylon Filament

Being one of the major raw materials for cloth umbrellas, price of nylon filament fluctuated from 2010 to 2014. Affected by the negative impact of global economic crisis, demand for nylon filament experienced a dive during 2008 to 2009. After that, with the gradual recovery of Chinese economy, domestic market returned to the rising channel. Growing demand for nylon filament pushed up the price which reached a recorded high value of approximately RMB33,000 per tonne in 2011. However, slowdown of domestic market and depressed overseas demand pulled down the price of nylon filament since 2011. From 2012 to 2014, the price of nylon filament had gradually dropped from approximately RMB26,000 per tonne to approximately RMB23,000 per tonne.

Polyester Filament

From 2008 to 2009, global economic crisis greatly depressed global consumer market. The price hit bottom in the middle of 2009 and as a result of the recovery of global economy, prices of polyester filament then returned to the rising trend. Since then, polyester filament showcased similar trend with crude oil prices and hit the peak in the second half of 2011. However, from the fourth quarter of 2011, European crisis kept deteriorating and the global slump in demand resulted in the drop of polyester filament's prices. In 2012, polyester filament faced challenge of oversupply and the prices remained low for the entire year. In the first half year of 2014, polyester filament industry was still at the adjustment period and the overcapacity has not been well absorbed.

Average Price of Domestic and Imported Steel Plate (China), 2010-2013



Source: Wind, Frost & Sullivan

Steel plate

Steel plate is one of the main raw materials to make key parts for umbrellas and parasols, such as shaft, ribs and stretchers. The average price of imported steel plate has been volatile since 2010, which reached a low of approximately RMB5,614 per tonne in March 2010, and had recovered smoothly until the peak of approximately RMB7,642 per tonne in October 2010. Since the year of 2012, the imported steel plate price dropped slightly, and reached approximately RMB6,258 per tonne in the end of 2013. On the other hand, the average price of domestic steel plate followed the imported trend, decreased from approximately RMB5,755 per tonne in October 2010 to approximately RMB3,897 per tonne in the end of 2013. On an annual basis, both the domestic and imported steel plate prices showed a downward trend, which decreased from approximately RMB5,294 per tonne and approximately RMB6,423 per tonne to approximately RMB4,130 per tonne and approximately RMB6,073 per tonne, respectively, from 2010 to 2013.

Umbrella parts and plastic cloth

Market players in the industry sometimes purchased other raw materials like umbrella parts and plastic cloth as supplements for their self-producing materials or as requested by special orders. However, these raw materials are not considered as the major raw materials given their uncertain volume and minor value in the cost structure. According to Frost & Sullivan, there is no public, authoritative source or consolidated data for the price of umbrella parts and plastic cloth available in the market.

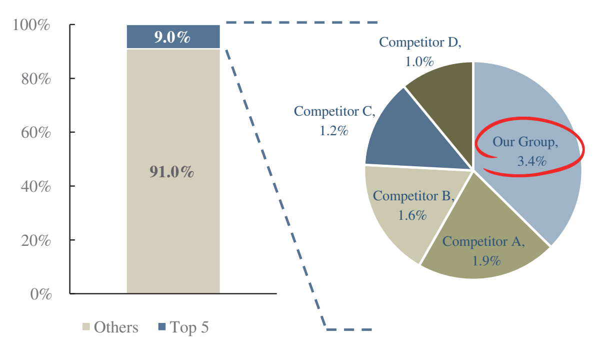
COMPETITIVE LANDSCAPE

Top PRC exporters of umbrellas and parasols

China is the largest exporter of umbrellas and parasols in the world. Major exporting destinations include Japan, Philippines, the U.S., Hong Kong and South Korea, etc. The export market of umbrellas and parasols in China was rather fragmented. In 2013, the top five concentration rate was only 9.0%. Our Group was the largest exporter of umbrellas and parasols in China in terms of export volume in 2013, which recorded a total export volume of about 31 million units with a market share of approximately 3.4%. The largest exporting destination for our Group's umbrella products was Japan, which was also regarded as the largest importing country of China's umbrellas and parasols products.

Jicheng was the largest exporter of umbrellas and parasols in China in terms of export volume in 2013

Top 5 Concentration Rate, 2013 | **Market Share of Top 5 Exporters, 2013**



Top 5 Exporters of Umbrellas and Parasols by Export Volume, 2013

Rank	Company	Export Volume (Million Units)	Market Share (%)
1	**Our Group**	**31.2**	**3.4%**
2	Competitor A	17.3	1.9%
3	Competitor B	15.3	1.6%
4	Competitor C	11.1	1.2%
5	Competitor D	9.0	1.0%
	Others	847.1	91.0%
Overall Market		**931.0**	**100.0%**

Note:
1. *Exporting data include the statistics of HS code 660191 and 660199.*
2. *The export volume of each competitors only included self-operated export but excluded the volume exported by local trading companies.*

Source: Our Group, General Administration of Customs, Frost & Sullivan

The following table sets forth the competitive landscape and the market share of the top five umbrellas and parasols manufacturers in China in terms of export volume in 2013:

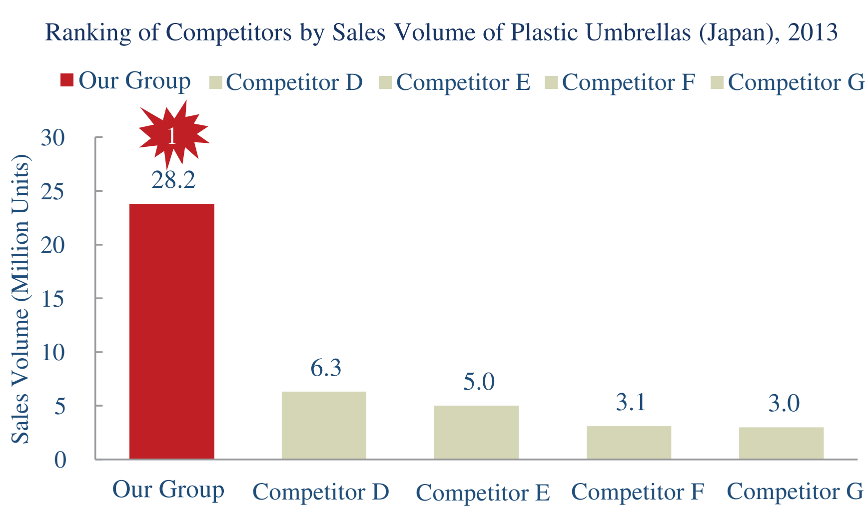
Ranking	Company	Description	Product mix	Export ratio	Market share
1	Our Group	Largest Plastic Umbrellas manufacturer in China in terms of sales volume in 2013	Various types of umbrellas, including POE and nylon umbrellas	~90.0%	3.4%
2	Competitor A	Sizable umbrellas manufacturer and exporter in China which was listed in Shenzhen Stock Exchange. Since 2014, it was being disposed by the listed company and no longer part of the listed group	Various types of umbrellas, mainly nylon umbrellas	80.0%~90.0%	1.9%

Ranking	Company	Description	Product mix	Export ratio	Market share
3	Competitor B	Sizable exporter of umbrellas in Zhejiang Province	Plastic and nylon umbrellas and parasols in all kinds of thickness and colours	~80.0%	1.6%
4	Competitor C	Sizable umbrellas manufacturer in Fujian Province	Umbrellas and major umbrella parts	~90.0%	1.2%
5	Competitor D	Second largest Plastic Umbrellas manufacturer in China in terms of sales volume in 2013	Various types of umbrellas including Plastic Umbrellas	~60.0%	1.0%

Source: Our Group, Frost & Sullivan

Top suppliers of Plastic Umbrellas in Japan

China was the major supplier of Plastic Umbrellas for Japan. Among the top suppliers of Plastic Umbrellas in Japan, our Group was the largest one in terms of sales volume in 2013. As of 2013, our Group's total sales volume of Plastic Umbrellas to Japan reached approximately 28 million units, more than tripling the size compared to that of the second supplier.



Source: Our Group, Frost & Sullivan

The following table sets forth the competitive landscape and the market share of the top five suppliers of Plastic Umbrellas in Japan in terms of sales volume in 2013:

Ranking	Company	Description	Product mix	Export ratio	Market share
1	Our Group	Largest Plastic Umbrellas manufacturer in China in terms of sales volume in 2013	Various types of umbrellas, including POE and nylon umbrellas	~90.0%	43.1%
2	Competitor D	Second largest Plastic Umbrellas manufacturer in China in terms of sales volume in 2013	Various types of umbrellas including Plastic Umbrellas	~60.0%	9.6%
3	Competitor E	Sizable manufacturer of Plastic Umbrellas	Umbrellas including Plastic Umbrellas	90.0%~100.0%	7.7%
4	Competitor F	Sizable manufacturer of Plastic Umbrellas	Umbrellas with a focus on low-end plastic umbrellas and only few cloth umbrella products	~100.0%	4.7%
5	Competitor G	Umbrella manufacturer which has integration of research, design, production and sales segments	Various types of umbrellas including regular umbrellas, sun umbrellas and beach umbrellas	~95.0%	4.6%

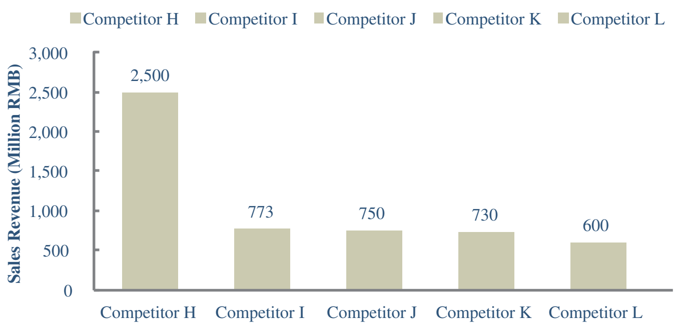
Source: Our Group, Frost & Sullivan

Top local manufacturers of umbrellas and parasols

In Japan market, over 98.0% of umbrellas were manufactured and imported from outside of Japan. Furthermore, over 98.0% of imported umbrellas were manufactured and imported from China. There are very few manufacturers in Japan. China was the major umbrellas supplier for Japan.

China is the world's largest manufacturing base of umbrellas and parasols with over 2,000 manufacturers. There are over 200 above-scale enterprises whose sales revenue are above RMB5 million, majorly concentrated in Fujian and Zhejiang provinces. Among the top local manufacturers, as shown in the table below, Competitor H was the largest umbrellas and parasols manufacturer with a total sales revenue of approximately RMB2,500 million in 2013. Competitor I recorded a sales revenue of approximately RMB773 million in 2013 and took up the second place, followed by Competitor J, Competitor K and Competitor L, who ranked third, fourth and fifth, with sales revenue of approximately RMB750 million, RMB730 million and RMB600 million respectively. For 2013, the Group also found its place among the top manufacturers of umbrellas and parasols, recording a sales revenue of approximately RMB438 million and taking the sixth place.

Top Local Manufacturers of Umbrellas and Parasols by Sales Revenue, 2013



Rank	Company	Sales Revenue (Million RMB)	Market Share (%)
1	Competitor H	2,500	8.4%
2	Competitor I	773	2.6%
3	Competitor J	750	2.5%
4	Competitor K	730	2.5%
5	Competitor L	600	2.0%

Source: Frost & Sullivan

The following table sets forth the top five local umbrellas and parasols manufacturers in China by sales revenue in 2013:

Ranking	Company	Description	Product mix	Market	Export ratio	Market share
1	Competitor H	Competitor H has almost 30 years umbrella manufacturing history and it has six subsidiaries and around 5,000 workers	Various types of umbrellas and raincoats	Mainly focused in domestic market instead of exportation	N/A	8.4%
2	Competitor I	Competitor I was established in the mid of 1980s and it has about 1,800 workers	A wide range of product portfolio including umbrellas, scarf, socks, and hats, etc	Mainly domestic market	N/A	2.6%
3	Competitor J	Competitor J was established in the mid of 1990s and it has developed into one of the leading companies in the Chinese umbrella market	Various types of umbrellas	Domestic and overseas markets	60.0~70.0%	2.5%
4	Competitor K	One of the leading umbrella manufacturers in the PRC, principally engaging in the design, research and development, manufacturing, distribution and sales of medium to high-end umbrellas in the PRC and overseas	Various types of umbrellas	Domestic and overseas markets	20.0~30.0%	2.5%

Ranking	Company	Description	Product mix	Market	Export ratio	Market share
5	Competitor L	Established in 2001 and one of the leading umbrella manufacturers in China and it has around 800 workers	Various types of umbrellas	Domestic and overseas markets	~20.0%	2.0%

Source: Frost & Sullivan

China is one of the largest manufacturing bases of Plastic Umbrellas in the world. The total sales revenue and sales volume of Plastic Umbrellas occupied approximately 3.4% and 8.6% of overall umbrellas and parasols market in China respectively. Compared with cloth umbrellas and parasols, the Plastic Umbrellas market was more concentrated. As of 2013, top five local manufacturers of Plastic Umbrellas took up 41.1% of the market share in terms of sales volume.

As of 2013, our Group was the largest manufacturer of Plastic Umbrellas in China in terms of sales volume, which was also regarded as one of the largest production bases in Asia. Our Group's total sales volume of Plastic Umbrellas reached approximately 30 million units, representing a market share of around 20.4%. As of 2013, the total sales revenue of Plastic Umbrellas occupied approximately 3.4% of overall umbrellas and parasols market in China, lower than the share in terms of sales volume due to lower average price of Plastic Umbrellas. Top five local manufacturers of Plastic Umbrellas took up 58.9% of the market share in terms of sales revenue.

In 2013, our Group was the largest manufacturer of Plastic Umbrellas in China in terms of sales revenue. Our Group's total sales revenue of Plastic Umbrellas amounted to approximately RMB387 million, representing a market share of approximately 38.4%. Our Group's Plastic Umbrella products were positioned in mid-end market with an ex-factory price range from approximately RMB10 to approximately RMB20, significantly higher than its competitors.

Top local manufacturers of umbrellas and parasols

The overall umbrellas and parasols market was fragmented in China with thousands of local manufacturers. Top five local manufacturers in China only occupied 13.7% market share in terms of sales volume in 2013. Among the top five local manufacturers, the largest manufacturer accounted for a total sales volume of approximately 98 million units, representing approximately 5.9% market share in 2013 while the second largest local manufacturer accounted for a total sales volume of approximately 39 million units by 2013 representing approximately 2.3% market share in 2013. The largest manufacturer's business focused on domestic market and a majority of its umbrella and parasol products were distributed to the whole nation through its established sales network.

As of 2013, our Group was the third largest umbrellas and parasols manufacturer in China in terms of sales volume, taking up approximately 2.0% market share with a total sales volume of approximately 33 million units.

Pricing of umbrellas

The pricing of the Group's POE umbrellas ranged around RMB11 to RMB16 as of 2013. Based on Frost & Sullivan's research, the average pricing of POE umbrellas in China ranged from RMB6 to RMB12. The Group's POE umbrellas were generally priced above the average price of similar products in the market and regarded as mid-end products given the higher price and quality. On the other hand, the Group's nylon umbrellas were priced from RMB11 to RMB19 in 2013. Whereas, according to Frost & Sullivan, the average price of similar products in the market was estimated to range around RMB10 to RMB25, indicating that the pricing of the Group's nylon umbrellas was at the similar level with the market average, consistent with its position of mass market. For details of the pricing of our Group's products, please refer to the paragraph headed "Our Products" under the section headed "Business" of this prospectus.

Market drivers and restraints of the umbrella market in Japan

The major market drivers include the following: (1) Increasing number of convenient stores and drug stores make Plastic Umbrellas increasingly available; (2) Growing client base is expected to increase the demand for Plastic Umbrellas; (3) Rising acceptance of Plastic Umbrellas, especially for the younger generations who prefer not to carry fold-type umbrellas; and (4) Recovery of the Japanese economy fuels up the consumer goods market.

Umbrellas are regarded as a kind of daily necessities, whose consumption demand is relatively steady in the Japanese market. Even though umbrellas' apparent consumption in Japan experienced fluctuation in the Track Record Period as a result of the fluctuation of macro economy, the basic demand and consumption was still considered to maintain relatively stable. In the forecast period from 2015 to 2017, apparent consumption is likely to have a stable growth rather than keep still given the above market drivers, which are not expected to bring a significant growth for the Japanese umbrella market in the forecast period. Such market drivers are actually expected to make a positive impact on the further growth of overall umbrellas market in Japan.

The major market restraints include the following: (1) rising labour and raw materials costs squeeze the profits of manufacturers; (2) reduction of rainfall is likely to bring negative impact to the growth of Plastic Umbrellas; and (3) aging population and low birth rates are likely to slow down the increase of consumer base.

Entry barriers for export market

High quality products – Clients in overseas markets, in particularly developed countries like Japan, usually pay great attention to the products quality. Apart from getting ISO9001 quality management system certification, products also need to meet relevant quality standards like JISS 4020 (Japan industry standard). Requirement on high quality sets forth a barrier for the new entrants of export market.

Strict environmental compliance – Developed countries usually have established strict environmental compliance systems. They set forth stringent requirements on the chemicals and additive in umbrella products. Products with injurious ingredient like azo or cadmium usually are not allowed to be traded in these countries. As a result, in order to become a qualified suppliers, manufacturers need to keep a good record of environmental compliance and obtain ISO14000 system certification.

Strong capability of cost control – Comparing to manufactures in domestic market, export-oriented companies usually need to spend more money for the establishment of quality control and environment compliance systems. Setting up measures to avoid negative impact of foreign exchange fluctuation is also needed. Accordingly, export business requires strong capability of cost control.

Good relationships with large customers – Large trading companies play key roles in the Japanese market. Major retailers like 7-11 and Family Mart, have established stable cooperation with these trading companies. As a result, for Chinese manufacturers, these trading companies are the key channels for entering Japanese market.

Key industry challenges for Chinese umbrellas and parasols market

Export tax rebate challenge – In order to stimulate the export, the PRC Government gradually increased the export tax rebate in the past few years. Current rate is 15.0%. Tax rebate is a crucial part of exporters' profit. Any reduction of tax rebate in the future is likely to bring negative impact to companies' profit margin. If the PRC Government further increases the tax rebate rate, exporters are expected to enjoy a rise in profitability.

According to the tax circular, Cai Shui [2008] No. 144 (「財政部、國家稅務總局關於提高勞動密集型產品等商品增值稅出口退稅率的通知」, Notice of the Ministry of Finance and the State Administration of Taxation on Raising the Export Tax Rebate Rates for Labour-Intensive and Other Commodities), the Ministry of Finance and State Administration of Taxation jointly increased the export tax rebate rate of umbrella from 11.0% to 13.0% with effect from 1 December 2008. According to the tax circular, Cai Shui [2009] No. 88 (「財政部、國家稅務總局關於進一步提高部分商品出口退稅率的通知」, Notice of the Ministry of Finance and the State Administration of Taxation on Raising the Export Tax Rebate Rates for Certain Commodities), the export tax rebate rate of umbrella has been increased to 15.0% from 13.0% with effect from 1 June 2009. There has been no change on the export tax rebate rate of umbrella in the past five years. The amount of tax rebate received was approximately RMB27 million, RMB43 million, RMB56 million and RMB62 million for the three years ended 31 December 2013 and the ten months ended 31 October 2014, representing 8.4%, 11.5%, 11.5% and 11.8% of our total revenue, and 65.9%, 97.7%, 93.3% and 96.9% of our net profit respectively. The Directors take the view that such tax rebate received during the Track Record Period is a material part of the Company's profit and such export tax rebate arises in the ordinary course of business of our Group.

The Company, together with the PRC Legal Advisers of the Company and the Tax Consultant are of the view that the export tax rebate rate of umbrella has been implemented on a stable basis. As supported by the encouragement on timely and complete export tax rebate contained in the notice "Several Opinions of the State Council on support steady growth in foreign trade (Guo Ban Fa [2014] No. 19)" (《國務院辦公廳關於支持外貿穩定增長的若干意見》(國辦發[2014]19號)), the Company and the PRC Legal Advisers of the Company take the view that it is the state's policy to continue supporting export business in the PRC at present.

Should such export tax rebate rate be decreased, our net profit will be negatively impacted due to increase in cost of sales. In order to alleviate such negative impact on our net profit, we plan to:

(a) expand our domestic sales market and reduce our proportion of sales on export sales market

We will further enhance our product development, in particular our design of umbrella in order to suit the taste of the PRC market. We will actively participate in trade fairs and conduct promotion in large-scale shopping malls in the PRC to promote our brand awareness. By increasing our sales revenue portion in the PRC market, we will reduce our proportion of sales on export sales market.

(b) implement more cost control measures

Our cost control measures include (i) closely monitoring the effectiveness of our workers to avoid overtime pay; (ii) requiring our workers to undergo regular training programmes to upgrade their skills to improve quality control and efficiency; (iii) senior management having regular meeting with the senior personnel of each production lines in order to understand the manpower is allocated efficiently; (iv) monitoring price of our major raw materials on a regular basis; (v) conducting quarterly analysis to anticipate potential changes in the price of our major raw materials and to ensure that our purchase prices are in line with the prevailing market prices; and (vi) enhancing our production process to minimise waste of raw materials and the potential impact from any price fluctuation of our raw materials.

(c) transfer such increase in cost to our overseas customers by adjusting our selling price

Before we transfer such increase in cost to our overseas customers, we will conduct market intelligence to understand the level of acceptance in the market if we make upward adjustment of our umbrella products, and our adjustment of selling price will be made accordingly in order to minimize the negative impact on our sales.

With the measures above, we take the view that our overseas sales will reduce whereas our domestic sales will increase accordingly. Given the profit margin of our domestic sales is higher than that of export sales, our Directors also consider that the overall gross profit margin of our Group will rise provided that the sales volume of our domestic sales will increase accordingly.

We currently are subject to Chinese input VAT at 17.0% and incur a VAT cost approximately equivalent to 2.0% of the raw materials or component associated to the exported goods as the export tax rebate rate is 15.0%. Export tax rebate contributed significantly to our

Group's net profit during the Track Record Period. The VAT costs incurred for the Track Record Period were approximately RMB4.9 million, RMB7.4 million, RMB8.3 million and RMB7.4 million respectively. The tax rebate comprised a refund of VAT incurred on raw materials used to manufacture umbrellas in China which subsequently exported.

Business adjustment challenge – Many companies are seeking for new growth opportunities and trying to adjust their business. Export-oriented companies start to develop domestic market while domestic players are looking for chances in overseas market. Lack of relevant experiences and resources brings some uncertainties to these business adjustment.

Foreign exchange challenge – China is the largest exporter of umbrella in the world. A great number of China's umbrella manufacturers rely on overseas markets. As a result, fluctuation of foreign exchange exerts a direct impact on the export-oriented companies. RMB has experienced a long period of appreciation, which brings negative impact to exporters, especially the small scale players. Nonetheless, large players usually have strong bargaining power and are less sensitive to the change of foreign exchange.

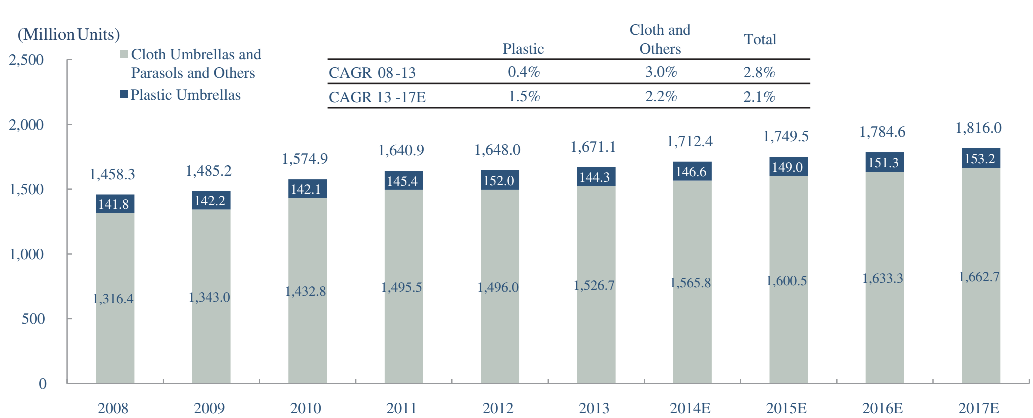
Rising materials and labour costs – Umbrella manufacturing is a labour-intensive industry. Raw materials and labour force are the major costs of umbrella. In recent years, these costs, in particularly the labour costs, have witnessed a steady growth. Rising labour costs have become one of the major challenges to the manufacturers.

Seasonal challenge – Consumption of umbrella varies with seasonal climate variation. In general, summer is the major consumption season of umbrella. Majority of the orders need to be delivered before this period. Accordingly, companies' sales revenue usually experiences seasonal fluctuation during the year. It brings pressure on manufactures' cash flow to some extent.

Market size forecasts for Chinese umbrellas and parasols market

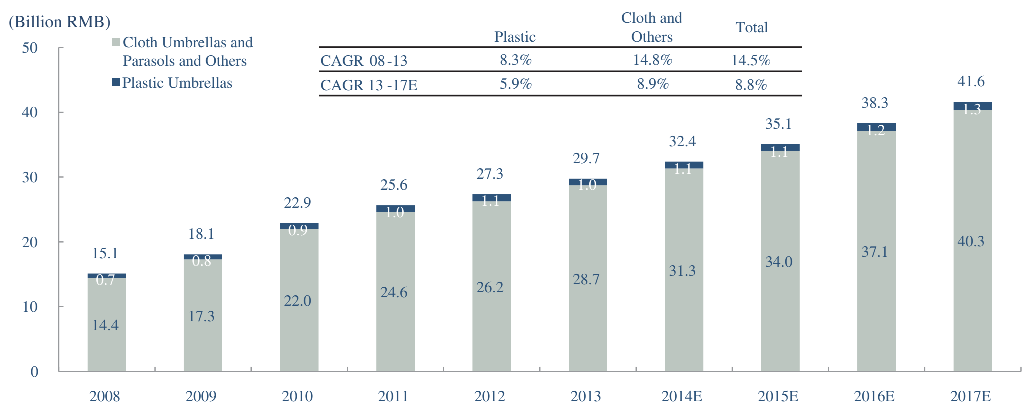
The following charts set out the sales volume and revenue forecasts of umbrellas by types in the umbrellas and parasols market of China:

Umbrellas and Parasols Market: Sales Volume Forecasts by Type (China), 2008-2017E



Source: Frost & Sullivan

Umbrellas and Parasols Market: Revenue Forecasts by Type (China), 2008-2017E

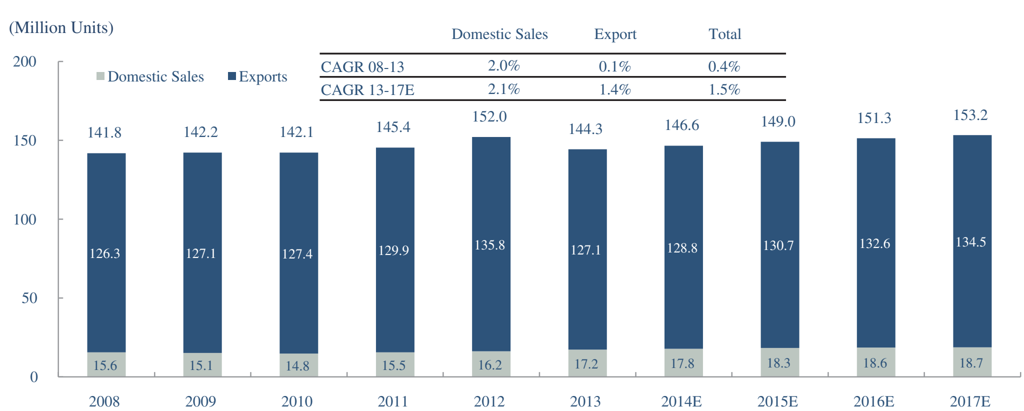


Source: Frost & Sullivan

According to Frost & Sullivan, the total umbrellas and parasols market in China is likely to maintain an upward momentum from 2014 to 2017 due to the consistent demand as well as product innovation and self-owned brands development. The total sales volume is expected to reach 1,816 million units in 2017, with a CAGR of 2.1% from 2013 to 2017. The total revenue is expected to reach RMB41.6 billion in 2017, with a CAGR of 8.8% from 2013 to 2017 due to the consistent demand as well as rising price.

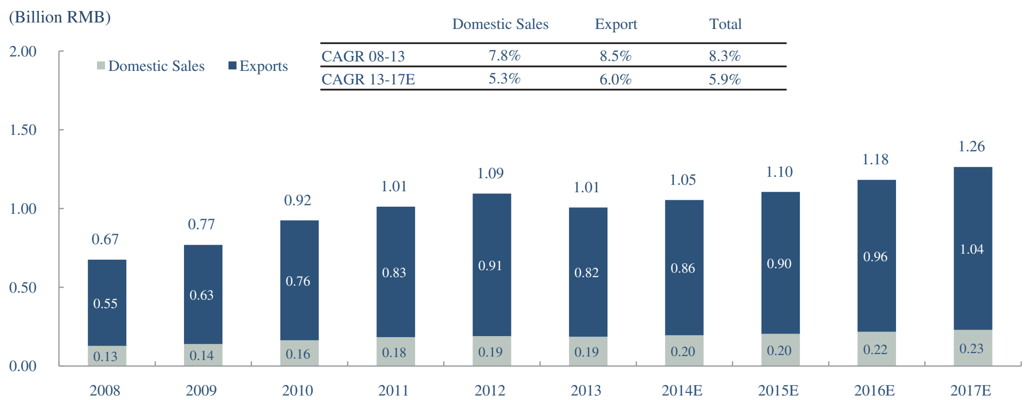
The following charts set out the sales volume and revenue forecasts of the Plastic Umbrellas in China:

Plastic Umbrellas Market: Sales Volume Forecasts (China), 2008-2017E



Source: Frost & Sullivan

Plastic Umbrellas Market: Revenue Forecasts (China), 2008-2017E



	Domestic Sales	Export	Total
CAGR 08-13	7.8%	8.5%	8.3%
CAGR 13-17E	5.3%	6.0%	5.9%

Source: Frost & Sullivan

According to Frost & Sullivan, the total Plastic Umbrellas Market is likely to maintain an upward momentum from 2014 to 2017 as a result of the increase in people's awareness of environmental protection and the acceptance of Plastic Umbrellas. The total sales volume is expected to reach 153 million units in 2017, with a CAGR of 1.5% from 2013 to 2017, of which the domestic market is likely to grow even faster for the rising demand in young and women customers, with a CAGR of 2.1%. The total revenue is expected to reach RMB1.26 billion in 2017, with a CAGR of 5.9% from 2013 to 2017, of which the export market is likely to grow even faster driven by the higher selling price from overseas markets, with a CAGR of 6.0%.

Future outlook of the Chinese umbrellas and parasols market

Industry consolidation – As the industry develops, the industry consolidation of the Chinese umbrellas and parasols market is likely to increase. Leading players are predicted to benefit more from the overall industry growth; and thus taking up bigger market share in the coming future as small players are eliminated.

Product diversification – The function, style and colour of umbrellas and parasols are going diversified. Many specific functions, styles and colours are developed to make umbrellas and parasols applicable to various occasions and activities. Moreover, China umbrella manufacturers keeps improving the automation level of umbrellas.

Environmental protection – In order to meet increasingly stringent environmental requirements, domestic manufacturers use POE and EVA instead of PVC as their fabric materials for Plastic Umbrellas, which are plastic recyclable materials that are used in Plastic Umbrellas.

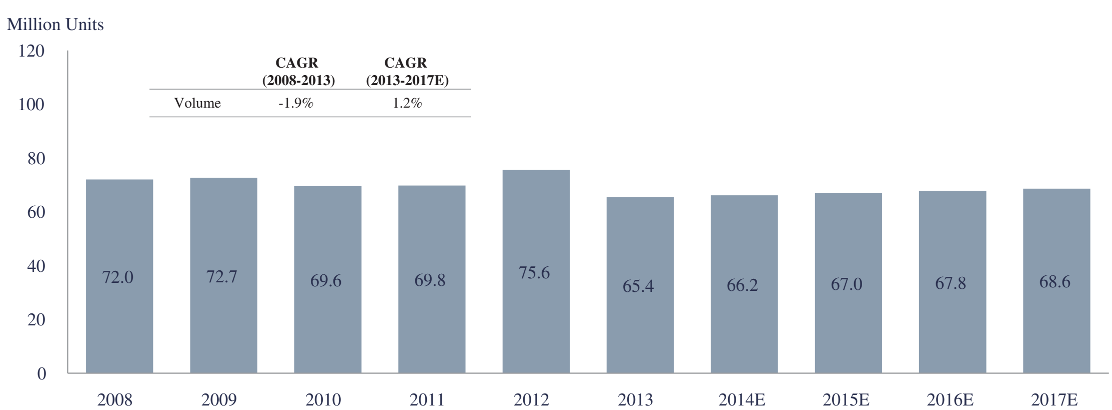
General products to fast-moving consumer goods ("FMCG") Products – In developed markets, umbrellas are deemed as FMCG products instead of durable general products. The umbrella models are updated quickly to follow the latest fashion trends and this trend is emerging in China as well with the increase of Chinese people's disposable income.

Market projections of the Japanese umbrellas and parasols market

The following charts set out the apparent consumption forecasts of umbrellas and Plastic Umbrellas in Japan:

Umbrella and Parasols Market: Apparent Consumption Forecasts (Japan), 2008-2017E

Plastic Umbrellas Market: Apparent Consumption Forecasts (Japan), 2008-2017E



Source: Frost & Sullivan

As the Japanese economy is expected to have a slow recovery in the coming years, the total consumption of umbrellas is expected to reach 120.6 million units in 2017. The Japanese have a much higher acceptance of plastic umbrellas, which are available in highly developed retailing industry in Japan, represented by convenient stores, drug stores and 100-Yen stores. Hence, share of Plastic Umbrellas is expected to have a rise in the coming years, from 56.5% in 2013 to 56.9% in 2017. The sales volume is expected to hit 68.6 million units in 2017 with a CAGR of 1.2% from 2013 to 2017.

Future outlook of the Japanese umbrellas and parasols market

Rising Consumption volume of plastic umbrella – Middle-aged Japanese are usually used to carrying umbrellas at all times regardless of the weather forecast. However, for younger generation, they do not carry the umbrellas except the days with high possibility of rain fall. They do not have a habit to carry the fold-type umbrellas and simply buy the low priced plastic umbrellas if the rain starts. In addition, Japanese pay great attention to keep well dressed. Transparent appearance of plastic umbrellas make them easier to match the garments. Increasing acceptance of plastic umbrellas is expected to fuel up the demand for plastic umbrellas.

Further replacement of environmentally harmful products – PVC umbrellas used to be quite prevalent in Japan in the 20th century. However, PVC has been proven to be an environmental-harmful material with azo and other heavy metal contents. They are then gradually replaced by environmental-friendly products which are made from EVA and POE materials. Currently, there is just a small number of PVC umbrellas in Japanese market. Japanese people highly focus on environmental issues and the demand for PVC umbrellas is expected to be further reduced in the future.

Dominant position of China as the supply source – After taking over Taiwan to become the major supply source of plastic umbrellas to Japan, China has established a dominant position covering over 95% of the plastic umbrellas market in Japan. As the world's largest manufacturing base, China now has well-developed infrastructure, a vast number of skilled workers, integrated industrial chain and stable relationships with overseas buyers. Although rising labour cost is impairing China's competitiveness, all the other advantages are expected to enable China to keep its dominant position as the largest exporter for quite a long time.

Rising power of convenient stores and drugs stores at the sales channels – With over 50,000 outlets across Japan, convenient stores have become one of the most prevalent shopping channels in Japan. Convenient stores' outlet number is expanding quickly in recent years. As a result, convenient stores are likely to hold a leading position in the sales of plastic umbrellas. In addition, drugs stores are another quickly emerging channel. In Japan, drugs stores are the key shopping places for cosmetics. Nowadays, these stores do not only offer cosmetics and drugs, but provide multiple living goods including umbrellas. With rising number of outlets and good locations, drug stores are likely to be another key sales channel of plastic umbrellas.

INTRODUCTION

The following sets forth a summary of the most significant laws and regulations that affect our business in the PRC. Information contained in the following should not be construed as a comprehensive summary of laws and regulations applicable to us.

LAWS AND REGULATIONS ON ESTABLISHMENT

The major laws and regulations in PRC concerning establishment of foreign investment corporate entities include: PRC Company Law, Wholly Foreign-owned Enterprise Law, Sino-Foreign Equity Joint Venture Enterprise Law and Guidance Catalog.

The PRC Company Law was promulgated by the Standing Committee on 25 December 1993 and came into effect on 1 July 1994. It was subsequently revised on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013. The PRC Company Law generally governs limited liability companies and joint stock limited companies. According to this law, liability of a company to its debtors is limited to the value of assets owned by the company, and liability of shareholders is limited to the amount of registered capital they have contributed. The PRC Company Law shall also apply to foreign-invested companies. Where laws and regulations on foreign investment have other stipulations, such stipulations shall apply.

The Wholly Foreign-owned Enterprise Law was promulgated by the Standing Committee on 12 April 1986 and revised on 31 October 2000. Implementation Regulations under the Wholly Foreign-owned Enterprise Law was promulgated on 12 December 1990 and amended on 12 April 2001. The Sino-Foreign Equity Joint Venture Enterprise Law was promulgated by the National People's Congress on 4 April 1990 and revised on 15 March 2001. The aforesaid laws contain specific provisions about incorporation, organization structure, management, annual inspection, foreign exchange administration, labour issues and all other relevant issues of wholly foreign-owned enterprises and Sino-Foreign Equity Joint Venture Enterprises.

The Guidance Catalog was jointly issued by the Ministry of Commerce and the National Development and Reform Commission in 1995, and revised in 1997, 2002, 2004, 2007 and 2011. The current effective Guidance Catalog was issued on 24 December 2011 and came into effect on 30 January 2012. Pursuant to Provisions Guiding Foreign Investment Direction promulgated by the State Council on 11 February 2002, the Guidance Catalogue is the basis of the application of invested enterprise. The Guidance Catalog contains specific provisions guiding market access to foreign capital, stipulating in detail the areas of entry pertaining to the categories of encouraged foreign-invested industries, restricted foreign-invested industries and prohibited foreign investment. Any industry not listed in the Guidance Catalog is a permitted industry. The business engaged by our group does not fall into the "restricted" or "prohibited" categories.

LAWS AND REGULATIONS ON OPERATION

Foreign Exchange Control

Regulations on Foreign Exchange Control of the PRC (中華人民共和國外匯管理條例) was promulgated by the State Council on 29 January 1996 and came into effect on 1 April 1996. It was subsequently revised on 14 January 1997 and 1 August 2008. According to this regulation, foreign currency payments under basic account items by domestic institutions, including payments for imports and exports of goods and services and payments of income and current transfers into and outside the PRC must be either paid with their own foreign currency with valid documentation or with the foreign currency purchased from any financial institution engaged in foreign currency sale and settlement, in accordance with the administrative provisions on payment and purchase of foreign currency promulgated by the SAFE. Foreign currency income accounted for under basic account items may be retained or sold to financial institutions engaged in foreign currency sale and settlement in accordance with the relevant PRC laws and regulations. Foreign currency payments under capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans, and must, in accordance with the SAFE regulations relating to foreign payments and purchases, be made out of a domestic institution's own foreign currency with valid documentation or be made with foreign currency purchased from any financial institution engaged in foreign currency sale and settlement. For foreign-invested enterprises wound up in accordance with the law, funds denominated in RMB that belong to a foreign investor after liquidation and after payment of tax may be used to purchase foreign currency from any financial institution engaged in foreign exchange sale and settlement in order to remit the foreign currency outside of the PRC.

Environmental Protection

The major laws and regulations in PRC concerning environmental protection include: Environmental Protection Law of the PRC (中華人民共和國環境保護法), Evaluation of Environmental Effects Law of the PRC (中華人民共和國環境影響評價法), Prevention and Control of Water Pollution Law of the PRC (中華人民共和國水污染防治法), Prevention and Control of Atmospheric Pollution Law of the PRC (中華人民共和國大氣污染防治法), Prevention and Control of Environmental Noise Pollution Law of the PRC (中華人民共和國環境噪聲污染防治法), Prevention and Control of Solid Waste Pollution Law of the PRC (中華人民共和國固體廢物污染環境防治法), and Regulations on Environmental Protection Management for Construction Projects (建設項目環境保護管理條例), and Promotion of Cleaner Production Law of the PRC (中華人民共和國清潔生產促進法).

According to the aforesaid laws and regulations, the PRC has established an environmental impact assessment system for project construction, and the construction, expansion and operation of products manufacturing facilities are subject to the advance approval and acceptance of the completed environmental protection facility from the competent PRC environmental authorities. For failure to obtain the advance approval and acceptance of the completed environmental protection facility, the enterprise may be ordered to cease the construction or operation of facilities, or make repairs within the time limit or be fined by the competent PRC environmental authorities. The aforesaid laws and regulations also impose fees for discharge of waste substances, and impose fines and indemnity for the improper discharge of waste substances and serious environmental pollution. The PRC environmental authority may shut down any facility that fails to comply with the environmental protection laws and regulations at its discretion.

Export of Products

The major laws and regulations in PRC concerning the import and export of goods include: the Foreign Trade Law, the Import and Export Regulations, the Provisions of the Customs on the Administration of Registration of Customs Declaration Entities and Measures for the Administration of Export Licence of Goods (貨物出口許可證管理辦法) ("**Measures for the Administration of Export Licence of Goods**").

Foreign Trade Law was promulgated by the Standing Committee on 12 May 1994 and revised on 6 April 2004. According to this law, foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the Department of Foreign Trade under the State Council or its authorised institute, unless otherwise provided by the laws and regulations. The specific method for filing and registration shall be formulated by the Department of Foreign Trade under the State Council. For the foreign trade operators who fail to register in accordance with the provisions of the regulations, the Customs will not process the import and export goods declaration and clearance procedure.

The Import and Export Regulations was promulgated by the State Council on 10 December 2001 and came into effect on 1 January 2002. According to this law, the State can prohibit and restrict the import and export of goods under the circumstances provided by the laws. No goods can be imported and exported when the State prohibits the import and export. The goods under national restriction on import quantity shall be subject to the quota administration. The goods under other import restriction shall be subject to the permit administration. No restriction is imposed on the goods of free import.

Provisions of the Customs on the Administration of Registration of Customs Declaration Entities of the PRC was promulgated by the General Administration of Customs on 13 March 2014. According to this regulation, an organisation or individual in the PRC who directly imports or exports goods shall register with the appropriate local customs. After such registration, that PRC organisation or individual may carry out the customs clearance at any port or place in the PRC at which there is a customs office.

Measures for the Administration of Export Licence of Goods was promulgated by the Ministry of Commerce on 7 May 2008. According to this regulation, the State enforces export License Administration on goods subject to export restrictions. The Ministry of Commerce and the General Administration of Customs Licence shall formulate, adjust and issue the annual Catalogue of Goods Subject to Export License Administration (出口許可證管理貨物目錄).

Safe Production

Work Safety Law was promulgated by the Standing Committee on 31 August 2014, came into effect on 1 November 2002 and was revised on 27 August 2009 and 31 August 2014. According to this law, the production and business operation entities must be equipped for safe production as provided in laws, administrative regulations, national standards and industry standards. Enterprises must provide production safety training for their employees, ensure that the design, manufacture, installation, use, inspection and maintenance of its safety equipment comply with the relevant PRC national or industrial standards, and provide to their employees labour protection equipment in compliance with the PRC national or industrial standards. Violations of the Work Safety Law may result in the imposition of fines and penalties, the suspension of operation, an order to cease operation, and/or criminal liability in severe cases.

Market Competition

Competitions among the business operators in the PRC are generally governed by the Anti-Unfair Competition Law of the PRC, which was promulgated on 2 September 1993 and came into effect on 1 December 1993. According to the Anti-Unfair Competition Law, corporations, other economic organizations and individuals who are engaging in the trading of goods or profit-making services shall abide by the principles of voluntariness, equality, fairness, honesty and credibility, and observe generally recognised business ethics. Operators shall not conduct acts that damage the lawful rights and interests of other operators or that disturb the socio-economic order. Such acts include, but do not limit to counterfeit, libel, malicious exclusion, commercial bribery and secret infringement.

Product Quality

Our product quality is subject to the Product Quality Law. According to this law, we shall be liable for the quality of our products and if a defective product we produce causes physical injury to a person or damage to property other than the defective product itself, we shall be liable for compensation. In addition, when we provide our products to the consumers, who purchase and use our products as daily necessities, according to the Consumers Protection Law, we shall guarantee the quality, functions, usage and term of validity which the products should possess under normal use or acceptance. In the absence of applicable State provisions and agreements between the parties, the consumers may return the products within seven days upon receipt thereof; after the seven-day period, if the statutory conditions for termination of contracts are satisfied, the consumers may promptly return the products; otherwise, we may be required to replace or repair the products or perform other obligations.

Consumer Protection

The principal legal provisions for the protection of consumer interests are set out in the Consumers Protection Law, which was promulgated on 31 October 1993 and came into effect on 1 January 1994. It was subsequently revised on 27 August 2009 and 25 October 2013. According to the Consumers Protection Law, the rights and interests of the consumers who buy or use commodities for the purposes of daily consumption or those who receive services are protected and all producers, service providers and distributors involved must ensure that the products and services will not cause damage to persons and properties. Violations of the Consumer Protection Law may result in the imposition of fines. In addition, the operator will be ordered to suspend operations and its business license will be revoked. Criminal liability may be incurred in serious cases.

Labour and Social Insurance

Labour Law of the PRC (中華人民共和國勞動法) was promulgated by the Standing Committee on 5 July 1994, came into effect on 1 January 1995 and was revised on 27 August 2009. According to this law, workers are entitled to fair employment, choice of occupation, labour remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. Employers may not require their employees to work in excess of the prescribed time limits and must timely pay wages that meet certain minimum wage standards. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

Labour Contract Law was promulgated on 29 June 2007 and came into effect on 1 January 2008. It was revised on 28 December 2012 and came into effect on 1 July 2013. According to this law, labour contracts must be executed in writing to establish labour relationships between employers and employees. In the event of a violation of any legal provisions of the Labour Contract Law, administrative penalties may be imposed on employers by the competent PRC government authority in charge of labour administration, including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licenses and other penalties.

Social Insurance Law was promulgated by the Standing Committee on 28 October 2010 and came into effect on 1 July 2011. According to this law and other relevant social insurance regulations, employers in the PRC must register with the relevant social insurance authority and make contributions to the basic pension insurance, basic medical insurance, maternity insurance, work-related injury insurance and unemployment insurance. Pursuant to Social Insurance Law, basic pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period, a fine of one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Regulations on Management of Housing Provident Funds (住房公積金管理條例) was revised by the State Council and came into effect on 24 March 2002. According to this regulation, employers are required to register with the local housing fund management center and set up a special housing fund account with an entrusted bank. Employers are also required to contribute no less than 5% of each employee's average monthly salary in previous year to the housing fund on behalf of their employees fully and timely. The subsequent late registration or no registration may be subject to the fine above RMB10,000 and below RMB50,000.

LAWS AND REGULATIONS ON PROPERTIES

Real Estate Law

Property Law was promulgated on 16 March 2007 and came into effect on 1 October 2007. Property right mentioned in the Property Law means the exclusive right enjoyed by the obligee to directly dominate a given thing according to law, which consists of the right of ownership, the usufruct and the security interest on property. According to this law, the creation, alteration, transfer or extinction of the property right of the immovables shall become valid upon registration in accordance with the provisions of law. The building ownership certificate (房屋所有權證) is the proof that the obligee is entitled to the property right of the said buildings.

Land Administration Law of the PRC (中華人民共和國土地管理法) ("**Land Administration Law**") was promulgated by the Standing Committee on 25 June 1986 and revised on 28 August 2004. According to this law, no units or individuals may misappropriate, buy and sell land, or illegally transfer land by other means, however, the right to the use of land may be transferred in accordance with law. State-owned land to be lawfully used by units or individuals shall be registered with and recorded by the people's government at or above the county level, which shall issue State-Owned Land Use Rights Certificates (國有土地使用證) upon verification. Units or individuals that illegally occupy and use land without approval shall be ordered by the land administration departments of the people's governments at or above the county level to return such land, demolish the structures and installations built on such land within a time limit, or the structures and installations built on such land shall be confiscated, and the units or individuals may also be fined. The persons directly in charge of the said units and other persons directly responsible for the violations shall be given administrative sanctions in accordance with law; if the violations constitute crimes, criminal responsibility shall be investigated in accordance with law. The amount of the fine shall be not more than RMB30 per sq.m. of the land illegally used according to the Regulations for the Implementation of the Land Administration Law (中華人民共和國土地管理法實施條例).

Urban and Rural Planning Law of the PRC (中華人民共和國城鄉規劃法) was promulgated by the Standing Committee on 28 October 2007 and came into effect on 1 January 2008. According to this law, a construction project for which the right to use the state-owned land is extended through transfer, after the contract on transfer of the said right is concluded, the developing unit shall apply to the department in charge of urban and rural planning under the people's government of county concerned for permit for construction land planning (建設

用地規劃許可證). For the construction of buildings, structures, roads, pipelines and other projects in an area covered by the plan of a city or town, the developing unit or individual shall apply for a planning permit for construction project (建設工程規劃許可證) to the department in charge of urban and rural planning under the people's government of the city or county concerned or to the township people's government designated by the people's government of the province, autonomous region, or municipality directly under the Central Government. Violations of this law may result in the imposition of fines and the unit will be ordered to discontinue the construction and demolish the building. The amount of the fine shall be not more than 10.0% the cost of the construction project. In addition, temporary construction carried out in the area covered by the plan of a city or town shall be subject to obtaining relevant permits by the department in charge of urban and rural planning under the people's government of the city or county concerned. Without such permits, the developing unit or an individual shall be ordered to demolish the temporary construction project within a prescribed time limit, and may be fined not more than 100.0% of the total construction costs of the temporary construction. The decisions to levy administrative penalty about the defects of constructions is vested in the departments in charge of land, urban and rural planning and construction under the PRC government at the county level, subjected to the supervision by their counterparts at provincial level if any objections re such decisions were raised.

Construction Law of the PRC (中華人民共和國建築法) was promulgated by the Standing Committee on 1 November 1997 and revised on 22 April 2011. According to this law, before a construction project is started, the project owner shall, in accordance with relevant regulations, apply for construction permit (施工許可證) to the competent administrative department for construction of the people's government at or above the county level in the place where the project is located. The project owner shall have construction commenced within three months from the day it receives the construction permit. Violations of this law may result in the imposition of fines. According to the Administrative Measures for the Construction Licensing of Construction Projects (建築工程施工許可管理辦法), which was promulgated and came into effect on 4 July 2001, party who fail to obtain the construction permit (施工許可證) shall be ordered to stop the construction and rectify the same within the prescribed time limit. The perpetrator, the project owner, shall be fined not less than 1.0% but not more than 2.0% of the project contract price.

Regulations on the Administration of Construction Project Quality (建設工程質量管理條例) was promulgated by the State Council and came into effective on 30 January 2010. According to this regulation, the building unit shall organise the units concerned such as for designing, construction and engineering supervision in order to obtain project final acceptance. Delivering the project for use without project final acceptance, the building unit shall be ordered to make corrections and shall be imposed a fine of not less than 2.0% but not more than 4.0% of the price stipulated in the contract for the project.

Intellectual Property Rights

Patent Law of the PRC (中華人民共和國專利法) was promulgated by the Standing Committee on 12 March 1984 and came into effective on 1 April 1985. It was latest revised on 27 December 2008 and came into effective on 1 October 2009. According to this law, a company can apply for an invention, utility or design patent based on the nature of the technical achievement. A patent is valid for a term of 20 years in the case of an invention and a term of 10 years in the case of a utility model and design, starting from the application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent expect for certain specific circumstances provided by law. Otherwise, the use will constitute an infringement of the patent rights. In the event of any acts which infringe upon the right to the exclusive use of a patent, the infringer would be ordered to stop the infringement acts immediately and give the infringed party compensation.

Trademark Law was promulgated by the Standing Committee on 23 August 1982. It was latest revised on 30 August 2013 and came into effect on 1 May 2014. According to this law, the Trademark Office of the State Administration for Industry and Commence of the PRC (國家工商行政管理總局商標局) ("**Trademark Office**") shall be in charge of the trademark registration and administration throughout the country. Trademarks that are registered upon verification and approval of the Trademark Office are registered trademarks, including commodity trademarks, service marks, collective marks, and certification marks. A trademark registrant shall be entitled to the exclusive right to use the registered trademark and such right shall be protected by law. In the event of any of the acts which infringe upon the right to the exclusive use of a registered trademark, the infringer would be imposed a fine, ordered to stop the infringement acts immediately, and give the infringed party compensation. Also, under the Trademark Law, a trademark registrant may, by concluding a trademark licensing contract, authorise another person to use its registered trademark. The licensor shall supervise the quality of the commodities on which the licensee uses the registered trademark, and the licensee shall guarantee the quality of the commodities on which the registered trademark is to be used.

LAWS AND REGULATIONS ON TAXATION

Income Tax

EIT Law was promulgated on 16 March 2007 and came into effect on 1 January 2008. According to this law, enterprises are classified into resident enterprises and non-resident enterprises. Resident enterprises refer to enterprises which are established in the PRC according to law, or which are established according to the law of a foreign country (region) but whose actual management body is in the PRC. Non-resident enterprises refer to enterprises which are established according to the law of a foreign country (region) and whose actual management body is not in the PRC, but which have established agencies or offices or which haven't established agencies or offices in the PRC but have income earned in the PRC. The rate of enterprise income tax is 25.0% generally.

Value-Added Tax

Interim Regulations on Value-added Tax of the PRC (中華人民共和國增值税暫行條例) was revised by the Stated Council on 5 November 2008 and came into effect on 1 January 2009. According to this regulation, all entities and individuals in the PRC engaged in the sale of goods, the supply of processing services, repairs and replacement services, and the importation of goods are required to pay VAT. VAT payable is calculated as "output VAT" minus "input VAT". The rate of VAT is usually 17.0% and the rate applicable to small-scale taxpayers is 3.0%. Taxpayers other than small-scale taxpayers shall apply to the competent taxation authorities for the verification of status.

Withholding Tax on Dividend Distribution

According to the EIT and its Implementation Rules, generally a withholding tax rate of 10.0% will be imposed on dividends paid to non-PRC resident investors. The enterprise income tax rate on the dividends may be reduced pursuant to a tax treaty between the Mainland and the jurisdictions in which non-PRC investors reside. According to Specification of Arrangements the Mainland of China Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income Order (內地和香港特別行政區關於對所得避免雙重徵稅和防治偷漏稅的安排), which was promulgated by the State Administration of Taxation ("國家稅務總局") on 21 August 2006, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5.0%, if the Hong Kong enterprise is the "beneficial owner" and holds at least 25.0% of equity interests of the PRC enterprise directly. According to Notice of the State Administration of taxation on Issues Concerning the Implementation of the Dividend Clauses of Tax Agreement (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on 20 February 2009, the proportion of equities owned by the tax resident of the other side shall, at any time within the successive 12 months before obtaining dividends, comply with the specific proportion.

Export Tax

Notice of the Ministry of Finance and the State Administration of Taxation on Raising the Export Tax Rebate Rates for Certain Commodities (財政部、國家稅務總局關於進一步提高部分商品出口退稅率的通知) was promulgated on 3 June 2009 and came into effect on 1 June 2009. According to it, the export tax rebate rate for umbrella is 15.0%.

REGULATIONS ON OVERSEAS INVESTMENT OF MAINLAND RESIDENTS

Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Overseas Investment and Financing and Return on Investment Conducted by PRC Residents via Special-Purpose Companies (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular No. 37**"), which was promulgated and effective on 4 July 2014, replaces Notice of the State Administration of Foreign Exchange on the Administration of Foreign Exchange Involved in Financing and Return on Investment Conducted by PRC Residents via Special-Purpose Companies (《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》) ("**SAFE Circular No. 75**"). According to SAFE Circular No. 37, prior to making contribution to a Special-Purpose Company ("**SPC**") with legitimate holdings of domestic or overseas assets or interests, a Mainland resident shall apply to the relevant Foreign Exchange Bureau for foreign exchange registration of overseas investment. Mainland resident individuals shall refer to Chinese citizens holding the identity cards for Mainland residents, military identity documents or identity documents for Chinese armed police force, and overseas individuals who do not hold any Mainland legal identity document, but who have habitual residences within the territory of China due to relationship of economic interests. After a SPC has completed overseas financing, if the funds raised are repatriated to the Mainland for use, relevant Chinese provisions on foreign investment and external debt management shall be complied with.

According to Appendix 1 "Operating Guideline for the Business Involved in the Foreign Exchange Administration of Round-trip Investment" (《返程投資外匯管理所涉業務操作指引》) of SAFE Circular No. 37, the persons who hold simultaneously PRC legitimate identity documents and foreign legitimate identity documents (including those in Hong Kong, Macao and Taiwan) shall be deemed as foreign individuals. Foreign individuals do not need to register with the relevant Foreign Exchange Bureau prior to establishing or taking control of an offshore entity established for the purpose of overseas entity financing with offshore assets or equity interests held by him.

Whereas in the case of our Group, Mr. Huang, the ultimate beneficial owner, holds simultaneously PRC Resident Identity Card and Hong Kong Resident Identity Card, therefore, Mr. Huang is deemed as foreign individuals and does not need to register with the relevant Foreign Exchange Bureau in accordance with SAFE Circular No. 37.

APPROVAL OF THE REORGANISATION AND PROPOSED LISTING

On 8 August 2006, the MOFCOM, CSRC, SAFE and other three PRC authorities promulgated the Provisions on the Merger and Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**M&A Rules**"), which was came into effect on 8 September 2006 and revised on 22 June 2009. According to the M&A Rules, the domestic companies, enterprises or natural persons should obtain the approval from MOFCOM, when they purchase shareholding equities of a domestic enterprise having connection relationship with them in the name of the foreign companies legally established or controlled by them. M&A Rules also provides that overseas listing of a special purpose company ("**SPC**"), which refers to an overseas company directly or indirectly controlled by a domestic company or natural person for the purpose of the overseas listing of the interests actually held by such domestic company or natural person in a domestic company, shall be subject to the approval of the CSRC. The domestic company doesn't include foreign-invested enterprises.

According to the Guiding Book on the Access Administration of Foreign Investment (外商投資准入管理指引手冊) (The 2008 Version), which was promulgated by Foreign Investment Department of the Ministry of Commerce (商務部外資司) on 18 December 2008, M&A Rules doesn't apply to the merger and equity transfer of an established foreign-invested enterprise.

As both Fujian Jicheng and Jinjiang Jicheng were foreign-invested enterprises since their establishment, they are not the domestic enterprises defined in the M&A Rules, so the M&A Rules is not applicable to the Reorganization. Based on the foregoing, our PRC Legal Advisers are of the view that the Reorganization is not subject to the examination and approval of the MOFCOM and the proposed Listing is not subject to the approval of the CSRC.

RELEVANT LAWS AND REGULATIONS IN JAPAN

During the Track Record Period, the revenue derived from the market in Japan accounted for approximately 75.7%, 83.2%, 75.9% and 59.5%, respectively, of our total revenue. The following sets forth certain legal and regulatory requirements in Japan that may relate to the sales of our Products to Japan.

1. Import Customs Tariff

The Group's umbrella products imported to Japan are subject to customs tariff based on the price of imported products in accordance with the "Customs Tariff Act". As both Japan and PRC are members of the World Trade Organisation ("**WTO**"), reduced customs tariff rates under the WTO agreement ("**WTO rate**") are applicable. Under (i) the "Act on Temporary Measures concerning Customs" and (ii) the "Order for Enforcement of the Act on Temporary Measures concerning Customs", further reduced customs tariff rates ("**Special Rate**") are applicable to import of certain umbrella products.

The relevant tariff rates for the umbrella products under the above-mentioned regulations are as follows:

Product	WTO rate	Special Rate
polyolefin elastomer umbrellas	4.3%	N/A before 31 March 2017
nylon umbrellas	4.3%	N/A before 31 March 2017
umbrella parts (shaft)	4.3%	3.44% (80.0% of WTO rate)
umbrella parts (except shaft)	4.3%	0%

Thus, customs tariff rates for the Group's products imported to Japan are:

- 4.3% for polyolefin elastomer umbrellas and nylon umbrellas,
- 3.44% for umbrella parts (shaft),
- 0% for umbrella parts (except shaft).

In relation to the sales of our Group's umbrella products to Japan, our customers are responsible to pay the import customs tariff.

2. Quota and Trade Restrictions

There is any import quota prohibitive or restrictive regulation as to the Group's existing products imported to Japan.

3. Product Standard Requirements

There is no specific product standard requirement applicable to import of umbrella products to Japan.

The quality control of umbrella products is governed by general rules of private law, such as the tort or breach of contract liability for willful conduct or negligence under the "Civil Code" and product liability for defective products under the "Product Liability Act".

Moreover there are labeling requirements under the "Household Goods Quality Labeling Act" and the "Miscellaneous Manufactured Goods Quality Labelling Provisions" ("**MMGQLP**"), which stipulate the matters to be displayed on the labels attached to umbrellas, such as the composition of cloth, length of ribs, and handling instructions. MMGQLP stipulates, in detail, the matters to be complied with, in relation to displays on the labels, by manufacturers and sellers of umbrellas.

HISTORY

Our Company

Our Company was incorporated in the Cayman Islands on 12 June 2014 in accordance with the Cayman Companies Law as an exempted company in anticipation of the Listing. We are principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas. During the Track Record Period, we also produced and sold umbrella parts such as plastic cloth and shaft to our customers.

Origin of our Group

In 1990s, Mr. Huang worked for 福建省晋江市東石永坑五金塑料工藝廠 (Fujian Province Jinjiang City Dong Shi Yong Keng Metallic and Plastic Craft Factory) ("**Dongshi Factory**") as factory manager. In November 1994, Mr. Huang and his wife and brother-in-law, namely Ms. Chen Jieyou and Mr. Chen Ruixin, together with Dongshi Factory established Jicheng Umbrella in Dongshi Town, Jinjiang City, which was principally engaged in manufacture of umbrella products. Jicheng Umbrella had a registered capital of RMB5 million, which was contributed by Mr. Huang, Ms. Chen, Mr. Chen and Dongshi Factory as to RMB3.45 million, RMB1 million, RMB500,000 and RMB50,000, respectively. Dongshi Factory disposed of its interest in RMB50,000 of registered capital of Jicheng Umbrella to Mr. Huang at a consideration of RMB50,000, which was determined with reference to the amount of registered capital transferred in August 2013. Dongshi Factory was deregistered on 17 October 2013.

In May 1996, Jicheng Umbrella and an Independent Third Party, namely Mr. Lau Fai Wong, established Jinjiang Jicheng in Dongshi Town, Jinjiang City. Jinjiang Jicheng is principally engaged in manufacture of umbrella products. Upon its establishment, its registered capital was RMB10 million, which was contributed by Jicheng Umbrella and the then sole proprietorship of Mr. Lau Fai Wong as to RMB3.7 million and RMB6.3 million, respectively.

In September 2003, Jicheng Company (which was a sole proprietorship of Mr. Huang in Hong Kong) established Jinjiang Guantai in Dongshi Town, Jinjiang City. Jinjiang Guantai had a registered capital of HK$10 million and was principally engaged in manufacture of umbrella products.

In December 2004, Jicheng Company established Fujian Jicheng in Yonghe Town, Jinjiang City. Fujian Jicheng is principally engaged in manufacture of umbrella products. Upon its establishment, its registered capital was HK$60 million.

In 2010, Jinjiang Guantai was merged into Jinjiang Jicheng and Jinjiang Guantai was dissolved in October 2010.

Set out below are the major milestones of our Group's business since our establishment:

Year	Event
1994	established Jicheng Umbrella
1996	established Jinjiang Jicheng
2001	commenced sale of umbrellas to Japan
2004	established Fujian Jicheng
2011	our "Jicheng 集成" recognised as China Well-known Trademark

Corporate history

The following is a brief corporate history of the establishment and changes in the shareholdings of Fujian Jicheng and Jinjiang Jicheng before Reorganisation.

Jinjiang Jicheng

In May 1996, Jicheng Umbrella and an Independent Third Party, namely Mr. Lau Fai Wong, established Jinjiang Jicheng in Dongshi Town, Jinjiang City. The registered capital of Jinjiang Jicheng was RMB10 million, which was fully paid up and of which RMB3.7 million was contributed by Jicheng Umbrella and RMB6.3 million was contributed by the then sole proprietorship of Mr. Lau Fai Wong.

In November 2006, Jicheng Umbrella transferred its interest in the registered capital of RMB2.7 million in Jinjiang Jicheng to Mr. Lau Fai Wong's sole proprietorship at a consideration of RMB2.7 million, which was determined with reference to the amount of registered capital transferred. After the transfer, Jinjiang Jicheng was owned by Mr. Lau Fai Wong's sole proprietorship and Jicheng Umbrella as to 90.0% and 10.0%, respectively.

In July 2008, Mr. Lau Fai Wong transferred all his interest in the registered capital of RMB9 million in Jinjiang Jicheng to Tak Lee Mei at a consideration of RMB9 million. The consideration of RMB9 million was determined with reference to the amount of registered capital transferred.

In April 2010, Tak Lee Mei transferred its interest in the registered capital of RMB2.7 million in Jinjiang Jicheng to Jicheng Umbrella at a consideration of RMB2.7 million, which was determined with reference to the amount of registered capital transferred.

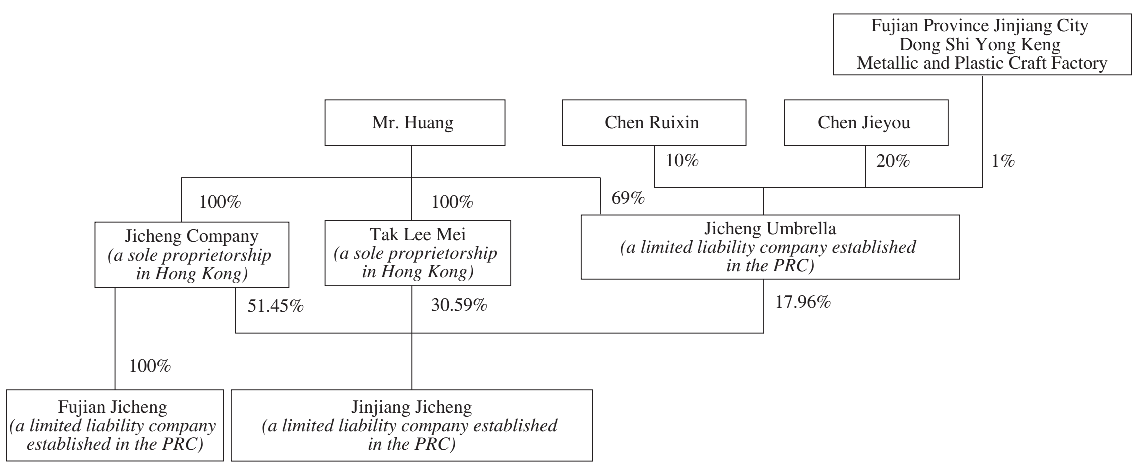
In October 2010, Jinjiang Guantai was merged into Jinjiang Jicheng. The registered capital of Jinjiang Jicheng following the merger amounted to RMB20,595,500, which was the aggregate of the registered capital of Jinjiang Guantai and the registered capital of Jinjiang Jicheng preceding the merger. Following the merger, Jinjiang Jicheng was owned by Jicheng Company, Tak Lee Mei and Jicheng Umbrella as to 51.45%, 30.59% and 17.96%, respectively.

Fujian Jicheng

In December 2004, Jicheng Company established Fujian Jicheng in Yonghe Town, Jinjiang City. The then registered capital of Fujian Jicheng was HK$60 million and was fully paid up. The name of Fujian Jicheng was 福建冠泓塑膠有限公司 (Fujian Guanhong Plastic Co., Ltd.) upon its establishment. In November 2008, the name of Fujian Jicheng changed to its current name 福建集成傘業有限公司 (Fujian Jicheng Umbrella Co., Ltd.).

REORGANISATION

The following diagram sets out the shareholdings and corporate structure of our Group before the Reorganisation:



Our Group has undergone a reorganisation in preparation for the Listing which involved the follow steps:

(a) Dongshi Factory disposed of its interest in RMB50,000 of registered capital of Jicheng Umbrella to Mr. Huang at a consideration of RMB50,000, which was determined with reference to the amount of registered capital transferred in August 2013.

(b) On 20 March 2014, Fujian Jicheng entered into an equity transfer agreement with Jicheng Umbrella, Tak Lee Mei and Jicheng Company, pursuant to which Fujian Jicheng agreed to acquire RMB3.7 million in the registered capital of Jinjiang Jicheng (representing approximately 17.96% of its registered capital) from Jicheng Company for a consideration of RMB3.7 million. The acquisition was completed on 4 June 2014.

(c) Our Company was incorporated in the Cayman Islands on 12 June 2014. As at the date of its incorporation, our Company has an authorised share capital of HK$300,000 divided into 30,000,000 Shares of HK$0.01 each, one Share of which was allotted and issued to Reid Services Limited, being the subscriber to our Company. On 12 June 2014, the one Share held by Reid Services Limited was transferred to Jicheng Investment.

(d) Jicheng BVI was incorporated on 13 June 2014 under the laws of BVI and is authorised to issue a maximum of 50,000 shares with a par value of US$1.00 each. On 13 June 2014, one share of Jicheng BVI was allotted and issued fully paid up for cash at par to the Company.

(e) Jicheng HK was incorporated on 30 June 2014 under the laws of Hong Kong and on the same day, one share of Jicheng HK was allotted and issued fully paid up for cash at HK$1.00 to Jicheng BVI.

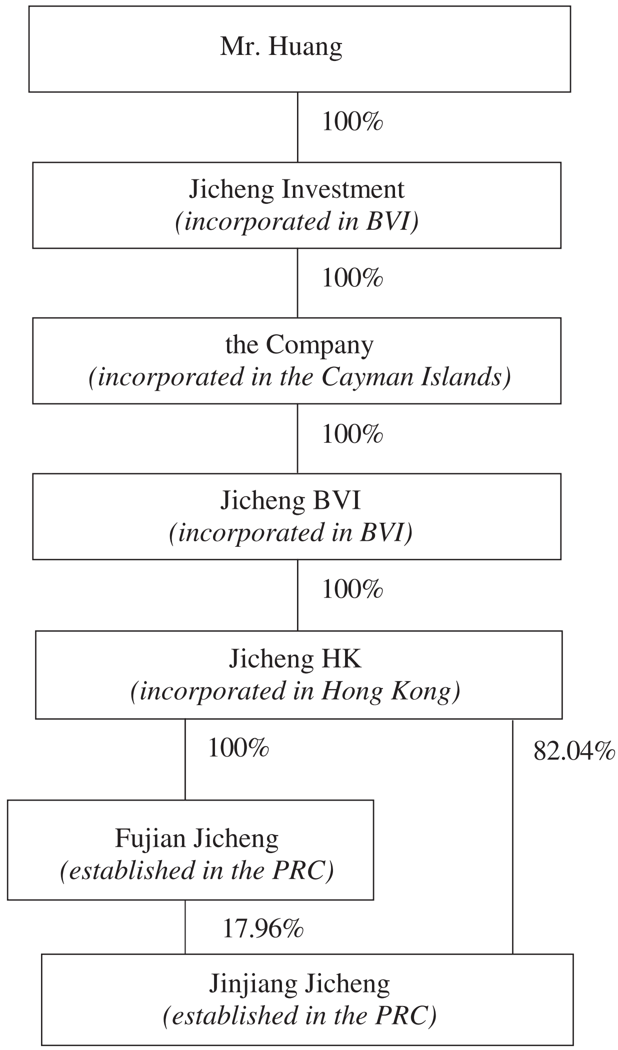
(f) On 5 September 2014, Jicheng HK entered into an equity transfer agreement with Jicheng Company, pursuant to which Jicheng HK agreed to acquire HK$60 million in the registered capital of Fujian Jicheng (representing all of its registered capital) from Jicheng Company for a consideration of the issue and allotment of 739 Shares to Jicheng Investment. The acquisition was completed on 11 October 2014.

(g) On 5 September 2014, Jicheng HK entered into an equity transfer agreement with Jicheng Company, pursuant to which Jicheng HK agreed to acquire RMB10,595,500 in the registered capital of Jinjiang Jicheng (representing 51.45% of its registered capital) from Jicheng Company for a consideration of the issue and allotment of 163 Shares to Jicheng Investment. The acquisition was completed on 11 October 2014.

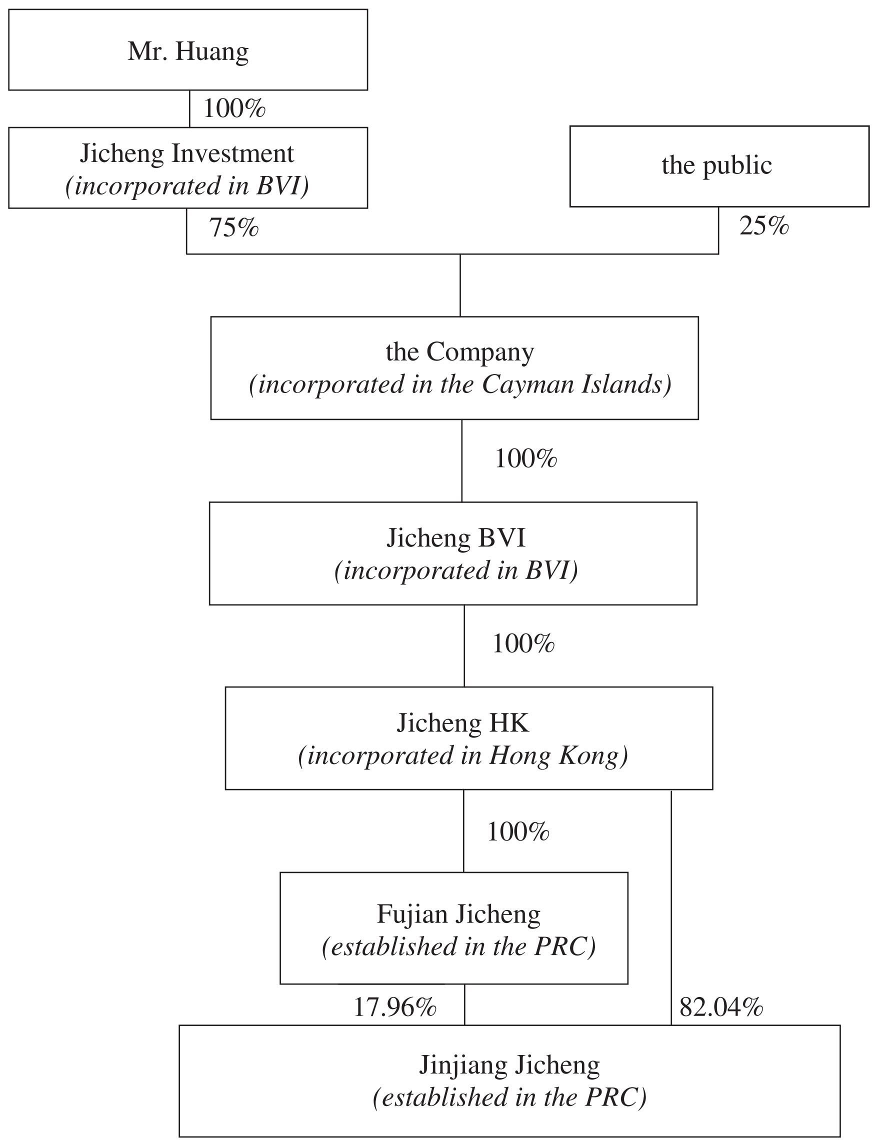
(h) On 5 September 2014, Jicheng HK entered into an equity transfer agreement with Tak Lee Mei pursuant to which Jicheng HK agreed to acquire RMB6,300,000 in the registered capital of Jinjiang Jicheng (representing 30.59% of its registered capital) from Tak Lee Mei for a consideration of the issue and allotment of 97 Shares to Jicheng Investment. The acquisition was completed on 11 October 2014.

In the course of the Reorganisation described above, our Group complied with all the relevant requirements of the then prevailing PRC laws and regulations. The PRC Legal Advisers advised that as Fujian Jicheng and Jinjiang Jicheng have been foreign owned enterprises since their establishments in the PRC, the Reorganisation is not subject to the examination and approval of the MOFCOM, and the proposed Listing is not subject to the approval of the China Securities Regulatory Commission. The Reorganisation has legally obtained the examination and approval of the Economic and Trade Bureau of Jinjiang City (晉江市經濟貿易局).

The following diagram sets out the shareholdings and corporate structure of our Group immediately following completion of the Reorganisation but before the Global Offering and the Capitalisation Issue:



The following diagram sets out the shareholdings and corporate structure of our Group immediately following completion of the Global Offering and the Capitalisation Issue, but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option:



OVERVIEW

We are principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas. During the Track Record Period, we also produced and sold umbrella parts such as plastic cloth and shaft to our customers. According to Frost & Sullivan, we were the largest exporter of umbrellas and parasols in the PRC in terms of export volume in 2013, we recorded a total export volume of approximately 31 million units with a market share of 3.4%. With respect to the market of Plastic Umbrellas, we were the largest manufacturer of the Plastic Umbrellas in the PRC in terms of sales volume in 2013, which represented a market share of approximately 20.4%. The market of Plastic Umbrellas represented approximately 8.6% of the total umbrella market in PRC in terms of sales volume in 2013. We were also the largest supplier of Plastic Umbrellas in Japan in 2013 in terms of sales volume, with approximately 43.1% of the market share. We were the third largest umbrellas and parasols manufacturer in China in terms of sales volume in 2013, with approximately 2.0% market share and a total sales volume of approximately 33 million units.

Our business model and products

We principally sell our POE umbrellas, nylon umbrellas and umbrella parts on export basis to our overseas customers which accounted for approximately 80.8%, 89.9%, 88.3% and 76.1% of our total revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. During the Track Record Period, we exported our POE umbrellas, nylon umbrellas and umbrella parts to markets such as Japan, Hong Kong, South Korea, Taiwan, France and Cambodia. Our overseas customers would usually provide us with their design and specification. Our sales personnel would closely communicate with our customers. Depending on the specific needs of these overseas customers, our sales personnel would put forward our suggestions for modifications to design and specification from our research and development staff to our customers for their consideration. When customers decide on the final design and specification, we would make samples and provide to our customers for approval.

For domestic market, we sold our POE umbrellas and nylon umbrellas and umbrella parts to our customers in the PRC which accounted for approximately 19.2%, 10.1%, 11.7% and 23.9% of our total revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. Our domestic customers would usually place orders with us from selection of our existing POE umbrellas and nylon umbrellas products which are all designed by our research and development team. We also sell some of our POE umbrellas and nylon umbrellas under our Jicheng (集成) brand through sales to our non-trading customers such as supermarkets which accounted for approximately 5.4%, 2.8%, 2.4% and 2.1% of the total revenue for the three years ended 31 December 2013 and the ten months ended 31 October 2014.

We also manufactured umbrella parts as an ancillary products mainly for our existing customers, both overseas and domestic customers, some of which also purchased POE umbrellas and nylon umbrellas from us.

Our products mainly consist of POE umbrellas, nylon umbrellas and umbrella parts such as plastic cloth and shaft.

Customers

We sold our products directly to our customers, majority of which were either overseas or domestic trading companies. For each of the three years ended 31 December 2013 and the ten months ended 31 October 2014, our largest customer accounted for approximately 24.5%, 26.1%, 21.1% and 20.0% of our total sales respectively, whereas our five largest customers accounted for approximately 59.9%, 60.3%, 47.7% and 53.3% of our total sales respectively. For the three years ended 31 December 2013, all of our top five customers were Japanese companies which are principally engaged in trading business. For the ten months ended 31 October 2014, three out of our top five customers were Japanese companies and the remaining two were Cambodian company and PRC company respectively, which are also principally engaged in trading business.

As shown in the two tables in the paragraph headed "Market Projections of the Japanese Umbrellas and Parasols Market" in the section headed "Industry Overview" of this prospectus, the demand for umbrellas in Japan experienced fluctuation during the Track Record Period, in particular Plastic Umbrellas' consumption decreased from 76 million units in 2012 to 65 million units in 2013. Despite the market condition, our Group's sales to Japan market maintained a stable upward trend during the Track Record Period. Our Directors consider that the key driver of our success is our solid relationship with our major Japanese customers, which we spent years to consolidate and such strong tie was built upon on our quality product that satisfied the stringent requirement of our Japanese customers.

COMPETITIVE STRENGTHS

We believe our success and our potential for further growth are attributable to our competitive strengths as set out below:

We are one of the leading umbrella manufacturers in the PRC and exporters to the Japan market

Our Market Position

Our business focused on manufacturing and selling of POE umbrellas and nylon umbrellas to our overseas and domestic customers. Revenue generated from our export sales increased from approximately RMB263 million for the year ended 31 December 2011 to approximately RMB427 million for the year ended 31 December 2013, representing a CAGR of 27.4%. During the Track Record Period, revenue of our export sales accounted for approximately RMB263 million, RMB339 million, RMB427 million and RMB399 million, representing approximately 80.8%, 89.9%, 88.3% and 76.1% of our total revenue respectively. In combination of our experience in the umbrella industry, our design and development capabilities and focus on quality control and product safety, we believe that we have established a leading market position as an umbrella manufacturer in the PRC with focus in the Japan market.

According to Frost & Sullivan, we have the following achievements:

- we ranked first capturing approximately 43.1% of the total market share of the overall Plastic Umbrellas market in Japan in terms of sales volume in 2013;

- we were the largest local Plastic Umbrella manufacturer in China in 2013 in terms of sales volume and sales revenue. Our total sales volume of Plastic Umbrellas reached approximately 30 million units in 2013, representing a market share of around 20.4% in China. Our total sales revenue of Plastic Umbrellas amounted to approximately RMB387 million in 2013, representing a market share of around 38.4% in China;

- despite the total export volume of straight umbrellas to Japan from China, where Plastic Umbrellas generally accounted for nearly 70%, decreased from approximately 109 million units in 2012 to 92 million units in 2013, our Group's total revenue from our export sales to the Japan market was on a continuous rising trend, accounted for approximately RMB247 million, RMB314 million, RMB367 million and RMB312 million during the Track Record Period respectively.

The above increase of our total revenue from our export sales to the Japan market was led by our sales to our major Japanese customers.

During the Track Record Period, as shown in the table below, our sales to Customer A increased continuously, accounted for approximately RMB80 million, RMB99 million, RMB102 million and RMB105 million respectively. Customer A is mainly engaged in the wholesale of cosmetics, daily necessities and other products in Japan and its purchase amount, one of the items in cost of sale, was approximately JPY684,185 million in 2012 and JPY703,233 million in 2013 (equivalent to approximately RMB41,735 million and RMB42,897 million) and our sales to them amounted to approximately RMB99 million and RMB102 million, representing only 0.2% of Customer A's total purchase amount in the respective years. Given such insignificant contribution to Customer A's total purchase amount in 2012 and 2013 and the diversity of Customer A's business scope, our Directors consider that our sales to Customer A does not necessarily relate to the upward or downward trend of Customer A's performance.

Our sales to our other major Japanese customers generally increased or remained relatively stable. For details of our top five customers, please refer to the paragraph headed "Our Customers" in this section. For the three years ended 31 December 2013 and the ten months ended 31 October 2014, the number of our total Japanese customers has risen from 38 to 50. The following table sets out the transaction amounts with our major Japanese customers during the Track Record Period.

	For the year ended 31 December			For the ten months ended 31 October
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Customer A	79,691	98,564	101,965	104,998
Customer B	58,134	59,041	59,780	46,009
Customer C	30,573	33,774	12,921	–
Customer D	15,824	15,822	21,553	19,781
Customer E	10,317	20,774	22,952	21,969
Customer F	–	7,782	24,065	18,559
Customer H	715	9,152	20,524	24,885

Our success in the Japan market is primarily due to the twofold reasons, being our own strength and the market conditions, details of which are elaborated below:

Our Competitive Advantages in the Japan market

(a) Our Relationship with Major Customers

We have established strong business relationships with some of our major customers. Our Directors believe that our major strength is our ability to secure and maintain long-term business relationships with our major customers which in turn explains why we managed to increase our export sales to Japan during the Track Record Period while the total export volume of Plastic Umbrellas to Japan from China decreased from 2012 to 2013. During the Track Record Period, our top five customers maintained stable business relationships with us. For details, please refer to the paragraph headed "Sales and Marketing" below in this section.

It took us substantial time and efforts to have established stable and reliable relationships with our Japanese customers. For all of our major Japanese customers, the relationships first began with their visits to our production sites to inspect the production facilities and the quality of our products. Having ascertained that we were able to comply with their stringent standards in relation to product quality, production process and environmental compliance, they started to make small purchases. We believe that our stable product quality and our ability to deliver a wide range of products to our customers have enabled us to earn recurring business from our major customers. Please also refer to the paragraph headed "We Produce High-quality and Possess Outstanding Product Development Capabilities Benefiting from our Relationship with Key Export Customers" below in this section for details of our product quality and product development capabilities.

Our largest customer, Customer A, first made only small amount of units of purchases in its first year of business relationship with us. They started to placed large amount purchase order in 2006 which marked the start of bulk purchases from us. Since 2006, they have consistently made bulk purchases from us on a rising trend regarding quantity without any breakages of relationship throughout the period.

The same development path applied to our other major Japanese customers. They first placed small purchase orders with us to test and observe our consistency in both quality and delivery time. Only would they make bulk purchases when they were convinced with our compliance with their quality standards and on-time delivery. Our Japanese customers, including Customer A, Customer B, Customer D, Customer E, Customer F and Customer H, took an average of three years for observation before commencing bulk purchases from us. Having established a stable and reliable relationship with a supplier like our Group and satisfied with our products and services, it is unlikely that they would switch to other suppliers. This in turn constitutes a competitive advantage to us and create an entry barrier for other potential market participants to enter into the Japanese market.

In particular, our Japanese customers, with whom we have managed to maintain a highly steady and reliable relationship, confirmed that we have the following competitive strengths:

- consistently higher overall quality of our umbrellas as compared to umbrellas produced or supplied by other companies in the market;
- high capabilities in both production and research and development;
- continuous improvements in our Group's umbrellas;
- advanced and environmentally-friendly production facilities, process and technology;
- close cooperation with our customers so as to achieve the best design proposals;
- detail-oriented approach towards our customers' requirements by providing alternative proposals on designs and producing samples;
- suitability of our Group's products for the Japanese market;
- reliable and on-time delivery; and
- customers' satisfaction with our after-sale services achieved by close communications and instant responses.

Most of our key customers visit our production facilities every year and inspect our products from time to time to ensure the quality of our products. There have been no material incidents of returning our products from our key customers as a result of defects found during the Track Record Period. We believe these reflect the fact that our products are able to fulfil the rigorous requirements of our Japanese customers. According to Frost & Sullivan, Japanese customers usually pay great attention to product quality and the market reputation of their suppliers. We have maintained 12 years of relationship with our largest customer, Customer A, which is located in Japan. During the Track Record Period, there was no cessation of purchases of our products and we supplied approximately 80.0% of its total purchases of umbrella products. During the Track Record Period, we were also the top supplier of umbrella products for some of our top Japanese customers, such as Customer A, Customer B and Customer C, supplying approximately 70.0% to 90.0% of their total purchases.

Our Directors believe that the key to maintain long-term business relationships with our customers is our understanding of their needs and concerns about changing market trends. This understanding enables us to anticipate market trends and preference and to provide our customers with new products to meet their demands and needs. We believe our long-term and steady relationship with our customers is the key to maintain our Group's leading market position and to have achieved a significant market share of 43.1% in terms of sales volume of Plastic Umbrellas in Japan in 2013.

(b) Full Value Chain

Despite the fact that the manufacturing of Plastic Umbrellas does not require special skills and advanced technologies, our strength in the production of Plastic Umbrellas is attributed to our vertical integration of processing raw materials, producing key parts and assembling umbrellas. According to Frost and Sullivan, we were among the only two Plastic Umbrella manufacturers in China that have the full value chain in 2013. According to Frost & Sullivan, some Chinese leading umbrellas and parasols manufacturers have a whole value chain that are able to obtain advantages of economies of scale. Our Group has an integrated whole value chain comprising POE film punching, plastic canopy cutting, shaft making, ribs and stretchers assembling, etc., which can save cost and ensure quality for the products. The Directors take the view that our production capability as to whole value chain is one of the key driving forces to attract our Japanese customers to place sales order. The Japanese market demands for high quality and environmentally friendly umbrella products. Japanese people highly focus on environmental issues and the demand for PVC umbrellas is expected to reduce in the future; while the demand for umbrellas made from POE materials is expected to increase.

Market Conditions

(a) General Market Condition

As stated above, the total export volume of straight umbrellas to Japan from China, where Plastic Umbrellas generally accounted for nearly 70%, decreased from approximately 109 million units in 2012 to 92 million units in 2013. The decrease of export volume of the Plastic Umbrellas to Japan from China during 2012 to 2013 was mainly caused by the overstock of retailers and traders in 2012, which further restrained the export volume growth in 2013. However, it does not indicate a decreasing demand of the Plastic Umbrellas in Japan. On the contrary, the demands of the Plastic Umbrellas are expected to recover to a moderate growth in the forthcoming years up to 2017 according to Frost & Sullivan. The overstock does not apply to our Group's major Japanese customers, which would usually maintain a moderate and reasonable stock for two to three months on average, which enables them to achieve a steady growth even when other industry peers (including retailers, wholesalers and traders) experienced a temporary shrink in the import volume of Plastic Umbrellas from China.

Japanese customers (including retailers, wholesalers and traders) always set rather rigorous quality standards, compared with those in other countries and regions. There are only few umbrella manufacturers in China which could meet the rigorous requirements by these Japanese customers and be able to meet their large scale production demand in short notice. As a result of the lack of sufficient capacity for manufacture of Plastic Umbrellas and reliable capability of quality control, many domestic umbrella manufacturers tend to refer the order for Plastic Umbrellas to our Group, which is regarded as an experienced and specialized Plastic Umbrellas manufacturer, which in turn assisted our Group to accumulate a large customer base with relatively stable orders and take up a considerable market share by investing a complete industrial supply chain for Plastic Umbrellas from upstream to downstream. This also enables the Group to form large-scale production of Plastic Umbrellas to further decrease its producing cost by integration of supply chain as well as stable and experienced assemblers/workers.

(b) Market Entry Barrier

The high entry barriers for umbrella export market also created hurdles for other industry peers to enter into the market. First, product quality is a major criteria for selecting suppliers from the perspective of customers in overseas markets, in particular, those in developed countries like Japan. They pay great attention to product quality and require the products and production process to meet certain international standards, such as ISO9001 quality management system certification and JISS 4020 (Japan industry standard). It is likely that they would conduct site inspections and sample checks from time to time to ensure that the quality of the products is up to a certain standard. As huge costs and time have to be incurred to achieve high product quality, such stringent requirement sets forth a barrier for the new entrants to the export market.

On the other hand, customers in developed countries place heavy emphasis on environmental compliance. Stringent requirements are adopted in relation to the chemicals and additives used in umbrella products and products made with harmful chemicals such as azo or cadmium are not allowed to be traded in these countries. It again requires immense costs for manufacturers to comply with the strict environmental standards and obtain the ISO14000 certification in relation to environmental management.

As a result of the stringent standards as stated above, export-oriented companies are subject to a much higher cost for the establishment of quality control and environmental compliance systems. Together with foreign exchange fluctuation, they are under huge cost pressure and hence strong capability of cost control is required. Experiences in and measures to cost control therefore set forth another barrier for new entrants to the export market.

Lastly, in relation to the Japanese umbrellas market, major convenient stores have established stable cooperation with trading companies which supply them with umbrella products. In order to enter the Japanese market, a stable and partner relationship with these trading companies is a prerequisite. Additionally, strict and high standards for product quality and environmental compliance have laid further obstacles for establishing such relationship with these trading companies.

According to the Frost & Sullivan, the consumption of Plastic Umbrellas in Japan will grow from approximately 65 million units in 2013 to approximately 69 million units in 2017. We believe our leading market position in the umbrella export industry will enable us to take advantage of the future growth of the umbrella industry in the Japan market and continue to enhance our market share and reputation. We expect also that the continuous growth in the PRC economy, increasing urbanisation, improvements in living standards and increasing domestic consumption will further drive the demand in the PRC for mid-end umbrella products such as ours.

We produce high-quality products and possess outstanding product development capabilities benefiting from our relationship with key export customers

By manufacturing umbrella products for our export customers from various markets, we have gained extensive knowledge of the production technologies and quality control processes required for products meeting our Japanese clients' stringent standards, which accounted for approximately 75.7%, 83.2%, 75.9% and 59.5% of our revenue during the Track Record Period. We believe such experience provides us with competitive advantages over our competitors who may not have this experience. Leveraging on our knowledge we have further developed our own technical expertise and know-how, which helped us to expand into development of our own branded products.

We place emphasis on the quality and safety of our products. As a result of our quality and safety control policies, we have obtained the ISO 9001:2008 and the ISO 14001:2004 certifications. We believe that our continuous implementation of strict quality control and safety standards will assure the quality of our products and help to maintain our reputation.

We also place a strong emphasis on strict quality control and have implemented a comprehensive quality control system in our production process. As at the Latest Practicable Date, we had 27 quality control staffs in the quality control department. In addition, we also deploy product quality control staffs at the production lines who are responsible for testing semi-finished products. As at the Latest Practicable Date, we received no material returned products from our customers.

We believe that the overall success of our branded business in the PRC is also attributable to our research and development capabilities, which enable us to continuously introduce high-quality products with product designs and functionality. As at the Latest Practicable Date, we had a dedicated team of 26 research and development staffs focusing on product development, improvement of our production technologies, and the user-friendliness and durability of our products. As at the Latest Practicable Date, we obtained ten registered utility patents, respectively. Please refer to the paragraph headed "Intellectual Property of our Group" in the section headed "Statutory and General Information" of this prospectus for details of our intellectual property.

Through our research and development centre located in our production facilities in our Yonghe Production Site, we design and develop our umbrella products to cater for the preferences of our customers and offer a diversified range of products to the market. Our research and development team tailored umbrellas with different sizes, weight, folding methods, patterns etc. for different types of customers such as women and children with different functions such as sun shielding, heavier umbrella shaft which is more wind resistant, and light-weight one to be put into purse, as well as the traditional protection against the rain for everyday use.

In addition, we were selected in 2010 by the Fujian Light Industry Association to be involved in the process of developing and compiling the industry standards of umbrella in the PRC including drafting of Chinese Plastic Umbrella Industry's Standards (Plastic Umbrella's National Standard QB-T 4152/2010).

Our product research and development capabilities are further strengthened through cooperation with universities and technology enterprise, although we only entered into a strategic cooperation agreement with Huaqiao University (華僑大學) as of the Latest Practicable Date, which focused on continuous improvement regarding the material, function and techniques in the production of POE plastic umbrellas. Details of such cooperation are set out in the paragraph headed "Product Design and Development Capabilities" of this section.

We believe our extensive knowledge of production technologies and our technical expertise combined with our consistently quality products enable us to achieve customer satisfaction and respond to changes in the PRC umbrella industry.

We have an experienced and dedicated management team with extensive industry experience

We have an experienced management team that has extensive experience and is familiar with the umbrella industry in Japan and China. Our management team is led by our chairman and executive Director of our Company, Mr. Huang, who has more than 18 years of experience in the umbrella industry and has been responsible for the overall management strategic development and major decision-making of our Group.

Our other executive Directors, Ms. Chen Jieyou and Mr. Lin Zhenshuang also have more than 13 years of experience and knowledge in the umbrella industry. We believe that our executive Directors and our senior management team are instrumental to our success. Our growth and development have been largely attributable to the extensive experience of our executive Directors and senior management team. We believe that our experienced and stable senior management team has been critical in ensuring the consistent application of our development and operating strategies.

Our Jicheng (集成) brand is well recognised in the PRC industry

We strive to build and maintain our brand and reputation in the PRC branded umbrella market.

In anticipation of the increasing consumer need for high quality umbrella products as a result of the improving living standards and changing consumption patterns in the PRC, we developed our Jicheng (集成) brand with a dual focus on attractive design with strong functionality. The revenue generated from our branded products accounted for approximately RMB18 million, RMB11 million, RMB11 million and RMB11 million for the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2014.

Our Jicheng (集成) brand was accredited as a China Well-known Trademark (中國馳名商標) by the Trademark Office in 2011. For other various awards and certifications received by us, please refer to the paragraph headed "Certifications, Awards and Recognition" in this section. We believe that our capabilities in research and development of our products have allowed us to differentiate our Jicheng (集成) brand from those of our competitors and have helped increase our brand recognition.

We own strategically located, large scale production facilities to achieve economies of scale and low production cost

Our production facilities are strategically located in Fujian province, one of the principal source of locations of umbrella manufacturers in the PRC. Our Dongshi Production Site is located in Dongshi town where approximately 35.0% of China's total umbrellas and parasols production were made according to Frost & Sullivan. We have easy access to suppliers which supply raw materials and umbrella parts for our umbrella products. In addition, we enjoy logistical advantages as our production sites are in close proximity to the Xiamen (廈門) port and important highways which allow for timely and cost-efficient transportation of our products to our overseas and domestic customers. Moreover, as Fujian is a manufacturing and trading center for umbrella products, we have easy access to subcontractors for our production teams.

In addition to our strategic location, we were the largest local manufacturer of Plastic Umbrellas in 2013 as well as the largest production base in Asia according to Frost & Sullivan. We believe that the scale of our production facilities benefits us in the following respects:

- enables us to achieve economies of scale, in particular through sourcing raw materials in bulk;
- allows us to shorten the lead time required to launch new products, as we have sufficient capacity to direct our production facilities to manufacture our new products in a timely manner in response to changing market demands and trends; and
- enables us to manufacture and sell a diverse mix of products with a range of designs and functionalities.

BUSINESS STRATEGIES

Our principal objectives are to maintain and strengthen our position as a leading umbrella manufacturer focused in Japan market and our own branded umbrella products in the PRC market and increasing our market share in the existing markets such as Hong Kong, Cambodia and South Korea. We intend to achieve these objectives by implementing the following strategies:

Increase and develop our market share in the overseas markets

During the Track Record Period, we sold a majority portion of our POE umbrellas and nylon umbrellas to overseas customers and Japan was our major market. In order to diversify our market presence and ensure continuous business growth, we diligently expanded into South

East Asian market including Hong Kong and Cambodia. As a result, these two markets have became two of the top five markets for the ten months ended 31 October 2014 accounted for a total of approximately 10.7% of our revenue for the corresponding period. We plan to further develop our market share in Hong Kong, South Korea, Taiwan, France and Cambodia and extend our market presence to other new markets such as the U.S. and Europe to sell our POE umbrellas and nylon umbrellas in the future. To this end, we will continue to develop our overseas sales though our existing customers in the relevant markets and to explore other overseas sales channels. Currently, our sales team mainly consisted of sales personnel with experience in the Japan and PRC markets. We aim to diversify our sales team by recruiting suitable candidates with relevant experience in taking care of overseas customers in order to provide our overseas customers with dedicated points of contact and to cater for our overseas expansion plan.

Strengthen our product design and development capabilities and optimise our product offerings

We believe that product design and development in response to market trends are crucial to our success. We will continue to strengthen our design and development capabilities. We will continue to recruit experienced staffs to further develop our design and development capabilities of umbrella products. Our sales team will continue to work closely with our design and technical team on exchange of market trends and customers' preferences to more effectively incorporate customers' feedback into our product development. We cooperated with Huaqiao University (華僑大學) in Fujian Province with focus on continuous improvement regarding the material, function and techniques in the production of POE umbrellas. Details of the cooperation between Huaqiao University (華僑大學) and our Group are set out in the paragraph headed "Product Design, Research and Development" in this section. Other than the cooperation agreement entered into with Huaqiao University (華僑大學) in Fujian Province, we did not enter into any other cooperation agreements with other institutions as of the Latest Practicable Date. It is our target to focus on our design and development initiatives to expand our product range. We will continue to upgrade our research and development capabilities and equipment.

We intend to utilise approximately HK$6.2 million or approximately 3.5% of our net proceeds from the Global Offering (assuming an Offer Price of HK$1.35 per Offer Share, being the mid-point of the indicative Offer Price range of HK$1.1 to HK$1.6 and assuming that the Over-allotment Option is not exercised) to strengthen our technical expertise and know-how to ensure continuous improvement of our products, of which approximately HK$3.2 million for recruiting more experts for our research and development team, approximately HK$1 million for subsidizing our research and development staff to attend external training and approximately HK$2 million for further cooperation with academic or professional institutions and enhancing our research and development capabilities.

Increase market share and penetration in the PRC and promote our brand and brand awareness in the PRC

According to Frost & Sullivan, the Plastic Umbrellas market in the PRC will continue to grow with a CAGR of approximately 1.5% from 2013 to 2017 in terms of sales volume. During the Track Record Period, for the purpose of diversifying our market presence and ensure continuous business growth, we kept expanding into the PRC market. As exemplified by our recent substantial increase in sales to the PRC market, from approximately RMB57 million for the year ended 31 December 2013 to RMB125 million for the ten months ended 31 October 2014, we have shown determination with proven track record that our Group will continue to expand into the PRC market. Accordingly, we will place more resources and efforts to enhance our market penetration in the PRC to capture the potential growth.

We will continue to provide a comprehensive range of quality products to strengthen our relationships with our existing customers. We will also continue to develop and explore new customers through offering new products and improving our current products.

We aim to further increase our market share and penetration by actively increasing the exposure of our Jicheng (集成) brand through developing our relationships with existing customers, particularly those in trading business, and exploring new customers in the PRC.

We will continue to market our Jicheng (集成) brand through our dedicated marketing and sales team. We intend to enhance recognition of our Jicheng (集成) brand through further employment of various media channels such as participating in trade exhibitions. We target to develop and build our Jicheng (集成) brand as a notation for umbrella products with artistic design and practical functionality. We will continue to enhance our brand awareness and promote our corporate image by soliciting more trading companies as our customers.

Increase our production capacity

During the Track Record Period, the utilisation rate of our Dongshi Production Site and Yonghe Production Site in aggregate for production of our POE umbrellas and nylon umbrellas was approximately 65%, 56%, 56% and 83% respectively. In order to meet the expected increasing demand of our customers and to increase our production efficiency, we plan to continue upgrading our existing production facilities for umbrella production through measures such as upgrading our existing production equipment. We believe such investment will further enhance our profitability and allow us to benefit from larger operation scale.

In order to diversify our market presence, we have diligently explored sales opportunities in other markets other than the Japan market, as exemplified by our increase in sales to the PRC market and other overseas markets in 2014. For example, our sales in the PRC increased from approximately RMB57 million for the year ended 31 December 2013 to RMB125 million for the ten months ended 31 October 2014, representing 11.7% and 23.9% of our total revenue respectively. Despite our sales revenue generated from the Japan market has remained stable, the percentage of our sales revenue from this market has decreased from 75.9% for the year ended 31 December 2013 to 59.5% for the ten months ended 31 October 2014.

(a) Customers' demand for our products and competition analysis

Our Directors have considered a series of factors (with the major ones set forth below) on whether there will be sufficient overall demand for our products to warrant the establishment of new factory according to our expansion plan. We intend to strengthen our presence in other overseas markets, in particularly the South East Asian market including markets such as Cambodia and Hong Kong. We will also continue to expand our existing markets such as Japan, the PRC and Korea. Beside, we continuously track the latest umbrella market trends and feedback from customers to ensure that our products meet the latest consumer preferences. We also actively conduct sales and marketing activities, such as attending trade fairs annually, which have been proved effective and successful, to promote our brand and corporate image among customers.

Based on our historical results of operations and experience, after having considered a series of factors, our Directors are of the view that there will be sufficient demand for our products in our target markets, which warrant our expansion plan. We believe that we have distinguished ourselves from our competitors based on our competitive strengths of (i) strongly established relationship with our existing customers; and (ii) our stable and good quality and our experience in the market which enables us to quickly respond to customer demand, obtain timely feedback from our customers and adjust our product design, marketing and pricing strategies. Our Directors believe that based on the above, we will be able to maintain a sustainable development of our business and implement our expansion plan accordingly. We intend to continue to leverage our competitive strengths to drive and manage our growth in the future.

To facilitate our production planning for the coming year, we have signed various non-legally binding letters of intent with our major Japanese, PRC and Hong Kong customers in relation to their respective anticipated amount of order for 2015. These Japanese, PRC and Hong Kong customers include Customer A, Customer B, Customer D, Customer E, Customer F, Customer G and Customer H. According to these letters of intent, all of these major customers have increased their anticipated amount of order with increase rate ranging from approximately 10.0% to 24.0%. As a result of this anticipated increased amount of order for 2015, the utilisation rate of our Group's production facilities is expected to increase to approximately 93.0% and we expect it will further be increased to 100.0% in 2016 based on the increasing trend in 2015. In order to ensure the above letters of intent will be realized accordingly, our sales personnel will follow up closely with each of these customers to make sure we can accommodate their sales requests. Based on the feasibility study report conducted internally, the Directors believe that these letters of intent signed with our major Japanese, PRC and Cambodian customers are considered as sufficient indicator in support of our production planning for the coming years. We have also started internal production planning in relation to the anticipated productions amounts arising out of these letters of intent. Regarding new customers, we have diligently expanded our sales to local and overseas supermarkets in the PRC and some of the new customers have came to our production sites for inspection and ordered small purchase of our umbrella as preliminary business cooperation. The Directors' belief was based on historical sales records with these customers together with potential acquiring of new customers in existing markets. Due to the non-legally binding nature of these letters of intent, the ultimate amount of order from these major customers may fluctuate subject to factors such as weathers, local economy and the market conditions. Upon completion of our new factory, the expected increase in production capacity is approximately 36.0% and the estimated increase in production capacity of POE umbrellas and nylon umbrellas will be 12 million unit and 6 million unit per annum respectively.

(b) Demand from the PRC market

According to Frost & Sullivan, the total revenue of umbrella market in the PRC is expected to grow at a CAGR of approximately 8.8% from approximately RMB30 billion in 2013 to approximately RMB42 billion in 2017. Our Directors also anticipate that there will be a growth in the demand of our umbrella products in our export sales. The sales of umbrella are expected to increase due to the increasing disposable income and acceptance of Plastic Umbrellas in China. Our Directors believe that our expansion plans will enable us to cope with expected increase in future demands as our existing production facilities are anticipated to reach maximum output limit.

According to Frost & Sullivan, the total umbrellas and parasols market in the PRC is likely to maintain an upward momentum from 2014 to 2017 due to the consistent demand as well as product innovation and self-owned brands development, with a CAGR of 2.1% from 2013 to 2017 in relation to the expected total sales volume. On the other hand, the Plastic Umbrellas market in the PRC is likely to maintain an upward momentum from 2014 to 2017 due to the rising demand from overseas market, as well as the increase in people's awareness of environmental protection and the acceptance of Plastic Umbrellas in the domestic market. The total sales volume is expected to reach 153.2 million units in 2017, with a CAGR of 1.5% from 2013 to 2017.

(c) Demand from Japan and other overseas markets

The apparent consumption volume forecasts of the umbrellas and parasols market in Japan by Frost and Sullivan also evidence an upward trend, driven by the recovery of Japan's economy which fuels up the consumer goods market and the expansion of convenient stores and drug stores in Japan. Hence, the Group is of the view that the continuous increase in the demand of umbrellas in the future has to be met by our Group's increase in production capacity.

In view of the stable demand from our Japanese customers and rising demand from our PRC and other overseas customers, we plan to construct a new factory and hence entered into a legally-binding memorandum with the government of An Qiu City (安丘市) of Shandong Province (山東省), the PRC on 6 October 2014 (the "**Memorandum**"). According to the Memorandum, the government of An Qiu City (安丘市) will provide our Group with a piece of land of approximately 100 mu located in an industrial area of An Qiu City (安丘市) for a term of 50 years. Our Group will start construction of the new factory within three months from the date of the Memorandum. The construction period is three-year. As at the Latest Practicable Date, we have not started the construction of the new factory. According to further discussion between our management and the government of An Qiu City (安丘市) of Shandong Province (山東省), we have agreed that the start of construction of the new factory will be postponed to no later than the end of April 2015.

In view of the production capacity is expected to reach maximum level in 2016, we trust that we can manage to satisfy the increase in demand by maintaining one shift but extend the working hours from eight hours to ten or 11 hours per day to increase our production capacity on a temporary basis. In order to devise a long-term expansion plan, we consider that having a new production plant is reasonable and necessary after taking into account the following factors:

1. We consider that our capability in satisfying sales orders is vital to maintaining our business relationship with our customers. With the existing production capacity of the production plants after increasing the number of working hours, our production capacity may still not be sufficient to meet the demand of our customers. Increasing production capacity of our existing production plants by way of increasing number of working hours of the existing production plants cannot be considered a long-term commitment to our customers; and

2. Experienced staff may not prefer staying with our Group in the event that they are requested to work for the night shift regularly.

After detailed feasibility study was conducted on our expansion plan, which covered market conditions, construction scale, selection of site and estimation of construction costs, our Directors consider that An Qiu City (安丘市) is the most ideal location due to the fact that it is located close to the port facility of Shandong Province (山東省) which is convenient to the logistics arrangement to our Group given that majority of our sales is made to overseas markets such as Japan. Prior to signing of the Memorandum, we considered the locations of Henan Province (河南省) and Jiangxi Province (江西省) since the production cost of these two provinces are known as cheaper. Due to the fact that these two provinces are situated in inland China, we did not further consider these locations as it is considered that the logistic arrangement is not convenient to our operation as most of our umbrellas are for export sales. Fujian Province (福建省) was our another option. However, as confirmed by our Directors, it is difficult to get land for construction of a new factory and recruitment of new labour is also a challenge in Fujian Province (福建省). Our Directors also take the view that the current arrangement under the Memorandum, in particular with the provision of land for development by the government of An Qiu City (安丘市), is beneficial to the development of our Group in the long run since we will have our new factory in An Qiu City (安丘市) be partly responsible for manufacturing of umbrella products for our markets in Japan, South Korea and East Europe due to geographical proximity and convenience of delivery of our umbrella products to them, whilst our production facilities in Fujian Province (福建省) can continue to serve our customers in Japan as well as South East Asian markets. According to our feasibility study conducted internally, our Directors confirm that we may obtain majority supply of our major raw materials such as steel from Qinhuangdao (秦皇島) of Shandong Province (山東省). As for quality control of the new factory, we will adopt our existing one in our two production sites in Fujian Province (福建省). We believe that the development of a new factory can help to strengthen our production capacity which in turn can increase our competitiveness. Details of our plan is set out as follows:

The government of An Qiu City (安丘市) will assist us in pre-construction preparation and obtaining the necessary approvals and permits.

Having considered (i) the growth of the umbrella industry in Japan and the PRC; (ii) the opportunity to capture such growth by our Group in the long run; and (iii) the demand of our customers, we are of the view that it is reasonable to construct a new production factory.

Impact of our expansion plan

We believe we will be well-positioned to capitalise on the growing umbrella products demand in the PRC, Japan and other overseas market which is in line with our historical results of operations and our management's experience. After our expansion, our working capital need will increase due to the increased operation scale of our business. We plan to expand our team on management of sales channels to oversee and monitor our expansion plan. With our standard and well established management practices for our existing Yonghe Production Site and Dongshi Production Site, our Directors believe that we are able to manage our expanded production network and operation scale.

We expect that our expansion plan will have the following impact to our operations:

- ***Revenue.*** The average selling price of POE umbrellas and nylon umbrellas were approximately RMB14.1 and RMB16.6 for the ten months ended 31 October 2014 respectively and we expect the average selling price of POE umbrellas and nylon umbrellas will remain stable. When the new factory is completed, the estimated increase in production capacity of POE umbrellas and nylon umbrellas will be approximately 12 million units and 6 million units per annum respectively. As a result of our expansion plan, we expect our revenue will be increased accordingly.

- ***Gross profit margin and net profit margin.*** The gross profit margin and net profit margin of new factory is lower than that of existing factories due to the efficiency of new factory is lower than the existing factories in the initial operational stage. We plan to improve our gross profit margin and net profit margin of the new factory matching to that of our existing levels of our existing factories within the next five years.

- ***Operating costs.*** We plan to control our operating costs similar to that of our existing factories level and we do not expect a material change in our operating costs as a result of our expansion plan.

- ***Annual amortisation and depreciation expenses.*** The estimated annual amortisation of land and depreciation expenses will be approximately RMB0.4 million and RMB4 million respectively.

We continuously review our sale and operation performance in various markets and strategically construct a new factory in An Qiu City (安丘市) in particularly serving our Japanese, South Korea and Eastern European markets. After due and careful inquiry and the feasibility study conducted internally, our Directors are of the view that the expansion plan would not have any significant financial and operational impact on our business.

Regarding the management of our new factory in An Qiu City (安丘市), riding on our current successful experiences in our Yonghe Production Site and Dongshi Production Site, we initially plan to send our Mr. Yang Guang and Mr. Lin Zhenshuang to station in the new factory in order to oversee and manage the operation and sales activity of this new factory. Mr. Yang has always been in charge of supervision of our overall production including raw material procurement, product quality control, staff recruitment and training and Mr. Lin has extensive experience in charge of sales to our Japanese and Korean customers. Our Mr. Huang Wenji and Ms. Chen Jieyou will continue to station in our Yonghe Production Site and Dongshi Production Site for supervising the overall operation and sales matters.

The construction of the new factory

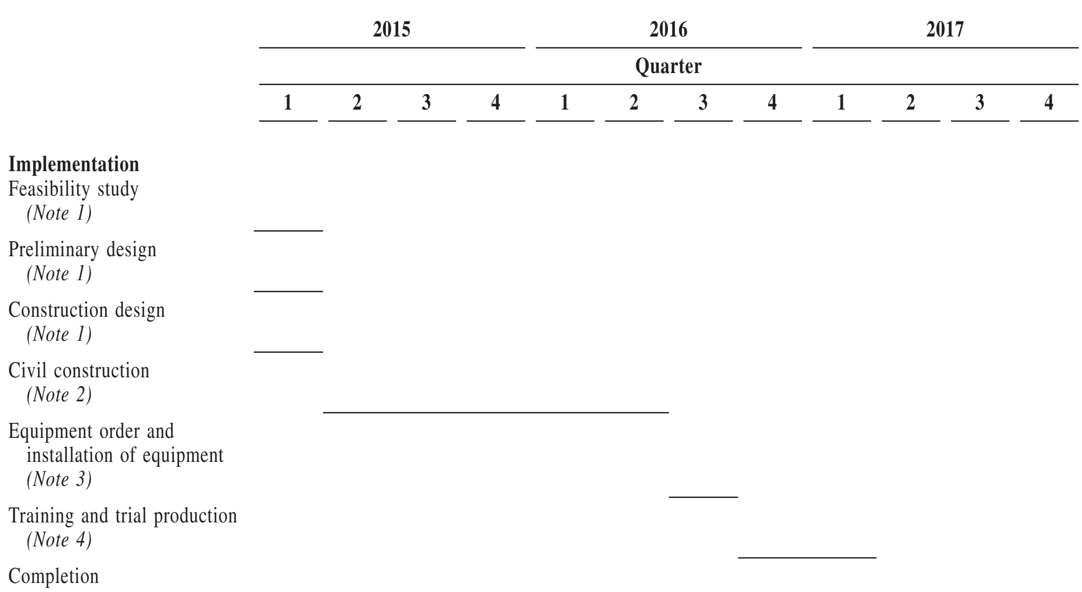
The construction of this new factory is expected to commence in the first quarter of 2015. The breakdown of the estimated cost of which is set out below:

	Project	**Total**
		Approximately RMB'000
1	Construction cost *(Note)*	73,500
2	Machinery and equipment cost	3,400
3	Cost of land	18,000
4	Road and utilities	5,100
	Total	100,000

Note: Construction cost includes building of new factory, staff quarter and office building.

The estimated cost will be fully financed by the use of proceeds. As at the Latest Practicable Date, we did not pay for any consideration for the land located in An Qiu City (安丘市).

The timetable of the construction of our new factory:



Note 1: Construction land planning permit, construction works planning permit and construction works commencement permit will be applied and obtained for the construction and building of production factory of our Group on the land.

Note 2: Civil construction includes two phases, being 1st phase for construction of part of the factory building, staff quarter and office and 2nd phase for construction of the remaining factory building.

Note 3: It is expected that two production lines will be installed during the respective phases.

Note 4: It is expected that production labour will be recruited and trained for the new production plant during the respective phases.

For our estimation on the total capital expenditure involved for the construction of the new factory, please refer to the section "Future Plans and Use of Proceeds" of this prospectus. In the event that the selection of site(s) of our future production plant(s) is only finalised after the Listing, we will publish any further inside information in this regard in accordance with the Listing Rules. We expect such capital expenditure will be fully financed by the use of proceeds.

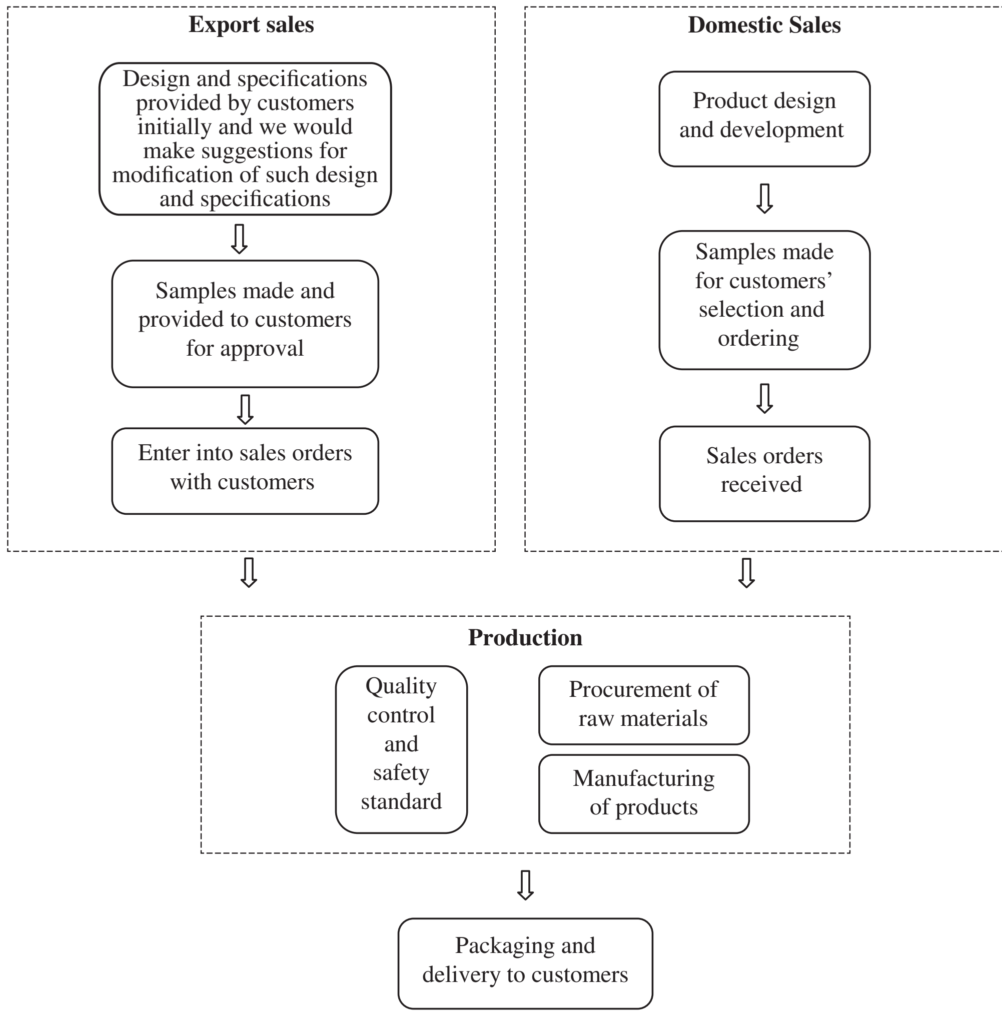
OUR BUSINESS MODEL

We principally sell our POE umbrellas, nylon umbrellas and umbrella parts on export basis to our overseas customers which accounted for approximately 80.8%, 89.9%, 88.3% and 76.1% of our total revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. During the Track Record Period, we exported our POE umbrellas, nylon umbrellas and umbrella parts to markets such as Japan, Hong Kong, South Korea, Taiwan, France and Cambodia. Our overseas customers would usually provide us with their design and specification. Our sales personnel would closely communicate with our customers. Depending on the specific needs of these overseas customers, our sales personnel would put forward our suggestions for modifications to design and specification from our research and development staff to our customers for their consideration. When customers decide on the final design and specification, we would make samples and provide to our customers for approval.

For domestic market, we sell our POE umbrellas, nylon umbrellas and umbrella parts to our customers in the PRC which accounted for approximately 19.2%, 10.1%, 11.7% and 23.9% of our total revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. Our domestic customers would place orders with us from selection of our existing POE umbrellas and nylon umbrellas products which are all designed by our research and development team. We sell some of our POE umbrellas and nylon umbrellas under our Jicheng (集成) brand through sales to our non-trading customers such as supermarkets which accounted for approximately 5.4%, 2.8%, 2.4% and 2.1% of the total revenue for the three years ended 31 December 2013 and the ten months ended 31 October 2014.

We also manufacture umbrella parts as an ancillary products mainly for our existing customers, both overseas and domestic customers, some of which also purchased POE umbrellas and nylon umbrellas from us.

Our business model can be summarized as follows:



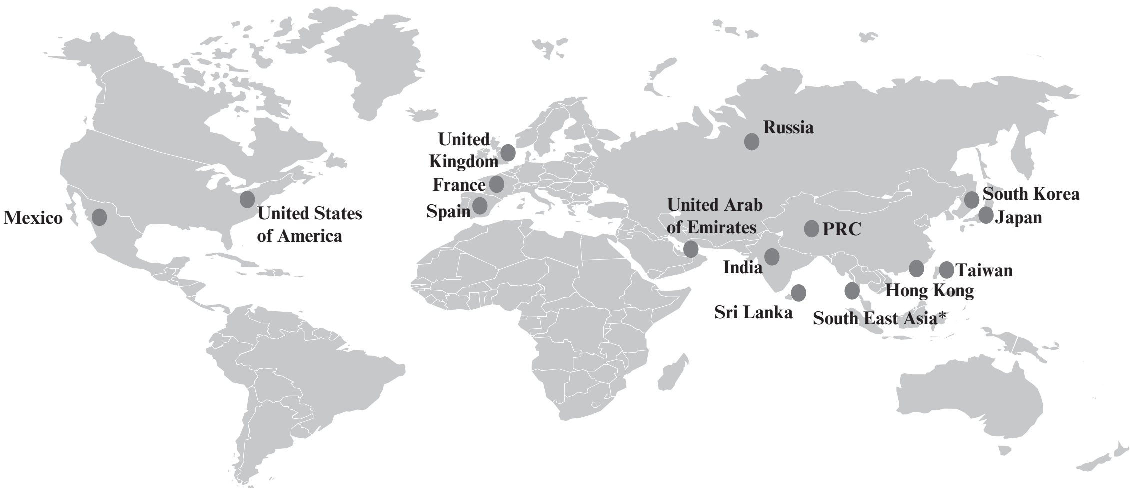
The following table sets out a breakdown of our revenue by business segments during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Export sales										
POE umbrellas	212,840	65.4	286,028	75.8	372,220	77.0	327,272	77.8	316,410	60.3
Nylon umbrellas – Straight	30,336	9.3	26,458	7.0	16,597	3.4	14,527	3.5	27,728	5.3
Nylon umbrellas – Folded	17,152	5.3	24,047	6.4	23,750	4.9	21,091	5.0	26,128	5.0
Umbrella parts*	2,772	0.8	2,552	0.7	14,378	3.0	12,453	3.0	29,115	5.5
Sub total	263,100	80.8	339,085	89.9	426,945	88.3	375,343	89.3	399,381	76.1
Domestic sales										
POE umbrellas	12,216	3.8	7,751	2.0	14,808	3.1	10,604	2.5	60,356	11.5
Nylon umbrellas – Straight	5,629	1.7	3,167	0.8	4,740	1.0	4,629	1.1	11,881	2.3
Nylon umbrellas – Folded	7,089	2.2	3,306	0.9	5,653	1.1	3,874	0.9	33,489	6.3
Umbrella parts*	37,529	11.5	24,058	6.4	31,469	6.5	25,991	6.2	19,596	3.8
Sub total	62,463	19.2	38,282	10.1	56,670	11.7	45,098	10.7	125,322	23.9
Total	325,563	100.0	377,367	100.0	483,615	100.0	420,441	100.0	524,703	100.0

* *Umbrella parts include mainly plastic cloth, shaft and miscellaneous parts.*

Despite the sluggish economic condition in Japan during the Track Record Period, as shown in the table below, our Group's sales performance in Japan managed a steadily upward trend mainly due to our strong relationship with our major Japanese customers and the quality of our umbrella products. For details of our competitive advantages, please refer to the paragraph headed "Competitive Strengths" in this section.

During the Track Record Period, a majority of our sales were made to Japan and the PRC customers. The following diagram illustrates the sales coverage of our umbrella products.



● Sales coverage

* *South East Asia includes Thailand, Vietnam and Cambodia.*

The following table sets out a breakdown of our revenue by the top five geographical locations of the customers during the Track Record Period:

	For the year ended 31 December								For the ten months ended 31 October		
Ranking	2011		2012			2013			2014		
	RMB'000	*%*		*RMB'000*	*%*		*RMB'000*	*%*		*RMB'000*	*%*
1 Japan	246,517	75.7	Japan	313,916	83.2	Japan	366,825	75.9	Japan	312,255	59.5
2 PRC	62,463	19.2	PRC	38,282	10.1	PRC	56,670	11.7	PRC	125,322	23.9
3 Taiwan	7,130	2.2	South Korea	12,559	3.3	South Korea	15,801	3.3	Hong Kong	28,872	5.5
4 South Korea	3,225	1.0	Taiwan	6,601	1.8	Taiwan	13,293	2.7	Cambodia	27,311	5.2
5 Vietnam	2,265	0.7	Vietnam	2,550	0.7	Thailand	9,061	1.9	South Korea	12,314	2.3
Others*	3,963	1.2	Others*	3,459	0.9	Others*	21,965	4.5	Others*	18,629	3.6
Total	325,563	100.0		377,367	100.0		483,615	100.0		524,703	100.0

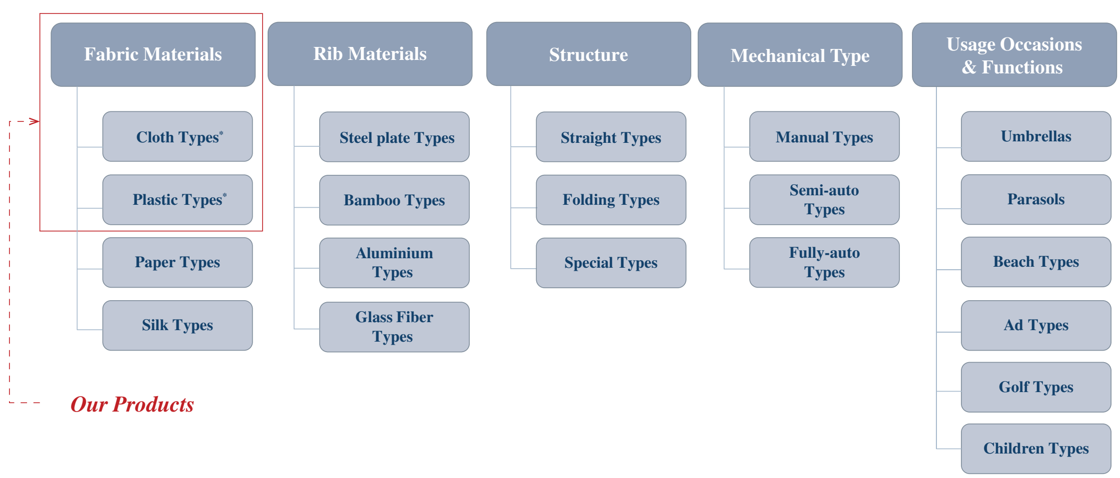
* *Others mainly include France, US and other countries.*

Notwithstanding the recent weakening of Japanese Yen against RMB and the US dollar, our Group's sales performance in the Japan market remained relatively stable for the subsequent two months ended 31 December 2014. For the year ended 31 December 2014, our export sales to Japan market amounted to RMB351 million, representing approximately 58.3% of our total revenue, as opposed to RMB367 million, representing approximately 75.9% of our total revenue for the corresponding period in 2013. Despite the fact that the Japanese Yen depreciated against RMB and the US dollar since 2013 and some of the Group's customers in Japan had to increase the selling prices of products to alleviate the effect of the weakening of the Japanese Yen, our sales in Japan remained relatively stable.

OUR PRODUCTS

Our products are divided into three major categories: (i) POE umbrellas, (ii) nylon umbrellas and (iii) umbrella parts such as plastic cloth and shaft.

According to Frost & Sullivan, an umbrella is a canopy designed to protect against rain, sunlight, snow and other weather conditions. It usually consists of a circular fabric or plastic canopy stretched over hinged ribs that radiate from a central shaft. The runner, together with the stretcher and ribs, permits the canopy to be opened and closed so that the umbrella can be carried with ease when not in use. According to fabric materials, rib materials, structure, mechanical type, usage occasions and functions, umbrellas can be divided into different categories. The key segmentations include the following:



* *According to Frost & Sullivan, cloth umbrellas usually use nylon, polyester and etc. to be a canopy. Plastic umbrellas refer to those covered with water-proof plastic sheet, which can be segmented into PVC, POE and EVA in terms of fabric.*

There are standards for plastic umbrellas (QB-T 4152-2010) and umbrellas (GBT23147-2008) which state quality control indicators as well as specifications for manufacturing purpose rather than classification purpose. There are also common knowledge and consistent understandings for the umbrellas classification among market participants based on industry practice. Umbrellas are commonly divided into different segments (cloth umbrellas, plastic umbrellas and others) according to the raw materials of canopy. There are three types of plastic umbrellas in the Chinese umbrellas market so far, including POE, EVA and PVC umbrellas, among which POE and EVA umbrellas are commonly regarded as environmental friendly umbrellas while PVC umbrellas are not pursuant to the industry practice because the material of PVC degrades very slowly and could release toxic when fumes. Up to now, PVC umbrellas in China and other markets are seldom seen with a very minor market share in the overall umbrella markets. It is estimated that PVC umbrellas production is no more than 10.0% of overall umbrellas market by 2013 in China, while in Japan PVC umbrellas are even less. POE and EVA umbrellas are considered as environmental-friendly pursuant to the industry practice based on the characteristics of the two materials. POE is a relatively new class of polymers that emerged with recent advances. Umbrella fabric made of POE and EVA is a biodegradable and recyclable substitute for PVC (which degrades very slowly and release toxic when fumes), and is accordingly regarded as environmental-friendly.

The table below sets forth the breakdown of the revenue of our umbrella products during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
POE umbrellas	225,056	69.2	293,779	77.8	387,028	80.1	337,876	80.4	376,766	71.8
Nylon umbrellas	60,206	18.5	56,978	15.1	50,740	10.4	44,121	10.5	99,225	18.9
Umbrella parts*	40,301	12.3	26,610	7.1	45,847	9.5	38,444	9.1	48,712	9.3
Total	325,563	100.0	377,367	100.0	483,615	100.0	420,441	100.0	524,703	100.0

* *Umbrella parts mainly include plastic cloth, shaft and miscellaneous parts.*

POE umbrellas

According to Frost and Sullivan, China has become the dominant exporter of plastic umbrellas in Japan, contributing over 98.0% of the import value and volume of imported straight umbrellas in Japan in 2013. For Japanese market, Plastic Umbrellas generally occupied nearly 70.0% of total imported straight umbrellas.

Plastic umbrellas can be divided into PVC umbrellas, POE umbrellas and EVA umbrellas. POE and EVA are environmentally friendly fabric, which are free of azo and heavy metal chromium. Our plastic umbrellas are POE umbrellas which are predominantly for fulfilling production orders for export and domestic sales. We have built a solid and broad export customers base and exported our products to markets such as Japan, Hong Kong, South Korea, Taiwan, France and Cambodia. During the Track Record Period, our export sales of our POE umbrellas were approximately RMB213 million, RMB286 million, RMB372 million and RMB316 million, accounting for approximately 65.4%, 75.8%, 77.0% and 60.3% of our total revenue, respectively while domestic sales of POE umbrellas were approximately RMB12 million, RMB8 million, RMB15 million and RMB60 million, accounting for approximately 3.8%, 2.0%, 3.1% and 11.5% of our total revenue respectively. We also market POE umbrellas under our Jicheng (集成) brand through sales to our non-trading customers such as supermarkets in the PRC.

We place heavy emphasis on the quality of our products and we ensure that our products fulfill the stringent specifications and requirements by our export customers. We have the autonomy to source raw materials from suppliers of our choice, which ensured we can obtain quality raw materials with reasonable price, combined with our streamlined and systematic production lines, the finished products have always met the request of our customers. There has been no material complaints nor return-products requests received during the Track Record Period.

The photographs below show certain of our POE umbrellas products.

Product type	Sample pictures	Range of selling price per unit in 2011 *(RMB)*	Range of selling price per unit in 2012 *(RMB)*	Range of selling price per unit in 2013 *(RMB)*	Range of selling price per unit in the first ten months of 2014 *(RMB)*
Straight umbrella	 	7-13	8-15	11-16	10-19

Nylon umbrellas

Similar to our POE umbrellas, we manufacture and sell our nylon umbrellas to both of our overseas and domestic customers. During the Track Record Period, the export sales of our nylon umbrellas were approximately RMB47 million, RMB51 million, RMB40 million and RMB54 million, representing approximately 14.6%, 13.4%, 8.3% and 10.3% of our total revenue while domestic sales of nylon umbrellas were approximately RMB13 million, RMB6 million, RMB10 million and RMB45 million, accounting for approximately 3.9%, 1.7%, 2.1% and 8.6% of our total revenue respectively. We also sell some of our nylon umbrellas under our Jicheng (集成) brand through sales to our non-trading customers such as supermarkets in the PRC. For our Jicheng (集成) brand, our research and development team prepares design and conducts assessment for manufacturing feasibility, safety and quality issues. Irrespective of whether the design and specification originate from us or provided by our customers, we then make samples for customers' selection and approval, as the case may be. After we receive purchase orders from our customers, we proceed to manufacture the umbrella products.

The photographs below show certain of our nylon umbrellas products.

Product types	**Sample pictures**	**Range of selling price per unit in 2011** *(RMB)*	**Range of selling price per unit in 2012** *(RMB)*	**Range of selling price per unit in 2013** *(RMB)*	**Range of selling price per unit in the first ten months of 2014** *(RMB)*
Two-folded umbrella		7-10	11-11	18-18	18-27
Three-folded umbrella		11-30	11-16	11-15	12-22
Straight umbrella		8-12	9-15	12-19	13-20

Umbrella parts

During the Track Record Period, we also manufactured umbrella parts as an ancillary products mainly for our existing customers, both overseas and domestic customers, some of which also purchased POE umbrellas and nylon umbrellas from us.

During the Track Record Period, our export sales of our umbrella parts were approximately RMB3 million, RMB3 million, RMB14 million and RMB29 million, representing approximately 0.8%, 0.7%, 3.0% and 5.5% while domestic sales of our umbrella parts were approximately RMB38 million, RMB24 million, RMB31 million and RMB20 million, accounting for approximately 11.5%, 6.4%, 6.5% and 3.8% respectively.

The photographs below show certain of our umbrella parts products:

Product types	Sample pictures	Range of selling price per unit in 2011 *(RMB)*	Range of selling price per unit in 2012 *(RMB)*	Range of selling price per unit in 2013 *(RMB)*	Range of selling price per unit in the first ten months of 2014 *(RMB)*
Plastic cloth*(Note 1)*		11-19	11-16	11-16	12-19
Shaft		2-2	2-2	0.4-0.5	N/A*(Note 2)*
Ribs		2-4	3-5	4-7	5-9
Caps and handles		1-3	N/A*(Note 2)*	2-3	2-3

Notes:

1. Unit for plastic cloth is Kilogram

2. There was no sale during the respective period.

Jicheng (集成) brand

We position our Jicheng (集成) brand with a dual focus on providing our branded umbrellas in attractive designs and with functionality. We also aim to set the standards for umbrella products and to provide consumers with good quality and functional products. We registered our Jicheng (集成) brand trademarks in 2011. As at the Latest Practicable Date, we had 20 trademarks registered in the PRC. Please refer to the Section headed "Statutory and General Information – C. Intellectual Property Rights of Our Group" in Appendix VI to this prospectus for additional information.

PRODUCTION

Production sites

We manufacture our products at our Dongshi Production Site and Yonghe Production Site both located in Fujian Province, the PRC. Our Dongshi Production Site first commenced production in 1996 and our Yonghe Production Site commenced production in 2007. The production sites and other ancillary facilities we operate have a total site area of approximately 78,644 sq.m. and a total gross floor area of approximately 99,228 sq.m.. Our production process is partly automatic and labour intensive. Except for the production of plastic cloth in Yonghe Production Site and shaft in Dongshi Production Site, the production facilities of our Dongshi Production Site and Yonghe Production Site are largely identical and interchangeable for production of our POE umbrellas, nylon umbrellas and umbrella parts products.

Dongshi Production Site

Our Dongshi Production Site is located in Dongshi town, Fujian Province (福建省東石鎮). It occupies a total site area of 25,808 square metres and total gross floor area of 46,130 square metres. We carry out annual and half-year inspection of our production facilities and equipment to ensure that our production lines operate efficiently and at optimal levels.

Yonghe Production Site

We continue to expand our production facilities to cater for our further development. Our Yonghe Production Site is our relatively new production facilities which is located at Yonghe town, Fujian Province (福建省永和鎮). The reason for such expansion was due to insufficient production capacity at the Dongshi Production Site. Our Yonghe Production Site occupies a total site area of 52,836 square metres and a total gross floor area of 53,098 square metres. Construction of the new 10-storey office building in our Yonghe Production Site commenced in 2014 and its operation is expected to commence in 2015. The planned gross floor area is approximately 10,782 sq.m. As at the Latest Practicable Date, we had incurred approximately RMB11 million for construction of the new office building and the amount of capital expenditure to be incurred is approximately RMB4.1 million.

During the Track Record Period, we had certain non-compliance incidents in relation to our lands and buildings. For details, please refer to the paragraph headed "Non-Compliance Incidents" in this section.

The table below sets out the effective designed capacity, the actual production volume and the effective utilisation rate of the two production sites of our Group during the Track Record Period:

The table below sets forth a summary of the information on our two production sites as at the Latest Practicable Date:

	Total Gross Floor Area (approximate, sq.m.)	Year of commencement of manufacturing operation	Range of workforce during Track Record Period	Workforce as at Latest Practicable Date
Dongshi Production Site	46,130	1996	648-982	1,010
Yonghe Production Site	53,098	2007	561-843	884

The table below sets forth the production capacity of the two production sites during the Track Record Period:

	Year ended 31 December									Ten months ended 31 October 2014		
	2011			2012			2013					
	Yonghe Production Site	Dongshi Production Site	Total	Yonghe Production Site	Dongshi Production Site	Total	Yonghe Production Site	Dongshi Production Site	Total	Yonghe Production Site	Dongshi Production Site	Total
	Unit'000	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*	*Unit'000*
Estimated maximum capacity[(i)]												
POE umbrellas	14,118	14,567	28,685	23,625	14,625	38,250	24,750	15,750	40,500	19,602	12,474	32,076
Nylon umbrellas	5,354	4,604	9,958	5,375	4,623	9,998	5,375	4,623	9,998	4,257	3,661	7,918
	19,472	19,171	38,643	29,000	19,248	48,248	30,125	20,373	50,498	23,859	16,135	39,994
Actual production												
POE umbrellas	12,277	8,218	20,495	12,282	11,406	23,688	10,215	14,970	25,185	14,601	12,329	26,930
Nylon umbrellas	2,814	1,632	4,446	2,018	1,323	3,341	1,243	1,765	3,008	3,051	3,074	6,125
	15,091	9,850	24,941	14,300	12,729	27,029	11,458	16,735	28,193	17,652	15,403	33,055
Utilisation rate[(ii)]												
POE umbrellas	87%	56%	71%	52%	78%	62%	41%	95%	62%	74%	99%	84%
Nylon umbrellas	53%	35%	45%	38%	29%	33%	23%	38%	30%	72%	84%	77%
Total	77%	51%	65%	49%	66%	56%	38%	82%	56%	74%	95%	83%

Notes:

(i) The estimated maximum capacity is calculated for illustration purpose only, based on 365 days per year except for public holidays and 8 working hours per day.

(ii) The utilisation rate for the year 2011, 2012, 2013 is calculated by dividing the actual production of a year by the estimated maximum capacity of the year. The utilisation rate for the ten months ended 31 October 2014 is calculated by dividing the actual production of the period by the estimated maximum capacity of 300 days.

For the three years ended 31 December 2013, the utilisation rate of our Yonghe Production Site was on a decreasing trend from 77% to 38%, while it was on an increasing trend from 51% to 82% for that of our Dongshi Production Site. The decrease in utilisation rate in Yonghe Production Site was primarily due to the increase in production capacity as a result of the purchase of more production machineries from approximately 19 million units in 2011 to 30 million units in 2013 and the loss of labour force starting from 2012. Our Directors confirmed that the loss of labour force was mainly because many of these workers did not return to Yonghe Production Site after Chinese new year holiday. Instead, they preferred to look for a job in their hometown provinces. In order to alleviate the loss of labour issue, we took various measures including (i) adjusting salary moderately, (ii) improving working environment such as improvement works to the dormitory and staff canteen, and (iii) providing on-job training to current staff in order to increase their job satisfaction, albeit the repetitive production procedure. Compared to our workers in Dongshi Production Site who are considered more loyal due to their longer length of service with us generally, our workers in Yonghe Production Site are relatively newer with shorter length of service with us and therefore are considered not as stable as our workers in Dongshi Production Site. Subsequently, this led to the increase in utilisation rate of Dongshi Production Site because we had to reallocate a portion of our production there in order to meet sales order from our customers. For the ten months ended 31 October 2014, the utilisation rate of each of our Yonghe Production Site and Dongshi Production Site reached 74% and 95% respectively. The reason for such increase was primarily due to increase in our sales in the relevant period. According to the feasibility report conducted by our Group, it is relatively easier to recruit skilled-labour in Shandong Province (山東省) due to a slightly higher salary level compared to other provinces we studied such as Jiangxi Province (江西省) and Henan Province (河南省). Accordingly, our Directors are of the view that the issue of shortage of labour in Shandong Province (山東省) is less likely.

The table below shows the production volume of our two production sites during the Track Record Period:

	Year ended 31 December						Ten months ended	
	2011		**2012**		**2013**		**31 October 2014**	
	Units'000		*Units'000*		*Units'000*		*Units'000*	
Production Volume								
Dongshi Production Site	9,850	39.5%	12,730	47.1%	16,734	59.4%	15,403	46.6%
Yonghe Production Site	15,091	60.5%	14,300	52.9%	11,458	40.6%	17,652	53.4%
	24,941	100.0%	27,030	100.0%	28,192	100.0%	33,055	100.0%

The table below shows the types of umbrella produced by percentage in our two production sites during the Track Record Period:–

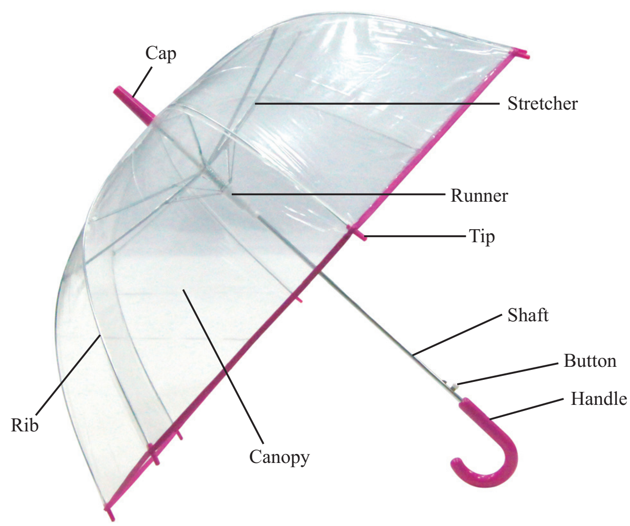
		Types of Umbrella	Dongshi Production Site		Yonghe Production Site	
			Units'000		*Units'000*	
Year ended 31 December	**2011**	POE	8,218	83%	12,277	81%
		Nylon	1,632	17%	2,814	19%
			9,850	100%	15,091	100%
	2012	POE	11,406	90%	12,282	86%
		Nylon	1,323	10%	2,018	14%
			12,729	100%	14,300	100%
	2013	POE	14,970	89%	10,215	89%
		Nylon	1,765	11%	1,243	11%
			16,735	100%	11,458	100%
Ten months ended 31 October	**2014**	POE	12,329	80%	14,601	83%
		Nylon	3,074	20%	3,051	17%
			15,403	100%	17,652	100%

Production process

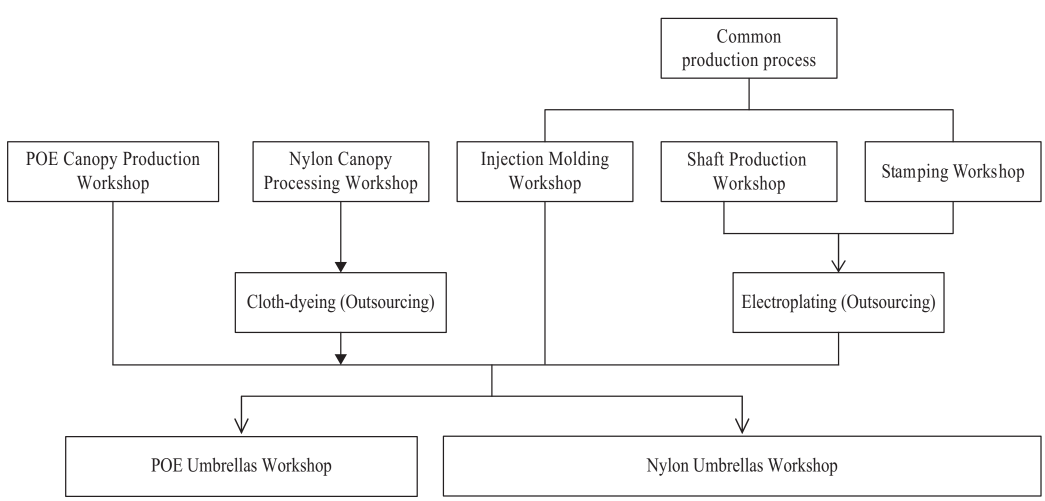
Modern umbrellas are made by a hand-assembly process that, except for a few steps such as shaft production and stamping, can be done by semi-skilled workers. Unlike cloth umbrellas that need hand-made cutting and sewing for cloths canopy, plastic umbrellas use machines to make plastic canopy, which can save labour costs. We have an integrated production chain covering most of necessary procedures such as POE film punching, plastic canopy cutting, shaft making, ribs and stretchers assembling which can save cost and ensure quality for the products.

We carry out production of our POE umbrellas and nylon umbrellas both in our Dongshi Production Site and Yonghe Production Site. For our POE umbrellas, apart from electroplating which is outsourced to independent third party contractors for processing, we are capable of manufacturing all the key components of an umbrella from canopy, accessories to shaft and handle. For our nylon umbrellas which is mainly folding umbrella, our production focuses on assembly of components such as ribs and shaft, part of which are manufactured by us. We also purchased from suppliers cloth fabric for canopy production and some specific items as required by our customers such as wooden handle and special design parts. We outsourced to independent third party contractors for cloth-dyeing in order to meet certain specific requirement of our customers.

The key components of an umbrella are shown in the picture below:



The following flowchart shows the key production process of our POE umbrellas and nylon umbrellas:



With the assistance of certain machineries, our production process is largely labour intensive and is comprised of two major processes, namely (i) production of spare parts; and (ii) manual assembling of spare parts into final products. As shown in the flowchart above, key common production processes, including injection molding, shaft production, stamping and assembly of rib and stretcher, are for production and assembly of the spare parts (such as rib, cap and rubber) for our POE umbrellas and nylon umbrellas. We produce canopy for our POE umbrellas and we purchase ready-made cloths for our nylon umbrellas for our domestic customers. We outsource electroplating of our shaft and cloth-dyeing of our nylon canopy to independent third parties. Upon completion of the common production processes, our workers will assemble our POE umbrellas and nylon umbrellas in our POE umbrellas workshop and nylon umbrellas workshop respectively.

Details of our key production processes include the following:

Injection Molding

- This process is for the manufacture of spare parts including cap, tip, runner, handle and others.

Shaft Production

- The steel plate is rolled and cut into hollow metal pipes, then pierced holes on the certain parts of the pipes in order to insert catch springs.

Stamping

- Stamping involves with machines that stamp flat sheet metals into set shape of the stretchers and ribs.

Electroplating

- Electroplating is for forming a coherent metal coating on the shaft for rustic-proof and better appearance purpose. We outsource this part to our independent third party contractors. For details, please refer the paragraph headed "Subcontracting of Electroplating and Cloth-Dyeing" in this section below.

Cloth-dyeing

- Cloth-dyeing is for dyeing the cloth fabric according to specific requirements of our customers. We outsource this part to our independent third party contractors. For details, please refer to the paragraph headed "Subcontracting of Electroplating and Cloth-Dyeing" in this section below.

Assembling of umbrella hive

- Our workers assemble rib, stretcher, runner and other spare parts (including eyelets to connect ribs) to form the hive of an umbrella.

POE canopy production

- We purchase chemical materials and produce our POE canopy.

POE umbrellas assembly and nylon umbrellas assembly

- Our workers will manually assemble spare parts with canopy to turn them into final product.

Subcontracting of electroplating and cloth-dyeing

All of the shafts of our umbrella products require electroplating. For our nylon canopy production, it involves cloth dyeing process depending on specific request from our customers. In such case, since we do not have electroplating and cloth-dyeing facilities, the electroplating and cloth-dyeing processes are subcontracted to electroplating and cloth-dyeing factories, all of which are Independent Third Parties. We have a list of qualified subcontractors and we will review their performance, standard of services provided and subcontracting fees charged from time to time.

Our typical subcontracting arrangement includes the following:

- the subcontracting agreement sets forth the subcontracting fees charged by the subcontractors and the quantities of the umbrella which requires electroplating and/or cloth-dyeing;

- upon completion of the subcontracting process by the subcontractors, our quality control staff will inspect the quality of the plated shaft in accordance with the agreed technical requirements upon delivery of the finished products by our subcontractors.

During the Track Record Period, the subcontracting fees paid to our subcontractors amounted to approximately RMB7 million, RMB5 million, RMB5 million and RMB9 million, respectively, representing approximately 2.6%, 1.6%, 1.3% and 2.3%, respectively, of the total cost of sales during the same period. We had not received any material claims or complaints by our customers in respect of the quality of the plated shafts processed by our subcontractors during the Track Record Period.

According to Frost & Sullivan after enquiry with relevant industry participants, there are approximately 50 to 100 companies in Jinjiang area which provide electroplating services, whilst there are approximately 200 to 300 companies which provide cloth-dyeing services in the same area. There are no associations relating to the qualifications for cloth-dyeing and electroplating subcontractors, nor any such official full-list was available. During the Track Record Period, our Group had engaged 11, 13, 14 and 15 electroplating subcontractors respectively and 3 cloth-dyeing subcontractors throughout the same period. Due to large number of subcontractors available in the market, our Directors take the view that our Group does not rely on our existing subcontractors in providing electroplating and cloth-dyeing services to our Group.

We have not entered into any long-term agreements with our subcontractors and we placed orders with them on an order-by-order basis, but we believe we have managed to maintain a good relationship with our subcontractors. During the Track Record Period, we did not experience any material disputes with our subcontractors.

PROCUREMENT

We use a variety of raw materials and accessories in our manufacturing processes. The principal raw materials such as steel plate, chemical materials (which mainly include LDPE and LLDPE), plastic cloth, nylon cloth and certain components of umbrella frame (such as ribs and shaft). We believe that the supply of these materials is currently sufficient for our production needs. We also procure other raw materials such as packaging materials from our suppliers.

The following table sets out the amount of each type of raw materials purchased by us and their approximate percentage of our total purchase of raw materials during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Chemical materials *(Note 1)*	68,164	31.2	56,979	28.4	90,809	36.9	65,117	35.4	108,931	38.4
Steel plate	64,547	29.5	59,955	30.0	99,520	40.5	70,154	38.1	102,403	36.1
Components of umbrella frame *(Note 2)*	27,668	12.7	23,284	11.6	20,980	8.5	15,973	8.7	25,452	9.0
Plastic cloth	26,905	12.3	39,026	19.4	20,263	8.2	20,263	11.0	8,925	3.1
Nylon cloth	21,153	9.7	10,327	5.1	5,379	2.2	4,797	2.6	29,255	10.3
Packaging materials	3,994	1.8	4,867	2.4	6,684	2.7	5,724	3.1	5,398	1.9
Others *(Note 3)*	6,078	2.8	6,310	3.1	2,336	1.0	2,036	1.1	3,224	1.2
Total	218,509	100.0	200,748	100.0	245,971	100.0	184,064	100.0	283,588	100.0

Notes:

(1) Chemical materials mainly include LDPE and LLDPE.

(2) Components of umbrella frame includes parts such as ribs and shaft.

(3) Others include molds, plastic accessories and glass fiber.

Our total cost of purchase of raw materials amounted to about approximately RMB219 million, RMB201 million, RMB246 million and RMB284 million for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. During the Track Record Period, there was no material amount of defective raw materials returned to our suppliers or unsatisfactory finished products reprocessed or disposed by our Group.

Management of the cost of raw materials

To ensure a stable supply of raw materials, we generally purchase raw materials from multiple sources wherever possible. We do not enter into any long-term contracts with our suppliers. We purchase raw materials from our suppliers through purchase agreements, which generally set forth the types of raw materials to be purchased, the specifications and the price. We do not have any hedging policies against any risks of fluctuation in the raw material costs, but we closely monitor the market prices of the raw materials.

Our Group's purchases of raw materials were generally settled with an average credit term of 30 to 120 days. We consider that controlling the level of inventory is important to overall profitability. In order to effectively control our inventory levels, we generally plan the purchase of raw materials after the receipt and confirmation of customers' orders. During the Track Record Period, we have not experienced any shortage of raw materials. Our Group also maintains an inventory management policy whereby we perform full stock take twice a year to ensure the accuracy and correctness of stock-in and stock-out information on record.

Principal suppliers

We source our raw materials from domestic and overseas suppliers. We select our suppliers by assessing various factors such as the size of their operations, price, quality of their raw materials, know-how in the industry and their punctuality in delivery.

We have established stable purchasing relationships with multiple suppliers. As at the Latest Practicable Date, the top five of which have had a business relationship with us for a period ranging from one to seven years. Please refer to the table below for details of the top five suppliers during the Track Record Period.

We procure raw materials such as chemical materials under supply agreements with a number of suppliers based on terms that are negotiated every time we order such materials.

During the Track Record Period, purchases from our five largest suppliers accounted for approximately 36.6%, 29.4%, 43.4% and 42.5%, respectively, of our total purchases, while purchases from our largest supplier accounted for approximately 8.7%, 9.5%, 19.6% and 18.2%, respectively, of our total purchases during the same period. We usually pay our top five suppliers by telegraphic transfer and bank transfer. None of our Directors, their respective associates or shareholders holding more than 5.0% of the issued share capital of our Company had any interest in our five largest suppliers during the Track Record Period and up to the Latest Practicable Date. We had not experienced any material shortage or delay in the supply of products during the Track Record Period.

The following table sets out our top five suppliers during the Track Record Period:

For the year ended 31 December 2011

Supplier	Background and principal business nature	Major products purchased	Years of relationship (up to 31 October 2014)	Transaction amounts	Year in which the supplier was one of our Group's five largest suppliers and approximate % of total purchase of our Group
				(RMB'000)	
			(approximately)	*(approximately)*	*(approximately)*
Supplier A	Listed company under Tokyo Stock Exchange which is engaged in the sales of chemical materials such as polypropylene and polyethylene	chemical materials(Note 2)	7	18,920	2011: 8.7
Supplier B(Note 1)	Private limited company being one of the subsidiaries under a Group based in PRC whose principal business includes importing and exporting various products such as umbrellas, shoes and clothing	plastic cloth	2	17,182	2011: 7.9 2012: 5.4
Supplier C	Private limited company based in PRC whose business scope includes the wholesaling and retailing of metals, construction materials and chemical products	chemical materials(Note 2) and steel plate	4	16,179	2011: 7.4
Supplier D	Private limited company based in PRC which is engaged in importing and exporting various commodities such as metal and chemical raw materials	chemical materials(Note 2) and steel plate	3	14,355	2011: 6.6

Supplier	Background and principal business nature	Major products purchased	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the supplier was one of our Group's five largest suppliers and approximate % of total purchase of our Group *(approximately)*
Supplier E	Private limited company based in PRC whose business scope includes the production and trading of metal, alloy, minerals and its related products such as metal plates	steel plate	3	13,212	2011: 6.0 2012: 4.4

Notes:

(1) Supplier B underwent change of ownership and company name in March 2013 and it has become one of our customers in 2014, namely, Customer G.

(2) chemical materials mainly include LDPE and LLDPE.

For the year ended 31 December 2012

Supplier	Background and principal business nature	Major products purchased	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the supplier was one of our Group's five largest suppliers and approximate % of total purchase of our Group *(approximately)*
Supplier F	Private limited company in PRC whose main business includes trading various types of chemicals materials	plastic cloth and chemical materials[(Note 2)]	6	18,995	2012: 9.5

Supplier	Background and principal business nature	Major products purchased	Years of relationship (up to 31 October 2014)	Transaction amounts	Year in which the supplier was one of our Group's five largest suppliers and approximate % of total purchase of our Group
				(RMB'000)	
			(approximately)	*(approximately)*	*(approximately)*
Supplier G	Sole proprietorship business under a Group based in Singapore which is principally engaged in petrochemicals processing and extraction and production of fuel oil	chemical materials(Note 2)	6	13,223	2012: 6.6 2013: 6.6 Ten months ended 31 October 2014: 3.7
Supplier B(Note 1)	Private limited company being one of the subsidiaries under a Group based in PRC whose principal business includes importing and exporting various products such as umbrellas, shoes and clothing	plastic cloth	2	10,929	2011: 7.9 2012: 5.4
Supplier E	Private limited company based in PRC whose business scope includes the production and trading of metal, alloy, minerals and its related products such as metal plates	steel plate	3	8,792	2011: 6.0 2012: 4.4
Supplier H	Private limited company based in PRC which is principally engaged in the production and trading of steel plate, machinery and spare parts of automobile	steel plate	2	6,988	2012: 3.5 2013: 19.6 Ten months ended 31 October 2014: 18.2

Notes:

(1) Supplier B underwent change of ownership and company name in March 2013 and it has become one of our customers in 2014, namely, Customer G.

(2) chemical materials mainly include LDPE and LLDPE.

For the year ended 31 December 2013

Supplier	Background and principal business nature	Major products purchased	Years of relationship (up to 31 October 2014)	Transaction amounts	Year in which the supplier was one of our Group's five largest suppliers and approximate % of total purchase of our Group
				(RMB'000)	
			(approximately)	*(approximately)*	*(approximately)*
Supplier H	Private limited company based in PRC which is principally engaged in the production and trading of steel plate, machinery and spare parts of automobile	steel plate	2	48,219	2012: 3.5 2013: 19.6 Ten months ended 31 October 2014: 18.2
Supplier I	Private limited company based in PRC which is principally engaged in the trading of minerals, plastics and chemicals materials	plastic cloth and chemical materials(Note)	1	18,161	2013: 7.4
Supplier G	Sole proprietorship business under a Group based in Singapore which is principally engaged in petrochemicals processing and the extraction and production of fuel oil	chemical materials(Note)	6	16,217	2012: 6.6 2013: 6.6 Ten months ended 31 October 2014: 3.7
Supplier J	Private limited company based in PRC whose principal business includes the production and trading of steel plate and its related products	steel plate	1	12,736	2013: 5.2
Supplier K	Private limited company based in Malaysia which is principally engaged in trading high density polyethylene and ethylene	chemical materials(Note)	7	11,242	2013: 4.6 Ten months ended 31 October 2014: 2.3

Note: chemical materials mainly include LDPE and LLDPE.

For the ten months ended 31 October 2014

Supplier	Background and principal business nature	Major products purchased	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the supplier was one of our Group's five largest suppliers and approximate % of total purchase of our Group *(approximately)*
Supplier H	Private limited company based in PRC which is principally engaged in the production and trading of steel plate, machinery and spare parts of automobile	steel plate	2	51,554	2012: 3.5 2013: 19.6 Ten months ended 31 October 2014: 18.2
Supplier L	Private limited company based in PRC which is principally engaged in trading steel plate plank and plastic cloth	steel plate	1	23,004	Ten months ended 31 October 2014: 8.1
Supplier G	Sole proprietorship business under a Group based in Singapore which is principally engaged in petrochemicals processing and the extraction and production of fuel oil	chemical materials(Note)	6	10,449	2012: 6.6 2013: 6.6 Ten months ended 31 October 2014: 3.7
Supplier M	Private limited company based in PRC which is engaged in the export of umbrellas and import of chemical materials mainly to Fujian province	plastic cloth and chemical materials(Note)	1	9,016	Ten months ended 31 October 2014: 3.2
Supplier N	Private limited company based in PRC which is engaged in the trading of high density polyethylene and polyethylene	chemical materials(Note)	1	8,647	Ten months ended 31 October 2014: 3.0

Note: chemical materials mainly include LDPE and LLDPE.

During the Track Record Period, there was no material cancellation of purchase orders placed by us with our suppliers. Additionally, none of our suppliers had filed for bankruptcy, insolvency or similar proceedings during the Track Record Period.

Our suppliers typically grant us credit terms between 30 to 120 days. Transportation fees are usually borne by our suppliers.

UTILITIES

During the Track Record Period and the ten months ended 31 October 2014, electricity and water supplies in Fujian Province (福建省) were adequate and stable and we did not experience any shortage of electricity or water that resulted in a material disruption in our operations. The consumption of electricity and water accounted for approximately 2.1%, 1.9%, 1.4% and 1.4% of our total cost of production for continuing business during the corresponding period, respectively. We also did not experience any accident causing material damage to our production facilities or a suspension of production.

INVENTORY CONTROL

We have a stringent inventory control policy to monitor our inventory levels and minimise obsolete inventory. We monitor the usage of the current period's inventory and estimate the amount of any obsolete raw materials and finished goods.

Our inventory balance includes raw materials, work in progress and finished goods. We have instituted the following major inventory management procedures to ensure efficient management of our inventory:

- all purchases of raw materials, parts and accessories must be authorised and approved by the heads of production and procurement departments and recorded in our inventory management system;
- all incoming raw materials, parts and accessories must be examined and verified against our purchase orders before acceptance;
- all outgoing raw materials, parts and accessories for production use must be authorised by the production department and recorded in our inventory management system;
- delivery of all finished goods is recorded in our inventory management system; and
- half-year and annual inventory counts are performed to ensure that the number of items in our storage facilities correspond with all record entries recorded during the relevant period.

In order to avoid accumulation of inventories in our warehouse, we purchase raw materials based on customers' purchase orders. Upon receiving purchase orders from customers, our sales manager records the orders and passes such record to the production department. The production department then fills in a monthly record which sums up all the purchase orders in a month. This is then passed to the sourcing department where raw materials are ordered from our suppliers according to the purchase orders placed by our customers.

SALES AND MARKETING

POE umbrellas and nylon umbrellas we manufacture are mainly sold to overseas customers majority of which are trading companies in Japan, and these customers in turn sell the products under other brands or their own brand names. For domestic market, we manufactured POE umbrellas and nylon umbrellas, part of them under our Jicheng (集成) brand, which are mainly sold through trading companies in the PRC with a small portion sold directly to other non-trading companies such as supermarkets. We also sold our umbrella parts to our customers overseas and in the PRC.

The following table sets out our revenues by sales channel during the Track Record Period:

	Year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Export sales										
POE umbrellas	212,840	65.4	286,028	75.8	372,220	77.0	327,272	77.8	316,410	60.3
Nylon umbrellas – Straight	30,336	9.3	26,458	7.0	16,597	3.4	14,527	3.5	27,728	5.3
Nylon umbrellas – Folded	17,152	5.3	24,047	6.4	23,750	4.9	21,091	5.0	26,128	5.0
Umbrella parts*	2,772	0.8	2,552	0.7	14,378	3.0	12,453	3.0	29,115	5.5
Sub total	263,100	80.8	339,085	89.9	426,945	88.3	375,343	89.3	399,381	76.1
Domestic sales										
POE umbrellas	12,216	3.8	7,751	2.0	14,808	3.1	10,604	2.5	60,356	11.5
Nylon umbrellas – Straight	5,629	1.7	3,167	0.8	4,740	1.0	4,629	1.1	11,881	2.3
Nylon umbrellas – Folded	7,089	2.2	3,306	0.9	5,653	1.1	3,874	0.9	33,489	6.3
Umbrella parts*	37,529	11.5	24,058	6.4	31,469	6.5	25,991	6.2	19,596	3.8
Sub total	62,463	19.2	38,282	10.1	56,670	11.7	45,098	10.7	125,322	23.9
Total	325,563	100.0	377,367	100.0	483,615	100.0	420,441	100.0	524,703	100.0

* *Umbrella parts include mainly plastic cloth, shaft and miscellaneous parts.*

The following table sets out our sales volume by unit of our POE umbrellas and nylon umbrellas during the Track Record Period:

	Year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	units '000	*%*	*units '000*	*%*	*units '000*	*%*	*units '000*	*%*	*units '000*	*%*
POE umbrellas	21,133	81.3	24,527	84.6	29,539	88.8	25,840	88.8	26,759	81.8
Nylon umbrellas	4,876	18.7	4,448	15.4	3,718	11.2	3,275	11.2	5,963	18.2
Total	26,009	100.0	28,975	100.0	33,257	100.0	29,115	100.0	32,722	100.0

Our customers

We recognize revenue from the sale of our products when they are delivered to our customers. Our customers include overseas and domestic trading companies and end-customers such as supermarkets. During the corresponding period, sales to our Group's five largest customers accounted for approximately 59.9%, 60.3%, 47.7% and 53.3% respectively of total revenue. Sales to our largest customer accounted for approximately 24.5%, 26.1%, 21.1% and 20.0% respectively of our total revenue for the corresponding periods.

As at 31 October 2014, our business relationships with the top five customers ranged from nine months to 12 years. The table below sets out the breakdown of our top five customers during the Track Record Period:

For the year ended 31 December 2011

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer A	Listed company under the Tokyo Stock Exchange which is engaged in the wholesale of cosmetics, daily necessities and other products in Japan. It also provides contract logistics, store solutions and exports its products internationally.	Retailers such as major chain stores, drug stores, convenience stores and supermarkets	1928	JPY15,869,545,194	POE umbrellas	12	79,691	2011: 24.5 2012: 26.1 2013: 21.1 ten months ended 31 October 2014: 20.0

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer B	Private limited company based in Japan whose main business includes trading and cooperation with local convenient stores for the sales of Plastic Umbrellas. It also exports various kinds of food for its branch in Taiwan which trades fabrics and produces plastic bags.	Convenience stores and pharmaceutical companies	1983	JPY50,000,000	POE umbrellas	6	58,134	2011: 17.9 2012: 15.6 2013: 12.4 ten months ended 31 October 2014: 15.4
Customer C	Private limited company based in Japan which is engaged in trading various kinds of products such as eco-bags, plastic umbrellas, lighters, clocks, speakers, mobile phone accessories, watches and smoking tools, etc..	Trading companies and wholesalers	1954	JPY55,000,000	POE umbrellas	3	30,573	2011: 9.4 2012: 8.9

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer D	Private limited company based in Japan whose main business includes importing and wholesaling of different types of umbrellas.	Retailers, distributors and convenience stores	1955	JPY29,500,000	POE umbrellas	11	15,824	2011: 4.9 2012: 4.2 2013: 4.5
Customer E	Private limited company based in Japan for trading different products including umbrellas, handkerchief, mask, towels, foods and beverage.	Railway companies	1970	JPY96,000,000	POE umbrellas	5	10,317	2011: 3.2 2012: 5.5 2013: 4.7

For the year ended 31 December 2012

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer A	Listed company under the Tokyo Stock Exchange which is engaged in the wholesale of cosmetics, daily necessities and other products in Japan. It also provides contract logistics, store solutions and exports its products internationally.	Retailers such as major chain stores, drug stores, convenience stores and supermarkets	1928	JPY15,869,545,194	POE umbrellas	12	98,564	2011: 24.5 2012: 26.1 2013: 21.1 ten months ended 31 October 2014: 20.0
Customer B	Private limited company based in Japan whose main business includes trading and cooperation with local convenient stores for the sales of Plastic Umbrellas. It also exports various kinds of food for its branch in Taiwan which trades fabrics and produces plastic bags.	Convenience stores and pharmaceutical companies	1983	JPY50,000,000	POE umbrellas	6	59,041	2011: 17.9 2012: 15.6 2013: 12.4 ten months ended 31 October 2014: 8.8

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer C	Private limited company based in Japan which is engaged in trading various kinds of products such as eco-bags, plastic umbrellas, lighters, clocks, speakers, mobile phone accessories, watches and smoking tools, etc..	Trading companies and wholesalers	1954	JPY55,000,000	POE umbrellas	3	33,774	2011: 9.4 2012: 8.9
Customer E	Private limited company based in Japan which is engaged in trading different products including umbrellas.	Railway companies	1970	JPY96,000,000	POE umbrellas	5	20,775	2011: 3.2 2012: 5.5 2013: 4.7
Customer D	Private limited company based in Japan whose main business includes importing and wholesaling of different types of umbrellas, handkerchief, mask, towels, foods and beverage.	Retailers, distributors and convenience stores	1955	JPY29,500,000	POE umbrellas	11	15,823	2011: 4.9 2012: 4.2 2013: 4.5

For the year ended 31 December 2013

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer A	Listed company under the Tokyo Stock Exchange which is engaged in the wholesale of cosmetics, daily necessities and other products in Japan. It also provides contract logistics, store solutions and exports its products internationally.	Retailers such as major chain stores, drug stores, convenience stores and supermarkets	1928	JPY15,869,545,194	POE umbrellas	12	101,965	2011: 24.5 2012: 26.1 2013: 21.1 ten months ended 31 October 2014: 20.0

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer B	Private limited company based in Japan whose main business includes trading and cooperation with local convenient stores for the sales of Plastic Umbrellas. It also exports various kinds of food for its branch in Taiwan which trades fabrics and produces plastic bags.	Convenience stores and pharmaceutical companies	1983	JPY50,000,000	POE umbrellas	6	59,780	2011: 17.9 2012: 15.6 2013: 12.4 ten months ended 31 October 2014: 8.8
Customer F	Private limited company based in Japan whose main business includes importing and wholesaling of products such as daily used sundries, spectacles, umbrellas, sunglasses and glass frame.	Retailers including optical shops	1985	JPY35,000,000	POE umbrellas	8	24,065	2013: 5.0

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer E	Private limited company based in Japan which is engaged in trading different products including umbrellas and daily sundry items to various shops located in different cities in Japan.	Railway companies	1970	JPY96,000,000	POE umbrellas	5	22,952	2011: 3.2 2012: 5.5 2013: 4.7
Customer D	Private limited company based in Japan whose main business includes importing and wholesaling of different types of umbrellas.	Retailers, distributors and convenience stores	1955	JPY29,500,000	POE umbrellas	11	21,553	2011: 4.9 2012: 4.2 2013: 4.5

For the ten months ended 31 October 2014

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer A	Listed company under the Tokyo Stock Exchange which is engaged in the wholesale of cosmetics, daily necessities and other products in Japan. It also provides contract logistics, store solutions and exports its products internationally.	Retailers such as major chain stores, drug stores, convenience stores and supermarkets	1928	JPY15,869,545,194	POE umbrellas	12	104,998	2011: 24.5 2012: 26.1 2013: 21.1 ten months ended 31 October 2014: 20.0
Customer G[(Note 1)]	Private limited company being one of the subsidiaries under a group based in PRC whose main business includes importing and exporting of goods such as umbrellas, shoes, clothing, toys and electronics etc..	No public information is available. To the best knowledge of the Directors, they are mostly overseas customers such as Thailand, India and Indonesia	2009	RMB30,000,000	POE umbrellas and nylon umbrellas	1	80,567	ten months ended 31 October 2014: 15.4

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014) *(approximately)*	Transaction amounts *(RMB'000)* *(approximately)*	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group *(approximately)*
Customer B	Private limited company based in Japan whose main business includes trading and cooperation with local convenient stores for the sales of Plastic Umbrellas. It also exports various kinds of food for its branch in Taiwan which trades fabrics and produces plastic bags.	Convenience stores and pharmaceutical companies	1983	JPY50,000,000	POE umbrellas	6	46,009	2011: 17.9 2012: 15.6 2013: 12.4 ten months ended 31 October 2014: 8.8
Customer H	Private limited company based in Japan which is engaged in trading different products including umbrellas, stickers, bags and stationeries.	Wholesalers, distributors and retailers	1992	JPY10,000,000	POE umbrellas	5	24,885	ten months ended 31 October 2014: 4.7

Customer	Background and principal business nature	Onward customers	Year of establishment	Capital	Major products sold	Years of relationship (up to 31 October 2014)	Transaction amounts	Year in which the customer was one of our Group's five largest customers and the approximate % of total revenue of our Group
							(RMB'000)	
						(approximately)	*(approximately)*	*(approximately)*
Customer I[(Note 2)]	Private limited company based in Cambodia whose main business includes importing and exporting different products to countries such as France, Spain and the UK including garment products, being their major export products.	No public information is available. To the best knowledge of the Directors, they are mostly overseas customers	1997	US$1,898,000	POE umbrellas and nylon umbrellas	1	23,143	2013: 1.1 ten months ended 31 October 2014: 4.4

Note 1: Customer G, as new customer of our Group since 2014, was also a supplier to our Group during the years ended 31 December 2011 and 2012, namely, Supplier B.

Note 2: Customer I, started business relationship with our Group since 2013, was ranked 19 in terms of total revenue attributable to our Group in 2013.

None of our Directors, their respective associates or shareholders holding more than 5.0% of the issued share capital of our Company had any interest in our five largest customers during the Track Record Period and up to the Latest Practicable Date.

Trading companies

Our POE umbrellas, nylon umbrellas and umbrella parts are mostly sold to trading companies in Japan and other overseas markets, including trading companies in the PRC. During the Track Record Period, the majority of our trading companies customers are based in the Japan. To the best knowledge of our Directors, (i) our trading companies customers in Japan further sell our umbrella products to their customers including convenient stores, department stores, supermarkets, drug stores and shops at train stations; and (ii) majority of our trading companies customers in Japan purchase our products after they receive purchase orders from their end customers.

There is no resale restriction clause in our sales agreement with our PRC trading companies customers. As such, our trading companies customers may further sell our umbrella products overseas provided that they have the right to export and they comply with relevant PRC export laws and regulation. To the best knowledge of our Directors, part of our PRC trading companies customers further resale our umbrella products to customers in the PRC and part of our PRC trading companies customers also resale our umbrella products to their overseas customers in markets where our own customers are also located in. Through the communication between our sales staff and our customers, we may also gather more information on such resale of our trading companies customers including the feedback on our products from their respective customers.

While we are not able to totally eliminate the possibility of any product liability and intellectual property rights infringement claims, we have strictly followed and produced our umbrella products in accordance with the relevant safety requirements and standards as specified by our overseas customers which our umbrella products are sold and exported. We also collect intelligence from the market such as trade exhibition and closely communicate with our trading companies customers on any negative feedbacks of our umbrella products and will promptly take appropriate rectification actions as soon as practicable.

To the best knowledge of our Directors, we were not subject to any product liability or intellectual property infringement claims in the markets where our umbrella products were exported to and also in relation to those resale made by our PRC trading companies customers during the Track Record Period and up to the Latest Practicable Date.

Pricing

When pricing our umbrella products, we take into account various factors such as production cost, prices of raw materials, packaging requirements and quantity.

Credit policy

We generally provide credit period up to 150 days for our domestic sales customers and up to 30 days for our export sales customers including our Japanese and Cambodian customers. Our Directors are of the view that it is market practice to give longer credit terms to PRC customers while payment would usually be settled by way of telegraphic transfer by our export sales customers resulting in shorter credit terms..

We review overdue balances and our receivable balances on an ongoing basis and an assessment is made by our management team whether or not a provision for impairment of trade receivables should be made. During the Track Record Period, we made no provision in relation to our trade receivables. For details of our trade receivables, please see the section "Financial Information – Trade Receivables Analysis" of this prospectus.

During the Track Record Period, we did not experience any cancellation of orders or any bankruptcy or default on the part of any of our export customers.

Product delivery

We sell our umbrella products overseas mainly on the basis of FOB from Xiamen (廈門) port or other designated ports to all of our major customers, and accordingly we are only responsible for their delivery up to the Xiamen port or other designated ports, and such customers are responsible for product transportation arrangements and import tariff beyond Xiamen port or other designated ports.

After sales services

We are responsible for costs associated with any defective product. We have not received any material complaints from our customers regarding such products during the Track Record Period.

Marketing and Promotion

We adopt a customer-centered approach in marketing. In order to strengthen the relationship with our existing customers, our sales and marketing personnel keep in touch with them from time to time to keep abreast the latest trend of the market and to explore further business opportunities.

We attend trade exhibitions to promote our brand and our umbrella products. As one of our business plans is to expand our export network, we attend trade exhibitions at diverse locations including domestic and overseas such as Japan. Our established sales network has helped us establish our brand name, which further strengthens our marketing ability.

PRODUCT DESIGN, RESEARCH AND DEVELOPMENT

We place great emphasis on our design and development by offering a diversified range of products to our customers. We regularly conduct design and development of our umbrella products, focusing on offering high quality and stylish products to our customers. As of Latest Practicable Date, our research and development team consisted of 26 staff.

Research and development

Our research and development department is built on a system of inter-departmental coordination and participation. When developing new products or technologies, we also take into account production techniques and those standards applicable to our products. The development of new products involves our sales department, research and development department, production department and also our finance department and the general managers are responsible for our overall strategy.

We consider research, development and design to be of key importance to our success. Our research and development activities also enhance our current technologies, processes and materials formulas and the standardisation of products in order to improve the quality of our products and make our production processes more efficient. The 23 patents registered in our name are set out in the section headed "Statutory and General Information – C. Intellectual Property Rights of Our Group" in Appendix VI to this prospectus.

As at the Latest Practicable Date, there were 26 personnel in our research and development department. These members have been with our Group for an average of approximately five years. Six of our research and development employees have obtained tertiary qualifications.

During the Track Record Period, our research and development expenses were approximately RMB2 million, RMB3 million, RMB3 million and RMB3 million, respectively.

Product design and development

Our research and development team comprises of various functions including graphic design, umbrella ribs design team, umbrella tips and caps design team and sampling unit. Our product design and development process can be divided into three phases: (i) market assessment, obtaining customer feedback and preferences; (ii) product drawing and visual design; and (iii) manufacturing and technical feasibility.

We have adopted a pro-active approach to consistently create new and various designs to cater for the preferences of our targeted customers based on the market information collected as described below:

- *Obtaining feedback and preferences from our customers.* Our sales team communicates with our customers on a regular basis to collect their feedback on our products. Our sales team then passes these feedback and information to our research and development team to enable them to better understand the requirements and preferences of our customers and the market. The information will be set out in a development recommendation report prepared by the sales team and our research and development team will conduct assessments on manufacturing and technical feasibility, safety and quality issues and budget. Our research and development staff will design new products and improve the existing products in response to the feedbacks of the customers.

- *Obtaining market information and trends.* Through our participation in trade exhibitions in the PRC, our research and development team will obtain information on market trends.

- *Collection of information from other sources.* Our research and development staff also research various professional websites and publications to keep abreast with the up-to-date market information.

Product design

Based on the market information collected, our designers formulate the artistic design of our products. For our umbrella products, our design team focuses on the artistic and visual design of the frames and the overall appearance of the products. Our research and development team also projects market trends and preferences and aims to develop new products for our customers. We also strive to improve our existing products regularly, in terms of artistic appearance and functionality.

Manufacturing and technical feasibility

Our research and development team assesses the manufacturing and technical feasibility of the products, including ensuring compliance with the relevant safety and quality standards. Samples are produced in this phase. Our research and development team tests the samples and refines the design until they pass the relevant tests. After the test results are satisfactory, our research and development team devises the production process plan, which will be approved by the department head. The samples will be made available for selection in the sample show room.

Compilation of industry standard in the PRC

We were selected in 2010 by the Fujian Light Industry Association to participate in the process of developing and compiling the industry standard of umbrella in the PRC including drafting of Chinese Plastic Umbrella Industry's Standards (Plastic Umbrella's National Standard QB-T 4152/2010).

Cooperation with Huaqiao University (華僑大學)

We entered into a strategic cooperation agreement for a period of three years with the Huaqiao University (華僑大學) in September 2013 with focus of continuous improvement regarding the material, function and techniques in the production of POE plastic umbrella. Pursuant to the strategic cooperation agreement, we paid Huaqiao University (華僑大學) a start-up fund of RMB20,000 up to the Latest Practicable Date. Further, all information and data relating to the technology invented under that cooperation agreement shall be kept confidential by all parties pursuant to the strategic cooperation agreement.

The salient terms of the strategic cooperation agreement are as follows:

- both parties to recognize the strategic partnership by showing the banner logo or hyperlink of the other party in each of their own website and to promote publicity through the media.

- both parties to jointly establish "Huaqiao University – Fujian Jicheng Umbrella Design and Research Center" in order to strengthen the innovation capability and competitiveness as well as to enhance the market share of our umbrella products and our intangible goodwill through the utilization of the research and development skills of Huaqiao University.

- Huaqiao University to invite domestically and internationally renowned institutions, universities, scientific research institute experts and designers to participate in our product development and to promote innovation development of umbrella related cast film.

- Our Company to provide practice opportunities in innovative design and training bases for students in Huaqiao University and organise Students Innovative Workshops once or twice a year inviting outstanding students from renowned institutions in mainland or overseas countries if circumstances allowed. If any design production of the students is selected and applied by us, money rewards will be granted by us.

- Huaqiao University to provide us with innovative design and overall solutions for umbrella products including market research, appearance designs and patent structure designs, sample production and die-tracking.

- both parties to exert their influences upon the business and institutional community and jointly announce new science and technology projects, organise exchange programs and hold creative design competitions.

- both parties to establish resource exchange system to jointly utilise the design resource and technical advancement of each other.

- Huaqiao University to build a team of five to eight designers from different backgrounds and become the design team for our brand name in order to provide professional and exclusive design service to us.

Going forward, we aim to maintain the current cooperation relationship with Huaqiao University (華僑大學).

SEASONALITY

Our sales volume may be affected by seasonality. Revenue fluctuations throughout the year are common for the umbrella industry which is subject to seasonal climate variation. We generally record higher sales revenue in the second quarter each year, where high rainfall is usually recorded. Majority of the orders need to be delivered before this period. Accordingly, our sales revenue usually experiences certain seasonable fluctuation during the year.

INTELLECTUAL PROPERTY

We rely on a combination of laws and regulations including but not limited to patent, copyright and trademark laws, as well as confidentiality agreements signed by our senior management and key research and development personnel to protect our intellectual property rights.

We have not experienced any infringement of our intellectual property rights that has had a material impact on our Group during the Track Record Period and up to the Latest Practicable Date. As at the Latest Practicable Date, we had registered 20 trademarks and 23 patents in the PRC, three trademarks in Hong Kong and one trademark with the International Bureau of World International Property Organisation.

Further details of the intellectual property rights of our Group are set out in the section headed "Statutory and General Information – C. Intellectual Property Rights of Our Group" in Appendix VI to this prospectus.

During the Track Record Period and up to the Latest Practicable Date, we are not aware of any intellectual property right infringement that had a material impact on us and we were not involved in any litigation involving infringement of intellectual property rights.

INFORMATION SYSTEM

To enhance our management systems, we have implemented an enterprise resources planning, or ERP system, which applies to many aspects of daily operations and management, including financial reporting, inventories and sales and management. This will enable and facilitate the integration and exchange of information among the departments in charge of manufacturing, procurement, and product research, design and development and our head office.

QUALITY CONTROL

We strongly emphasize quality control over our products and have implemented a comprehensive quality control system.

Our quality control system includes the following processes:

- Purchase of raw materials – We usually select our suppliers based on the quality of raw materials supplied, pricing and our internal manner on procurement standards of raw materials.

- Production – Every stage of the production process is monitored by the quality management department to ensure that the production process conforms to specific quality control requirements. Managers of different production processes also carry out regular inspection, while staff carry out simple testings themselves which are demonstrated during staff training.

- Machinery and equipment management – Regular inspections and maintenance are carried out by our equipment administrators to ensure optimum performance of our machinery and equipment.

- Sale – Each batch of finished products is subject to inspection and performance testing, and a final sample check before they are passed to our customers. Our management is responsible for collecting customers opinions and handling customers' complaints appropriately and in a timely manner.

- Staff quality awareness system – Regular training and continuous assessments of the performance of staff are conducted.

As at the Latest Practicable Date, we had 27 quality control staff in our quality control department.

We were awarded ISO 9001:2008 and ISO 14001:2004 certificates in relation to the development and manufacture of umbrella products.

ISO 9001:2008 sets out the criteria for a quality management system, which is based on a number of quality management principles including a strong customer focus, the motivation and implication of top management, the process approach and continual improvement. ISO 14001:2004 specifies requirements for an environmental management system to enable an organisation to develop and implement a policy and objectives which take into account legal requirements and other requirements to which the organisation subscribes, and information about significant environmental aspects.

We have established a comprehensive ISO standards compliance process policy to ensure strict adherence to the ISO standards in every production process. The policy has been devised according to the requirements with guidance for use published by the International Organisation for Standardisation. It lays out the steps and measures which are required to be taken and allocates these measures to different departments. We believe that the ISO standards compliance process is built upon inter-departmental efforts.

A senior manager has been designated with the role of implementing the policy and reporting to the executive directors on the implementation progress and results. He is also responsible for devising improvement plans and communicating to external parties in relation to quality control and environmental issues. To ensure the ongoing compliance with the requirements of the ISO standards, internal control reviews are conducted on our operations against the policy to discover non-compliance and carry out remedial measures accordingly.

During the Track Record Period and up to the Latest Practicable Date, there was no incident of failure of our quality control systems which had a material impact on us.

CERTIFICATIONS, AWARDS AND RECOGNITIONS

The following table sets out the major awards received by us:

Year(s) of award	Award	Awarding organisation or authority
2013	Creditworthy Enterprise (AA class)* (工商信用良好企業AA級)	Administration For Industry & Commerce of Quanzhou* (泉州市工商行政管理局)

The following table sets out the major recognitions received by us from the umbrella industry:

Year	Participant in its capacity or on behalf of our Group	Title	Organisation
2011	Jinjiang Jicheng	China Well-known Trademark* (中國馳名商標)	Trademark Office of the State Administration For Industry & Commerce of PRC* (國家工商行政管理總局商標局)

* For identification purposes only

COMPETITION

China is the largest exporter of umbrellas and parasols in the world. According to Frost & Sullivan, from 2008 to 2012, China's share in the global umbrella and parasols market in terms of export value increased from approximately 72.1% to 86.6%. In terms of export volume, China also holds a dominant position, occupying approximately 93.4% of global volume in 2012. International traders highly rely on the production from China.

We benefit from the competitive advantage of certain entry barriers to the umbrella industry in the PRC such as considerably large initial capital investment, requirement of intensive labour force and wide sales network. We sell umbrellas under our well established sales network cultivated through maintaining long-term business relationships with our major clients. We utilise our large scale production facilities to achieve economies of scale and low production cost. We believe that we will benefit from and capture opportunities in the continuously-growing umbrella market in the PRC, and will further strengthen our leading position and capture additional market share.

Nevertheless, the competition in the umbrella market in the PRC has been intensifying and the pricing of and demand for our umbrellas are significantly affected by the intensity of competition we face. The overall umbrellas and parasols market was fragmented in the PRC with thousands of local manufacturers. We therefore compete with some major local manufacturers of umbrellas which manufacture and export umbrellas to other markets and in particular, Japan. To the best knowledge of our Directors, these major local manufacturers include Susino Umbrella Co., Ltd. (福建梅花傘業股份有限公司), Fujian Yusimeng Umbrella Industry Co., Ltd., (福建雨絲夢洋傘實業有限公司), Zhejiang Tianwei Rain Gear Co., Ltd. (浙江天瑋雨具有限公司), Zhejiang Tengxin Umbrella Co., Ltd. (浙江騰鑫傘業有限公司), Yonglixiang (Xiamen) Umbrella Co., Ltd. (永利享(廈門)傘業有限公司) and Wenzhou Hailuo Umbrella Co., Ltd. (溫州海螺製傘有限公司).

From the view of industry in general, most nylon umbrellas manufacturers have higher gross profit margin than POE umbrellas due to higher retail price. In PRC umbrellas market, most POE umbrellas manufacturers positioned their products as low-end fast-consuming products with price less than RMB10 per unit. In addition, there are few industry participants who would like to focus on the production of POE umbrellas given the far smaller market size of POE umbrellas compared with nylon umbrellas in the PRC. Few PRC industry participants would like to invest and maintain the capacity of POE umbrellas (like certain tailor-made machineries for POE umbrellas, stock of raw materials and skilled labour) to serve the uncertain demand from the market due to lack of sufficient customer base.

Different from many of our peers in the market, we have positioned our POE umbrellas as mid-end products with good quality raw materials, which brings higher gross profit margin for our POE umbrellas. Common price for our POE umbrellas ranges from RMB10 to RMB20 per unit, which is significantly higher than most of our competitors as well as the industry average that is commonly less than RMB10 per unit.

On the other hand, we put in much efforts on cost control. We have integrated our business model and production process to cover a complete industrial value chain from the upstream (the procurement and processing of raw materials and the manufacturing of umbrella parts) to the downstream (assembling and final output of umbrella products). According to Frost & Sullivan, there is only another Plastic Umbrella manufacturer, that has the full value chain from manufacturing of ribs, canopy to assembly in the PRC.

We believe that the higher selling price of our POE umbrellas is endorsed by our good quality and our capability of cost control combined together lead to higher profit margins of our POE umbrellas than our industry peers.

In addition, a long-term and steady business relationship with our Japanese customers also sets a market entry barrier for the new entrants and enables our Group to own a significant advantage compared with our competitors. Given that Japanese customers usually put heavy emphasis on product quality, punctuality of products delivery and its partners' reputation, they appreciate highly steady and reliable relationship and seldom change their suppliers once the suppliers and its products are qualified. The established relationship and reputation further contribute to the consolidation of our leading market positions. Please refer to the paragraph headed "Competitive Strengths" above in this section for details of our other competitive strengths.

According to Frost & Sullivan, the market entry barriers for POE umbrellas include the following:

High Quality Products – The demands for Chinese POE umbrellas are mostly from overseas, in particularly developed countries like Japan, which usually pay great attention to products quality. Apart from getting ISO9001 quality management system certification in China, those POE umbrellas also need to meet relevant quality standard like JIS (Japan industry standard). Requirement on high quality sets forth a barrier for the new entrants of POE umbrellas market.

Relationships with Large Customers – Large traders play key roles in Japanese market, who take reputation very seriously and often sign long-term contracts with reliable manufacturers. Major retailers like 7-11, Family Mart, have established stable cooperation with these traders. Chinese manufacturers with good reputation are more likely to establish long-term relationship with those large customers.

Strict Environmental Compliance – Developed countries usually established strict environmental requirements on chemicals and additives in POE umbrellas. Products with injurious chemicals like azo or cadmium usually are not allowed to be traded in these countries. To become a qualified suppliers of POE umbrellas, manufacturers need to keep a good record of environmental compliance and to be qualified for ISO14000 system.

Capability of Responding Urgent Orders – Overseas clients usually have urgent orders for POE umbrellas to meet their domestic demand. Large manufacturers are capable of producing high-quality POE umbrellas on time, while new comers need more time to meet the delivery time and also spend more cost to manufacture the urgent orders.

Strong Capability of Cost Control – Comparing to manufactures in domestic market, manufacturers of POE umbrellas are export-oriented and usually need to spend more money for the establishment of quality control and environment compliance systems. In addition, the ability to properly avoid negative impact of foreign exchange fluctuation is also required. Accordingly, manufacturers of POE umbrellas should have strong capability of cost control.

In addition to the above reasons, our Directors believe that we outperform our competitors due to the scale of our umbrella business, which the Directors believe is larger than some of our competitors. A local competitor listed on the Australian Stock Exchange ("**Competitor One**") generated a revenue of approximately AUD16 million (approximately RMB83 million) for the financial year of 2013, while another competitor listed on the Tokyo Stock Exchange ("**Competitor Two**") generated a revenue of approximately JPY5,415 million (approximately RMB330 million) from its umbrella segment and Competitor A (please refer to the section headed "Industry Overview – Competitive Landscape" of this prospectus for more information) generated revenue of RMB298 million for the financial year of 2013. Our Group's revenue for the financial year of 2013 amounted to RMB484 million, which was significantly higher as compared to the competitors stated above. Our Directors believe that our larger scale of umbrella business enables us to have a better performance, in terms of gross profit margin and net profit margin, than the said competitors due to economies of scale.

The business focus and target markets of the umbrella segment of the three competitors are different from those of our Group. The umbrella segment contributed approximately 40.6% of Competitor Two's revenue in the financial year of 2014 whereas the umbrella segment contributed approximately 32.4% of Competitor A's revenue in the financial year of 2013 and was subsequently disposed of by Competitor A in April 2014. Regarding target markets, Competitor One and Competitor A mainly sold their products to Europe and the US markets and hence were affected by the economies in such markets. Our Group's major market during the Track Record Period was the Japanese market which demands high quality POE umbrellas. As explained above, the market entry barriers have formed huge obstacles for our competitors to enter into the same market. Lastly, the product portfolio and the selling prices of the umbrellas also affect the profit margins. As mentioned above, we have positioned our POE umbrellas as mid-end, which generally render higher selling prices. We do not accept orders which would render a low profit margin. On the other hand, our product portfolio primarily focuses on POE umbrellas, the sales of which amounted to 80.1% of our total revenue in 2013. When the Group achieved a successful performance during the Track Record Period, our competitors did not necessarily achieve the same as our Group due to the above reasons.

For further discussion of the competitive landscape we face for our umbrellas, please refer to the section headed "Industry Overview" of this prospectus. For further discussion on the risks associated with the competition we face, please refer to the section headed "Risk Factors" of this prospectus.

EMPLOYEES

As at the Latest Practicable Date, we employed a total of 2,023 employees, a breakdown of which by function is as follows:

	Number of our employees
Management	9
Administration/Human Resources	80
Finance	18
Production	1,755
Procurement	8
Research and development	26
Quality control	27
Sales and Marketing	22
Warehouse and logistics	78
Total	2,023

Relationship with employees

Our Directors believe that we maintain good working relationship with our employees. Our Directors confirm that we have not encountered any material difficulty in recruitment and retention of staff for our operation or experienced any material disruption in our operation as a result of labour disputes since the establishment of our business.

Employee Training

We place strong emphasis on the development and training of our employees. Induction courses, training programs and safety courses are conducted regularly. Apart from the above, we also incentivise our employees to gain knowledge in the relevant field of studies. We believe this will also increase the overall competitiveness of our workforce.

We strive to ensure that our employees are equipped with the required skills and safety knowledge when performing their duties, and we aim to impart up-to-date knowledge and industry updates to them.

Staff benefits

In compliance with applicable statutory requirements in the PRC and existing requirements of the local government in the PRC, our Group participates in social security programs and housing provident fund for our employees and our Directors confirm that we had settled all social insurance and housing provident payments during the Track Record Period. Such social insurance included basic pension insurance, basic medical insurance, maternity insurance, unemployment insurance and work-related injury insurance.

LABOUR, OCCUPATIONAL SAFETY AND HEALTH MEASURES

Our business and operations in the PRC are subject to various labour and safety laws and regulations in the PRC, which include such as the Labour Law of the PRC, the Labour Contract Law, and the Social Insurance Law. Please refer to the section headed "Regulatory Overview" of this prospectus for further details.

We place great emphasis on compliance with the labour and safety laws and regulations in the PRC and have established necessary measures to comply with those laws and regulations. We participate in various mandatory insurance plans, including the pension insurance plan, unemployment insurance plan, maternity insurance plan, injury insurance plan and medical insurance plan as required by the relevant laws and regulations. We have established internal work place safety guidelines and conducted occupational safety trainings to promote safety awareness of our employees.

We have engaged a subcontractor for operation of our canteen in Jinjiang Jicheng since 2013. In January 2014, there was a food poisoning incident due to hygiene issues. As a result, around 40 of our staff were sent to hospital for inspection and medical treatment. Jinjiang Health Bureau (晉江市衛生局) of Fujian Province later found out that such subcontractor failed to obtain Food Service Licences (餐飲服務許可證) and fined him RMB10,000 as administrative penalty. Pursuant to the canteen subcontracting agreement entered into between Jinjiang Jicheng and the subcontractor, the subcontractor is responsible for food safety and hygiene during operation of the canteen. In addition, the relevant authority only fined the subcontractor. As advised by our PRC Legal Advisers, our Group should not be subject to any potential legal risk arising out of this incident. We had not experienced any significant labour accident which had a material adverse impact on us during the Track Record Period and up to the Latest Practicable Date.

The PRC Legal Advisers advised that, we have complied with all relevant mandatory local and national labour and safety laws and regulations during the Track Record Period and up to the Latest Practicable Date. No penalty has been imposed on us by the relevant PRC authorities in respect of our non-compliance of the labour, social insurance and safety matters during the Track Record Period and up to the Latest Practicable Date.

ENVIRONMENTAL PROTECTION

We are subject to certain laws and regulations in relation to environment protection. Please refer to the section headed "Regulatory Overview" of this prospectus for further information about these laws and regulations.

We are committed to minimising any adverse impact on the environment resulting from our business activities. In addition, in order to comply with the applicable environmental protection laws, we have established ISO standards compliance process policy in our operations in accordance with ISO 14001:2004 international standards and obtained ISO 14001:2004 certification. We allocate measures to be taken to different departments to maintain our ISO 14001 certification in order to reduce our risks related to environmental issues.

Based on the past experience of our management, the nature of the industry and future development trends in the industry, our Directors believe that our Group's current environmental conservation facilities are adequate to satisfy the relevant environmental laws and regulations and do not expect any major or significant expenditures to be incurred in this respect. During the Track Record Period, we did not have any material violation of all existing relevant PRC environmental protection laws, rules and regulations.

INSURANCE

In accordance with the regulatory requirements of local governments in the PRC, we maintain insurance that covers unemployment, pension, personal injury, maternity and medical expenses for our employees in the PRC.

We also maintain insurance policies for most of the buildings owned by us covering physical loss or damage arising from natural hazards or accidents in relation to our operations in the PRC.

Under the relevant PRC laws and regulations, we are not required to maintain product liability insurance. We do not maintain business interruption insurance or third-party liability insurance for claims of personal injury or property damage arising from accidents relating to our operations. Our Directors believe that our Group's insurance coverage is in line with industry practice. Our Group has not had any claims or liabilities arising from any accidents relating to our operations or experienced any material production interruptions or product liability incidents during the Track Record Period. For details in this respect, please refer to the section headed "Risk Factors – We may be Exposed to Claims in Respect of Product Quality and Safety Standards Made by the End-Consumers of our Products and Infringement of Third Party Intellectual Property Rights" of this prospectus.

PROPERTIES AND FACILITIES

Owned Properties

Land

As at the Latest Practicable Date, we occupy a total of nine parcels of land in Dongshi Town and Yonghe Town of Jinjiang City, Fujian Province, with a total site area of approximately 78,644 sq.m..

Buildings

As at the Latest Practicable Date, we own buildings with an aggregate floor area of approximately 99,228 sq.m. and are mainly used for production, staff quarters, storage, office and ancillary purposes. An ten storey office building is under construction with planned gross floor area of approximately 10,782 sq.m. expected to be completed in 2015.

During the Track Record Period, there were certain non-compliance incidents in relation to the lands and buildings above. For details, please refer to the paragraph headed "Non-Compliance Incidents" below in this section.

LEGAL COMPLIANCE

Save as disclosed below, during the Track Record Period and up to the Latest Practicable Date, there were no material legal proceedings, regulatory inquiries or investigations made or pending or threatened against any member of our Group. Members of our Group may from time to time be subject to various legal or administrative proceedings arising in the ordinary course of business such as proceedings in respect of disputes with suppliers or customers, labour disputes or infringement of intellectual property rights.

REGULATORY AND LEGAL MATTERS

Licences and Permits

As advised by our PRC Legal Advisers, our Group has obtained all approvals, permits, consents, licences and registrations required for our business and operations and all of them are in full force and effect. Since the establishment of each of Fujian Jicheng and Jinjiang Jicheng and up to the Latest Practicable Date, we have not experienced any failure in applying for the renewal of our respective operation licences.

Non-Compliance Incidents

Our Group had not fully complied with certain PRC laws and regulations in the previous years, details of the relevant non-compliance events are set out below.

No.	Non-compliance incidents	Reasons	Legal consequences and potential maximum penalties and other financial losses	Remedies and latest status	Preventive measures to be taken
1	Jinjiang Jicheng has not obtained the State-owned Land Use Rights Certificates for two lands located at Yonghu Village, Dongshi Town, Jingjiang City, Fujian Province, the PRC. The two lands occupy a total site area of 3,685 sq.m. and 5,806 sq.m. respectively. There are (1) one 1-storey building with gross floor area of approximately 2,971 sq.m. on the 3,685 sq.m. land; (2) One 5-storey building with gross floor area of approximately 1,909 sq.m. located on the 5,806 sq.m.; and one 6-storey and one 4-storey buildings with respective floor area of approximately 1,449 sq.m. and 1,160 sq.m. partially located on the 5,806 sq.m. land. The total gross floor area of all these three buildings is approximately 4,518 sq.m..	The Company has inadvertently expanded their factories facilities before obtaining the proper permits and certificates.	As advised by our PRC Legal Advisers, an entity uses lands without approval may be ordered by the land administration departments of the PRC government to return such lands and subject to a fine of not more than RMB30 per sq.m. of the lands concerned; and the structures and installations built on such lands shall be confiscated. The maximum total amount would be RMB284,730 should Jinjiang Jicheng be fined. Our PRC Legal Advisers also advised that in the absence of the planning permit for construction land, (建設用地規劃許可證), the planning permit for construction project (建設工程規劃許可證) and the construction permit (施工許可證) for the four buildings, Jinjiang Jicheng may be imposed a fine not exceeding RMB607,738 by the relevant PRC authorities i.e. 12% of the total construction costs. Based on the confirmation dated 10 October 2014 issued by the relevant contractor it is confirmed that the total construction costs for all the four buildings located on the 5,806 sq.m. and 3,685 sq.m. lands are RMB5,064,481. Our PRC Legal Advisers also advised that, without project final acceptance of the four buildings, we may be imposed a fine not exceeding RMB202,579 i.e. 4% of the total construction costs of the four buildings.	As at the Latest Practicable Date, no administrative sanctions, fine or penalty had been taken or imposed by the relevant authorities with respect to lack of the State-owned Land Use Rights Certificates of the two lands or lack of the required permits, project final acceptance and Building Ownership Certificates of the four buildings. The Company has obtained planning permit for construction land (建設用地規劃許可證) from the Jinjiang City Urban-Rural Planning Bureau (晉江市城鄉規劃局) in July 2014 for the development of the aforesaid land of 3,685 sq.m. for uses as factories and ancillary facilities. On 5 August 2014, Jinjiang Jicheng has contracted with Jinjiang City Land Resources Bureau (晉江市國土資源局) for use of the aforesaid 3,685 sq.m. as industry usage by paying a land premium (土地出讓金) of approximately RMB1.7 million. The RMB1.71 million land premium has been settled on 13 October 2014. We have obtained the State-owned Land Use Rights Certificate for one of the lands with total site area of 3,685 sq.m. on 7 January 2015.	The Internal Control Consultant has recommended that when there is a need for the Company to purchase land, the relevant department shall list out the budget, gross floor area needed, details of the usage of such lands and construction plan for the board's approval. The board shall then establish a team chosen from finance department, fixed asset management department, and a representative from the department that requests for the purchase of land/construction to handle the procedures to purchase such lands and the relevant construction work ("**Construction Team**"). The board shall continuously monitor that the Construction Team has fulfilled their duties. Upon choosing the contractor, the board shall apply for the relevant permits with the State-owned Land Use Rights Certificates. The head of the asset management department shall ensure that all necessary permits and/or certificate has been obtained before signing contract with the contractor. If the permit has not been obtained or any non-compliance issue has been observed, the Construction Team shall report to the board immediately. All the relevant documents such as the State-owned Land Use Rights Certificate, relevant permits and Building Ownership Certificate shall be passed to the asset management department for keeping.

No.	Non-compliance incidents	Reasons	Legal consequences and potential maximum penalties and other financial losses	Remedies and latest status	Preventive measures to be taken
	Due to the lack of State-owned Land Use Rights Certificates for the two lands with respective total site area of 3,685 sq.m. and 5,806 sq.m., all the aforementioned four buildings have not yet obtained the required permits, project final acceptance and the Building Ownership Certificates. The one 1-storey and one 5-storey buildings are our production workshops and one 6-storey and one 4-storey buildings are our staff quarters.		The total estimated demolishment costs for these four buildings are approximately RMB660,000 and it would take approximately one to six days to relocate the facilities therein and four to twelve days to demolish these four buildings. Since the total gross floor area of the two production workshops contributed approximately 4.9% of the total gross floor area of our two production sites and other ancillary facilities, our Directors are of the view that the two production workshops are not material to our operation. It would cost approximately in total RMB49,000/month to rent another buildings with comparable size for the relocation. Since the total gross floor area of the two staff quarters contributed approximately 2.6% of the total gross floor area of our two production sites and other ancillary facilities, our Directors are of the view that two staff quarters are not crucial to our operation. It would cost approximately in total RMB21,100/month to rent other buildings with comparable size for the relocation.	The Company has also applied for the State-owned Land Use Right Certificate for the aforesaid land of 5,806 sq.m., which the Jinjiang City Dongshi Yonghu Villager's Committee (晉江市東石鎮永湖村民委員會) has accepted such application and the Dongshi Town People's Government (東石鎮人民政府) has agreed to allow Jinjiang Jicheng to retain the use of such land and the three buildings thereon. We have obtained confirmation from Jinjiang City Land Resources Bureau (晉江市國土資源局), which confirmed that the applications for the State-owned Land Use Rights Certificates for the two pieces of lands with site area of 3,685 sq.m. and 5,806 sq.m. respectively are under processing, and there will not be any legal obstacles to obtain the same. We have obtained the State-owned Land Use Rights Certificate for one of the lands with total site area of 3,685 sq.m. on 7 January 2015. We have also obtained confirmation from Jinjiang City Housing and Urban-Rural Construction Bureau (晉江市住房和城鄉建設局), which confirmed that after the land use rights registration of the two lands has been completed, it will conduct the building ownership registration for the four buildings and there will be no legal obstacles for Jinjiang Jicheng to obtain the building ownership certificates for the four buildings.	We have implemented the above measures as recommended by the Internal Control Consultant. We have designated our executive director Mr. Yang Guang, who has ample knowledge in the administration and production of the Group and well-understood its operation after having worked for the Group for over 6 years; and Mr. Cheung Ka Shing, our financial controller and company secretary of the Group, with qualification as Certified Public Accountant and have about 9 years of finance and accounting experiences, to monitor the implementation of this preventive measure. Our Directors are of the view that Mr. Yang Guang and Mr. Cheung Ka Shing are suitable candidates for such positions after considering their experiences and qualifications. In addition, the Group shall also obtain advice from legal advisers if needed. Taking into account the internal control measures as recommended by the Internal Control Consultant set out hereinabove and the Internal Control Consultant has confirmed that the aforesaid internal control measures have been established, the Directors are of the view that the Group's enhanced internal control measures are adequate and effective and the Sponsor concurs with their view.

No.	Non-compliance incidents	Reasons	Legal consequences and potential maximum penalties and other financial losses	Remedies and latest status	Preventive measures to be taken
				Furthermore, according to the confirmations from Jinjiang City Housing and Urban-Rural Construction Bureau (晉江市住房和城鄉建設局), Jinjiang City Urban-Rural Planning Bureau (晉江市城鄉規劃局) and Jinjiang City Land Resources Bureau (晉江市國土資源局), the aforesaid government authorities shall not confiscate or demolish or order to stop using of the two lands and the four buildings thereon or levy any fines on Jinjiang Jicheng thereon. In light of the above, our PRC Legal Advisers are of the view that there will be no legal obstacles for Jinjiang Jicheng to obtain the State-owned Land Use Rights Certificates for the two lands and the Building Ownership Certificates for the four buildings. Since the aforementioned bureaus are competent authorities to issue such confirmations, the possibility that these confirmations being challenged or revoked by their respective counterparts at provincial level is remote. Therefore, our PRC Legal Advisers are of the view that the relevant government authorities at county level will not impose any administrative penalties against Jinjiang Jicheng and the possibility that such decisions being challenged by their respective counterparts at provincial level is remote.	

No.	Non-compliance incidents	Reasons	Legal consequences and potential maximum penalties and other financial losses	Remedies and latest status	Preventive measures to be taken
2.	Jinjiang Jicheng has failed to obtain the relevant permits, project final acceptance and building ownership certificate for one 1-storey building with gross floor area of approximately 397 sq.m. located on a piece of land with State-owned Land Use Certificate Jin Guo Yong (2006) Di No. 00014. It is used as a production workshop.	The reason for such non-compliance is that the Company has inadvertently failed to follow through all the construction procedures for the one 1-storey building with 397 sq.m.	Our PRC Legal Advisers advised that for the lack of the planning permit for construction project (建設工程規劃許可證) and the construction permit (施工許可證), we may be imposed a fine not exceeding RMB14,626 by the relevant PRC authorities, i.e. 12% of the total construction costs. Based on the confirmation dated 10 October 2014 issued by the relevant contractor confirming that the total construction costs for this one 1-storey building is RMB121,880. Our PRC Legal Advisers also advised that, without project final acceptance of this building, we may be imposed a fine not exceeding RMB4,875 i.e. 4% of the total construction costs agreed. The total estimated demolishment cost for this building is approximately RMB20,000 and it would take approximately one day to relocate the facilities therein and two days to demolish this building. Since the gross floor area of this building contributed approximately 0.4% of the total gross floor area of our two production sites and other ancillary facilities, our Directors are of the view that this building is not material to our operation. It would cost approximately RMB4,000/month to rent another building of a comparable size for the relocation.	As at the Latest Practicable Date, no administrative sanctions, fine or penalty had been taken or imposed by the relevant authorities with respect to the lack of the required permits, project final acceptance and Building Ownership Certificate of this one 1-storey building. We have obtained confirmation from Jinjiang Housing and Urban-Rural Construction Bureau (晉江住房和城鄉建設局), confirming that the Company is applying for the building ownership certificate for the said building and there shall not be any legal obstacles to obtain the same. According to the abovementioned confirmation from Jinjiang City Housing and Urban-Rural Construction Bureau (晉江市住房和城鄉建設局) and the confirmation from Jinjiang City Urban-Rural Planning Bureau (晉江市城鄉規劃局), Jinjiang Jicheng can keep using the said building and they shall not confiscate or demolish the building or levy any fines on Jinjiang Jicheng. In light of the above, our PRC Legal Advisers are of the view that there will be no legal obstacles for Jinjiang Jicheng to obtain the Building Ownership Certificate for the said building. Since the aforementioned bureaus are competent authorities to issue such confirmations, the possibility that these confirmations being challenged or revoked by their respective counterparts at provincial level is remote. Therefore, our PRC Legal Advisers are of the view that the relevant government authorities at county level will not impose any administrative penalties against Jinjiang Jicheng and the possibility that such decisions being challenged by their respective counterparts at provincial level is remote.	The Internal Control Consultant has recommended to adopt the preventive measures mentioned in item 1 above. We have implemented the above measures as recommended by the Internal Control Consultant. We have designated our executive director Mr. Yang Guang, who has ample knowledge in the administration and production of the Group and well-understood its operation after having worked for the Group for over 6 years; and Mr. Cheung Ka Shing, our financial controller and company secretary of the Group, with qualification as Certified Public Accountant and have about 9 years of finance and accounting experiences, to monitor the implementation of this preventive measure. Our Directors are of the view that Mr. Yang Guang and Mr. Cheung Ka Shing are suitable candidates for such positions after considering their experiences and qualifications. In addition, the Group shall also obtain advice from legal advisers if needed. Taking into account the internal control measures as recommended by the Internal Control Consultant set out hereinabove and the Internal Control Consultant has confirmed that the aforesaid internal control measures have been established, the Directors are of the view that the Group's enhanced internal control measures are adequate and effective and the Sponsor concurs with their view.

No.	Non-compliance incidents	Reasons	Legal consequences and potential maximum penalties and other financial losses	Remedies and latest status	Preventive measures to be taken
3.	Fujian Jicheng has not obtained the relevant permits, the project final acceptance and the Building Ownership Certificate for two 1-storey buildings at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Rights Certificate of Jin Guo Yong (2008) Di No. 00903. The gross floor area of the two buildings is 1,200 sq.m. and 810 sq.m. respectively. Both two buildings were production workshops.	The reason for such non-compliance is that the Company has inadvertently failed to apply for the relevant permits, project final acceptance and Buildings Ownership Certificates of these two buildings.	Our PRC Legal Advisers advised that for the lack of the planning permit for construction project (建設工程規劃許可證) and the construction permit (施工許可證), we may be imposed a fine in total not exceeding RMB114,570 by the relevant PRC authorities for these two buildings i.e. 12% of the total construction costs. Based on the confirmation dated 10 October 2014 issued by the relevant contractor confirming that the total construction costs for these two 1-storey buildings with respective gross floor area of approximately 1,200 sq.m. and 810 sq.m. are RMB561,105 and RMB393,646 respectively. Our PRC Legal Advisers also advised that, without project final acceptance of these two buildings, we may be imposed a fine in total not exceeding RMB38,190 i.e. 4% of the total construction costs agreed. The total estimated demolishment and costs for these two 1-storey buildings are approximately in total RMB90,000 and it would take approximately one to three days to relocate the facilities therein and two to five days to demolish these two 1-storey buildings. Since the total gross floor area of these two buildings contributed approximately 2% of the total gross floor area of our two production sites and other ancillary facilities, our Directors are of the view that these two buildings are not material to our operation. It would cost approximately RMB12,000/month to rent another building of comparable size for the relocation.	As at the Latest Practicable Date, no administrative sanctions, fine or penalty had been taken or imposed by the relevant authorities with respect to the lack of the relevant permits, project final acceptance and the building ownership certificates of the two buildings. Based on the confirmation of Jinjiang City Housing and Urban-Rural Construction Bureau (晉江市住房和城鄉建設局), Fujian Jicheng is applying for the relevant Building Ownership Certificates and there shall not be any legal obstacles to obtain the same. According to the abovementioned confirmation from Jinjiang City Housing and Urban-Rural Construction Bureau (晉江市住房和城鄉建設局) and a confirmation from Jinjiang City Urban-Rural Planning Bureau (晉江市城鄉規劃局), Jinjiang Jicheng can keep using these two buildings and they shall not confiscate or demolish the buildings or levy any fines on Jinjiang Jicheng. In light of the above, our PRC Legal Advisers are of the view that there will be no legal obstacle for Jinjiang Jicheng to obtain the Building Ownership Certificates for these two buildings. Since the aforementioned bureaus are competent authorities to issue such confirmations, the possibility that these confirmations being challenged or revoked by their respective counterparts at provincial level is remote. Therefore, our PRC Legal Advisers are of the view that the relevant government authorities at county level will not impose any administrative penalties against Jinjiang Jicheng and the possibility that such decisions being challenged by their respective counterparts at provincial level is remote.	The Internal Control Consultant has recommended to adopt the preventive measures mentioned in item 1 above. We have implemented the above measures as recommended by the Internal Control Consultant. We have designated our executive director Mr. Yang Guang, who has ample knowledge in the administration and production of the Group and well-understood its operation after having worked for the Group for over 6 years; and Mr. Cheung Ka Shing, our financial controller and company secretary of the Group, with qualification as Certified Public Accountant and have about 9 years of finance and accounting experiences, to monitor the implementation of this preventive measure. Our Directors are of the view that Mr. Yang Guang and Mr. Cheung Ka Shing are suitable candidates for such positions after considering their experiences and qualifications. In addition, the Group shall also obtain advice from legal advisers if needed. Taking into account the internal control measures as recommended by the Internal Control Consultant set out hereinabove and the Internal Control Consultant has confirmed that the aforesaid internal control measures have been established, the Directors are of the view that the Group's enhanced internal control measures are adequate and effective and the Sponsor concurs with their view.

No.	Non-compliance incidents	Reasons	Legal consequences and potential maximum penalties and other financial losses	Remedies and latest status	Preventive measures to be taken
4.	Fujian Jicheng has not obtained the relevant permits for one 1-storey temporary construction at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Right Certificate of Jin Guo Yong (2009) Di No. 00320. The total gross floor area of this temporary construction is approximately 68 sq.m. ("**Temporary Structure**") and is used as ancillary repairing workshop.	The Company has inadvertently expanded their factories facilities before obtaining the proper permits.	Our PRC Legal Advisers advised that we may be imposed a fine not exceeding RMB20,597 by the relevant PRC authorities for this temporary construction i.e. 100.0% of the total construction costs. Based on the confirmation dated 10 October 2014 issued by the relevant contractor, it is confirmed that the total construction costs for the Temporary Structure is approximately RMB20,597. The total estimated demolishment cost for the Temporary Structure is approximately RMB2,000 and it would take approximately 1 day to relocate the facilities therein and demolish the Temporary Structure. Since the total gross floor area of the Temporary Structure contributed approximately 0.1% of the total gross floor area of our two production sites and other ancillary facilities and it only takes one day to relocate the facilities therein and demolish the same, our Directors are of the view that this Temporary Structure is not material to our operation. It would cost approximately RMB500/month to rent another building of comparable size for the relocation.	As at the Latest Practicable Date, no administrative sanctions, fine or penalty had been taken or imposed by the relevant authorities with respect to the lack of the relevant permits for this Temporary Structure. Based on the confirmation of Jinjiang City Urban-Rural Planning Bureau (晉江市城鄉規劃局), we are ordered to demolish the Temporary Structure on or before 8 October 2016, complying the same the Bureau will not levy any penalty re the Temporary Structure but failing to do so we may be levied a fine of 100.0% of the construction costs of the Temporary Structure. Since the aforementioned bureau is competent authority to issue such confirmation, the possibility that the confirmation being challenged or revoked by its counterpart at provincial level is remote. Therefore, our PRC Legal Advisers are of the view that if the Temporary Structure is demolished on or before 8 October 2016, the relevant government authority at county level will not impose any administrative penalty against Fujian Jicheng and the possibility that such decision being challenged by their respective counterpart at provincial level is remote.	The Internal Control Consultant has recommended to adopt the preventive measures mentioned in item 1 above. We have implemented the above measures as recommended by the Internal Control Consultant. We have designated our executive director Mr. Yang Guang, who has ample knowledge in the administration and production of the Group and well-understood its operation after having worked for the Group for over 6 years; and Mr. Cheung Ka Shing, our financial controller and company secretary of the Group, with qualification as Certified Public Accountant and have about 9 years of finance and accounting experiences, to monitor the implementation of this preventive measure. Our Directors are of the view that Mr. Yang Guang and Mr. Cheung Ka Shing are suitable candidates for such positions after considering their experiences and qualifications. In addition, the Group shall also obtain advice from legal advisers if needed. Taking into account the internal control measures as recommended by the Internal Control Consultant set out hereinabove and the Internal Control Consultant has confirmed that the aforesaid internal control measures have been established, the Directors are of the view that the Group's enhanced internal control measures are adequate and effective and the Sponsor concurs with their view.

Our Directors are of the opinion that as there is neither any property loss nor any human injury caused by the property conditions of all the buildings and Temporary Structure mentioned in items 1-3 hereinabove since the beginning of the usage of the same, the safety conditions of the same are intact.

No.	Non-compliance incidents	Reasons	Legal consequences and potential maximum penalties and other financial losses	Remedies and latest status	Preventive measures to be taken
5.	Fujian Jicheng has not obtained the planning permit for construction project (建設工程規劃許可證) and the construction permit (施工許可證) for one construction in progress at Yonghe Town, Jinjiang City, Fujian Province, the PRC located on a piece of land with State-owned Land Use Right Certificates of Jin Guo Yong (2009) Di No. 00320. The total gross floor area of this construction is 10,782 sq.m. and it is a 10-storey building. This building is intended to be used as an office for the Company.	The reason for such non-compliance is that the Company has inadvertently failed to follow through all the procedures necessary for the construction work.	Our PRC Legal Advisers advised that for the lack of relevant permits, we may be imposed a fine not exceeding RMB1,809,300 by the relevant PRC authorities for this construction i.e. 12% of the total construction costs. We may also be ordered to stop the construction work, demolish the same within a prescribed period or confiscated the construction. Based on the construction contract, the total construction costs for this construction with total gross floor area of approximately 10,782 sq.m. are approximately RMB15,077,496. The construction is expected to be completed by 2015.	As at the Latest Practicable Date, no administrative sanctions, fines or penalties had been taken or imposed by the relevant government authorities with respect to the lack of the relevant permits for this construction work. Pursuant to the confirmations from Jinjiang City Urban-Rural Planning Bureau (晉江市城鄉規劃局) and Jinjiang City Housing and Urban-Rural Construction Bureau (晉江市住房和城鄉建設局), Fujian Jicheng is applying for the planning permit for construction project (建設工程規劃許可證) and the construction permit (施工許可證), and there will not be any legal obstacles to obtain the such permits. Fujian Jicheng can continue the construction work and the said permits shall be issued in accordance with the law to issue such permits. Since the aforementioned bureaus are competent authorities to issue such confirmations, the possibility that the confirmations being challenged or revoked by their respective counterparts at provincial level is remote. Therefore, our PRC Legal Advisers are of the view that the relevant government authorities at county level will not impose any administrative penalties against Fujian Jicheng re the construction of the one 10-storey building and the possibility that such decisions being challenged by their respective counterparts at provincial level is remote.	The Internal Control Consultant has recommended to adopt the preventive measures mentioned in item 1 above. We have implemented the above measures as recommended by the Internal Control Consultant. We have designated our executive director Mr. Yang Guang, who has ample knowledge in the administration and production of the Group and well-understood its operation after having worked for the Group for over 6 years; and Mr. Cheung Ka Shing, our financial controller and company secretary of the Group, with qualification as Certified Public Accountant and have about 9 years of finance and accounting experiences, to monitor the implementation of this preventive measure. Our Directors are of the view that Mr. Yang Guang and Mr. Cheung Ka Shing are suitable candidates for such positions after considering their experiences and qualifications. In addition, the Group shall also obtain advice from legal advisers if needed. Taking into account the internal control measures as recommended by the Internal Control Consultant set out hereinabove and the Internal Control Consultant has confirmed that the aforesaid internal control measures have been established, the Directors are of the view that the Group's enhanced internal control measures are adequate and effective and the Sponsor concurs with their view.

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Global Offering (without taking into account of any allotment and issue of Shares pursuant to the Over-allotment Option or exercise of options to be granted under the Share Option Scheme), our Controlling Shareholders, namely Jicheng Investment and Mr. Huang, are together entitled to control the exercise of the voting rights of 75.0% of the Shares eligible to vote in the general meeting of our Company.

Save as disclosed above, there is no other person who will, immediately following the completion of the Global Offering (without taking into account of any allotment and issue of Shares pursuant to the Over-allotment Option or exercise of options to be granted under the Share Option Scheme), be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates (other than our Group) after the Global Offering.

(i) Financial independence

During the Track Record Period, we had obtained bank loans secured by personal guarantees of Mr. Huang and Ms. Chen Jieyou and their personal properties. Our Directors confirmed that the abovementioned securities have been released.

As at 31 October 2014, we had no amount due to nor due from related companies or directors.

Notwithstanding the above, our Group has independent financial and accounting systems, independent treasury function for receiving cash and making payments and independent access to third party financing. Our Group makes financial decisions according to its own business needs. In view of our Group's internal resources and the estimated net proceeds from the Global Offering, our Directors believe that our Group will have sufficient capital for its financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

(ii) Operational independence

Our operations are independent of and not connected with any of our Controlling Shareholders. Having considered that:

(a) we have established our own organisational structure comprising individual departments, each with specific areas of responsibilities;

(b) our Group has not shared our operational resources, such as customers, marketing, sale and general administration resources with our Controlling Shareholders and/or their associates; and

(c) our Controlling Shareholders have no interest in any of our top five customers, suppliers or other business partners,

our Directors consider that our Group can operate independently from our Controlling Shareholders from the operational perspective.

(iii) Management independence

Mr. Huang is one of our Controlling Shareholders, and Mr. Huang and his wife, namely Ms. Chen Jieyou, are two of our executive Directors. However, a majority of our Board, being our other two executive Directors and three independent non-executive Directors, will also bring independent judgement to the decision-making process of our Board.

(iv) Administrative independence

Our Group has its own capabilities and personnel to perform all essential administrative functions, including internal control, financial and accounting management, invoicing and billing, human resources and information technology.

RULE 8.10 OF THE LISTING RULES

During the Track Record Period, 福建冠泓實業有限公司 (Fujian Guanhong Enterprise Company Limited ("**Fujian Guanhong**")), a company which is engaged in trading business in the PRC and is owned by Mr. Huang's spouse, namely Ms. Chen Jieyou, and son as to 70.0% and 30.0%, respectively, purchased umbrella products from our Group for trading purpose. Mr. Huang confirmed that Fujian Guanhong has ceased trading of umbrella products and will not engaged in any business which competes or is like to compete, directly or indirectly with our Group's business.

Mr. Huang and his wife, namely Ms. Chen Jieyou, both executive Directors, had interests in the following companies or businesses which had been dissolved and deregistered or the business licence of which had been revoked.

福建省晉江市東石永坑五金塑料工藝廠 (Fujian Province Jinjiang City Dong Shi Yong Keng Metallic and Plastic Craft Factory), which was primarily used to hold 1.0% of the registered capital of Jicheng Umbrella from November 1994 to August 2013, was a joint stock co-operative enterprise established in the PRC in September 1990. Shortly after the transfer of the 1.0% registered capital in Jicheng Umbrella to Mr. Huang in August 2013, it was dissolved and deregistered in October 2013 by a member's voluntary winding up when it was solvent. Upon its dissolution, it was owned by Mr. Huang and his father, wife, mother-in-law and brother-in-law as to 60.0%, 10.0%, 10.0%, 10.0% and 10.0%, respectively.

Jicheng Umbrella, which was primarily used to hold the equity interest in Jinjiang Jicheng from May 1996 to June 2014, was a limited liability company established in the PRC in November 1994 in the PRC. Shortly after the transfer of its interest in approximately 17.96% of the registered capital in Jinjiang Jicheng to Fujian Jicheng in June 2014, it was dissolved in August 2014 by a member's voluntary winding up when it was solvent. Upon its dissolution, it was owned by Mr. Huang and his wife and brother-in-law, namely Ms. Chen Jieyou and Mr. Chen Ruixin, as to 70.0%, 20.0% and 10.0%, respectively.

Moreover, in 1999 and during period from 2006 to 2010, in addition to the development of the Group's business operations, Mr. Huang and Ms. Chen Jieyou had also explored the business opportunities to expand the umbrella manufacture and sale business to Xiamen City, Fujian Province and Jiujiang City, Jiangxi Province and to establish a company to carry on manufacture and sale of plastic goods in Yonghe City, Fujian Province. They thus had established several companies and businesses, namely 廈門市同安區集茂雨傘加工廠 (Xiamen City Tongan District Jimao Umbrella Processing Factory), 江西冠泓傘業有限公司 (Jiangxi Guanhong Umbrella Co., Ltd.), 福建冠泓塑膠有限公司 (Fujian Guanhong Plastic Co., Ltd.) and 廈門市湖里大建工藝廠 (Xiamen City Huli Dajian Craft Factory). When the operations of those companies and businesses had not developed as then expected, Mr. Huang and Ms. Chen Jieyou ceased the operations of those companies and businesses.

廈門市同安區集茂雨傘加工廠 (Xiamen City Tongan District Jimao Umbrella Processing Factory), which was engaged in processing of umbrellas, was an individual enterprise established by Ms. Chen Jieyou with a capital amount of RMB10,000 in the PRC in December 2008 and deregistered in November 2010. Upon its deregistration, it was solely owned by Ms. Chen Jieyou.

江西冠泓傘業有限公司 (Jiangxi Guanhong Umbrella Co., Ltd.), which was engaged in manufacture and sale of umbrella products, was a limited liability company established by Jicheng Company with a paid-up capital of US$899,700 in the PRC in April 2006 and deregistered after liquidation in June 2008. Upon its deregistration, it was owned by Mr. Huang, via Jicheng Company.

福建冠泓塑膠有限公司 (Fujian Guanhong Plastic Co., Ltd.), whose business scope set out in its business licence included manufacture and sale of plastic goods and sale of household goods, clothing, textiles and chemical materials and which had not commenced commercial operations, was a limited liability company established by Mr. Huang, Ms. Chen Jieyou and an Independent Third Party with a paid up capital of RMB9 million in the PRC in June 2010 and deregistered after liquidation in January 2012. Upon its deregistration, it was owned by Mr. Huang and his wife indirectly as to an aggregate of 55.0% and an Independent Third Party as to the remaining 45.0%.

廈門市湖里大建工藝廠 (Xiamen City Huli Dajian Craft Factory) was a non-company private enterprise established by Mr. Huang with a capital of RMB800,000 in the PRC in August 1999. Its business license was revoked in January 2002 as it did not commence commercial operations and take the regulatory annual check as required.

Mr. Huang confirmed that save the above private companies or businesses, there were no private companies or businesses held by him or his associates which had been dissolved and deregistered or the business license of which had been revoked.

Apart from the Group, the Controlling Shareholders and their respective associates are currently conducting other businesses or holding interest directly or indirectly in certain companies which are engaged in business not in competition with the business of the Group. None of our Controlling Shareholders and our Directors has any interest in a business apart from our Group's business which competes or is likely to compete, directly or indirectly, with our Group's business, and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

DEED OF NON-COMPETITION

Our Controlling Shareholders have entered into the Deed of Non-competition in favour of our Company, pursuant to which our Controlling Shareholders have jointly and severally irrevocably and unconditionally undertaken to our Company (for ourselves and for the benefit of our subsidiaries) that it or he would not, and would procure that its or his associates (other than any member of our Group) would not, during the restricted period set out below, directly or indirectly, either on its or his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) any business which is or may be in competition with the current businesses of our Group (the "**Restricted Business**"). Such non-competition undertaking does not apply to:

(i) any interests in the shares of any member of our Group;

(ii) interests in the shares of a company other than our Company whose shares are listed on a recognised stock exchange provided that:

   (a) any Restricted Business conducted or engaged in by such company (and assets relating thereto) accounts for less than 10% of that company's consolidated revenue or consolidated assets, as shown in that company's latest audited accounts; or

   (b) the total number of the shares held by our Controlling Shareholders and/or their respective associates in aggregate does not exceed 10% of the issued shares of that class of the company in question and such Controlling Shareholders and/or their respective associates are not entitled to appoint a majority of the directors of that company and at any time there should exist at least another shareholder of that company whose shareholdings in that company should be more than the total number of shares held by our Controlling Shareholders and their respective associates in aggregate; or

   (c) our Controlling Shareholders and/or their respective associates do not have the control over the board of such company.

The "restricted period" stated in the Deed of Non-competition refers to the period during which (i) the Shares of our Company remain listed on the Stock Exchange; (ii) as far as each Controlling Shareholder is concerned, it or he or its or his associate holds an equity interest in our Company; and (iii) the relevant Controlling Shareholders and/or their respective associates are entitled to jointly or severally exercise or control the exercise of not less than 30% in aggregate of the voting rights at general meetings of our Company.

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has undertaken that if each of our Controlling Shareholders and/or any of his/its associates is offered or becomes aware of any project or new business opportunity ("**New Business Opportunity**") that relates to the Restricted Business, whether directly or indirectly, he/it shall (i) promptly within ten business days notify our Company in writing of such opportunity and provide such information as is reasonably required by our Company in order to enable our Company to come to an informed assessment of such opportunity; and (ii) use his/its best endeavours to procure that such opportunity is offered to our Company on terms no less favourable than the terms on which such opportunity is offered to him/it and/or his/its associates.

Our Directors (including our independent non-executive Directors) will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of its desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within thirty (30) business days (the "**30-day Offering Period**") of receipt of notice from our Controlling Shareholders, our Controlling Shareholders and/or his/its associates shall be permitted to invest in or participate in the New Business Opportunity. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. In the event that our Company requires additional time to assess the new business opportunities, our Company may give a written notice to our Controlling Shareholders during the 30-day Offering Period and our Controlling Shareholders agree to extend the period to a maximum of 60 business days.

CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to manage the conflict of interests arising from competing business and to safeguard the interests of our Shareholders:

- the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertaking by our Controlling Shareholders under the Deed of Non-competition;

- our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition in the annual reports of our Company;

- our Controlling Shareholders will make confirmation on compliance with their undertaking under the Deed of Non-competition in the annual report of our Company; and

- in the event that there is any potential conflict of interests relating to the business of our Group between our Group and our Controlling Shareholders, the interested Directors, or as the case may be, our Controlling Shareholders would, according to the Articles or the Listing Rules, be required to declare his/her interests and, where required, abstain from participating in the relevant board meeting or general meeting and voting on the transaction and not count as quorum where required.

DIRECTORS

The Board is responsible and has general powers for the management and conduct of the Group's business. The following table sets forth information regarding the current Directors:

Name	Age	Position	Date of appointment	Date of joining our Group	Roles and responsibilities	Relationship with other Director(s)
Mr. Huang Wenji	46	Chairman and executive Director	12 June 2014	13 May 1996	Overall management, strategic development and major decision-making	spouse of Ms. Chen Jieyou
Ms. Chen Jieyou	45	Executive Director	25 September 2014	13 May 1996	Supervision of procurement of raw materials	spouse of Mr. Huang Wenji
Mr. Yang Guang	46	Executive Director	25 September 2014	1 November 2007	Supervision of production	Nil
Mr. Lin Zhenshuang	36	Executive Director	25 September 2014	20 August 2001	Supervision of sales and marketing activities	Nil
Mr. Tse Ka Wing	39	Independent Non-executive Director	23 January 2015	23 January 2015	Participating in making significant decisions and giving advice on	Nil
Mr. Yang Xuetai	41	Independent Non-executive Director	23 January 2015	23 January 2015	corporate governance, connected transactions, and	Nil
Ms. Yau Lai Ying	45	Independent Non-executive Director	23 January 2015	23 January 2015	remuneration and nomination of Directors and senior management, but not participating in the day-to-day management	Nil

Executive Directors

Mr. Huang Wenji (黃文集), aged 46, is the Chairman of the Board. Mr. Huang was appointed as a Director on 12 June 2014 and re-designated as an executive Director on 25 September 2014. He founded our Group in May 1996 and is responsible for the overall management, strategic development and major decision-making of our Group. Mr. Huang is a Controlling Shareholder. Mr. Huang completed his secondary education in the PRC in July 1987. He is the spouse of Ms. Chen Jieyou, an executive Director.

廈門市湖里大建工藝廠 (Xiamen City Huli Dajian Craft Factory) was a non-company private enterprise established in the PRC in August 1999. Its business license was revoked in January 2002 as it did not commence commercial operations to take the regulatory annual check as required. It was solely owned by Mr. Huang.

Ms. Chen Jieyou (陳解優), aged 45, was appointed as an executive Director on 25 September 2014. She joined our Group since our establishment in May 1996 and is responsible for the supervision of our Group's procurement of raw materials. Ms. Chen completed her secondary education in the PRC in July 1987. She is the spouse of Mr. Huang Wenji, the Chairman and an executive Director of our Company.

Mr. Yang Guang (楊光), aged 46, was appointed as an executive Director on 25 September 2014. He joined our Group in November 2007 as financial controller as well as secretary to the board of directors of Fujian Jicheng. Mr. Yang has been the deputy general manager of Fujian Jicheng since November 2010, and is responsible for supervising our Group's production. He worked for 大冶特殊鋼股份有限公司 (Daye Special Steel Co., Ltd.) as finance officer from November 1999, and was promoted to finance manager in August 2001. He then worked for 福建潯興集團有限公司 (Fujian Xunxing Group Company Limited) as finance manager from May 2002 to October 2007. Mr. Yang graduated in finance at Zhongnan University of Economics in July 1994.

Mr. Lin Zhenshuang (林貞雙), aged 36, was appointed as an executive Director on 25 September 2014. He joined our Group in August 2001 and is the manager of the international business department of Jinjiang Jicheng. He is responsible for supervising our Group's sales and marketing operations. Mr. Lin graduated from Huaqiao University with a diploma in Japanese Language in June 2000.

Independent non-executive Directors

Mr. Tse Ka Wing (謝家榮), aged 39, was appointed as an independent non-executive Director on 23 January 2015. In May 2013, Mr. Tse joined the group of companies of Perfect Optronics Limited (stock code: 8311), a company whose shares are listed on the Growth Enterprise Market of the Stock Exchange as chief financial officer and currently is its chief financial officer and company secretary. Mr. Tse is a professional accountant with over 17 years of experience in accounting. He joined Ernst & Young in September 1997 and his last position was senior manager of the assurance department when he left in November 2010. From December 2010 to May 2013, he was the chief financial officer of TransGlobal (Asia) Holdings Limited during which he was responsible for mergers and acquisitions activities of its group companies, as well as overseeing its group's financial management, financial reporting and corporate secretarial functions. Mr. Tse graduated from The Chinese University of Hong Kong in December 1997 with a bachelor of business administration degree. He has been a member of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants since April and January 2001 respectively.

Mr. Yang Xuetai (楊學太), aged 41, was appointed as an independent non-executive Director on 23 January 2015. Mr. Yang graduated from China Academy of Art with a bachelor degree in industrial design in July 1998 and a master degree in art in January 2010. He has been working for the art faculty of The Huaqiao University as assistant professor since 2010. He had also been a visiting scholar of Tunghai University in Taiwan for five months in 2012.

Ms. Yau Lai Ying (邱麗英), aged 45, was appointed as an independent non-executive Director on 23 January 2015. Ms. Yau has over 10 years of experience in auditing, accounting and business advisory services. She is currently the sole-proprietor of an accounting firm, namely L. Y. Yau & Co.. Ms. Yau was the lecturer of School of Professional and Continuing Education of the University of Hong Kong during the period from September 2004 to December 2004. She joined Deloitte Touche Tohmatsu in December 2004 and left the firm in September 2013 with last position of senior manager. Ms. Yau graduated from the University of Sydney in Australia with a Master degree in Accounting with Commercial Law in May 1997. She has been a Certified Public Accountant (Practising) and a fellow of the Hong Kong Institute of Certified Public Accountants since January 2014 and September 2010, respectively, as well as a Certified Practising Accountant of CPA Australia since December 2000. Since October 2013, Ms. Yau has been an independent non-executive director of Art Textile Technology International Company Limited (Stock code: 565), a company listed on the Main Board.

Please refer to the section headed "Statutory and General Information – D. Disclosure of Interests" in Appendix VI to this prospectus for details of our Directors' interests in our Shares (within the meaning of Part XV of the SFO), particulars of our Directors' service agreements and remuneration.

Save as disclosed above, none of the directors has been a director in any public companies, the securities of which are listed in Hong Kong or overseas stock markets over the past three years, and there are no other matters relating to his/her appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Hong Kong Listing Rules.

SENIOR MANAGEMENT

The following table sets out certain information concerning our senior management:

Name	Age	Position	Date of joining our Group	Roles and responsibility
Mr. Cheung Ka Shing (張嘉誠)	32	Financial controller and company secretary	3 March 2014	Financial reporting and management
Mr. Liu Liangping (劉良平)	46	Manager of research and development department	6 July 1999	In charge of our research and development department

Mr. Cheung Ka Shing (張嘉誠), aged 32, is the financial controller of our Company. He joined our Group in March 2014. Mr. Cheung worked for Lau & Fung CPA Limited as auditor from June 2005 to May 2007 and NCN CPA Limited as auditor from June 2007 to August 2008.

He had also worked for SHINEWING (HK) CPA Limited from September 2008 to April 2011, and left as a senior accountant. He worked for a private company as finance manager from April 2011 to February 2014. Mr. Cheung was recognised as a certified public accountant by The Hong Kong Institute of Certified Public Accountants on 14 July 2009. He received his bachelor's degree in accounting from the Hong Kong Shue Yan University in July 2005.

Mr. Liu Liangping (劉良平), aged 46, is the manager of the Group's research and development department. He joined our Group in 1999 as manager of the production department of Jinjiang Jicheng. He has later become the manager of the Group's research and development department and is responsible for supervising our Group's product design, and research and development operations. Mr. Liu completed his secondary education in the PRC in June 1986.

COMPANY SECRETARY

Mr. Cheung Ka Shing (張嘉誠), aged 32, is the company secretary of the Company. For details of his qualifications and experience, please refer to the sub-paragraph headed "Senior Management" in this section.

STAFF OF THE GROUP

As at the Latest Practicable Date, our Group had a total of 2,023 full-time employees. The following table shows the breakdown of the employees by functions as at the Latest Practicable Date:

Division	Number of employees
Management	9
Administration/Human Resources	80
Finance	18
Production	1,755
Procurement	8
Research and development	26
Quality control	27
Sales and Marketing	22
Warehouse and logistics	78
Total	2,023

STAFF RELATIONS

Our Group recognises the importance of a good relationship with our employees. The remuneration payable to the employees includes salaries, commissions and allowances. The Group continues to provide training to the staff to enhance technical and product knowledge as well as knowledge of industry quality standards and work place safety standards.

Our Group believes that the employee relations are satisfactory in general. Our Group believes that the management policies, working environment, career prospects and benefits extended to the employees have contributed to employee retention and building of amicable employee relations.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses with reference to salaries paid by comparable companies, time commitment and the performance of our Group. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for the provision of services to our Group or executing their functions in relation to the operations of our Group. Our Group regularly reviews and determines the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and senior management and the performance of our Group.

For the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2014, the aggregate emoluments (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) paid by our Group to our Directors were approximately RMB1.2 million, RMB1.6 million, RMB1.7 million and RMB1.3 million, respectively.

For the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2014, the aggregate emoluments paid by our Group to our senior management were approximately RMB119,000, RMB121,000, RMB164,000 and RMB141,000, respectively.

RETIREMENT BENEFIT SCHEME

Hong Kong

Our Group participates in the mandatory provident fund ("MPF") for its Hong Kong employees in accordance with the Mandatory Provident Fund Schemes Ordinance (Cap. 485 of the Laws of Hong Kong). Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The Group has paid the relevant contribution in accordance with the aforesaid laws and regulations.

PRC

The employees of the Group's subsidiaries which operate in the PRC and required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 10% to 20% of their payable costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. During the Track Record Period, we have settled all social insurance payments in accordance with the relevant PRC social insurance laws and regulations.

SHARE OPTION SCHEME

Our Group has conditionally adopted the Share Option Scheme under which employees of the Group including executive Directors and other eligible participants may be granted options to subscribe for Shares. The principal terms of the Share Option Scheme are summarised in the section headed "Statutory and General Information – E. Share Option Scheme" in Appendix VI to this prospectus.

BOARD COMMITTEES

Audit committee

Our Company established an audit committee on 23 January 2015 in compliance with Rule 3.21 of the Listing Rules and with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control procedures of our Group, and to develop and review the policies and procedures for corporate governance and make recommendations to the Board.

The audit committee comprises the three independent non-executive Directors, namely Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying. Mr. Tse Ka Wing is the chairman of the audit committee.

Remuneration committee

Our Company established a remuneration committee pursuant to a resolution of our Directors passed on 23 January 2015 and with written terms of reference in compliance with Rule 3.25 of the Listing Rules and with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the remuneration committee are to review and to determine the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management and to establish a formal and transparent procedure for developing policy in relation to remuneration.

The remuneration committee comprises the three independent non-executive Directors, namely Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying. Ms. Yau Lai Ying is the chairperson of the remuneration committee.

Nomination committee

Our Company established a nomination committee pursuant to a resolution of the Directors passed on 23 January 2015 and with written terms of reference in compliance with the Corporate Governance Code. The primary duties of the nomination committee are to review the structure, size, composition and diversity of the Board and make recommendations to the Board on the appointment of Directors and management of Board succession.

The nomination committee comprises the three independent non-executive Directors, namely Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying. Mr. Yang Xuetai is the chairman of the nomination committee.

Roles of Chairman and chief executive performed by same person

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive of an issuer should be separate and should not be performed by the same person. Mr. Huang is currently our Chairman of the Board and the chief executive who is primarily responsible for the day-to-day management of our Group's business. Our Directors consider that vesting the roles of our Chairman of the Board and chief executive in the same person facilitates the execution of our business strategies and decision making, and maximizes the effectiveness of our Group's operation. Our Directors also believe that the presence of three independent non-executive Directors provides added independence to our Board.

Our Directors will review the structure from time to time and consider an adjustment should it become appropriate.

COMPLIANCE ADVISER

Our Company has appointed Ping An of China Capital as its compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us on the following circumstances:

(a) before the publication of any regulator announcement, circular or financial report;

(b) where a transaction which might be notifiable or connected transaction, is contemplated including shares issues and share repurchases;

(c) where our Company intends to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where the business activities, developments or results of our Company deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Stock Exchange makes any enquiry to our Company under Rule 3.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date (i.e. the date of despatch of the annual reports of our Company in respect of our results for the financial year ending 31 December 2016), subject to early termination.

The compliance adviser shall provide us with services, including guidance and advice as to compliance with the requirements under the Listing Rules and applicable laws, rules, codes and guidelines, and to act as one of our principal channels of communication with the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Share Option Scheme), the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity/Nature of interest	Number of Shares	Percentage of shareholder after the Global Offering and the Capitalisation Issue
Jicheng Investment	Beneficial owner	450,000,000	75.0%
Mr. Huang Wenji *(Note 1)*	Interest in a controlled corporation	450,000,000	75.0%
Ms. Chen Jieyou *(Note 2)*	Interest of spouse	450,000,000	75.0%

Notes:

1. Jicheng Investment is wholly and beneficially owned by Mr. Huang. Accordingly, Mr. Huang is deemed to be interested in the Shares held by Jicheng Investment under the SFO.

2. Ms. Chen Jieyou is the spouse of Mr. Huang and accordingly is deemed to be interested in the Shares in which Mr. Huang has interest under the SFO.

For further information on our Directors' interests which have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, please refer to the section headed "Statutory and General Information – D. Disclosure of Interests" in Appendix VI to this prospectus.

The authorised and issued share capital of our Company are as follows:

Number of Shares comprised in the authorised share capital:		*HK$*
1,000,000,000	Shares	10,000,000

Assuming the Over-allotment Option is not exercised, the share capital of our Company immediately following the completion of the Global Offering and the Capitalisation Issue will be as follows:

Shares issued and to be issued, fully paid or credited as fully paid, upon completion of the Global Offering and the Capitalisation Issue:		*HK$*
1,000	Shares in issue as at the date of this prospectus	10
449,999,000	Shares to be issued pursuant to the Capitalisation Issue	4,499,990
150,000,000	Shares to be issued pursuant to the Global Offering*(Note)*	1,500,000
600,000,000	Shares in total	6,000,000

Note: The share capital of our Company will be enlarged by up to an additional 22,500,000 Shares in the event that the Over-allotment Option is exercised in full.

ASSUMPTIONS

The above tables assume that the Global Offering becomes unconditional and does not take into account any exercise of any options to be granted under the Share Option Scheme, or any Shares which may be allotted and issued or repurchased by our Company pursuant to the Issue Mandate and Repurchase Mandate as described below.

MINIMUM PUBLIC FLOAT

According to Rule 8.08 of the Listing Rules, at the time of the Listing and at all times thereafter, at least 25% of the total issued share capital of our Company shall be held by the public (as defined in the Listing Rules).

RANKING

The Offer Shares, including the Shares to be issued pursuant to the exercise of the Over-allotment Option, will rank pari passu in all respects with all other Shares in issue as at the date of this prospectus, and in particular, will rank in full for all dividends and other distributions declared, paid or made on the Shares after the date of this prospectus.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme, the principal terms of which are set out in the section headed "Statutory and General Information – E. Share Option Scheme" in Appendix VI to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions stated in the paragraph headed "Conditions of the Hong Kong Public Offering" under the section headed "Structure and Conditions of the Global Offering" of this prospectus, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with an aggregate nominal value not exceeding the sum of:

(i) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (such share capital being exclusive of any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and

(ii) the aggregate nominal value of the share capital of our Company repurchased by our Company (if any) pursuant to the Repurchase Mandate.

Our Directors may, in addition to the Shares which they are authorised to issue under this mandate, allot, issue and deal with the Shares pursuant to (a) a rights issue; (b) the exercise of rights of subscription, exchange or conversion under the terms of any warrants or convertible securities issued by our Company or any securities which are exchangeable into Shares; (c) the exercise of the subscription rights under options granted under the Share Option Scheme or any other similar arrangement of our Company from time to time adopted for the grant or issue to officers and/or employees and/or consultants and/or advisers of our Company and/or any of its subsidiaries and/or other persons of Shares or rights to acquire Shares; or (d) any scrip dividend or similar arrangement providing for allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of our Company.

The Issue Mandate will expire:

- at the conclusion of our Company's next annual general meeting;

- upon the expiration of the period within which our Company is required by applicable laws or the Articles or the Cayman Companies Law to hold its next annual general meeting; or

- when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

For further details of the Issue Mandate, see the section headed "Statutory and General Information – A. Further Information about the Company – 4. Written resolutions of our sole Shareholder" in Appendix VI to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the conditions stated in the paragraph headed "Conditions of the Hong Kong Public Offering" under the section headed "Structure and Conditions of the Global Offering" of this prospectus, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the total nominal value of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalisation Issue (such share capital being exclusive of any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

The Repurchase Mandate relates only to repurchases made on the Stock Exchange and/or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and which are made in accordance with all applicable laws and requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information – A. Further Information about the Company – 6. Repurchase by our Company of our own securities" in Appendix VI to this prospectus.

The Repurchase Mandate will expire:

- at the conclusion of our Company's next annual general meeting;
- upon the expiration of the period within which our Company is required by applicable laws or the Articles or the Cayman Companies Law to hold its next annual general meeting; or
- when varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever occurs first.

For further information about the Repurchase Mandate, refer to the section headed "Statutory and General Information – A. Further Information about the Company – 4. Written resolutions of our sole Shareholder" in Appendix VI to this prospectus.

*You should read the following discussion and analysis in conjunction with our consolidated financial information and notes thereto set forth in the Accountants' Report included as Appendix I and our selected historical consolidated financial information and operating data included elsewhere in this prospectus. Our consolidated financial information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") as issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").*

The following discussion and analysis contain certain forward-looking statements that reflect our current views with respect to future events and our financial performance. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. See the sections headed "Risk factors" and "Forward-looking statements" for discussions of those risks and uncertainties.

OVERVIEW

We are principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas. During the Track Record Period, we also produced and sold umbrella parts such as plastic cloth and shaft to our customers. We principally sold our POE umbrellas and nylon umbrellas to overseas markets. For domestic market, we sold our POE umbrellas and nylon umbrellas, part of them under our Jicheng (集成) brand, and also umbrella parts to our customers in the PRC. During the Track Record Period, we mainly exported our POE umbrellas and nylon umbrellas to markets such as Japan, Hong Kong, South Korea, Taiwan, France and Cambodia.

For the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2013 and 2014, our revenue was approximately RMB326 million, RMB377 million, RMB484 million, RMB420 million and RMB525 million, respectively; and for the same periods, our profit after tax was approximately RMB41 million, RMB44 million, RMB60 million, RMB53 million and RMB64 million, respectively.

For further information about our business and operations, please refer to the section headed "Business" of this prospectus.

BASIS OF PREPARATION

The financial information of our Group has been prepared by our Directors based on the financial statements of our Group in accordance with HKFRS issued by the HKICPA, on the basis set out in note 1 to the Accountants' Report set out in Appendix I to this prospectus, with no adjustments thereto.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATION

Our results of operation have been, and will continue to be, affected by many factors, some of which are beyond our control. The below section summarises certain such key factors which we believe have affected our operation results during the Track Record Period, and shall continue to be so in the future.

Cost of raw materials

Cost of raw materials is a major component of our cost of sales, representing approximately 69.4%, 70.6%, 75.5% and 76.2% of our total cost of sales for the three years ended 31 December 2013 and the ten months ended 31 October 2014. Fluctuation in the cost of our raw materials and our ability to pass on any increase in raw material costs to our customers will affect our total cost of sales and our gross profit margins. During the Track Record Period, the principal raw materials used in our manufacturing of umbrella were chemical materials, steel plate, plastic cloth, nylon cloth and components of umbrella frame such as ribs and shafts. Key factors affecting the purchase price of our principal raw materials include supply and demand in the market and market competition. Our results of operation may be either favorably or unfavourably affected by the fluctuation of our principal raw materials.

Although our Group's gross profit margin changed as a result of movement in raw material prices and other factors, our gross profit margin remained relatively stable ranging from 24.7% to 26.2% during the Track Record Period. Our Group generally maintains our gross profit margin level by adopting a cost-plus pricing model and making recommendation to our customers to choose the best bargain raw materials in the market that fit into their product design to minimise the impact of fluctuation in raw materials price on our customers based on our industry experience and knowledge.

During the Track Record Period, we did not enter into any long-term supply contracts with our raw material suppliers because we wish to retain the flexibility to choose a supplier that provides us with relatively competitive price on raw materials in the market. We did not have any hedging facilities to minimise the risk of raw materials price fluctuation. As a result, the costs of our principal raw materials will subject to market fluctuation.

Level of demand for our products

We rely on a few major customers. Our sales to our top five customers amounted to approximately RMB195 million, RMB228 million, RMB230 million, and RMB280 million which accounted for approximately 59.9%, 60.3%, 47.7% and 53.3%, respectively, of our total revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. Sales to our largest customer for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014 amounted to approximately RMB80 million, RMB99 million, RMB102 million and RMB105 million, respectively, representing approximately 24.5%, 26.1%, 21.1% and 20.0% of our total revenue, respectively.

We have not entered into long-term contracts with our major customers. However, a majority of our top five customers during the Track Record Period have working relationship with us for more than five years. While product quality and price are key factors affecting our relationship with our customers, other factors such as our performance track record, including on-time service delivery, value-added services provided and operational efficiency will also have an impact. The overall quality of the relationship between us and our major customers is important for business retention and generation, and it can be leveraged upon to increase account profitability. In the event that any of our major customers significantly reduce their purchases from us or our business relationship with them terminates, we may not be able to maintain the same sales volume.

Macroeconomic effects on consumer spending patterns

During the Track Record Period, a significant portion of our revenue from export sales is derived from sales to Japan, which accounted for approximately 75.7%, 83.2%, 75.9% and 59.5% of our revenue for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. Hence, demand for our products and thus results of our operation may be tied to the fluctuations of the prevailing macroeconomic conditions such as disposable income and commercial sales value of the retail industry of Japan.

If our Japanese customers are not able to maintain their existing level of orders, it could have a material adverse effect on us. To the extent that we do not maintain our existing level of business with our customers, we will need to attract new customers or secure new business with existing customers. If we are not able to do so, our business, results of operations and financial condition may be adversely affected. Sales to Japan are also subject to various risks, including the earthquake and tsunami which hit Japan in 2011, increase of VAT from 5.0% to 8.0% in 2014, political tension arising from territorial dispute with Japan and economic instability, other trade barriers and fluctuations in currency rates of foreign currencies against RMB. We may incur increased costs and experience delays or disruptions in product deliveries and payments in connection with overseas sales that could cause loss of revenues and earnings. Unfavourable changes in the political, regulatory and business climate could have a material adverse effect on our sales, financial condition, profitability or cash flows.

We expect that our results of operations will continue to be significantly affected by changes in economic conditions and corresponding changes in disposable income and consumer spending in Japan which is our primary market.

Seasonality

Our business and operating results are subject to seasonal fluctuations. We generally record higher sales in the second quarter of each year before rainy season of the northern hemisphere starts. Majority of the orders need to be delivered before this period. Accordingly, our sales revenue usually experiences seasonable fluctuation during the year.

Fluctuations in foreign exchange rates

As our sales are primarily made in US dollar, RMB and Japanese Yen whereas our purchases of materials are made in US dollar and RMB and payment of wages and salaries to the PRC workers are in RMB, we are exposed to exchange rate risk. During the Track Record Period, the Group has experienced no material exchange losses. In addition, we are exposed to the risks associated with the currency conversion and exchange rate system in the PRC. Our profit margins will be negatively affected to the extent that we are unable to increase the U.S. dollar or Japanese Yen selling prices of the products we sell to our overseas customers to account for any appreciation of the RMB against the US dollar or Japanese Yen.

The amount of sales and purchases during the Track Record Period in US dollar and Japanese Yen are as follows:

	For the year ended 31 December			**For the ten months ended 31 October**	
	2011	**2012**	**2013**	**2013**	**2014**
	'000	*'000*	*'000*	*'000*	*'000*
Revenue					
– USD	32,934	44,666	59,635	51,524	57,584
– JPY	721,135	757,988	928,510	850,777	773,296
Purchase					
– USD	4,753	3,713	7,920	7,121	3,965

The following analysis is for illustration purposes only and does not take into account the potential adjustments to the selling price of our products as a result of the change in the foreign currency exchange rates. The sensitivity analysis below sets out the sensitivity of our revenue, cost of sales and net profit during the Track Record Period with reference to movements in the annual average exchange rate of the US dollar and Japanese Yen respectively, against the RMB. The movement of average exchange rate of the US dollar and Japanese Yen, respectively, against the RMB used in the below analysis represents increase/decrease of 2.0% and 16.0% in respect of Japanese Yen, whereas 1.0% and 4.0% for US dollar in the fluctuation of the annual average exchange rate of US dollar and Japanese Yen against RMB for the Track Record Period. The parameters used in the sensitivity analysis commensurate with their historical volatility.

US dollar against RMB

	For the year ended 31 December			For the ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impact on revenue for the year/period					
+/-1%	2,132	2,819	3,701	3,232	3,540
+/-4%	8,529	11,275	14,806	12,926	14,159
Impact on cost of sales for the year/period					
+/-1%	310	234	492	443	244
+/-4%	1,240	938	1,969	1,773	974
Impact on net profit for the year/period					
+/-1%	1,366	1,939	2,407	2,092	2,472
+/-4%	5,467	7,753	9,628	8,365	9,889

Japanese Yen against RMB

	For the year ended 31 December			For the ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impact on revenue for the year/period					
+/-2%	1,163	1,199	1,196	1,101	920
+/-16%	9,301	9,592	9,565	8,812	7,361
Impact on net profit for the year/period					
+/-2%	872	899	897	826	690
+/-16%	6,976	7,194	7,174	6,609	5,521

KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out in note 4 to the Accountants' Report set out in Appendix I to this prospectus.

CRITICAL ACCOUNTING POLICIES

We have identified certain accounting policies that are significant to the preparation of our financial information. These significant accounting policies are important for an understanding of our financial condition and results of operation and are set forth in note 3 of the Accountants' Report set out in Appendix I to this prospectus. The following paragraphs discuss certain significant accounting policies applied in preparing our Group's financial information.

Merger accounting for business combination involving entities under common control

The financial information of our Group during the Track Record Period (the "**Financial Information**") includes the financial information items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial information are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial assets to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services or for administrative purposes other than construction in progress as described below are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress, less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in profit or loss.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year/period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generation units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of results of operations

The following tables present selected financial data relating to our results of operations during the Track Record Period as extracted from the Accountants' Report set out in Appendix I to this prospectus. Potential investors should read this section in conjunction with the Accountants' Report contained in Appendix I to this prospectus and not merely rely on the information contained in this section.

Consolidated Statements of Profit or Loss and Other Comprehensive Income

	Year ended 31 December			Ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	325,563	377,367	483,615	420,441	524,703
Cost of sales	(244,614)	(283,670)	(364,223)	(315,492)	(387,092)
Gross profit	80,949	93,697	119,392	104,949	137,611
Other income and other gains	2,908	6,098	8,325	5,383	2,458
Selling and distribution expenses	(7,132)	(7,736)	(12,060)	(9,882)	(9,929)
Administrative expenses	(21,160)	(24,354)	(25,642)	(21,255)	(32,164)
Finance costs	(5,553)	(9,023)	(10,003)	(8,177)	(10,834)
Profit before taxation	50,012	58,682	80,012	71,018	87,142
Income tax expense	(8,604)	(14,533)	(20,257)	(17,899)	(23,373)
Profit and total comprehensive income for the year/period	41,408	44,149	59,755	53,119	63,769
Profit and total comprehensive income for the year/period attributable to:					
Owner of our Company	40,580	43,135	57,631	51,073	62,778
Non-controlling interests	828	1,014	2,124	2,046	991
	41,408	44,149	59,755	53,119	63,769

Description of Selected Consolidated Statements of Profit or Loss Line Items

Revenue

We generated revenue principally from the manufacture and sale of POE umbrellas, nylon umbrellas and umbrella parts. Our total revenue was approximately RMB326 million, RMB377 million, RMB484 million, RMB420 million and RMB525 million for the years ended 31 December 2011, 2012 and 2013, and the ten months ended 31 October 2013 and 2014 respectively.

Our Group recorded an increase in overall revenue. Please also refer to the year-on-year change in our customer portfolio carried out by our Group as described in paragraph headed "Our Customers" of the section headed "Business" of this prospectus. Our Group's revenue can generally be analysed by geographical region, with reference to our Group's results by geographical regions of the customers.

Revenue by geographical locations

We generate a major portion of our revenue from the manufacture and sale of umbrella products to customers in Japan and the PRC. The table below sets forth our revenue breakdown by regions for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Japan	246,517	75.7	313,916	83.2	366,825	75.9	322,786	76.8	312,255	59.5
PRC	62,463	19.2	38,282	10.1	56,670	11.7	45,098	10.7	125,323	23.9
Others*	16,583	5.1	25,169	6.7	60,120	12.4	52,557	12.5	87,125	16.6
Total	325,563	100.0	377,367	100.0	483,615	100.0	420,441	100.0	524,703	100.0

* *Others include Hong Kong, Cambodia, South Korea, Taiwan, Vietnam, Thailand, France and other countries. For details, please refer to the paragraph headed "Our Business Model" in the section headed "Business" of this prospectus.*

Export sales and domestic sales

We generated a significant portion of our revenue from our export sales segment especially from our sales to Japan.

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Export sales										
POE umbrellas	212,840	65.4	286,028	75.8	372,220	77.0	327,272	77.8	316,410	60.3
Nylon umbrellas – Straight	30,336	9.3	26,458	7.0	16,597	3.4	14,527	3.5	27,728	5.3
Nylon umbrellas – Folded	17,152	5.3	24,047	6.4	23,750	4.9	21,091	5.0	26,128	5.0
Umbrella parts*	2,772	0.8	2,552	0.7	14,378	3.0	12,453	3.0	29,115	5.5
Sub total	263,100	80.8	339,085	89.9	426,945	88.3	375,343	89.3	399,381	76.1
Domestic sales										
POE umbrellas	12,216	3.8	7,751	2.0	14,808	3.1	10,604	2.5	60,356	11.5
Nylon umbrellas – Straight	5,629	1.7	3,167	0.8	4,740	1.0	4,629	1.1	11,881	2.3
Nylon umbrellas – Folded	7,089	2.2	3,306	0.9	5,653	1.1	3,874	0.9	33,489	6.3
Umbrella parts*	37,529	11.5	24,058	6.4	31,469	6.5	25,991	6.2	19,596	3.8
Sub total	62,463	19.2	38,282	10.1	56,670	11.7	45,098	10.7	125,322	23.9
Total	325,563	100.0	377,367	100.0	483,615	100.0	420,441	100.0	524,703	100.0

* *Umbrella parts include mainly plastic cloth, shaft and miscellaneous parts.*

		For the year ended 31 December						For the ten months ended 31 October	
		2011		2012		2013		2014	
		POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas
Export sales									
Average selling price	*RMB*	10.8	11.8	12.1	12.7	13.2	13.5	14.1	16.4
Sales volume	*Unit'000*	19,682	4,022	23,615	3,966	28,211	2,986	22,483	3,289
Gross profit	*RMB'000*	58,487	9,938	77,188	9,586	97,518	9,107	85,763	13,254
Gross profit margin	*%*	27.5	20.9	27.0	19.0	26.2	22.6	27.1	24.6
Domestic sales									
Average selling price	*RMB*	8.4	14.9	8.5	13.4	11.1	14.2	14.1	17.0
Sales volume	*Unit'000*	1,451	854	911	482	1,328	731	4,276	2,674
Gross profit	*RMB'000*	3,040	2,441	1,423	1,140	3,607	2,253	15,809	10,634
Gross profit margin	*%*	24.9	19.2	18.4	17.6	24.4	21.7	26.2	23.4

The below table shows the gross profit and gross profit margin of overseas sales before export tax rebate of our Group's export umbrella products.

		For the year ended 31 December						For the ten months ended 31 October	
		2011		2012		2013		2014	
		POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas	POE umbrellas	Nylon umbrellas
Export sales									
Gross profit	*RMB'000*	43,756	7,937	48,243	7,390	58,717	5,498	43,742	6,280
Gross profit margin	%	20.6	16.7	16.9	14.6	15.8	13.6	13.8	11.7

Export sales

During the Track Record Period, there was a steady increase in the average selling price of our POE umbrellas and nylon umbrellas. The gross profit of our POE umbrellas was on an increasing trend, amounted to approximately RMB58 million, RMB77 million, RMB98 million and RMB86 million for the three years ended 31 December 2013 and the ten months ended 31 October 2014 respectively. The increase was primarily due to increase in the sales volume of POE umbrellas and relatively stable gross profit margin. The sales volume of our POE umbrellas increased from approximately 20 million units in 2011 to 28 million units in 2013 and remained stable at approximately 22 million for the ten months ended 31 October 2014. The gross profit of our nylon umbrellas decreased slightly from approximately RMB9.9 million in 2011 to RMB9.1 million in 2013, and increased to approximately RMB13 million for the ten months ended 31 October 2014. The decrease in the gross profit of our nylon umbrellas from 2011 to 2013 was primarily due to the decrease in the sales volume of nylon umbrellas which is partly offset by the increase in average selling price. The gross profit margin of our nylon umbrellas decreased from approximately 20.9% in 2011 to 19.0% in 2012 as the decrease in sales volume led to more fixed cost allocated per unit, and increased to 22.6% in 2013 and 24.6% for the ten months ended 31 October 2014 which is mainly due to the increase in the sales volume of folded type nylon umbrellas which are of higher gross profit margin.

The increase in export sales gross profit margin was largely due to increased average selling price and the relatively moderate increase in our cost of sales year by year during the Track record Period. During the Track Record Period, we managed to maintain a dual increase in both of our sales volumes and the average selling prices. The reason for such increase was due to (i) the number of our total Japanese customers having risen from 38 to 50 and our other export sales customers having increased from 20 to 25; (ii) our continuing effort to make slight modification to the design of our umbrella products to attract customers and, as required by our customers, changing the types of raw materials used in the production of our umbrella products, such as raw materials for producing shaft and handles; and (iii) we would also take into account the price adjustment of our major competitors in the market when increasing the selling prices of our umbrella products. Apart from the reasons stated above, the increase in the average selling price of our nylon umbrellas was primarily due to change of product mix that we sold more two-folded umbrellas to our export sales customers. Two-folded umbrella had the highest selling price compared to that of three-folded umbrella and straight umbrella during the

Track Record Period. For details of the selling price of our nylon umbrellas products, please refer to the paragraph headed "Our Products – Nylon Umbrellas" under the section headed "Business" of this prospectus. According to Frost & Sullivan, during the Track Record Period, most of the major market competitors of our Group also increased their selling prices of umbrella products mainly due to the increased costs of sales. According to Frost & Sullivan, there is no official statistics on the wholesale price of umbrellas in Japan. As stated above, our average unit selling prices of POE umbrellas and nylon umbrellas was approximately RMB14 (approximately JPY230) and RMB16 (approximately JPY262) in 2014 respectively. For the retailers in Japan, represented by chained convenient stores, typical retail price of POE umbrella ranged from approximately JPY400 to JPY600 (approximately RMB24 to RMB37) and nylon umbrellas ranged from approximately JPY600 to JPY900 (approximately RMB37 to RMB55). For chained convenient stores, typical gross margin was approximately 20% to 30%. In such cases, the average wholesale price of POE umbrellas and nylon umbrellas is estimated to be approximately JPY307 to JPY500 (approximately RMB19 to RMB31) and JPY461 to JPY750 (approximately RMB28 to RMB46), respectively. During the Track Record Period, the average wholesale price of POE umbrellas and nylon umbrellas has both experienced a slight rise. In terms of POE umbrellas, the main reason for the difference in the wholesale price and our export price was primarily due to (i) the quality of the POE umbrellas depending on the types/quality of raw materials as requested by different customers; and (ii) targeted profit margin as anticipated by these wholesalers on a case by case basis. As for nylon umbrellas, the main reason for the difference in the wholesale price and our export price was primarily due to (i) variety of types of nylon umbrellas ranging from straight to folded with the use of different types of fabric and other raw materials as requested by different customers; and (ii) targeted profit margin as anticipated by these wholesalers on a case by case basis.

Domestic sales

During the Track Record Period, there was a steady increase in the average selling price of our POE umbrellas. As confirmed by our Directors, there were several reasons for increase in the average selling price of our POE umbrellas in the domestic sales, including (i) our PRC customers upgraded their requirement on types of raw materials in the manufacturing of our POE umbrellas in the sense that they now prefer the end product with higher quality rather than solely aim at low manufacturing cost and cheap selling price just like in the past; (ii) similar to the Japanese market, some of the PRC customers now prefer larger size POE umbrellas, for example from approximately 53 centimeters long to 58 centimeters long, which resulted in higher production costs and higher selling prices; and (iii) we would also take into account the price adjustment of our major competitors in the market when we increased the selling prices of our POE umbrellas. As for nylon umbrellas, the average selling price decreased from RMB14.9 per unit in 2011 to RMB13.4 per unit in 2012 but then increased to RMB14.2 per unit in 2013 and RMB17.0 per unit for the ten months ended 31 October 2014. The primary reason for the decrease in the average selling price of nylon umbrellas in 2012 was due to our PRC trading companies customers purchased more lower-priced nylon umbrellas products from us. Similar to that of our export sale, the increase in the average selling price of our nylon umbrellas in 2013 and the ten months ended 31 October 2014 was primarily due to change of product mix that we sold more two-folded umbrella to our export sales customers. Two-folded umbrella had the highest selling price compared to that of three-folded umbrella and straight umbrella during the Track Record Period. For details of the selling price of our nylon umbrellas products, please refer to the paragraph headed "Our Products – Nylon Umbrellas" under the section headed "Business" of this prospectus. The sales volume of POE umbrellas decreased from approximately 1.5 million units in 2011 to 0.9 million units in 2012 while the sales volume of nylon umbrellas decreased from approximately 0.9 million units to 0.5 million units in 2012. The drop of sales volume for both of our POE umbrellas and nylon umbrellas in 2012 was primarily due to the decreased purchase from our PRC customers, which were mainly comprised of trading companies and their orders depended on the orders they received from their end customers. The sales volume of POE umbrellas and nylon umbrellas both resumed increasing trend, the sales volume of POE umbrellas increased to approximately 1.3 million units in 2013 and 4.3 million units for the ten months ended 31 October 2014, and the sales volume of nylon umbrellas increased to approximately 0.7 million units in 2013 and 2.7 million units for the ten months ended 31 October 2014, respectively. Although the number of our nylon umbrellas customers decreased from 26 for the year ended 31 December 2013 to 16 for the ten months ended 31 October 2014, the total sales amount substantially increased from approximately RMB10 million for the year ended 31 December 2013 to RMB45 million for the ten months ended 31 October 2014. On the other hand, the number of our POE umbrellas customers remained unchanged as 26, but the total sales amount increased from approximately RMB14 million for the year ended 31 December 2013 to RMB60 million for the ten months ended 31 October 2014. The main reason for such increases was due to the business growth generated from Customer G, our new customer in 2014, which accounted for approximately RMB35 million of our nylon umbrellas sales and RMB41 million of our POE umbrellas sales. The customer placed small purchase orders with the Group in 2008 and did not continue to purchase from the Group after that because it went through some restructuring in terms of its structure and business strategy. It was satisfied with the Group's product quality and delivery time and commenced bulk purchases from the Group in 2014. We value Customer G because it matches with our business strategy to diversify our market presence and expand our market share in the PRC market. Our Directors also take the view that the reason for the fast-growing business relationship with Customer G was due to our market reputation, in particular our performance in the Japan market, that led Customer G, as a new market entrant, to do bulk purchase of umbrella products from us at the outset. For details of Customer G, please refer to the paragraph headed "Sales and Marketing – Our Customers" under the section headed "Business" of this prospectus. Alongside with the drop of sales volume in 2012 for both POE umbrellas and nylon umbrellas, the gross profit and gross profit margin for these two products also experienced decrease in 2012. Since the sales volume returned to increasing trend in 2013, the gross profit and the gross profit margin of our POE umbrellas and nylon umbrellas both increased again.

As illustrated in the above table, our Group's revenue increased from approximately RMB326 million for the year ended 31 December 2011 to approximately RMB377 million for the year ended 31 December 2012, representing a year-on-year increase of approximately 15.9%. The revenue increased from approximately RMB377 million for the year ended 31 December 2012 to approximately RMB484 million for the year ended 31 December 2013, representing an increase of approximately 28.2%. The overall revenue increased from approximately RMB420 million for the ten months ended 31 October 2013 to approximately RMB525 million for the ten months ended 31 October 2014, representing an increase of approximately 24.8%.

Japan and the PRC were our Group's principal markets for our umbrella products during the Track Record Period. During the three years ended 31 December 2013, revenue from Japan accounted for approximately 75.7%, 83.2% and 75.9% of our Group's total revenue respectively, while revenue from the PRC accounted for approximately 19.2%, 10.1% and 11.7% of our Group's total revenue respectively. During the ten months ended 31 October 2013 and 31 October 2014, revenue from Japan accounted for approximately 76.8% and 59.5% of our Group's total revenue respectively, while revenue from the PRC accounted for approximately 10.7% and 23.9% of our Group's total revenue respectively.

Our Group has an operating history since 1996. Our largest customer, Customer A, became our customer in 2001. Throughout the years, we have gained recognition in the umbrella production industry. As we expect our business to continue to expand, we plan to expand our production capacity by building a new factory in an industrial area located in An Qiu City (安丘市) of Shandong Province (山東省), the PRC, which is expected to be carried out in stages and completed on or before the first quarter of 2017, in order to improve our production capacity so that we could accommodate more orders from our customers in the foreseeable future. As we have established solid relationships with our customers throughout our operating history, our existing customers have stable working relationship with us as we possess proven track record of producing products of high quality. In addition, as our Group also has strong design knowledge on top of our research and development expertise, we would also take initiatives to communicate to our existing customers relating to any new designs and trends that we spot in the market.

For the ten months ended 31 October 2014, our Group's approximately 24.8% increase in revenue compared to the ten months ended 31 October 2013 was mainly attributable to the increase in revenue from the PRC market and export markets other than Japan. For the ten months ended 31 October 2014, revenue from the PRC market increased by approximately RMB80 million and revenue from export markets other than Japan and the PRC market increased by approximately RMB35 million. The increase in revenue from the PRC was primarily due to increased demand for our POE umbrellas and nylon umbrellas from the PRC market compared to the corresponding period in the previous year. The increase in revenue from export markets other than Japan was primarily due to our expansion into new markets such as Hong Kong and Cambodia which led to increased demand for our POE umbrellas, nylon umbrellas and umbrella parts products. The decrease in revenue from Japan was primarily due to the impact on our Japanese customers by the increase of VAT in Japan from 5.0% to 8.0% in 2014.

For the year ended 31 December 2013, our Group's approximately 28.2% increase in revenue compared to the year ended 31 December 2012 was mainly attributable to the increase in revenue from Japan, the PRC and other markets. For the year ended 31 December 2013, revenue from Japan increased by approximately RMB53 million, revenue from the PRC increased by approximately RMB18 million and revenue from other markets increased by approximately RMB35 million. The increase in revenue from Japan and other markets was primarily due to increased demand for our POE umbrellas and umbrella parts compared to the corresponding period in the previous year. The increase in revenue from the PRC was primarily due to increased demand for our POE umbrellas, nylon umbrellas and umbrella parts products.

For the year ended 31 December 2012, our Group's approximately 15.9% increase in revenue compared to the year ended 31 December 2011 was mainly attributable to the increase in revenue from Japan. For the year ended 31 December 2012, revenue from Japan increased by approximately RMB67 million and revenue from other markets except Japan and the PRC increased by approximately RMB9 million. The increase in revenue from Japan was primarily due to increased demand for our POE umbrellas compared to the corresponding period in the previous year. A considerable portion of our customers in the PRC are trading companies, whose end-customers from both overseas and domestic markets demanded less for our umbrella products for the year ended 31 December 2012.

For the year ended 31 December 2011, our Group achieved revenue of approximately RMB326 million and approximately 75.7% and 19.2% of our Group's revenue were derived from revenue from Japan and the PRC respectively.

Cost of sales

Our cost of sales sold primarily comprises of the cost of direct materials, direct labour costs and manufacturing overhead. The table below sets forth our breakdown of the cost of sales for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	Amount	% of total cost of sales	Amount	% of total cost of sales	Amount	% of total cost of sales	Amount	% of total cost of sales	Amount	% of total cost of sales
	RMB'000		*RMB'000*		*RMB'000*		*RMB'000* (unaudited)		*RMB'000*	
Direct materials *(Note 1)*	169,756	69.4	200,048	70.6	274,975	75.5	238,705	75.7	294,984	76.2
Direct labour costs	41,045	16.8	47,752	16.8	48,719	13.4	42,173	13.4	48,411	12.5
Manufacturing overhead *(Note 2)*	33,813	13.8	35,870	12.6	40,529	11.1	34,614	10.9	43,697	11.3
Total	244,614	100.0	283,670	100.0	364,223	100.0	315,492	100.0	387,092	100.0

Notes:

1. Direct materials include raw materials for our production.

2. Manufacturing overhead include subcontracting fees, utilities and social insurance for our production staff, depreciation and other miscellaneous items.

As illustrated in the above table, our Group's cost of sales was approximately RMB245 million, RMB284 million, RMB364 million and RMB387 million for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014 respectively. The approximately 22.7% increase in our Group's cost of sales from the ten months ended 31

October 2013 to the ten months ended 31 October 2014 was primarily due to the increase in our Group's revenue for the corresponding period. The approximately 28.4% and 16.0% increases in our Group's cost of sales from the year ended 31 December 2012 to the year ended 31 December 2013 and from the year ended 31 December 2011 to the year ended 31 December 2012 respectively were primarily due to the increases in our Group's revenue for the respective corresponding year. Our Group's cost of sales was relatively stable and maintained at approximately 75.1%, 75.2%, 75.3% and 73.8% for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014, respectively, of our Group's revenue. Of these, the cost of direct materials was the largest cost component of our Group's costs of sales representing approximately 69.4%, 70.6%, 75.5% and 76.2% respectively of our Group's costs of sales for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014. Direct materials increased at a faster rate than direct labour costs and manufacturing overhead during the Track Record Period.

Our Group purchases raw materials from our suppliers through purchase agreements, which generally set forth the types of raw materials to be purchased, the specifications and the price. During the Track Record Period, the major types of raw materials purchased by our Group included chemical materials, steel plate, plastic cloth, nylon cloth and components of umbrella frame. The following table sets out the breakdown of total purchase of raw materials by major items during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
							(unaudited)			
Chemical materials *(Note 1)*	68,164	31.2	56,979	28.4	90,809	36.9	65,117	35.4	108,931	38.4
Steel plate	64,547	29.5	59,955	30.0	99,520	40.5	70,154	38.1	102,403	36.1
Components of umbrella frame *(Note 2)*	27,668	12.7	23,284	11.6	20,980	8.5	15,973	8.7	25,452	9.0
Plastic cloth	26,905	12.3	39,026	19.4	20,263	8.2	20,263	11.0	8,925	3.1
Nylon cloth	21,153	9.7	10,327	5.1	5,379	2.2	4,797	2.6	29,255	10.3
Packaging materials	3,994	1.8	4,867	2.4	6,684	2.7	5,724	3.1	5,398	1.9
Others *(Note 3)*	6,078	2.8	6,310	3.1	2,336	1.0	2,036	1.1	3,224	1.2
Total	218,509	100.0	200,748	100.0	245,971	100.0	184,064	100.0	283,588	100.0

Notes:

1. Chemical materials mainly include LDPE and LLDPE.

2. Components of umbrella frame include parts such as ribs and shaft.

3. Others include molds, plastic accessories and glass fiber.

As illustrated in the table above, for each of the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2013 and 2014, our Group's total purchase of raw materials was approximately RMB219 million, RMB201 million, RMB246 million, RMB184 million and RMB284 million respectively. The increases of approximately 54.1% for the ten months ended 31 October 2014 and 22.5% for the year ended 31 December 2013 were primarily due to increase in our production volume and sales, while the 8.1% decrease for the year ended 31 December 2012 was primarily due to better inventory control policy implemented during the year.

The largest components of our Group's raw materials consisted of chemical materials such as LDPE, LLDPE and steel plate which comprised of approximately 60.7%, 58.4%, 77.4%, 73.5% and 74.5% in aggregate of our total purchases of raw materials for each of the three years ended 31 December 2013 and the ten months ended 31 October 2013 and 2014 respectively.

Steel plate is the major raw material used by our Group which represented approximately RMB65 million, RMB60 million, RMB100 million and RMB102 million for the three years ended 31 December 2013 and ten months ended 31 October 2014, representing approximately 29.5%, 30.0%, 40.5% and 36.1% of total revenue respectively. In 2012, the decrease in purchase was primarily due to the decrease in market price of steel plate and better inventory control of our Group. Chemical materials is another major raw materials which represented approximately RMB68 million, RMB57 million, RMB91 million and RMB109 million for the three years ended 31 December 2013 and the ten months ended 31 October 2014, representing approximately 31.2%, 28.4%, 36.9% and 38.4% of total revenue respectively. In 2012, the decrease in purchase was primarily due to better inventory control of our Group.

Plastic cloth and nylon cloth are also key raw materials to the production of our POE umbrellas and nylon umbrellas. Purchase of plastic cloth amounted to approximately RMB27 million, RMB39 million, RMB20 million and RMB9 million for the three years ended 31 December 2013 and the ten months ended 31 October 2014, representing approximately 11.0%, 13.8%, 5.6% and 2.3% of total cost of sales respectively. Purchase of nylon cloth amounted to approximately RMB21 million, RMB10 million, RMB5 million and RMB29 million for the three years ended 31 December 2013 and the ten months ended 31 October 2014, representing approximately 8.6%, 3.6%, 1.5% and 7.6% of total cost of sales respectively. The increase in purchase of nylon cloth for the ten months ended 31 October 2014 was primarily due to increase in export sales and domestic sales of nylon umbrellas from RMB36 million to RMB54 million and from RMB9 million to RMB45 million compared with the corresponding period in 2013 respectively. The decrease in purchase of plastic cloth for the ten months ended 31 October 2014 was primarily due to the fact that we have started to produce medium-quality plastic cloth which we used to purchase from our suppliers since early 2014. The reason for starting to produce the medium-quality plastic cloth was because the quality of the raw materials for production this kind of plastic cloth have improved a lot from our suppliers in the PRC and with reasonable price, our Directors consider that it is beneficial to the overall production capability of our Company.

The below table illustrates that, holding all other factors constant, the changes in the below line items in response to the decrease/increase of 5.0% of the average purchase cost of our Group's raw materials. The same percentage changes in purchase cost, be it decrease/increase, would result in equivalent changes in the below line items.

	For the year ended 31 December			For the ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impact on cost of sales for the year/period	(8,490)	(10,002)	(13,749)	(11,935)	(14,749)
Impact on profit for the year/period	6,367	7,501	10,312	8,951	11,062

Gross profit and gross profit margin

The following table sets out our gross profit and gross profit margin during the Track Record Period:

	For the year ended 31 December			For the ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Gross Profit	80,949	93,697	119,392	104,949	137,611

	For the year ended 31 December			For the ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
				(unaudited)	
Gross Profit Margin	24.9%	24.8%	24.7%	25.0%	26.2%

	For the year ended 31 December			For the ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
				(unaudited)	
Nylon umbrellas	20.6%	18.8%	22.4%	22.5%	24.1%
POE umbrellas	27.3%	26.8%	26.1%	26.7%	27.0%
Umbrella parts*	17.5%	16.4%	15.1%	12.8%	24.9%

* *Umbrella parts include mainly plastic cloth, shaft and miscellaneous parts.*

As a result of the approximately RMB104 million increase in our Group's revenue, our Group's gross profit increased by approximately 31.1% from approximately RMB105 million for the ten months ended 31 October 2013 to approximately RMB138 million for the ten months ended 31 October 2014. Our Group's gross profit margin maintained at 25.0% for the ten months ended 31 October 2013 and 26.2% for the ten months ended 31 October 2014. This is mainly attributed to the increase of gross profit margin for umbrella parts and POE umbrellas. The increase of gross profit margin for umbrella parts was due to higher-priced plastic cloth demanded by customers and sold during the ten months ended 31 October 2014. The increase of gross profit margin for POE umbrellas and nylon umbrellas was mainly due to the increase in the average selling prices of these two products.

As a result of the approximately RMB106 million increase in our Group's revenue, our gross profit increased by 27.4% from approximately RMB94 million for the year ended 31 December 2012 to RMB119 million for the year ended 31 December 2013. Our Group's gross profit margin remained relatively stable from approximately 24.8% for the year ended 31 December 2012 to approximately 24.7% for the year ended 31 December 2013. This is mainly attributed to the increase of gross profit margin of nylon umbrellas offset by the decrease of gross profit for POE umbrellas and umbrella parts.

As a result of the approximately RMB52 million increase in our Group's revenue, our gross profit increased by 15.7% from approximately RMB81 million for the year ended 31 December 2011 to RMB94 million for the year ended 31 December 2012. Our Group's gross profit margin remained relatively stable from approximately 24.9% for the year ended 31 December 2011 to approximately 24.8% for the year ended 31 December 2012. This is mainly attributed to the decrease of gross profit margin for nylon umbrellas, POE umbrellas and umbrella parts, which is partly offset by the change in product mix where more POE umbrellas of high gross profit margin were sold.

For details of profit margin by product type, please refer to the paragraph headed "Description of Selected Consolidated Statements of Profit or Loss Line Items – Export Sales and Domestic Sales" in page 221 to 222 of this section.

Our Group's gross profit margins during the Track Record Period were primarily affected by the average selling price of our umbrella products and fluctuation of the prices of major raw materials of our products and the cost of labour.

Other income and other gains

Our other income and other gains principally represents government grants, bank interest income, net exchange gain and sale of scrap products.

The following table sets out the components of other income and other gains during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (unaudited)	*%*	*RMB'000*	*%*
Investment income	65	2.2	80	1.3	–	–	–	–	–	–
Bank interest income	140	4.8	2,339	38.4	4,052	48.7	2,917	54.2	1,023	41.6
Government grants	2,364	81.3	1,012	16.6	4,086	49.1	2,409	44.8	1,192	48.5
Sales of scrap products	339	11.7	125	2.0	187	2.2	57	1.0	73	3.0
Exchange gain, net	–	–	2,542	41.7	–	–	–	–	170	6.9
Total	2,908	100.0	6,098	100.0	8,325	100.0	5,383	100.0	2,458	100.0

As illustrated in the table above, for each of the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2013 and 2014, our Group's other income and other gains was approximately RMB3 million, RMB6 million, RMB8 million, RMB5 million and RMB2 million respectively. Government grants, bank interest income and net exchange gain were the major components of our Group's other income and other gains.

The approximately RMB3 million decrease in our Group's other income and other gains for the ten months ended 31 October 2014 compared to the ten months ended 31 October 2013, representing a decrease of approximately 54.3%, was primarily due to decreases in government grant from approximately RMB2 million to RMB1 million.

The approximately RMB2 million increase in our Group's other income and other gains for the year ended 31 December 2013 compared to the year ended 31 December 2012, representing a increase of approximately 36.5%, was primarily due to increases in bank interest income from approximately RMB2 million to RMB4 million, government grants from RMB1 million to RMB4 million for the corresponding period respectively.

The approximately RMB3 million increase in our Group's other income and other gains for the year ended 31 December 2012 compared to the year ended 31 December 2011, representing a increase of approximately 109.7% was primarily due to increases in bank interest income from approximately RMB0.1 million to RMB2 million and net exchange gain from nil to RMB3 million for the corresponding period respectively.

Government grants was approximately RMB2 million, RMB1 million, RMB4 million, RMB2 million and RMB1 million, representing approximately 81.3%, 16.6%, 49.1%, 44.8% and 48.5% of our total other income and gains for each of the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2013 and 2014 respectively. Such government grants were received in respect of certain research projects, export encouragement scheme and fulfillment of the relevant granting criteria. The fluctuation of our government grants during the Track Record Period was primarily due to the non-recurring nature of such government grants and it is not guaranteed and is subject to change of government policy year to year.

Bank interest income was approximately RMB0.1 million, RMB2 million, RMB4 million, RMB3 million and RMB1 million, representing approximately 4.8%, 38.4%, 48.7%, 54.2% and 41.6% of our total other income and other gains for each of the three years ended 31 December 2011, 2012, 2013 and for the ten months ended 31 October 2013 and 2014 respectively. The fluctuation of our bank interest income during the Track Record Period was primarily due to the change in our pledged deposits and short-term bank deposits balance which carried a higher interest rate than bank balances.

Exchange gain was approximately nil, RMB3 million, nil, nil and RMB0.2 million, representing approximately nil, 41.7%, nil, nil and 6.9% of our total other income and gains each of the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2013 and 2014 respectively. Our Group did not maintain hedging policy in terms of currency exchange during the Track Record Period. The primary reason for the exchange gain in 2012 was due to the increase in prepayments from certain customers in Japan in Japanese Yen and US Dollar as a result of negotiation of terms in the light of the fluctuations in currency rates.

Selling and distribution expenses

Selling and distribution expenses mainly consisted of packaging expenses and customs and transportation fees. The following table sets out the components of selling and distribution expenses during the Track Record Period.

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Salary	855	12.0	906	11.7	1,201	10.0	969	9.8	1,120	11.3
Social insurance	62	0.9	58	0.8	88	0.7	67	0.7	103	1.0
Housing fund	11	0.2	10	0.1	14	0.1	11	0.1	16	0.2
Depreciation	31	0.4	32	0.4	31	0.3	26	0.3	16	0.2
Packaging expenses	1,754	24.6	2,025	26.2	5,175	42.9	4,594	46.5	4,576	46.1
Customs and transportation	3,380	47.4	3,669	47.4	4,735	39.3	3,535	35.8	3,366	33.9
Postal and communication costs	174	2.4	158	2.0	109	0.9	80	0.8	238	2.4
Promotion and advertising	166	2.3	214	2.8	305	2.5	246	2.5	60	0.6
Entertainment	458	6.4	304	3.9	168	1.4	125	1.3	121	1.2
Travelling	218	3.1	340	4.4	233	1.9	209	2.1	259	2.6
Others	23	0.3	20	0.3	1	0.0	20	0.1	54	0.5
Total	7,132	100.0	7,736	100.0	12,060	100.0	9,882	100.0	9,929	100.0

As illustrated in the above table, for each of the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2013 and 2014, our Group's selling and distribution expenses was approximately RMB7 million, RMB8 million, RMB12 million, RMB10 million and RMB10 million respectively. Packaging expenses and customs and transportation fees were the two largest components of our total selling and distribution expenses, the former representing 24.6%, 26.2%, 42.9%, 46.5% and 46.1%, the latter representing 47.4%, 47.4%, 39.3%, 35.8% and 33.9%, of our total selling and distribution expenses for each of the three years ended 31 December 2011, 2012, 2013 and the ten months ended 31 October 2013 and 2014 respectively.

The approximately RMB4 million increase in our Group's selling and distribution expenses for the year ended 31 December 2013 compared to the year ended 31 December 2012, representing an increase of approximately 55.9%, was primarily due to the increase in packaging expenses as a result of increased demand of our overseas customers for better packaging materials and to separate our packaging materials and the finished goods when delivery in 2013, and the increased revenue which led to increased customs and transportation fees.

Our Group's selling and distribution expenses of approximately RMB7 million for the year ended 31 December 2011 was relatively stable compared to the year ended 31 December 2012 of approximately RMB8 million.

Administrative expenses

Administrative expenses mainly consist of salary and bonuses or benefits of our administrative staff, directors' emoluments, depreciation costs, research and development expenses, and bank charges.

The following table sets out a breakdown of our administrative expenses by components for the period indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2011		2012		2013		2013		2014	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Salary	6,097	28.8	6,920	28.4	8,050	31.4	6,633	31.2	8,147	25.3
Utilities *(Note 1)*	1,125	5.3	1,240	5.1	1,371	5.3	1,160	5.5	1,396	4.3
Depreciation	2,595	12.3	2,601	10.7	2,583	10.1	1,809	8.5	1,715	5.3
Tax expenses	1,889	8.9	1,922	7.8	2,205	8.6	1,395	6.6	1,362	4.2
Research and development	2,256	10.7	2,648	10.9	3,244	12.7	2,727	12.8	3,363	10.5
Bank charges	1,575	7.4	2,236	9.2	1,445	5.6	965	4.5	2,764	8.6
Listing expenses	–	–	–	–	–	–	–	–	7,835	24.4
Others *(Note 2)*	5,623	26.6	6,787	27.9	6,744	26.3	6,566	30.9	5,582	17.4
Total	21,160	100.0	24,354	100.0	25,642	100.0	21,255	100.0	32,164	100.0

Notes:

(1) Utilities include electricity and water expenses.

(2) Others mainly include vehicles, transportations, social security and housing fund and miscellaneous expenses.

As illustrated in the above table, for each of the three years ended 31 December 2011, 2012 and 2013, and the ten months ended 31 October 2013 and 2014 our Group's administrative expenses was approximately RMB21 million, RMB24 million, RMB26 million, RMB21 million and RMB32 million respectively. Salary expenses and research and development expenses were the two largest components of our total administrative expenses, the former representing 28.8%, 28.4% 31.4%, 31.2% and 25.3%, the latter representing 10.7%, 10.9%, 12.7%, 12.8% and 10.5%, of our total administrative expenses for each of the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2013 and 2014 respectively.

The approximately RMB11 million increase in our Group's administrative expenses for the ten months ended 31 October 2014 compared to the ten months ended 31 October 2013, representing an increase of approximately 51.3%, was primarily due to listing expenses incurred, and increase in bank charges as a result of increased bank borrowings and fees incurred for arranging banking facilities and issuing bills.

The approximately RMB1 million increase in our Group's administrative expenses for the year ended 31 December 2013 compared to the year ended 31 December 2012, representing an increase of approximately of 5.3%, was primarily due to increase in salary expenses as a result of headcount increase and salary expenses for administrative staff.

The approximately RMB3 million increase in our Group's administrative expenses for the year ended 31 December 2012 compared to the year ended 31 December 2011, representing an increase of approximately of 15.1%, was primarily due to the expansion of our operation.

Finance costs

Finance costs consist of interest expense on bank borrowings.

The following table sets forth the change of our finance costs during the Track Record Period:

	For the year ended 31 December			**For the ten months ended 31 October**	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Interest expenses on bank borrowings	5,553	9,023	10,003	8,177	10,834

The increase in finance costs from approximately RMB8 million for the ten months ended 31 October 2013 to approximately RMB11 million for the ten months ended 31 October 2014 was primarily attributable to the increase in our interest-bearing borrowings for the purpose of enhancing the level of our working capital to cope with our expanding operation.

Taxation

Income tax expense primarily consists of provision for PRC current income tax expenses. Our effective tax rates were 17.2%, 24.8%, 25.3%, 25.2% and 26.8% for each of the three years ended 31 December 2013, and the ten months ended 31 October 2013 and 2014, respectively.

Our Company and subsidiaries are incorporated in different jurisdictions, with different taxation requirements illustrated as follows:

Cayman Islands

Pursuant to the applicable laws, rules and regulations of the Cayman Islands, our Group is not subject to any income tax in the Cayman Islands.

Hong Kong

No provision for Hong Kong Profits Tax has been made for subsidiary established in Hong Kong as this subsidiary did not have any assessable profits subject to Hong Kong Profits Tax during the ten months ended 31 October 2014.

The PRC

Under the applicable PRC laws, rules and regulations, our PRC subsidiary is subject to PRC Foreign Enterprise Income Tax at a rate of 25.0%.

Our Directors confirm that we have made all required tax filings in all relevant jurisdictions and paid all tax liabilities that have become due. We are not subject to any dispute or potential dispute with any tax authorities.

Sensitivity analysis

Prospective investors should note that the below analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect. Such information by no means reflects our Group's historical experience, financial results and normal course of conducting business. Prospective investors should not place undue reliance on such information.

Prospective investors should also note that the sensitivity analysis highlighted below only has one variable factor and assumes holding all other financial factors constant. The average price per unit information are for illustrative purposes only as our Group has various types of umbrella products and therefore any average price per unit information would not be meaningful in terms of assessing our Group's financial performance. Furthermore, as mentioned above, the sensitivity analysis below does not reflect the way our Group conducts business normally (for example, our Group would not sell our products at a very low price when the cost of manufacturing the same remains unchanged) and prospective investors should not place undue reliance on the sensitivity analysis below.

Fluctuation in selling price

The below table illustrates that, holding all other factors constant, the changes in the below line items in response to the increases/decreases of 5.0% of the average selling price of our Group's products. The same percentage changes in selling price, be it increase or decrease, would result in equivalent changes in the below line items. The impact on profit is more significant as a percentage the original figures than that of the impact on revenue due to leverage effect.

	For the year ended 31 December			For the ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Impact on revenue for the year/period	16,278	18,868	24,181	21,022	26,235
Impact on profit for the year/period	12,208	14,151	18,136	15,766	19,676

REVIEW OF HISTORICAL OPERATING RESULTS

Period to period comparison of results of operations

Ten months ended 31 October 2014 compared with ten months ended 31 October 2013

Revenue

Our revenue increased from RMB420 million for the ten months ended 31 October 2013 to RMB525 million for the ten months ended 31 October 2014, representing an increase of approximately 24.8%. The increase in revenue from the PRC was primarily due to increased demand for our POE umbrellas and nylon umbrellas from the PRC market compared to the corresponding period in the previous year. The increase in revenue from export markets other than Japan was primarily due to our expansion into new markets such as Hong Kong and Cambodia which led to increased demand for our POE umbrellas, nylon umbrellas and umbrella parts products. The decrease in revenue from Japan was primarily due to the impact on our Japanese customers by the increase of VAT in Japan from 5.0% to 8.0% in 2014.

Cost of sales

Our cost of sales increased from approximately RMB315 million for the ten months ended 31 October 2013 to RMB387 million for the ten months ended 31 October 2014, representing an increase of approximately 22.7%. The increase was mainly attributable to the increase in direct materials costs and direct labour costs as a result of the increase in our Group's revenue for the corresponding period.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RMB33 million, or 31.1%, from approximately RMB105 million for the ten months ended 31 October 2013 to RMB138 million for the same period in 2014. Our gross profit margin increased from 25.0% for the ten months ended 31 October 2013 to 26.2% for the ten months ended 31 October 2014. This is mainly attributed to the increase of gross profit margin for umbrella parts and POE umbrellas. The increase of gross profit margin for umbrella parts was due to higher-priced plastic cloth demanded by customers and sold during the ten months ended 31 October 2014. The increase of gross profit margin for POE umbrellas and nylon umbrellas was mainly due to the increase in the average selling prices of these two products.

Other income and other gains

Our other income and other gains decreased by approximately RMB3 million, or 54.3%, from approximately RMB5 million for the ten months ended 31 October 2013 to RMB2 million for the same period in 2014. The decrease was mainly due to the decrease of bank interest income as a result of the change in our pledged deposits and short-term bank deposits balance which carried a higher interest rate for the ten months ended 31 October 2014.

Selling and distribution expenses

Despite increase in revenue, selling and distribution expenses remained relatively stable and maintained at approximately RMB10 million for the ten months ended 31 October 2013 and the ten months ended 31 October 2014, which is mainly due to increase in domestic sale, where the packaging expenses and custom and transportation cost for domestic sale are lower than export sales, while export sales is relatively stable.

Administrative expenses

Administrative expenses increased by approximately RMB11 million, or 51.3%, from approximately RMB21 million for the ten months ended 31 October 2013 to RMB32 million for the same period in 2014. The increase in administrative expenses was mainly due to our Group's listing expenses of approximately RMB8 million related to the Global Offering, and increase in bank charges as a result of increased bank borrowings and fees incurred for arranging banking facilities and issuing bills payables, and salary expenses for managerial administrative staff. Listing expenses mainly consisted of fees paid to professional parties.

Finance costs

Finance costs increased by approximately RMB3 million, or 32.5%, from approximately RMB8 million for the ten months ended 31 October 2013 to RMB11 million for the same period in 2014. The increase in finance cost was mainly due to increase in our interest-bearing borrowings for the purpose of increasing the level of our working capital to cope with our expanding operation, and slightly increase in interest rate for bank borrowings.

Taxation

Income tax expense increased by RMB5 million, or 30.6%, from approximately RMB18 million for the ten months ended 31 October 2013 to RMB23 million for the same period in 2014, which was primarily due to increase in our Group's profit before tax.

Our effective tax rate increased from approximately 25.2% for the ten months ended 31 October 2013 to 26.8% for the same period in 2014, primarily because of our Group's listing expenses recognised in administrative expenses which are non-tax deductible.

Profit for the year

As a result for the foregoing factors, profit for the period increased by approximately RMB11 million, or 29.0%, from approximately RMB53 million for the ten months ended 31 October 2013 to RMB64 million for the same period in 2014.

Year ended 31 December 2013 compared with Year ended 31 December 2012

Revenue

Our revenue increased from approximately RMB377 million for the year ended 31 December 2012 to RMB484 million for the year ended 31 December 2013, representing an increase of approximately 28.2%. Such increase was mainly attributable to the increase in revenue from Japan, the PRC and other markets. For the year ended 31 December 2013, revenue from Japan increased by approximately RMB53 million, revenue from the PRC increased by approximately RMB18 million and revenue from other markets increased by approximately RMB35 million. The increase in revenue from Japan and other markets was primarily due to increased demand for our POE umbrellas and umbrella parts compared to the corresponding period in the previous year. The increase in revenue from the PRC was primarily due to increased demand for our POE umbrellas, nylon umbrellas and umbrella parts products.

Cost of sales

Our cost of sales increased from approximately RMB284 million for the year ended 31 December 2012 to RMB364 million for the year ended 31 December 2013, representing an increase of approximately 28.4%. The increase was mainly attributable to the increase in direct materials costs, direct labour costs as a result of the increase in our Group's revenue for the corresponding period.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RMB26 million, or 27.4%, from RMB94 million for the year ended 31 December 2012 to RMB119 million for the same period in 2013. Our gross profit margin remained relatively stable with a slight decrease from 24.8% for the year ended 31 December 2012 to 24.7% for the same period in

2013. This is mainly attributed to the increase of gross profit margin of nylon umbrellas offset by the slightly decrease of gross profit for POE umbrellas and umbrella parts. The increase of gross profit margin of our nylon umbrellas was primarily due to the increase in the sales volume of folded type nylon umbrellas which are of higher gross profit margin.

Other income and other gains

Our other income and other gains increased by approximately RMB2 million, or 36.5%, from RMB6 million for the year ended 31 December 2012 to RMB8 million for the same period in 2013. The increase was mainly due to increase of government grants received and bank interest income received from short-term bank deposits.

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB4 million, or 55.9%, from approximately RMB8 million for the year ended 31 December 2012 to RMB12 million for the same period in 2013. The increase was mainly due to increase in our Group's sales which led to increase in packaging expenses and customs and transportation fee, and the increased request of our overseas customers for better packaging materials and more packaging materials used for each unit and to separate our packaging materials and the finished goods when delivery of our products in 2013.

Administrative expenses

Administrative expenses increased by approximately RMB1 million, or 5.3%, from approximately RMB24 million for the year ended 31 December 2012 to RMB26 million for the same period in 2013. The increase in administrative expenses was mainly due to increase in salary expenses as a result of increase in headcount and the expansion of our operation, and increase in research and development expenses as a result of more materials used for testing.

Finance costs

Finance costs increased by approximately RMB1 million, or 10.9%, from approximately RMB9 million for the year ended 31 December 2012 to RMB10 million for the same period in 2013. The increase in finance cost was mainly due to increase in our interest-bearing borrowings for the purpose of enhancing the level of our working capital to cope with our expanding operation.

Taxation

Income tax expense increased by approximately RMB6 million, or 39.4%, from approximately RMB15 million for the year ended 31 December 2012 to RMB20 million for the same period in 2013, which primarily due to increase in our Group's profit before tax.

Our effective tax rate remained stable and slightly increased from approximately 24.8% for the year ended 31 December 2012 to 25.3% for the same period in 2013.

Profit for the year

As a result of the foregoing factors, profit for the period increased by approximately RMB16 million, or 35.3%, from approximately RMB44 million for the year ended 31 December 2012 to RMB60 million for the same period in 2013.

Year ended 31 December 2012 compared with Year ended 31 December 2011

Revenue

Our revenue increased from approximately RMB326 million for the year ended 31 December 2011 to RMB377 million for the year ended 31 December 2012, representing an increase of approximately 15.9%. Such increase was mainly attributable to the increase in revenue from Japan. For the year ended 31 December 2012, revenue from Japan increased by approximately RMB67 million and revenue from other markets except Japan and the PRC increased by approximately RMB9 million. The increase in revenue from Japan was primarily due to increased demand for our POE umbrellas compared to the corresponding period in the previous year. A considerable portion of our customers in the PRC are trading companies, whose end-customers from both overseas and domestic markets demanded less for our umbrella products for the year ended 31 December 2012.

Cost of sales

Our cost of sales increased from approximately RMB245 million for the year ended 31 December 2011 to RMB284 million for the year ended 31 December 2012, representing an increase of approximately 16.0%. The increase was mainly attributable to the increase in direct materials costs and direct labour costs as a result of the increase in our Group's revenue for the corresponding period.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by approximately RMB13 million, or 15.7%, from approximately RMB81 million for the year ended 31 December 2011 to RMB94 million for the same period in 2012. Our gross profit margin decreased slightly from 24.9% for the year ended 31 December 2011 to 24.8% for the same period in 2012. This is mainly attributed to the decrease of gross profit margin for nylon umbrellas, POE umbrellas and umbrella parts which is partly offset by the change in product mix where more POE umbrellas of higher gross profit margin were sold.

Other income and other gains

Our other income and other gains increased by approximately RMB3 million, or 109.7%, from approximately RMB3 million for the year ended 31 December 2011 to RMB6 million for the same period in 2012. The increase was mainly due to exchange gain resulting from the increase in prepayments from certain customers in Japan in Japanese Yen and US dollar, and increase in bank interest income due to increase in short-term bank deposits which carried higher interest rate.

Selling and distribution expenses

Selling and distribution expenses increased slightly by approximately RMB1 million, or 8.5%, from approximately RMB7 million for the year ended 31 December 2011 to RMB8 million for the same period in 2012. The increase was mainly due to increase in salary expenses for our sales and marketing personnel, and corresponding increases in packaging expenses and customs and transportation expenses in line with the growth in export sale.

Administrative expenses

Administrative expenses increased by approximately RMB3 million, or 15.1%, from approximately RMB21 million for the year ended 31 December 2011 to RMB24 million for the same period in 2012. The increase in administrative expenses was mainly due to increase in salary of administrative staff, research and development cost as a result of the expansion of our operation.

Finance costs

Finance costs increased by approximately RMB3 million, or 62.5%, from approximately RMB6 million for the year ended 31 December 2011 to RMB9 million for the same period in 2012. The increase in finance cost was mainly due to increase in our interest-bearing borrowings for the purpose of enhancing the level of our working capital to cope with our expanding operation.

Taxation

Income tax expense increased by approximately RMB6 million, or 68.9%, from approximately RMB9 million for the year ended 31 December 2011 to RMB15 million for the same period in 2012, which primarily due to increase in our Group's profit before tax and the end of tax reduction incentive of Fujian Jicheng in 2011.

Our effective tax rate increased from 17.2% for the year ended 31 December 2011 to 24.8% for the same period in 2012, primarily because our Group's entitlement to a 50.0% reduction of PRC enterprise income tax of Fujian Jicheng for the year ended 31 December 2011.

Profit for the year

As a result of the foregoing factors, profit for the period increased by approximately RMB3 million, or 6.6%, from approximately RMB41 million for the year ended 31 December 2011 to RMB44 million for the same period in 2012.

LIQUIDITY AND CAPITAL RESOURCES

We have historically met our working capital and other liquidity requirements through a combination of cash flow from operations and bank loans.

The following table sets out selected information from the consolidated statements of financial position.

	As at 31 December 2011	As at 31 December 2012	As at 31 December 2013	As at 31 October 2014	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
NON-CURRENT ASSETS					
Property, plant and equipment	88,229	83,508	78,507	86,693	86,758
Prepaid lease payments	38,922	38,044	37,166	38,369	38,214
Total non-current assets	127,151	121,552	115,673	125,062	124,972
CURRENT ASSETS					
Inventories	173,259	163,220	118,562	93,636	108,219
Trade receivables	40,579	15,618	12,987	59,147	43,698
Prepayments and other receivables	40,722	41,333	49,783	55,970	48,535
Prepaid lease payments	878	878	878	935	935
Held-to-maturity investment	1,000	–	–	–	–
Pledged deposits	18,505	11,793	17,315	17,331	20,859
Short-term bank deposits	–	146,106	–	–	–
Bank balances and cash	10,272	25,066	186,403	115,102	129,241
Total current assets	285,215	404,014	385,928	342,121	351,487
CURRENT LIABILITIES					
Trade and bills payables	78,710	78,473	77,602	54,190	68,907
Accrued expenses and other payables	27,753	89,885	25,273	18,562	14,075
Income tax payable	1,382	2,923	3,514	1,743	6,709
Bank borrowings	136,263	141,878	173,050	162,865	146,528
Total current liabilities	244,108	313,159	279,439	237,360	236,219
NET CURRENT ASSETS	41,107	90,855	106,489	104,761	115,268
Net assets	168,258	212,407	222,162	229,823	240,240
Capital and reserves					
Share capital	80,396	80,396	80,396	–	–
Reserves	84,979	128,114	136,822	229,823	240,240
Equity attributable to owner of the Company	165,375	208,510	217,218	229,823	240,240
Non-controlling interests	2,883	3,897	4,944	–	–
Total equity	168,258	212,407	222,162	229,823	240,240

Our Group had net current assets of approximately RMB105 million as of 31 October 2014 and approximately RMB41 million, RMB91 million, RMB106 million, and RMB115 million as at 31 December 2011, 2012, 2013, and 2014 respectively.

Non-current assets

Our Group had non-current assets, which comprised of (i) property, plant and equipment and (ii) prepaid lease payments, of approximately RMB125 million as of 31 October 2014 and approximately RMB127 million, RMB122 million and RMB116 million as at 31 December 2011, 2012 and 2013 respectively.

Property, plant and equipment consists of (i) buildings, (ii) machinery and equipment, (iii) motor vehicles, (iv) office equipment and (v) construction in progress and net of depreciation, the carrying amount of which was approximately RMB87 million as of 31 October 2014 and approximately RMB88 million, RMB84 million and RMB79 million as at 31 December 2011, 2012 and 2013 respectively.

Prepaid lease payments comprise of leasehold land held in the PRC under medium-term lease and are divided into non-current asset and current asset for the purpose of reporting. The non-current asset part was approximately RMB38 million as of 31 October 2014 and approximately RMB39 million, RMB38 million and RMB37 million as at 31 December 2011, 2012 and 2013 respectively.

Current assets/current liabilities/net current assets

Current assets comprised mainly of (i) bank balances and cash, (ii) inventories, (iii) trade receivables, and (iv) prepayments and other receivables. As at 31 October 2014 and as at 31 December 2011, 2012, 2013 and 2014, our Group's current assets were approximately RMB342 million, RMB285 million, RMB404 million, RMB386 million and RMB351 million respectively.

Current liabilities comprised mainly of (i) bank borrowings and (ii) trade and bills payables. As at 31 October 2014 and as at 31 December 2011, 2012, 2013 and 2014, our Group's current liabilities were approximately RMB237 million, RMB244 million, RMB313 million, RMB279 million and RMB236 million respectively.

As at 31 October 2014 and 31 December 2014, our Group recorded net current assets of approximately RMB105 million and RMB115 million respectively.

Inventories analysis

The following table sets forth a breakdown of our inventories by categories as at the dates indicated:

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	85,824	93,435	80,621	72,698
Work-in-progress	19,909	13,227	25,565	6,998
Finished goods	67,526	56,558	12,376	13,940
	173,259	163,220	118,562	93,636

The carrying value of our finished goods inventory as at 31 December 2011, 2012 and 2013 and as at 31 October 2014 was approximately RMB68 million, RMB57 million, RMB12 million and RMB14 million respectively.

Inventory turnover days

The following table sets out our average inventory turnover days during the Track Record Period:

	For the year ended 31 December			For the ten months ended 31 October
	2011	**2012**	**2013**	**2014**
Average inventory turnover days *(Note)*	229	216	141	82

Note:

Average inventory turnover days equals average of the beginning and ending balance of inventories for the year/period divided by cost of sales for the year/period, and multiplied by 365 days (for the three years ended 31 December 2011, 2012 and 2013) or 300 days (for the ten months ended 31 October 2014).

Ageing analysis of inventories

The inventory aging by category as at 31 October 2014 are as follows:

	Within 90 days	91-180 days	181-365 days	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	56,413	16,122	163	72,698
Work in progress	5,435	1,563	–	6,998
Finished goods	13,023	917	–	13,940
	74,871	18,602	163	93,636

Our inventory mainly comprises of raw materials, work in progress and finished goods. As at 31 December 2011, 2012 and 2013 and 31 October 2014, our inventory was approximately RMB173 million, RMB163 million, RMB119 million and RMB94 million respectively. The inventory turnover days during the respective years were approximately 229 days, 216 days, 141 days and 82 days. Such decrease in the inventory turnover days was mainly due to our adoption of the measures that our purchasing department reviews and monitors our inventory level regularly so as to maintain an appropriate level of inventory, existing storage of each kind of raw materials and its prevailing purchase price.

Production life cycle and production lead time

Our Group produces finished goods based on customers' orders. Our Group's customers generally place their purchase orders approximately four to six weeks before the commencement of production for our Group to manage the purchasing lead time of raw materials. The production time usually takes approximately minimum four weeks subject to order size. In general, the production life cycle and production lead time from the dates of the purchase orders made by the customers to the dates of the shipment of finished goods take approximately ten weeks subject to shipment date as determined by customers.

Measures to prevent accumulation of inventories

In order to avoid accumulation of inventories in our warehouses, as mentioned above, in general, our Group purchases raw materials based on customers' purchase orders and our Group also maintains an inventory management policy whereby we perform full stock take twice a year and ensure the accuracy and correctness of stock-in and stock-out information on record. Throughout the year, our Group reviews the stock taking records and the inventory ageing analysis to ensure inventories are properly used in accordance with the above policy and that there is no unnecessary accumulation of inventories of old age.

We do not have a general provision policy for inventories, but make assessments on provisions on a case-by-case basis. During the Track Record Period, we have not made any provision on our inventories. No provisions were necessary because our Group's raw materials are common in nature and therefore can be used for the production of many of our Group's products. Up to the Latest Practicable Date, approximately RMB65 million, or 69.9%, of our inventories as of 31 October 2014 has been utilized or sold.

Trade receivables analysis

Our trade receivables consist primarily of receivables from sales of umbrella. The following table sets forth our trade receivables as at the indicated dates:

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	40,579	15,618	12,987	59,147
Average trade receivables turnover days *(Note)*	38	27	11	21

Note:

Our trade receivables turnover days are calculated as the average of the beginning and ending trade receivable balances for the year/period, divided by revenue for the year/period, multiplied by 365 days for the figures as at 31 December 2011, 2012 and 2013 (or 300 days for the figures as at 31 October 2014).

Our trade receivables as at 31 December 2011, 2012 and 2013 and as at 31 October 2014 were approximately RMB41 million, RMB16 million, RMB13 million and RMB59 million, respectively. The substantial increase in trade receivables as at 31 October 2014 was mainly due to, apart from our business growth, that we did not require our key customers to settle the trade receivables well in advance before the expiry of credit term period we granted to these major customers as we did during majority time of the Track Record Period. The main reason for such change on trade receivables collection policy was that we value our major customers and would like to further strengthen our business relationships with them. Our Directors also consider that such change would enhance our competitiveness as against our major market competitors. Our Directors also confirm that the Group had no bad debt as at 31 October 2014.

The average trade receivables turnover days decreased from 38 days in 2011 to 27 days in 2012 and further reduced to 11 days in 2013. The reduction in 2013 was primarily due to improved management of our trade receivables. For the ten months ended 31 October 2014, our average trade receivables turnover days increased to 21 days mainly due to granting a relatively longer credit term to certain customers in order to develop long-term relationship.

The table below sets forth the aging analysis of our trade receivables, based on the invoice date and net of provision for impairment as at 31 December 2011, 2012 and 2013 and 31 October 2014:

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	26,136	10,783	8,857	54,787
91 to 180 days	7,785	1,371	1,851	4,360
181 to 365 days	6,658	3,464	2,279	–
	40,579	15,618	12,987	59,147

The Group generally allows an average credit period of 30 to 150 days to its trade customers. The Group does not hold any collateral over these balances.

The table below sets forth the amounts of trade receivables that were neither past due nor impaired and amounts of trade receivables that were past due (i.e. over the credit period) but not impaired as at 31 December 2011, 2012 and 2013 and 31 October 2014:

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Over the credit period				
1 to 90 days	16,115	2,779	4,304	4,360
Over 90 days	9,775	2,190	601	–
	25,890	4,969	4,905	4,360
Neither past due nor impaired	14,689	10,649	8,082	54,787
	40,579	15,618	12,987	59,147

The trade receivables that were past due but not impaired relate to a number of independent customers that have a good trading record with us. Based on past experience, we believe no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality of these customers and the balances are still considered fully recoverable. Our provision policy for doubtful debts is based on the ongoing evaluation of collectability and aging analysis of the outstanding receivables and on management's judgement in assessing the ultimate realization of these receivables, such as creditworthiness and past collection history of each customer. If the financial conditions of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

As at 31 December 2011, 2012 and 2013 and 31 October 2014, we did not have provisions for impairment of trade receivables.

Our Group made no impairment provisions because all customers have settled their respective outstanding payment subsequently, hence no account receivables have been written off during the Track Record Period.

As at 31 December 2014, the balance trade receivables of approximately RMB57 million, or 97.0%, as at 31 October 2014 have been settled.

Prepayments and other receivables

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	870	2,628	2,493	1,020
Interest receivables	–	1,521	–	–
Value-added tax receivables	11,257	10,119	18,110	26,839
Prepayments	28,595	27,065	29,180	28,111
	40,722	41,333	49,783	55,970

Our prepayments primarily consist of prepayments made to our suppliers.

Our other receivables primarily consist of other tax receivables which include value-added tax recoverable for the value-added tax we paid for our production materials purchased in the PRC as part of our sales were export sales during the Track Record Period which is eligible for value-added tax refund.

As at the end of each of the three years ended 31 December 2013 and the ten months ended 31 October 2014, no provision for impairment of our other receivables has been recognised. We do not hold any collateral or other credit enhancements over the balance.

Trade and bills payables analysis

Our trade and bills payables consist primarily of payables to suppliers. The following table sets forth our trade and bills payables as at the indicated dates:

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	48,010	40,104	34,700	11,958
Bills payables	30,700	38,369	42,902	42,232
	78,710	78,473	77,602	54,190
Average trade and bills payable turnover days *(Note)*	128	101	78	51

Note:

Average trade and bills payables turnover days for each of the years ended 31 December 2011, 2012 and 2013 (or ten months for the figures as at 31 October 2014) were calculated as the average of the beginning and ending of trade and bills payable balance of the respective year/period divided by cost of sales of the respective years and multiplied by 365 days (or 300 days for a ten month period).

Our trade and bills payables represent amounts payable in connection with the purchase of raw materials necessary for the manufacture of our umbrellas and sub-contracting fee for the electroplating and dyeing of our products. Our suppliers typically grant us a credit terms ranging from 30 days to 120 days.

Our trade and bills payables remained relatively stable as at 31 December 2011, 2012 and 2013 which accounted for approximately RMB79 million, RMB78 million and RMB78 million, respectively. As at 31 October 2014, our trade and bills payables was approximately RMB54 million.

Our average trade and bills payables turnover days were approximately 128 days, 101 days, 78 days and 51 days for the year ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2014.

The average trade and bills payables turnover days decreased from 128 days for the year ended 31 December 2011 to 101 days for the year ended 31 December 2012, decreased to 78 days for the year ended 31 December 2013, and further decreased to 51 days for the ten months ended 31 October 2014, which was mainly due to the change in our payment method to bills requested by our suppliers which have to be settled within a shorter period.

The table below sets forth the aging analysis of the trade and bills payables as at 31 December 2011, 2012 and 2013, and as at 31 October 2014 based on invoice dates:

Trade and bills payables	As at 31 December 2011	2012	2013	As at 31 October 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	64,446	69,124	73,841	50,019
91 to 180 days	9,551	8,144	2,764	4,171
181 to 365 days	4,713	1,205	997	–
Total	78,710	78,473	77,602	54,190

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 120 days.

As at 31 December 2014, at the balance trade and bills payables of approximately RMB54 million or 99.6% as at 31 October 2014, have been settled.

Accrued expenses and other payables

The amounts of receipt in advance, other payables, payable for construction in progress and accrued expenses were approximately RMB28 million, RMB90 million, RMB25 million and RMB19 million as at 31 December 2011, 2012 and 2013, and as at 31 October 2014, respectively.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated:

	Year ended 31 December 2011	2012	2013	Ten months ended 31 October 2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Net cash (used in) from operating activities	(34,526)	156,254	41,194	(92,246)	17,423
Net cash (used in) from investing activities	(18,769)	(139,064)	144,888	148,347	(12,789)
Net cash from (used in) financing activities	51,152	(2,396)	(24,745)	22,725	(75,935)
(Decrease) increase in cash and cash equivalents	(2,143)	14,794	161,337	78,826	(71,301)
Cash and cash equivalents at the beginning of the year/period	12,415	10,272	25,066	25,066	186,403
Cash and cash equivalents at the end of the year	10,272	25,066	186,403	103,892	115,102

Cash flow from operating activities

Our cash inflow is primarily derived from the sales of POE umbrellas, nylon umbrellas and umbrella parts. Our cash outflow for operating activities is primarily used for purchases of raw materials, labour costs, selling and distribution costs, administrative and other operating expenses and taxes. Cash flow from operating activities can be significantly affected by factors such as the timing of collections of trade receivables from customers and payments of trade payables to suppliers during the regular course of business.

For the ten months ended 31 October 2014, our net cash from operating activities was approximately RMB17 million reflecting cash generated from operations of approximately RMB43 million, which was partly offset by the PRC Enterprise Income Tax paid of approximately RMB25 million. Operating cash flow before movement in working capital was approximately RMB102 million, which is higher than our cash generated from operations mainly attributable to increase in trade receivables of approximately RMB46 million as a result of increase in sales in the ten months ended 31 October 2014.

For the year ended 31 December 2013, our net cash from operating activities was RMB41 million reflecting cash generated from operations of approximately RMB61 million, which was partly offset by the PRC Enterprise Income Tax paid of approximately RMB20 million. Operating cash flows before movement in working capital was approximately RMB89 million. The difference between cash generated from operations and operating cash flows before movement in working capital of approximately RMB28 million was primarily attributable to the decrease in inventories by RMB45 million due to the increase in purchase of raw materials to meet our production needs, offset by a decrease in accrued expenses and other payables of RMB65 million in 2013 due to substantial decrease in receipt in advance compared to the previous year.

For the ten months ended 31 October 2013, our net cash used in operating activity was approximately RMB92 million. We did not require our key customers to settle the trade receivables well in advance before the expiry of credit term period we granted to these major customers as we did during majority time of the Track Record Period. The main reason for such change on trade receivables collection policy was that we value our major customers and would like to further strengthen our business relationships with them. Our Directors also consider that such change would enhance our competitiveness as against our major market competitors. Our Directors also confirm that the Group had no bad debt during the Track Record Period.

For the year ended 31 December 2012, our net cash from operating activities was approximately RMB156 million, reflecting cash generated from operations of RMB169 million, which is partly offset by the PRC Enterprise Income Tax paid of approximately RMB13 million. Operating cash flow before movements in working capital was approximately RMB71 million. The difference between cash generated from operations and operating cash flows before movement in working capital of approximately RMB98 million was primarily attributable to the increase in accrued expenses and other payables of approximately RMB62 million, decrease in trade receivables of approximately RMB25 million and decrease in inventories of approximately RMB10 million.

For the year ended 31 December 2011, our net cash used in operating activities was approximately RMB35 million, reflecting cash used in operations of RMB26 million and PRC Enterprise Income Tax paid of approximately RMB8 million. Operating cash flows before movements in working capital were RMB60 million. The increased operating cash outflow was mainly due to the increase in inventories of approximately RMB39 million which was in turn led by the increase in finished goods to meet our customer orders, increase in prepayment and other receivables of approximately RMB19 million as a result of increase in prepayment to suppliers, increase in trade receivables of approximately RMB13 million and decrease in trade and bills payables of approximately RMB14 million mainly due to increase in prepayment as requested by certain suppliers resulted in the Group recording cash used in operation of RMB26 million.

Cash flow from investing activities

Our cash inflow from investing activities primarily consists of placement and withdrawal of short-term bank deposits, pledged bank deposits and acquisition of property, plant and equipment.

For the ten months ended 31 October 2014, our net cash used in investing activities amounted to approximately RMB15 million and was mainly from (i) proceeds of disposal of property, plant and equipment of approximately RMB0.6 million, and (ii) interest and investment income received of approximately RMB1 million. The cash inflow was offset by acquisition of property, plant and equipment by approximately RMB14 million for building of our new office building.

For the year ended 31 December 2013, our net cash from investing activities amounted to approximately RMB145 million and was mainly due to (i) withdrawal of short-term bank deposits of approximately RMB146 million; and (ii) interest and investment income received of approximately RMB6 million. The cash inflow was partially offset by (i) the placement of pledged bank deposits by approximately RMB6 million; and (ii) acquisition of property, plant and equipment of approximately RMB1 million for machinery.

For the year ended 31 December 2012, our net cash used in investing activities amounted to approximately RMB139 million, which was mainly due to (i) withdrawal of pledged deposits by approximately RMB7 million; (ii) proceeds from redemption of held-to-maturity investment by approximately RMB1 million; and (iii) interest and investment income received of approximately RMB0.9 million, was outweighed and offset by (i) placement of short-term bank deposits of approximately RMB146 million; and (ii) approximately RMB1.6 million for acquisition of property, plant and equipment.

For the year ended 31 December 2011, our net cash used in investing activities amounted to approximately RMB19 million, which was mainly due to (i) interest and investment income received of approximately RMB0.2 million, was outweighed and offset by the placement of pledged deposits of approximately RMB18 million, and acquisition of property, plant and equipment of approximately RMB1 million.

Cash flow from financing activities

Our cash inflow from financing activities primarily consists of proceeds from new bank borrowings raised. Our cash outflow for financing activities primarily consists of repayment of bank borrowings, interest paid, and dividends paid.

For the ten months ended 31 October 2014, our cash used in financing activities amounted to approximately RMB76 million, which was mainly due to (i) repayments of bank borrowings of approximately RMB346 million; and (ii) interest paid of approximately RMB11 million, was outweighed and offset by the new bank borrowings raised of approximately RMB336 million.

For the year ended 31 December 2013, our cash used in financing activities amounted to approximately RMB25 million, which was mainly for (i) repayments of bank borrowings of approximately RMB243 million; and (ii) dividend paid of RMB50 million, was partially offset by the new bank borrowings raised of approximately RMB274 million.

For the year ended 31 December 2012, our cash used in financing activities amounted to approximately RMB2 million, which was mainly due to (i) repayments of bank borrowings of approximately RMB213 million; and (ii) interest paid of approximately RMB9 million, was partially offset by new bank borrowings raised of approximately RMB219 million.

For the year ended 31 December 2011, our cash from financing activities amounted to approximately RMB51 million, which was mainly due to the combined effect of the repayment of bank borrowings of RMB167 million and interest paid of approximately RMB6 million, was outweighed and offset by new bank borrowings of approximately RMB221 million.

Indebtedness

As at 31 December 2014, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this prospectus, the indebtedness of the Group was interest bearing bank borrowings in the amount of approximately RMB147 million due within one year and we had unutilised banking facilities of approximately RMB230 million. The bank borrowings were secured by lands and buildings and pledged bank deposits with carrying amount of approximately RMB109.9 million. The aggregate banking facilities amounted to approximately RMB377 million and there was no material covenants relating to our Group's outstanding debts.

The following table sets forth the amounts of indebtedness for the periods indicated:

	As at 31 December			As at 31 October	As at 31 December
	2011	**2012**	**2013**	**2014**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)
Current Liabilities					
Secured	117,215	113,878	173,050	162,865	146,528
Unsecured	19,048	28,000	–	–	–
Total borrowings	136,263	141,878	173,050	162,865	146,528

The following paragraph sets forth the ranges of interest rates per annum for our bank borrowings for the periods indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2011	**2012**	**2013**	**2014**
Fixed rate of interest (per annum)	4.8% – 11.6%	2.9% – 11.0%	2.8% – 11.0%	3.8% – 7.8%

As at 31 December 2011, 2012, 2013 and 31 October 2014, bank borrowings with carrying amounts of approximately RMB136 million, RMB142 million, RMB173 million and RMB163 million respectively carried fixed rates of interest and were due within 1 year. The fixed rate borrowings carried interest from 4.8% to 11.6% per annum, 2.9% to 11.0% per annum, 2.8% to 11.0% per annum and 3.8% to 7.8% per annum respectively and were due within 1 year.

The Group's bank borrowings at the end of each reporting period were secured by the followings:

(a) As at 31 December 2011, 2012 and 2013, bank borrowings were guaranteed by shareholders, Mr. Huang and Ms. Chen Jieyou. The guarantee was released on 31 January 2014.

(b) As at 31 December 2011, 2012 and 2013, bank borrowings with carrying amounts of approximately RMB103 million, RMB123 million and RMB153 million, respectively were jointly guaranteed by a related company. The guarantee was released on 31 January 2014.

(c) As at 31 December 2011, 2012, 2013 and 31 October 2014, bank borrowings of approximately RMB117,215,000, RMB113,878,000, RMB173,050,000 and RMB162,865,000 respectively, were secured by the Group's follow assets:

	As at 31 December			As at 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasehold land and building	78,404	85,529	62,984	89,071
Bank deposits	18,505	11,793	17,315	17,331
Total	96,909	97,322	80,299	106,402

(d) At 31 December 2011 and 31 December 2013, Mr. Huang and Ms. Chen Jieyou have pledged certain of their personal properties for the Group's bank borrowings with carrying amount of approximately RMB9 million and RMB25 million. The pledge was released on 16 November 2012 and 31 January 2014, respectively.

The amount of bank loans was approximately RMB136 million, RMB142 million, and RMB173 million, and RMB163 million as at 31 December 2011, 2012 and 2013 and 31 October 2014, respectively. Such increases were primarily for the purpose of increasing our level of working capital, and due to the related expenses relating to the preparation and the construction of our new office building and in Yonghe Production Site and making reserve for application of land titles and related expenses for some of our lands. To the best knowledge of our Directors, it is getting more difficult to obtain new banking facility in Fujian province. Even though a new banking facility may be obtained, the interest rate for such new banking facility will be much higher than that of the old ones. Therefore, for the benefit of keeping good relationship with our banks in the PRC which in turn enables us to keep our banking facilities stable, our Directors take the view that it is necessary to keep our current bank loans level.

Contingent Liabilities

Save as disclosed above, as at the Latest Practicable Date, the Group had no material contingent liabilities.

Save as disclosed above and apart from intra-group liabilities, as at the Latest Practicable Date, the Group did not have any outstanding mortgages, charges, debentures or other loan capital or bank overdrafts, loans, debt securities or other similar indebtedness, liabilities under acceptances or acceptances credits or hire purchase commitments, or any guarantees and other material contingent liabilities.

The Directors confirmed there is no material adverse change in the indebtedness and contingent liabilities of the Group since 31 December 2014 and being the date for determining the Group's indebtedness.

COMMITMENTS

Operating lease commitments

The Group leased certain of its factory premises and offices under operating lease arrangements for the years ended 31 December 2011 and 2012, amounted to approximately RMB0.2 million and RMB0.1 million respectively. Lease for properties are negotiated for terms ranging from one to three years and rentals are fixed. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Capital commitments

Except for an approximately RMB2 million for construction of property, plant and equipment as at 31 October 2014, the Group did not have any material capital commitments as at 31 December 2011, 31 December 2012 and 31 December 2013.

OTHER KEY FINANCIAL RATIOS

	For the year ended/As at 31 December			For the ten months ended/As at 31 October
	2011	**2012**	**2013**	**2014**
Current ratio *(Note 1)*	1.2 times	1.3 times	1.4 times	1.4 times
Gearing ratio *(Note 2)*	81.0%	66.8%	77.9%	70.9%
Interest coverage *(Note 3)*	10.0 times	7.5 times	9.0 times	9.0 times
Return on assets *(Note 4)*	10.0%	8.4%	11.9%	– *(Note 7)*
Return on equity *(Note 5)*	24.6%	20.8%	26.9%	– *(Note 7)*
Net profit margin *(Note 6)*	12.7%	11.7%	12.4%	12.2%

Notes:

1. Current ratio is calculated based on the total current assets divided by the total current liabilities as at the respective year/period end.

2. Gearing ratio is calculated based on the interest-bearing liabilities divided by the total equity as at the respective year/period end.

3. Interest coverage is calculated by the profit before interest and tax for the year/period divided by the finance costs (interest) for the year/period and multiplied by 100.0%.

4. Return on assets is calculated by the total comprehensive income for the year/period divided by the total assets as at the respective year/period end and multiplied by 100.0%.

5. Return on equity is calculated by the total comprehensive income for the year/period divided by the total equity as at the respective year/period end and multiplied by 100.0%.

6. Net profit margin is calculated by the total comprehensive income for the year/period divided by the revenue for the year/period and multiplied by 100.0%.

7. Calculation of return on equity and return on assets is on a full year basis.

Current ratio

Our current ratio remained relatively stable at approximately 1.2, 1.3, 1.4 and 1.4 as at 31 December 2011, 31 December 2012, 31 December 2013 and 31 October 2014 respectively which reflected the improvement in our financial position as a result of the reinvestment of retained earnings on current assets during the Track Record Period.

Gearing ratio

Our gearing ratio was approximately 81.0%, 66.8%, 77.9% and 70.9% as at 31 December 2011, 31 December 2012, 31 December 2013, and 31 October 2014 respectively. The decrease from 81.0% as at 31 December 2011 to 66.8% as at 31 December 2012 was primarily due to the increase in retained earnings to a greater extent compared to the increase in interest bearing liabilities in 2012. The increases from 66.8% as at 31 December 2012 to 77.9% as at 31 December 2013 and then to 70.9% as at 31 October 2014 were primarily because our Group raised more bank borrowings to support expansion in our operation and total equity was reduced by dividend paid out in 2013 and 2014.

Interest coverage

Our interest coverage was approximately 10.0 times, 7.5 times, 9.0 times and 9.0 times for each of the three years ended 31 December 2013 and the ten months ended 31 October 2014 respectively. The decrease from 10.0 times for the year ended 31 December 2011 to 7.5 times for the year ended 31 December 2012 was primarily due to the increase in interest expense as a result of more bank borrowings during 2012. The increase from 7.5 times for the year ended 31 December 2012 to 9.0 times for the year ended 31 December 2013 was because the increment of profit before interest and tax has outweighed the same for finance cost.

Return on assets

Our return on assets was approximately 10.0%, 8.4% and 11.9% for the three years ended 31 December 2013 respectively. The decrease from 10.0% for the year ended 31 December 2011 to 8.4% for the year ended 31 December 2012 was primarily due to increase in asset base as a result of reinvestment of retained earnings in 2012. The increase from 8.4% for the year ended 31 December 2012 to 11.9% for the year ended 31 December 2013 was mainly because net profit has increased while total asset has decreased in 2013.

Return on equity

Our return on equity was approximately 24.6%, 20.8% and 26.9% for each of the three years ended 31 December 2013 respectively. The decrease from 24.6% for the year ended 31 December 2011 to 20.8% for the year ended 31 December 2012 was primarily due to increase in equity base as a result of reinvestment of retained earnings in 2012. The increase from 20.8% for the year ended 31 December 2012 to 26.9% for the year ended 31 December 2013 was primarily due to the slower equity base growth in 2013 during which dividend of RMB50 million was paid out.

Net profit margin

Our net profit margin remained relatively stable being approximately 12.7%, 11.7%, 12.4% and 12.2% for each of the three years ended 31 December 2013 and ten months ended 31 October 2014 respectively.

WORKING CAPITAL CONFIRMATION

Taking into account the cash generated from operating activities, the net proceeds of the Global Offering and the credit facilities maintained with the banks and financial institutions, our Directors are satisfied that we will have sufficient working capital for our Group's present requirements during the 12 months following the date of this prospectus.

We strive to manage our cash flow to ensure that we have sufficient funds to meet our existing and future cash requirements. In addition to cash generated from our operations and proceeds from the Global Offering, we may consider, if necessary, to obtain bank borrowings to fund our working capital requirement. We also maintain a prudent capital expenditure policy that our capital expenditure plan must be approved by our corporate headquarters and implemented according to our business plan and cash flow situation. We expect to finance our operations through a combination of cash generated from operations, proceeds from the Global Offering and when necessary, bank borrowings.

RELATED PARTY TRANSACTIONS

	Year ended 31 December			Ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Common shareholder's entity: Fujian Guanhong Enterprise Company Limited (福建冠泓實業有限公司) ("**Fujian Guanhong**")					
Sale of products	339	–	–	–	–
Purchases of raw materials	–	2,587	598	–	3,413
Common director's entity: Xiamen Chenda Umbrella Company Limited (廈門宸達洋傘有限公司) ("**Xiamen Chenda**")					
Sale of products	128	3,005	241	100	–

The sales of products to Fujian Guanhong and Xiamen Chenda and the purchases of raw materials from Fujian Guanhong were carried out in the normal course of business and at terms mutually negotiated between the respective related companies and us.

Details of related party transactions are set out in note 31 of the Accountants' Report in Appendix I to this prospectus. Our Directors confirm that the sales of products to Fujian Guanhong and Xiamen Chenda and the purchases of raw materials from Fujian Guanhong were conducted on normal commercial terms. Mr. Huang was the director of Xiamen Chenda and he resigned as director on 8 January 2014. Our Directors confirm that the transactions with Fujian Guanhong and Xiamen Chenda were conducted on normal commercial terms and were fair and reasonable and in the interest of our Shareholders as a whole and our Group has discontinued to conduct any transaction with Fujian Guanhong upon Listing.

OFF-BALANCE SHEET ARRANGEMENTS

As at 31 October 2014, being the date of our most recent financial statements, we have not entered into any off-balance sheet arrangements.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Currency risk

The Group has foreign currency sales and purchases denominated in USD, Japanese Yen ("**Japanese Yen**") and HKD, which are different from the functional currencies of the group entities carrying out the transactions. Also, certain trade receivables, pledged deposits, bank balances and cash, trade payables and bank borrowings are denominated in USD, Japanese Yen and HKD which are currencies other than the functional currency of the relevant group entities. The Group and the Company currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to currency risk of USD, Japanese Yen and HKD while the Company is mainly exposed to currency risk of HKD.

The following table details the Group's sensitivity to a 5% for all periods increase or decrease in USD, Japanese Yen and HKD against the functional currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where USD, Japanese Yen and HKD strengthen 5% against the functional currency. For a 5% weakens of USD, Japanese Yen and HKD against the functional currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative. The analysis is performed on the basis for the Track Record Period.

	Impact on profit for the year/period			
	31 December			31 October
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	816	141	344	712
Japanese Yen	85	15	7	14
HKD	8	80	3	(169)

The Group's currency risk is mainly attributable to the exposure on trade receivables, pledged deposits, short-term bank deposits, bank balances and cash, trade and bills payables, accrued expenses and bank borrowings denominated in USD, Japanese Yen and HKD at the end of the reporting period respectively. The Company's currency risk is mainly attributable to accrued expenses denominated in HKD.

Interest rate risk

The Group's fair value interest rate risk relates primarily to held-to-maturity investment, fixed rate pledged deposit, fixed rate short-term bank deposits and fixed rate bank borrowings (see Notes 21, 22 and 26 of the Accountants' Report in Appendix I of this prospectus for details respectively). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances (see Note 22 of the Accountants' Report in Appendix I of this prospectus for details of these balances). The exposure to the interest rate risk for variable rate bank balances is insignificant as the bank balances have a short maturity period.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as approximately 17%, nil%, 4% and 20% of the total trade receivables at 31 December 2011, 2012, 2013 and 31 October 2014, which was due from the Group's largest customer respectively.

The Group has concentration of credit risk as approximately 35%, 14%, 5% and 44% of the total trade receivables at 31 December 2011, 2012, 2013 and 31 October 2014, which was due from the Group's five largest customer respectively.

The Group's concentration of credit risk by geographical locations is mainly in Japan, which accounted for approximately 62%, 34%, 36% and 43% of the total trade receivables as at 31 December 2011, 2012, 2013 and 31 October 2014 respectively.

Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

LISTING EXPENSES

The listing expenses to be borne by our Company are estimated to be approximately HK$22 million (excluding the underwriting commission). During the Track Record Period, our Company incurred listing expenses of approximately HK$10 million, which were recognised as administrative expenses in the consolidated statements of comprehensive income for the ten months ended 31 October 2014, and approximately HK$3 million were capitalised as deferred expenses in the consolidated statements of financial position as at 31 October 2014 to be recognised as a deduction in equity. Our Company expects to incur additional listing expenses (excluding the underwriting commission) of approximately HK$9 million, of which approximately HK$7 million are expected to be recognised as administrative expenses for the year ending 31 December 2015 and approximately HK$2 million are expected to be recognised as a deduction in equity directly. Assuming an Offer Price of HK$1.35 (being the mid-point of the Offer Price range), the amount of underwriting commission expected to be incurred by our Company is approximately HK$6 million, which will be charged to equity of our Company. The listing expenses of approximately HK$10 million and HK$7 million will be charged to our profit and loss account for the year ended 31 December 2014 and the year ending 31 December 2015 respectively, which will be reflected in our administrative expenses for the year ended 31 December 2014 and the year ending 31 December 2015 respectively.

The estimated listing expenses are the latest best estimate for reference only and are subject to adjustment based on the actual amount incurred or to be incurred. Our results of operations are expected to be adversely affected by the non-recurring listing expenses incurred.

UNAUDITED PROFORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted net tangible assets attributable to the owners of our Company, which has been prepared on the basis of the notes set out below. This unaudited pro forma statement of adjusted net tangible assets attributable to the owners of our Company has been prepared for illustrative purposes only and because of this hypothetical nature, it may not give a true picture of our financial position.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2014	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 October 2014	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share as at 31 October 2014	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$1.1 per Offer Share	229,823	117,764	347,587	0.58	0.73
Based on an Offer Price of HK$1.6 per Offer Share	229,823	175,528	405,351	0.68	0.86

Notes:

1. The audited consolidated net tangible assets attributable to owners of the Company as at 31 October 2014 is extracted from the accountants' report as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering of 150,000,000 new shares are based on the Offer Price range of HK$1.1 and HK$1.6 per share, after deduction of the underwriting fees and other related expenses paid/payable by the Company. The calculation of the estimated net proceeds from the Global Offering does not take into account any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is calculated based on 600,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue on 31 October 2014 but takes no account of any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme.

4. The unaudited pro forma adjusted consolidated net tangible assets per share is translated to Hong Kong dollars at exchange rate of RMB0.794 to HK$1.00. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

5. The prepaid lease payments and buildings of the Group as at 30 November 2014 were valued by International Valuation Limited, an independent valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. With reference to the valuation of the Group's property interests as set out in Appendix IV to this prospectus, the Group's interest in prepaid lease payments and buildings as at 30 November 2014 of approximately RMB115,700,000. Comparing this amount with the unaudited net carrying value of prepaid lease payments and buildings of the Group as of 30 November 2014 of approximately RMB98,095,000, there was a revaluation surplus of approximately RMB17,605,000. If the revaluation surplus was incorporated in the Group's financial statements, additional annual amortisation and depreciation of approximately RMB2,230,000 will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state its prepaid lease payments and buildings at cost less accumulated amortisation/depreciation and any impairment loss in accordance with the relevant HKASs.

6. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owner of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2014.

DISCLAIMER

Save as aforesaid or as otherwise disclosed herein and apart from normal trade payables and accrued charges, as at 31 December 2014, we did not have any outstanding mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities, or other similar indebtedness, finance leases or hire purchase commitments, liabilities, under acceptances or acceptance credits or guarantees or other material contingent liabilities.

CAPITAL EXPENDITURES

Our capital expenditures during the Track Record Period primarily related to expenditures on the acquisition of property, plant and equipment. Our total capital expenditures amounted to approximately RMB1 million, RMB2 million, RMB1 million and RMB16 million for each of the year ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2014 respectively.

Our capital expenditures, which were funded out of cash flows from our operations, have been primarily used for the purpose of increasing our level of working capital.

We plan to finance future capital expenditures mainly through the net proceeds of the Global Offering, bank borrowings, as well as from cash flows generated from operations. As we expect to continue our expansion, we may incur additional capital expenditures.

DIVIDENDS AND DIVIDEND POLICY

During the year ended 31 December 2013, Fujian Jinjiang and Jinjiang Jicheng declared and paid dividends of RMB50 million. In September 2014, Fujian Jinjiang and Jinjiang Jicheng declared dividends of RMB56 million to their then Shareholders and paid in October 2014 by cash. No dividend was declared by any members of our Group in each of the years ended 31 December 2011 and 2012.

The dividends were declared to reward the then Shareholder's investments in our Group. Our Directors consider the level of distribution appropriate and in the best interests of our Group as a portion of the net profits from ordinary activities attributable to the Shareholders has also been retained to support our Group's expansion. Our Directors are of the view that it is beneficial to utilise a combination of retained profits and borrowings to finance our Group's working capital needs rather than solely rely on retained profits for the following reasons:

1. it maximises the return on equity;

2. it maintains the commercial relationship with banks; and

3. it rewards the Shareholders for their investments in our Company and the Shareholders may be inclined to invest further in our Company.

Subject to the Cayman Companies Law and our Memorandum and Articles of Association, through a general meeting, we may declare dividends in any currency but no dividend may be declared in excess of the amount recommended by our Board. The determination to pay dividends will be made at the discretion of our Board and will be based on our earnings, cash flow, financial condition, capital requirements, statutory fund resource requirements and other conditions that our Directors deem relevant. The payment of dividends may also be limited by legal restrictions and financing agreements that we may enter into in the future. We cannot guarantee when, if and in what form dividends will be paid in the future.

Except as provided under the terms of a particular issue, or with respect to the rights attached to any Shares, (i) all dividends must be declared and paid according to the amounts paid up on the Shares in respect of which the dividend is paid, but no amount paid up on a Share in advance of calls may for this purpose be treated as paid up on the Share; and (ii) all dividends must be apportioned and paid pro rata according to the amount paid up on the Shares during any portion or portions of the period in respect of which the dividend is paid. Our Directors may deduct from any dividend or other monies payable to any of our shareholders or in respect of any Shares all sums of money (if any) presently payable by such shareholder to us on account of calls or otherwise.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 12 June 2014 and has not carried out any business since the date of our incorporation save for the transactions related to the Reorganisation. We had no distributable reserves available for distribution to our Shareholders as at 31 October 2014.

PROFIT ESTIMATE FOR THE YEAR ENDED 31 DECEMBER 2014

Estimated consolidated profit attributable to equity shareholders of the Company(1, 2 and 3)	Not less than RMB72 million (approximately HK$90 million)
Unaudited pro forma estimated earnings per Share(3)	Not less than RMB0.12 (approximately HK$0.15)

Notes:

(1) The basis on which the profit estimate has been prepared are set out in Appendix III to this prospectus. The estimated consolidated net profit attributable to equity shareholders of the Company for the year ended 31 December 2014 is based on the actual consolidated results of the Group for the ten months ended 31 October 2014 and our estimate of the consolidated results of the Group for the two months ended 31 December 2014.

(2) The calculation of the unaudited pro forma estimated earnings per Share is arrived at by dividing the estimated consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2014 assuming a total of 600,000,000 Shares in issue during the entire year assuming the Global Offering has been completed on 1 January 2014 without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The estimated consolidated profit attributable to equity shareholders of the Company and the unaudited pro forma estimated earnings per Share are converted into Hong Kong Dollars at the exchange rate of RMB1 to HK$1.25. No representation is made that HK$ amounts have been, could have been or may be converted to RMB, or vice verse, at that rate or at all.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that as at the Latest Practicable Date, there were no circumstances which, had our Group been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PROPERTY INTERESTS AND VALUATION OF PROPERTIES

The properties of the Group were revalued at RMB115.7 million as of 30 November 2014 by International Valuation Limited. Details of the valuation are summarised in Appendix IV to this prospectus.

A statement of the reconciliation of the audited net book value of the property interests of the Group as of 31 October 2014 and the valuation of such property interests as of 30 November 2014 as required under Rule 5.07 of the Listing Rules is set out below:

	RMB'000
Net book value of property interests of the Group as of 31 October 2014	
– Buildings	59,106
– Prepaid lease payments	39,304
Net book value as of 31 October 2014 (audited)	98,410
Movement for the period from 1 November 2014 to 30 November 2014	
Less: Amortization for the period (unaudited)	(78)
Depreciation for the period (unaudited)	(237)
Net book value as of 30 November 2014 (unaudited)	98,095
Valuation surplus as of 30 November 2014 (unaudited)	17,605
Valuation as of 30 November 2014	115,700

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that, up to the Latest Practicable Date, there had been no material adverse change in the financial or trading position or prospects of our Group since 31 October 2014, and there had been no event since 31 October 2014 which would materially affect the information shown in the Accountants' Report set out in Appendix I to this prospectus, in each case except as otherwise disclosed herein.

Our Directors have also confirmed that there has not been any material change in our indebtedness and contingent liabilities since 31 December 2014.

FUTURE PLANS AND USE OF PROCEEDS

See the section headed "Business – Business strategies" of this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

The aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses in connection with the Global Offering and assuming an Offer Price of HK$1.35 per Share, being the mid-point of the indicative Offer Price range of HK$1.1 to HK$1.6 per Share, and assuming the Over-allotment Option is not exercised) will be approximately HK$174.8 million. Our Directors intend to apply the net proceeds from the Global Offering as follows:

- approximately HK$125.0 million, representing approximately 71.5% of the net proceeds from the Global Offering will be utilised for increasing our production capacity by constructing a new factory upon obtaining the necessary approvals;

- approximately HK$5.0 million, representing approximately 2.9% of the net proceeds from the Global Offering, will be utilized for paying the outstanding balance of the consideration in relation to the construction and completion of the new 10-storey office building in our Yonghe Production Site with a gross floor area of approximately 10,782 sq.m., which is expected to be completed in 2015;

- approximately HK$21.1 million, representing approximately 12.1% of the net proceeds from the Global Offering, will be utilized for further expansion of our branded umbrellas by intensifying our marketing activities to promote our brand awareness both in the domestic and overseas markets, of which (i) approximately HK$19.0 million for placing advertisements in traditional media and internet and participating in major trade fairs in the PRC and overseas and investing in advertising and promotional materials for developing new markets of our umbrella products, and (ii) approximately HK$2.1 million for training our sales and technical teams;

- approximately HK$6.2 million, representing approximately 3.5% of the net proceeds from the Global Offering, will be utilised to strengthen our technical expertise and know-how to ensure continuous improvement of our products, of which approximately HK$3.2 million for recruiting more experts for our research and development team, approximately HK$1 million for subsidizing our research and development staff to attend external training and approximately HK$2 for our research and development capabilities by investing in product development; and

- the remaining balance of approximately HK$17.5 million, representing 10% of the net proceeds from the Global Offering, will be used for additional working capital and other general corporate purposes.

If the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK$1.6 per Share, the net proceeds we receive from the Global Offering will increase by approximately HK$36.4 million. We intend to apply the additional net proceeds for the above purposes on a pro-rata basis. If the Offer Price is set at the low-end of the indicative Offer Price range, being HK$1.1 per Share, the net proceeds we receive from the Global Offering will decrease by approximately HK$36.4 million. We intend to reduce the net proceeds for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, we estimate that the additional net proceeds from the offering of these additional Shares to be received by us, after deducting underwriting fees and estimated expenses payable by us, will be approximately (i) HK$34.9 million, assuming the Offer Price is fixed at the high-end of the indicative Offer Price range, being HK$1.6 per Share; (ii) HK$29.5 million, assuming the Offer Price is fixed at the mid-point of the indicative Offer Price range, being HK$1.35 per Share; and (iii) HK$24.0 million, assuming the Offer Price is fixed at the low-end of the indicative Offer Price range, being HK$1.1 per Share. Any additional proceeds received by us from the exercise of the Over-allotment Option will also be allocated to the above businesses and projects on a pro-rata basis.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable laws and regulations, we intend to deposit the net proceeds into short-term demand deposits with authorised financial institutions and/or licensed banks in Hong Kong.

HONG KONG UNDERWRITERS

Joint Lead Managers

Ping An of China Securities
Qilu International Securities Limited

Co-Lead Managers

Celestial Securities Limited
Convoy Investment Services Limited
Industrial Securities (HK) Capital Limited
Sun International Securities Limited

Co-Managers

Ample Orient Capital Limited
BMI Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

The Hong Kong Public Offering

Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe for, or procure subscribers for the Hong Kong Offer Shares are subject to termination. The Sole Global Coordinator (on behalf of all the Hong Kong Underwriters) shall have the absolute right by notice in writing to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect at any time prior to 8:00 a.m. on the Listing Date (the "**Termination Time**") if any of the following events shall occur prior to the Termination Time:

1. There comes to the notice of the Sole Global Coordinator:

   (a) any matter or event showing any of the representations, warranties, agreements and undertakings given to the Hong Kong Underwriters under the Hong Kong Underwriting Agreement (the "**Warranties**") to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the Warranties or any other provisions of the Hong Kong Underwriting Agreement by any party to the Hong Kong Underwriting Agreement other than the Hong Kong Underwriters which, in any such cases, is considered, in the reasonable opinion of the Sole Global Coordinator, to be material in the context of the Hong Kong Public Offering; or

   (b) any statement contained in this prospectus has become or been discovered to be untrue, incorrect or misleading in any material respect which is considered, in the reasonable opinion of the Sole Global Coordinator, to be material in the context of the Hong Kong Public Offering; or

   (c) any event, series of events, matters or circumstances occurs or arises on or after the date of the Hong Kong Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Hong Kong Underwriting Agreement, would have rendered any of the Warranties untrue, incorrect or misleading in any material respect, and which is considered, in the reasonable opinion of the Sole Global Coordinator to be material in the context of the Hong Kong Public Offering; or

   (d) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the reasonable opinion of the Sole Global Coordinator, a material omission in the context of the Hong Kong Public Offering; or

   (e) any event, act or omission which gives or is likely to give rise to any liability of a material nature of the Company and any of the executive Directors and the Controlling Shareholders arising out of or in connection with the breach of any of the Warranties; or

   (f) any breach by any party to the Hong Kong Underwriting Agreement other than the Hong Kong Underwriters of any provision of the Hong Kong Underwriting Agreement which, in the reasonable opinion of the Sole Global Coordinator, is material;

2. there shall have developed, occurred, existed, or come into effect any event or series of events, matters or circumstances whether occurring or continuing on and/or after the date of the Hong Kong Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:

   (a) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, Macau, Taiwan, the PRC, the BVI, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the business of our Group; or

   (b) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, Macau, Taiwan, the PRC, the BVI, the Cayman Islands or any of the jurisdictions relevant to the business of our Group, the local, regional or international financial, currency, political, military, industrial, economic, stock market or other market conditions or prospects; or

   (c) any adverse change in the conditions of Hong Kong or international equity securities or other financial markets; or

   (d) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances; or

   (e) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) in Hong Kong, Macau, Taiwan, the PRC, the BVI, the Cayman Islands or any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group's business; or

   (f) any adverse change or prospective adverse change in the business or in the financial or trading position or prospects of any member of our Group; or

   (g) the imposition of economic sanction or withdrawal of trading privileges, in whatever form, by the U.S. or by the European Union (or any member thereof) on Hong Kong, Taiwan, Macau or the PRC; or

   (h) a general moratorium on commercial banking activities in the PRC, Hong Kong, Taiwan or Macau declared by the relevant authorities; or

   (i) any event of force majeure including, without limiting the generality thereof, any act of God, military action, riot, public disorder, civil commotion, fire, flood, tsunami, explosion, epidemic, terrorism, strike or lock-out;

which, in the reasonable opinion of the Sole Global Coordinator acting in good faith:

(a) is or will be, or is likely to be, adverse, in any material respect, to the business, financial or other condition or prospects of our Group taken as a whole; or

(b) has or will have or is reasonably likely to have a material adverse effect on the success of the Global Offering or the level of the Offer Shares being applied for or accepted, or the distribution of the Offer Shares; or

(c) makes it impracticable, inadvisable or inexpedient for the Hong Kong Underwriters to proceed with the Hong Kong Public Offering as a whole.

For the above purpose:

(a) a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or a material devaluation of the Renminbi against any foreign currencies shall be taken as an event resulting in a change in currency conditions; and

(b) any normal market fluctuations shall not be construed as events or series of events affecting market conditions referred to above.

Undertakings to the Stock Exchange under the Listing Rules

By us

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that, except pursuant to the Global Offering, the Over-allotment Option and the Share Option Scheme as described and contained in this prospectus, no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except for the circumstances as permitted by Rule 10.08(1) to (5) of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company respectively that, except pursuant to the Stock Borrowing Agreement, it/he/she shall not and shall procure that the relevant registered shareholder(s) shall not:

(a) in the period commencing on the date by reference to which disclosure of its/his/her shareholding in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares in respect of which it/he/she is shown by this prospectus to be the beneficial owners; or

(b) in the period of six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he/she would cease to be a controlling shareholder (as defined in the Listing Rules).

Each of the Controlling Shareholders has also undertaken to the Stock Exchange and our Company respectively that, within the period commencing on the date by reference to which disclosure of its/his/her shareholding in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it/he/she will:

(a) when it/he/she pledges or charges any Shares beneficially owned by it/him/her in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of Shares so pledged or charged; and

(b) when it/he/she receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform us of such indications.

Our Company shall inform the Stock Exchange in writing as soon as it has been informed of any of the matters referred to above (if any) by the Controlling Shareholders and disclose such matters by way of an announcement to be published in accordance with the Listing Rules as soon as possible.

Undertakings

Pursuant to the Hong Kong Underwriting Agreement, our Company had undertaken to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Lead Managers and the Hong Kong Underwriters that, except pursuant to the Global Offering (including pursuant to the Over-allotment Option), the Capitalisation Issue, the grant of options under the Share Option Scheme and the issue of Shares upon exercise of any such options or as otherwise permitted under the Listing Rules, our Company will not, and our Company, the Controlling Shareholders and each of our executive Directors will procure, that our subsidiaries will not, unless with the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters), such consent not to be unreasonably withheld or delayed, and in compliance with the requirements of the Listing Rules:

(i) allot or issue, or agree to allot or issue, Shares or other securities of our Company (including warrants or other convertible or exchangeable securities) or grant or agree to grant any options, warrants, or other rights to subscribe for or convertible or exchangeable into Shares or other securities of our Company; or

(ii) enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequence of ownership of any Shares or offer to or agree to do any of the foregoing or announce any intention to do so,

during the six months immediately following the Listing Date (the "**First Six-month Period**").

In the event of our Company doing any of the foregoing by virtue of the aforesaid exceptions or during the period of six months immediately following the expiry of the First Six-month Period (the "**Second Six-month Period**"), it will take all reasonable steps to ensure that any such act will not create a disorderly or false market for any Shares or other securities of our Company.

Each of the Controlling Shareholders has jointly and severally undertaken to each of the Sole Global Coordinator, our Company and the Hong Kong Underwriters that during the First Six-month Period, it or he shall not, and shall procure that the relevant registered holder(s) and its or his associates and companies controlled by it or he and any nominee or trustee holding in trust for it or he shall not, without the prior written consent of the Sole Global Coordinator unless as a result of any exercise of the Over-allotment Option or otherwise in compliance with the requirements of the Listing Rules:

(i) offer, pledge, charge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, any of the Shares in respect of which it or he is shown in this prospectus to be directly or indirectly interested in (the "**Relevant Securities**"); or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities, whether any of the foregoing transactions is to be settled by delivery of the Relevant Securities or such other securities, in cash or otherwise; or

(iii) agree (conditionally or unconditionally) to enter into or effect any transaction with the same economic effect as any of the transactions referred to in paragraphs (i) or (ii) above; or

(iv) announce any intention to enter into or effect any of the transactions referred to in paragraphs (i), (ii) or (iii) above.

Each of the Controlling Shareholders has jointly and severally undertaken to the Sole Global Coordinator, our Company and the Hong Kong Underwriters that it or he shall not, and shall procure that the relevant registered holder(s) and its or his associates or companies controlled by it or him and any nominee or trustee holding in trust for it or him shall not, without the prior written consent of the Stock Exchange in the Second Six-month Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Relevant Securities held by it or him or any of its or his associates or companies controlled by it or him or her or any nominee or trustee holding in trust for it or him if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it or he would cease to be a Controlling Shareholder or would together with the other Controlling Shareholders cease to be, or be regarded as, Controlling Shareholders.

In the event of a disposal of any of the Shares or securities of our Company directly or indirectly beneficially owned by it or him or any interest therein within the Second Six-month Period, the relevant Controlling Shareholder shall take all reasonable steps to ensure that such a disposal will not create a disorderly or false market for any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Sole Global Coordinator and the Hong Kong Underwriters that within the first twelve months from the Listing Date, he or it will:

(i) when he or it pledges or charges any securities or interests in the securities of our Company beneficially owned by him or it directly or indirectly, immediately inform our Company and the Sole Global Coordinator in writing of such pledges or charges together with the number of securities and nature of interests so pledged or charged; and

(ii) when he or it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Global Coordinator in writing of such indications.

Our Company will inform the Stock Exchange as soon as we have been informed of the matters above (if any) by the Controlling Shareholders and disclose such matters by way of a press announcement.

The International Placing

In connection with the International Placing, it is expected that our Company will enter into the International Placing Underwriting Agreement with, among others, the International Placing Underwriters, on terms and conditions that are substantially similar to the Hong Kong Underwriting Agreement as described above and on the additional terms described below. Under the International Placing Underwriting Agreement, the International Placing Underwriters will severally agree to subscribe or procure subscribers for the International Placing Shares being offered pursuant to the International Placing.

Our Company will grant to the International Placing Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (on behalf of the International Placing Underwriters) at any time from the date of the Price Determination Date until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require our

Company to allot and issue up to an aggregate of 22,500,000 additional Shares representing 15.0% of the number of Offer Shares initially offered under the Global Offering, at the same price per Share under the International Placing to cover over-allocations (if any) in the International Placing, if any, and/or the obligations of the Sole Global Coordinator (for and on behalf of the International Placing Underwriters) to return Shares which it may have borrowed under the Stock Borrowing Agreement.

Commissions and expenses

The Underwriters will receive an underwriting commission at the rate of 3.0% of the aggregate Offer Price payable for the Offer Shares (including shares to be issued pursuant to the Over-allotment Option), out of which they will pay any sub-underwriting commissions. Such commission, together with the Stock Exchange listing fees, the Stock Exchange trading fees, the SFC transaction levy, legal and other professional fees, printing, and other expenses relating to the Global Offering, is currently estimated to be approximately HK$28 million in aggregate (based on an Offer Price of HK$1.35 per Offer Share, being the mid-point of the indicative Offer Price range of HK$1.1 per Offer Share and HK$1.6 per Offer Share and the assumption that the Over-allotment Option is not exercised) and is paid or payable by our Company.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their obligations under the Underwriting Agreements, none of the Underwriters is interested legally or beneficially in any shares of any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

INDEPENDENCE OF THE SOLE SPONSOR

Ping An of China Capital, being the Sole Sponsor, satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

RESTRICTIONS ON THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. In particular, the Offer Shares have not been offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. Ping An of China Capital is the Sole Sponsor and Ping An of China Securities is the Sole Global Coordinator, the Joint Bookrunners and the Joint Lead Managers.

The Global Offering consists of (subject to reallocation and the Over-allotment Option):

- the Hong Kong Public Offering of 15,000,000 Shares (subject to reallocation as mentioned below) in Hong Kong as described under the section headed "Structure and Conditions of the Global Offering – The Hong Kong Public Offering" of this prospectus; and

- the International Placing of 135,000,000 Shares (subject to reallocation as mentioned below) outside the United States in reliance on Regulation S of the U.S. Securities Act as described under the section headed "Structure and Conditions of the Global Offering – The International Placing" of this prospectus.

Investors may apply for the Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional, professional and other investors in Hong Kong. The International Placing will involve selective marketing of the Offer Shares to institutional and professional investors. The International Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Placing respectively may be subject to reallocation as described in the section headed "Structure and Conditions of the Global Offering – Pricing and Allocation" of this prospectus.

PRICING AND ALLOCATION

Offer Price

The Offer Price will be not more than HK$1.6 per Offer Share and is expected to be not less than HK$1.1 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

Price payable on application

Applicants under the Hong Kong Public Offering must pay, on application, the maximum indicative Offer Price of HK$1.6 per Hong Kong Offer Share plus 1% brokerage, a 0.0027% SFC transaction levy and a 0.005% Stock Exchange trading fee, amounting to a total of HK$3,232.25 for one board lot of 2,000 Shares. Each Application Form includes a table showing the exact amounts payable on certain numbers of Offer Shares. If the Offer Price as finally determined in the manner described below, is less than HK$1.6 per Hong Kong Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants without interest.

Determining the Offer Price

The International Placing Underwriters are soliciting from prospective investors indications of interest in acquiring the Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or about Friday, 6 February 2015.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or about Friday, 6 February 2015 and in any event, no later than 6:00 p.m. on Friday, 6 February 2015.

If, for any reason, our Company and the Sole Global Coordinator (on behalf of the Underwriters) are unable to reach agreement on the Offer Price at or before 6:00 p.m. on Friday, 6 February 2015, the Global Offering will not proceed and will lapse.

Reduction in Offer Price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters) considers it appropriate and together with our consent, the indicative Offer Price range and/or the number of Offer Shares may be reduced below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published in The Standard (in English) and the Hong Kong Economic Times (in Chinese) notice of the reduction in the indicative Offer Price range and/or number of Offer Shares. Such notice will also include confirmation or revision, as appropriate, of the offering statistics as currently set out in the section headed "Summary" of this prospectus and any other financial information which may change as a result of such reduction. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of the publication of any such notice, the Offer Price shall under no circumstances be set outside the Offer Price range indicated in this prospectus.

Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the indicative Offer Price range and/or number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Allocation

The Shares to be offered in the Hong Kong Public Offering and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of the Offer Shares pursuant to the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell Shares after Listing. Such allocation may be made to professional, institutional and other investors and is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

Allocation of the Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Announcement of final Offer Price and basis of allocations

The applicable final Offer Price, the level of indications of interest in the International Placing and the basis of allocations of the Hong Kong Offer Shares are expected to be announced on Thursday, 12 February 2015 in The Standard (in English) and the Hong Kong Economic Times (in Chinese).

Results of allocations in the Hong Kong Public Offering, including the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants (where applicable) and the number of Hong Kong Offer Shares successfully applied for under **WHITE** and **YELLOW** application forms, or by giving **electronic application instructions** to HKSCC or by applying online through the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service, will be made available through a variety of channels as described in the section headed "How to Apply for the Hong Kong Offer Shares – 11. Publication of Results" of this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Offer Shares pursuant to the Hong Kong Public Offering will be conditional upon, among other things:

- the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including the Shares which may be made available pursuant to the Capitalisation Issue, the exercise of the Over-allotment Option and any Shares which may fall to be issued upon the exercise of the options which may be granted under the Share Option Scheme);

- the Offer Price having been duly agreed on or around the Price Determination Date;

- the execution and delivery of the International Placing Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Underwriters under each of the International Placing Underwriting Agreement and the Hong Kong Underwriting Agreement having become unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in such Underwriting Agreements (unless and to the extent such conditions are waived on or before such dates and times) and in any event not beyond the 30th day after the date of this prospectus.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived, prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will cause to be published by us in The Standard (in English) and the Hong Kong Economic Times (in Chinese) on the next day following such lapse.

Share certificates for the Offer Shares are expected to be issued on Thursday, 12 February 2015 but will only become valid certificates of title at 8:00 a.m. on Friday, 13 February 2015, provided that (i) the Global Offering has become unconditional in all respects and (ii) the right of termination as described in the section headed "Underwriting – Underwriting Arrangements and Expenses – The Hong Kong Public Offering – Grounds for Termination" of this prospectus has not been exercised.

THE HONG KONG PUBLIC OFFERING

Number of Shares initially offered

Our Company is initially offering 15,000,000 Shares at the Offer Price, representing 10% of the 150,000,000 Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Hong Kong Public Offering will represent 2.5% of the total issued share capital of our Company immediately after completion of the Global Offering (assuming that the Over-allotment Option is not exercised). The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional, professional and other investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Completion of the Hong Kong Public Offering is subject to the conditions as set out in the section headed "Structure and Conditions of the Global Offering – Conditions of the Hong Kong Public Offering" above.

Allocation

For allocation purposes only, the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offering (after taking into account any adjustment in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Placing) will be allocated to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation that others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares. In addition, multiple or suspected multiple applications will be rejected. No application will be accepted from applicants for more than 7,500,000 Hong Kong Offer Shares (being 50.0% of the initial number of Hong Kong Offer Shares).

Reallocation

The allocation of the Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Shares initially available under the Hong Kong Public Offering, the total number of Shares available under the Hong Kong Public Offering will be increased to 45,000,000 Shares, 60,000,000 Shares and 75,000,000 Shares, respectively, representing 30.0% (in the case of (i)), 40.0% (in the case of (ii)) and 50.0% (in the case of (iii)), respectively, of the total number of Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Shares allocated in the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate.

If the Hong Kong Offer Shares are not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate. In addition, the Sole Global Coordinator may reallocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under the Hong Kong Public Offering.

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him that he and any person for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking or confirmation is breached or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Placing.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL PLACING

Number of Offer Shares offered

The number of Shares to be initially offered for subscription under the International Placing will be 135,000,000 Shares, representing 90% of the Offer Shares under the Global Offering. The International Placing is subject to the Hong Kong Public Offering being unconditional.

Allocation

Pursuant to the International Placing, the International Placing Underwriters will conditionally place the Shares with institutional and professional investors and other investors expected to have a sizeable demand for the Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S of the U.S. Securities Act. Allocation of

Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in paragraph headed "Pricing and Allocation" above and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares after Listing. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a stable shareholder base to the benefit of our Company and the Shareholders as a whole.

OVER-ALLOTMENT OPTION

The Company is expected to grant to the International Placing Underwriters the Over-allotment Option, exercisable by the Sole Global Coordinator (on behalf of the International Placing Underwriters) at any time and from time to time from the Listing Date, up to (and including) the date which is the 30th day after the last day for lodging of Application Forms under the Hong Kong Public Offering. A press announcement will be made in the event that the Over-allotment Option is exercised. Pursuant to the Over-allotment Option, our Company may be required to allot and issue up to 22,500,000 Shares, representing 15.0% of the number of Offer Shares initially available under the Global Offering, at the Offer Price.

STOCK BORROWING AGREEMENT

Ping An of China Securities, as stabilising manager, or any person acting for it may choose to borrow 22,500,000 Shares from Jicheng Investment, under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercising of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set out in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with Jicheng Investment will only be effected by the stabilising manager for settlement of over-allocations in the International Placing and covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares borrowed from Jicheng Investment under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon the exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to Jicheng Investment or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from this to time agree in writing;

- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and

- no payment will be made to Jicheng Investment by the stabilising manager or its authorised agents in relation to such stock borrowing arrangement.

STABILISATION AND OVER-ALLOTMENT

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, Ping An of China Securities, as stabilising manager, or any person acting for it, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect any other transactions with a view to stabilising or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Any market purchases of Shares will be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on Ping An of China Securities or any person acting for it to conduct any such stabilising activity, which if commenced, will be done at the absolute discretion of Ping An of China Securities and may be discontinued at any time. Any such stabilising activity is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be sold under the Over-allotment Option, namely, 22,500,000 Shares, which is 15.0% of the number of Offer Shares initially available under the Global Offering.

Stabilising action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilising) Rules includes: (i) over-allocation for the purpose of preventing or minimising any reduction in the market price of the Shares; (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of the Shares; (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimising any reduction in the market price of the Shares; (v) selling or agreeing to sell any Shares in order to liquidate any position held as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Shares should note that:

- Ping An of China Securities, or any person acting for it, may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time period for which Ping An of China Securities, or any person acting for it, will maintain such a position;

- liquidation of any such long position by Ping An of China Securities may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date following announcement of the Offer Price, and is expected to expire on the last business day immediately before the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price either during or after the stabilising period by taking of any stabilising action; and

- stabilising bids may be made or transactions effected in the course of the stabilising action at any price at or below the Offer Price, which means that stabilising bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilising) Rules will be made within seven days of the expiration of the stabilising period. Such stabilisation action, if commenced, may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws, rules and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules, as amended, made under the SFO.

In connection with the Global Offering, Ping An of China Securities may over-allocate up to and not more than an aggregate of 22,500,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means. In particular, for the purpose of settlement of over-allocations in connection with the International Placing, Ping An of China Securities may borrow up to 22,500,000 Shares from Jicheng Investment, equivalent to the maximum number of Shares to be issued on full exercise of the Over-allotment Option, under the Stock Borrowing Agreement.

SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made enabling the Shares to be admitted into CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 13 February 2015, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 13 February 2015. The Shares will be traded in board lots of 2,000 Shares. The stock code of the Shares will be 1027.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form service** at **www.hkeipo.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it thinks fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- a connected person or a core connected person (as defined in the Listing Rules) of our Company or will become a connected person or a core connected person of our Company immediately upon completion of the Global Offering;
- an associate or a close associate (as defined in the Listing Rules) of any of the above; or
- have been allocated or have applied for any International Placing Shares or otherwise participated in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.hkeipo.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 3 February 2015 to 12:00 noon on Friday, 6 February 2015 from:

(i) the following addresses of the Hong Kong Underwriters:

Ping An of China Securities (Hong Kong)	28/F, 169 Electric Road, North Point, Hong Kong
Qilu International Securities Limited	7/F, Li Po Chun Chambers, 189 Des Voeux Road Central, Central, Hong Kong
Celestial Securities Limited	9/F, Low Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong
Convoy Investment Services Limited	Room C, 24/F, @Convoy, 169 Electric Road, North Point, Hong Kong
Industrial Securities (HK) Capital Limited	30/F, AIA Central, 1 Connaught Road Central, Hong Kong
Sun International Securities Limited	Units 1201-1204, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong
Ample Orient Capital Limited	14A, Two Chinachem Plaza, 135 Des Voeux Road Central, Central, Hong Kong
BMI Securities Limited	Suites 909-916, 9/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong

(ii) any of the branches of the following receiving bank:

Standard Chartered Bank (Hong Kong) Limited

	Branch Name	Address
Hong Kong Island . . .	Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
	Hennessy Road Branch	399 Hennessy Road, Wanchai
	North Point Centre Branch	North Point Centre, 284 King's Road, North Point
Kowloon	Kwun Tong Hoi Yuen Road Branch	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong
	Tsim Sha Tsui Branch	G/F, 10 Granville Road, Tsim Sha Tsui
	Mei Foo Stage 1 Branch	G/F, 1C Broadway, Mei Foo Sun Chuen Stage 1, Lai Chi Kok
New Territories	Metroplaza Branch	Shop No. 175-176, Level 1, Metroplaza, 223 Hing Fong Road, Kwai Chung
	Tai Po Branch	23 & 25 Kwong Fuk Road, Tai Po Market, Tai Po

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Tuesday, 3 February 2015 until 12:00 noon on Friday, 6 February 2015 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Horsford Nominees Limited – Jicheng Umbrella Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

- Tuesday, 3 February 2015 – 9:00 a.m. to 5:00 p.m.
- Wednesday, 4 February 2015 – 9:00 a.m. to 5:00 p.m.
- Thursday, 5 February 2015 – 9:00 a.m. to 5:00 p.m.
- Friday, 6 February 2015 – 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 6 February 2015, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form service**, among other things, you:

(i) **undertake** to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) **agree** to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) **confirm** that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) **confirm** that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) **agree** that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) **undertake** and **confirm** that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) **agree** to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, **agree and warrant** that you have complied with all such laws and none of our Company, the Sole Sponsor, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) **agree** that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) **agree** that your application will be governed by the laws of Hong Kong;

(xii) **represent**, **warrant** and **undertake** that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) **warrant** that the information you have provided is true and accurate;

(xiv) **agree** to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) **authorise** our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) **declare** and **represent** that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) **understand** that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) **warrant** that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **HK eIPO White Form** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) **warrant** that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may see the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK EIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form service** for the Offer Shares to be allotted and registered in their own names through the designated website at **www.hkeipo.hk**.

Detailed instructions for application through the **HK eIPO White Form service** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form service**.

Time for Submitting Applications under the HK eIPO White Form

You may submit your application to the **HK eIPO White Form** Service Provider at **www.hkeipo.hk** (24 hours daily, except on the last application day) from 9:00 a.m., Tuesday, 3 February 2015 until 11:30 a.m., Friday, 6 February 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon, Friday, 6 February 2015 or such later time under the "10. Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form service** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form service** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System **https://ip.ccass.com** (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- **agree** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;

- (if the electronic application instructions are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- **confirm** that you understand that our Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- **authorise** our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- **agree** that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- **agree** to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents;

- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- **agree** with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- **agree** that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- Tuesday, 3 February 2015 – 9:00 a.m. to 8:30 p.m.(1)
- Wednesday, 4 February 2015 – 8:00 a.m. to 8:30 p.m.(1)
- Thursday, 5 February 2015 – 8:00 a.m. to 8:30 p.m.(1)
- Friday, 6 February 2015 – 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Tuesday, 3 February 2015 until 12:00 noon on Friday, 6 February 2015.

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 6 February 2015, the last application day or such later time as described in "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form service** is also only a facility provided by the **HK eIPO White Form** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form service** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon, Friday, 6 February 2015.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or

- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"**Unlisted company**" means a company with no equity securities listed on the Stock Exchange.

"**Statutory control**" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form service** in respect of a minimum of 2,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.hkeipo.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Global Offering – Pricing and allocation”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, 6 February 2015. Instead they will open between 11:45 a.m. and 12:00 noon on the next Business Day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Friday, 6 February 2015 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indications of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 12 February 2015 to be published (a) in The Standard (in English) and the Hong Kong Economic Times (in Chinese); (b) on our Company’s website at **www.jcumbrella.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the dates and times and in the manner specified below:

- in the announcement to be posted on our Company’s website at **www.jcumbrella.com** and the Stock Exchange’s website at **www.hkexnews.hk** by no later than 9:00 a.m., Thursday, 12 February 2015;
- from the designated results of allocations website at **www.tricor.com.hk/ipo/result** with a “search by ID” function on a 24-hour basis from 8:00 a.m., Thursday, 12 February 2015 to 12:00 midnight, on Wednesday, 18 February 2015;
- by telephone enquiry line by calling 3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 12 February 2015 to Tuesday, 17 February 2015 on a Business Day;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 12 February 2015 to Monday, 16 February 2015 at all the receiving bank branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$1.60 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure and Conditions of the Global Offering – Conditions of the Hong

Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Thursday, 12 February 2015.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Thursday, 12 February 2015. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m., Friday, 13 February 2015 provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 12 February 2015 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Thursday, 12 February 2015, by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Thursday, 12 February 2015, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 12 February 2015, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- ***If you apply through a designated CCASS participant (other than a CCASS investor participant)***

  For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- ***If you are applying as a CCASS investor participant***

  Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 12 February 2015 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the HK eIPO White Form service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 12 February 2015, or such other date as notified by our Company as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Thursday, 12 February 2015 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via Electronic Application Instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 12 February 2015, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, 12 February 2015. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 12 February 2015 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 12 February 2015. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 12 February 2015.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the purpose of incorporation in this prospectus, received from the independent reporting accountants of our Company, SHINEWING (HK) CPA Limited, Certified Public Accountant, Hong Kong.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

3 February 2015

The Board of Directors
Jicheng Umbrella Holdings Limited
Ping An of China Capital (Hong Kong) Company Limited

Dear Sirs,

INTRODUCTION

We set out below our report on the financial information (the "**Financial Information**") regarding Jicheng Umbrella Holdings Limited (the "**Company**") and its subsidiaries (hereinafter collectively referred to as the "**Group**") for each of the three years ended 31 December 2011, 2012, 2013 and the ten months ended 31 October 2014 (the "**Track Record Periods**") for inclusion in the prospectus of the Company dated 3 February 2015 (the "**Prospectus**") in connection with the initial listing of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company was incorporated in the Cayman Islands on 12 June 2014 as an exempted company with limited liability under the Cayman Companies Law, Cap 22 (Law 3 of 1961, as combined and revised) of the Cayman Islands. Pursuant to a group reorganisation as detailed in the section headed "History and Corporate Structure" to the Prospectus (the "**Reorganisation**"), which was completed on 11 October 2014, the Company became the holding company of companies now comprising the Group, details of which are set out below. The Company has not carried on any business since the date of its incorporation save for the Reorganisation.

During the Track Record Periods and as at the date of this report, the particulars of the Company's subsidiaries are as follows:

Name of subsidiaries	**Place and date of incorporation/ establishment**	**Issued and fully paid share capital/ registered capital**	**Attributable equity interest held by the Group**					**Principal activities**
			31 December			**31 October**	**At the date of this report**	
			2011	**2012**	**2013**	**2014**		
Jicheng Umbrella Holding Limited ("**Jicheng BVI**")	British Virgins Islands 13 June 2014	Issued and fully paid share capital United States dollars ("**USD**") 1	–	–	–	100%	100%	Investment holding
福建集成傘業有限公司 Fujian Jicheng Umbrella Co., Ltd. ("**Fujian Jicheng**") *(Note)*	The People's Republic of China (the "**PRC**") 24 December 2004	Registered capital Hong Kong dollars ("**HKD**") 60,000,000	100%	100%	100%	100%	100%	Manufacturing and sales of umbrella
晉江集成輕工有限公司 Jinjiang Jicheng Light Industry Co., Ltd. ("**Jinjiang Jicheng**") *(Note)*	The PRC 13 May 1996	Registered capital Renminbi ("**RMB**") 20,595,500	95%	95%	95%	100%	100%	Manufacturing and sales of umbrella
Jicheng Umbrella Hong Kong Company Limited ("**Jicheng HK**")	Hong Kong 30 June 2014	Issued and fully paid share capital HKD1	–	–	–	100%	100%	Investment holding

Note: The English translation of the company names is for reference only. The official names of these companies are in Chinese.

All companies now comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements have been prepared for the Company and Jicheng BVI since their dates of incorporation as there are no statutory requirements under the relevant rules and regulations in their jurisdictions of incorporation. No audited financial statements have been prepared for Jicheng HK since its date of incorporation and Jicheng HK has not commenced any business. For the purpose of this report, we have, however, reviewed the relevant transactions of these companies since their respective dates of incorporation to 31 October 2014 and carried out such procedures as we considered necessary for inclusion of the financial information relating to these companies in the Financial Information.

The audited statutory financial statements of Fujian Jicheng and Jinjiang Jicheng for each of the three years ended 31 December 2013 were prepared in accordance with the relevant accounting policies and financial regulations applicable to enterprises established in the PRC.

The statutory auditors of the above subsidiaries during the Track Record Periods are as follows:

Name of subsidiaries	Periods covered	Certified Public Accountants
Fujian Jicheng	Year ended 31 December 2011	福建瑞智會計師事務所有限公司*
	Year ended 31 December 2012	泉州眾和有限責任會計師事務所*
	Year ended 31 December 2013	泉州洪城會計師事務所有限公司*
Jinjiang Jicheng	Year ended 31 December 2011	福建瑞智會計師事務所有限公司*
	Year ended 31 December 2012	泉州眾和有限責任會計師事務所*
	Year ended 31 December 2013	泉州洪城會計師事務所有限公司*

* Certified Public Accountants registered in the PRC.

BASIS FOR PREPARATION

For the purpose of this report, the directors of the Company have prepared the financial statements of the Company and the consolidated financial statements of the Group for the Track Record Periods, which were prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") (the "**Underlying Financial Statements**"). We have undertaken an independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA for the Track Record Periods.

The Financial Information has been prepared by the directors of the Company based on the Underlying Financial Statements, with no adjustments made thereto, and in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

The directors of the Company are responsible for the preparation of the Financial Information that gives a true and fair view in accordance with HKFRSs issued by the HKICPA and the applicable disclosure provisions of Listing Rules, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Financial Information that is free from material misstatement, whether due to fraud or error.

Our responsibility is to form an independent opinion on the Financial Information based on our procedures and to report our opinion thereon to you. We have examined the Underlying Financial Statements and carried out additional procedures as necessary in accordance with the Auditing Guideline 3.340 "Prospectus and the Reporting Accountant" as recommended by the HKICPA.

OPINION

In our opinion, for the purpose of this report, and on the basis of preparation set out in Note 1 of Section A below, the Financial Information gives a true and fair view of the Group's consolidated results and consolidated cash flows for the Track Record Periods, and of the state of affairs of the Company and the Group as at 31 December 2011, 2012 and 2013 and 31 October 2014.

CORRESPONDING FINANCIAL INFORMATION

For the purpose of this report, we have also reviewed the unaudited financial information of the Group comprising the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the ten months ended 31 October 2013 together with notes thereto (the "**October 2013 Financial Information**"), for which the directors of the Company are responsible, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. Our responsibility is to express a conclusion on the October 2013 Financial Information based on our review.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the October 2013 Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the October 2013 Financial Information is not prepared, in all material respects, in accordance with the accounting policies consistent with those used in the preparation of the Financial Information which conform with HKFRSs.

A. FINANCIAL INFORMATION

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Ten months ended 31 October	
	Notes	**2011**	**2012**	**2013**	**2013**	**2014**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(unaudited)	
Revenue	*7*	325,563	377,367	483,615	420,441	524,703
Cost of sales		(244,614)	(283,670)	(364,223)	(315,492)	(387,092)
Gross profit		80,949	93,697	119,392	104,949	137,611
Other income and other gains	*7*	2,908	6,098	8,325	5,383	2,458
Selling and distribution expenses		(7,132)	(7,736)	(12,060)	(9,882)	(9,929)
Administrative expenses		(21,160)	(24,354)	(25,642)	(21,255)	(32,164)
Finance costs	*9*	(5,553)	(9,023)	(10,003)	(8,177)	(10,834)
Profit before taxation		50,012	58,682	80,012	71,018	87,142
Income tax expense	*10*	(8,604)	(14,533)	(20,257)	(17,899)	(23,373)
Profit and total comprehensive income for the year/period	*11*	41,408	44,149	59,755	53,119	63,769
Profit and total comprehensive income for the year/period attributable to:						
Owner of the Company		40,580	43,135	57,631	51,073	62,778
Non-controlling interests		828	1,014	2,124	2,046	991
		41,408	44,149	59,755	53,119	63,769

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	The Group				The Company
		At 31 December			At 31 October	At 31 October
		2011	2012	2013	2014	2014
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets						
Investments in subsidiaries	*15*	–	–	–	–	231,389
Property, plant and equipment	*16*	88,229	83,508	78,507	86,693	–
Prepaid lease payments	*17*	38,922	38,044	37,166	38,369	–
		127,151	121,552	115,673	125,062	231,389
Current assets						
Inventories	*18*	173,259	163,220	118,562	93,636	–
Trade receivables	*19*	40,579	15,618	12,987	59,147	–
Prepayments and other receivables	*20*	40,722	41,333	49,783	55,970	2,545
Prepaid lease payments	*17*	878	878	878	935	–
Held-to-maturity investment	*21*	1,000	–	–	–	–
Pledged deposits	*22*	18,505	11,793	17,315	17,331	–
Short-term bank deposits	*22*	–	146,106	–	–	–
Bank balances and cash	*22*	10,272	25,066	186,403	115,102	–
		285,215	404,014	385,928	342,121	2,545
Current liabilities						
Trade and bills payables	*23*	78,710	78,473	77,602	54,190	–
Accrued expenses and other payables	*24*	27,753	89,885	25,273	18,562	4,415
Income tax payable		1,382	2,923	3,514	1,743	–
Amount due to a subsidiary	*25*	–	–	–	–	6,002
Bank borrowings	*26*	136,263	141,878	173,050	162,865	–
		244,108	313,159	279,439	237,360	10,417
Net current assets (liabilities)		41,107	90,855	106,489	104,761	(7,872)
Net assets (liabilities)		168,258	212,407	222,162	229,823	223,517
Capital and reserves						
Share capital	*27*	80,396	80,396	80,396	–	–
Reserves	*28*	84,979	128,114	136,822	229,823	223,517
Equity attributable to owner of the Company		165,375	208,510	217,218	229,823	223,517
Non-controlling interests		2,883	3,897	4,944	–	–
Total equity		168,258	212,407	222,162	229,823	223,517

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *RMB'000*	Translation reserve *RMB'000*	Statutory reserve *RMB'000* *(note 28)*	Other reserve *RMB'000* *(note 28)*	Retained profit *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2011	80,396	23	3,057	(1,110)	42,429	124,795	2,055	126,850
Profit and total comprehensive income for the year	–	–	–	–	40,580	40,580	828	41,408
Transfer to statutory reserve	–	–	5,549	–	(5,549)	–	–	–
At 31 December 2011 and 1 January 2012	80,396	23	8,606	(1,110)	77,460	165,375	2,883	168,258
Profit and total comprehensive income for the year	–	–	–	–	43,135	43,135	1,014	44,149
Transfer to statutory reserve	–	–	4,262	–	(4,262)	–	–	–
At 31 December 2012 and 1 January 2013	80,396	23	12,868	(1,110)	116,333	208,510	3,897	212,407
Profit and total comprehensive income for the year	–	–	–	–	57,631	57,631	2,124	59,755
Dividend paid	–	–	–	–	(48,923)	(48,923)	(1,077)	(50,000)
Transfer to statutory reserve	–	–	5,815	–	(5,815)	–	–	–
At 31 December 2013 and 1 January 2014	80,396	23	18,683	(1,110)	119,226	217,218	4,944	222,162
Profit and total comprehensive income for the period	–	–	–	–	62,778	62,778	991	63,769
Dividend paid	–	–	–	–	(52,408)	(52,408)	–	(52,408)
Further acquisition of equity interest in a subsidiary from non-controlling interests	–	–	–	4,825	–	4,825	(5,935)	(1,110)
Acquisition of equity interests in a subsidiary from the Controlling Shareholder	–	–	–	(2,590)	–	(2,590)	–	(2,590)
Arising from reorganisation of the Group	(80,396)	–	–	80,396	–	–	–	–
At 31 October 2014	–	23	18,683	81,521	129,596	229,823	–	229,823
At 1 January 2013 (audited)	80,396	23	12,868	(1,110)	116,333	208,510	3,897	212,407
Profit and total comprehensive income for the period	–	–	–	–	51,073	51,073	2,046	53,119
At 31 October 2013 (unaudited)	80,396	23	12,868	(1,110)	167,406	259,583	5,943	265,526

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
OPERATING ACTIVITIES					
Profit before taxation	50,012	58,682	80,012	71,018	87,142
Adjustments for:					
Amortisation of prepaid lease payments	878	878	878	731	736
Finance costs	5,553	9,023	10,003	8,177	10,834
Bank interest and investment income	(205)	(2,419)	(4,052)	(2,917)	(1,023)
Depreciation of property, plant and equipment	6,260	6,289	6,270	5,106	4,941
Government grants	(2,364)	(1,012)	(4,086)	(2,409)	(1,192)
Loss on disposal of property, plant and equipment	–	–	–	–	489
Operating cash flows before movements in working capital	60,134	71,441	89,025	79,706	101,927
(Increase) decrease in inventories	(38,963)	10,039	44,658	67,799	24,926
(Increase) decrease in trade receivables	(13,109)	24,961	2,631	(134,724)	(46,160)
(Increase) decrease in prepayments and other receivables	(19,362)	910	(9,971)	14,055	(6,187)
(Decrease) increase in trade and bills payables	(13,599)	(237)	(871)	(17,026)	(23,412)
(Decrease) increase in accrued expenses and other payables	(1,426)	62,132	(64,612)	(82,394)	(8,527)
Cash (used in) generated from operations	(26,325)	169,246	60,860	(72,584)	42,567
PRC Enterprise Income Tax ("**PRC EIT**") paid	(8,201)	(12,992)	(19,666)	(19,662)	(25,144)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(34,526)	156,254	41,194	(92,246)	17,423
INVESTING ACTIVITIES					
Acquisition of land use rights	–	–	–	–	(1,996)
Acquisition of property, plant and equipment	(986)	(1,568)	(1,269)	(948)	(12,418)
– Placement of pledged deposits	(38,538)	(119,938)	(70,139)	(60,768)	(67,796)
– Withdrawal of pledged deposits	20,550	126,650	64,617	61,040	67,780
Bank interest and investment income received	205	898	5,573	2,917	1,023
Proceeds from redemption of held-to-maturity investment	–	1,000	–	–	–
Proceeds from disposal of property, plant and equipment	–	–	–	–	618
(Placement) withdrawal of short-term bank deposits maturing beyond three months	–	(146,106)	146,106	146,106	–
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(18,769)	(139,064)	144,888	148,347	(12,789)
FINANCING ACTIVITIES					
Repayments of bank borrowings	(166,841)	(213,347)	(242,683)	(215,815)	(345,902)
New bank borrowings raised	221,182	218,962	273,855	244,308	335,717
Interest paid	(5,553)	(9,023)	(10,003)	(8,177)	(10,834)
Dividend paid	–	–	(50,000)	–	(52,408)
Further acquisition of equity interest in a subsidiary from non-controlling interests	–	–	–	–	(1,110)
Acquisition of equity interests in a subsidiary from the Controlling Shareholder	–	–	–	–	(2,590)
Government grants received	2,364	1,012	4,086	2,409	1,192

	Year ended 31 December			Ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
NET CASH FROM (USED IN) FINANCING ACTIVITIES	51,152	(2,396)	(24,745)	22,725	(75,935)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,143)	14,794	161,337	78,826	(71,301)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR/PERIOD	12,415	10,272	25,066	25,066	186,403
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR/PERIOD, represented by bank balances and cash	10,272	25,066	186,403	103,892	115,102

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PRESENTATION OF THE FINANCIAL INFORMATION

The Company was incorporated in the Cayman Islands on 12 June 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands.

The address of the registered office is Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the principal place of business of the Company is 5th Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong. The Company is engaged in investment holding while the principal subsidiaries are principally engaged in manufacture and sale of umbrella.

Pursuant to the Reorganisation, the Company became the holding company of the companies now comprising the Group on 11 October 2014. The Group has been under the control and beneficially owned by Mr. Huang Wenji (the "**Controlling Shareholder**") throughout the Track Record Periods or since their respective dates of incorporation or establishment up to 31 October 2014. The Group comprising the Company and its subsidiaries resulting from the Reorganisation is regarded as a continuing entity. Accordingly, the Financial Information of the Group has been prepared on the basis as if the Company had always been the holding company of the companies now comprising the Group throughout the Track Record Periods, using the principles of merger accounting as set out in note 3 below.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows include the results and cash flows of the companies now comprising the Group have been prepared as if the current group structure had been in existence throughout the Track Record Periods or since their respective date of incorporation up to 31 October 2014. The consolidated statements of financial position of the Group as at 31 December 2011, 2012 and 2013 have been prepared to present the assets and liabilities of the companies comprising the Group as if the current group structure had been in existence as at those dates.

The functional currency of the Company and the subsidiaries established in the PRC are RMB. The Financial Information is presented in RMB, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HKFRSs

For the purpose of preparing and presenting the Financial Information for the Track Record Periods, the Group has consistently adopted all of the new and revised Hong Kong Accounting Standards ("**HKASs**"), HKFRSs, amendments and interpretations issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2014 throughout the Track Record Periods.

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

Amendment to HKFRSs	Annual Improvements to HKFRSs 2010 – 2012 Cycle[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2011 – 2013 Cycle[1]
Amendment to HKFRSs	Annual Improvements to HKFRSs 2012 – 2014 Cycle[2]
Amendment to HKAS 1	Disclosure Initiative[2]
HKFRS 9 (2014)	Financial Instruments[4]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[2]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]

1 Effective for annual periods beginning on or after 1 July 2014 except as disclosed below. Early application is permitted.

2 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

3 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

4 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

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 of the Company 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 of the Company 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.

Annual Improvement to HKFRSs 2012-2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirement of HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required 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 principle and interest on the principle outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting 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 attributable to a financial liability's 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 is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires and expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material 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 the effect of HKFRS 9 until the Group undertakes a detailed review.

HKFRS 15 Revenue from contracts with customers

In May 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.

- Step 2: Identify the performance obligations in the contract.

- Step 3: Determine the transaction price.

- Step 4: Allocate the transaction price to the performance obligations in the contract.

- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptance Methods of Depreciation and Amortisation

The amendments establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset. The amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The amendments also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

The amendments are effective for annual periods beginning on or after 1 January 2016 with early application permitted. The directors of the Company anticipate that the application of the amendments will have no material impact on the consolidated financial statements.

Other than the above mentioned new and revised HKFRSs, amendments and interpretations, the directors of the Company anticipate that the application of the new and revised HKFRSs, amendments and interpretations will have no material impact on the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the Financial Information also complied with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for the Track Record Periods continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622) (the "Ordinance"), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The Financial Information also complied with the applicable disclosure provisions of the Listing Rules.

The Financial Information has been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Financial Information incorporates the financial statements of the Company and entities controlled by the Company (i.e. its subsidiaries). Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owner of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owner of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on combination.

Merger accounting for business combination involving entities under common control

The Financial Information includes the financial information items of the combining entities or businesses in which the common control combination occurs as if the combination had occurred from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial information are presented as if the entities or businesses had been consolidated at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Equity interest in subsidiaries held by parties other than the Controlling Shareholder, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity applying the principles of merger accounting.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statement of financial position of the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services or for administrative purposes other than construction in progress as described below are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of asset. Any gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and carrying amount of the asset and is recognised in profit or loss.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments, including any lump-sum upfront payments, are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year/period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

All other borrowing costs recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contribution.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before taxation' as reported in the consolidated statements of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investment in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on the tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into the following specified categories: held-to-maturity investment and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Held-to-maturity investment

Held-to-maturity investment are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intention and ability to hold to maturity other than:

(a) those that the entity upon initial recognition designates as at fair value through profit or loss;

(b) those that the entity designates as available for sale; and

(c) those that meet the definition of loans and receivables.

Subsequent to initial recognition, held-to-maturity investment is measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment losses on financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade receivables, other receivables, pledged deposits, short-term bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 150 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the assets' carrying amount and the present value of the estimated future cash flows discounted at the financial assets' original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables and other receivables, where the carrying amounts are reduced through the use of allowance accounts. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable is considered uncollectible, it is written off against the respective allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity instruments

Debt and equity instruments issued by group entities are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liabilities and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the group entities are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and bills payables, accrued expenses and payables for construction in progress and other payables, amount due to a subsidiary and bank borrowings are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expenses is recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statements of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statements of cash flows, cash and cash equivalents consist of bank balances and cash as defined above.

Impairment losses on tangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generation units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Critical judgements in applying the entity's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the Financial Information.

Ownership of buildings

Despite the Group had paid the full purchase consideration as detailed in note 16, formal legal titles of certain of the Group's rights to the use of the buildings were not yet granted from the relevant government authorities. The directors of the Company determine to recognise these buildings on the ground that they expect no major difficulties in obtaining the legal titles in the future and the Group is in substance controlling these buildings. In the opinion of the directors of the Company, the absence of formal legal title to these buildings does not impair the value of the relevant assets to the Group.

Ownership of land use right

Despite the Group had paid consideration as detailed in note 17, formal legal titles of certain of the Group's rights to the use of the lands were not yet granted from the relevant government authorities. Despite the fact that the Group has not obtained the relevant legal title, the directors of the Company determine to recognise these lands on the ground that they expect the legal use rights being obtained in the future should have no major difficulties and the Group is in substance controlling these lands. In the opinion of the directors of the Company, the absence of formal rights to use of these lands does not impair the value of the relevant assets to the Group.

Key sources of estimation uncertainty

The followings are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year/period.

Impairment losses recognised in respect of trade receivables

The policy for impairment allowance for bad and doubtful debts on trade receivables of the Group is based on the evaluation of recoverability and outstanding period of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. In determining whether impairment loss should be recorded in the consolidated statement of profit or loss and other comprehensive income, the directors of the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from individual trade receivables. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly.

As at 31 December 2011, 2012, 2013 and 31 October 2014, the carrying amount of trade receivables were approximately RMB40,579,000, RMB15,618,000, RMB12,987,000 and RMB59,147,000 respectively. No impairment loss has been recognised during the Track Record Periods.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual values. These estimates are based on the historical experience of the actual residual value and useful lives of property plant and equipment of similar nature and functions. The Group assesses annually the residual value and the useful life of the property, plant and equipment and if the expectation differs from the original estimate, such a difference may impact the depreciation for the year/period and the estimate will be changed in the future period.

Estimated impairment of property, plant and equipment

The Group reviews the carrying amounts of property plant and equipment when there is any indication that these assets have suffered on impairment loss. The impairment loss for property, plant and equipment are recognised for the amounts by which the carrying amounts exceed their recoverable amounts, in accordance with the Group's accounting policy. The recoverable amounts of property, plant and equipment have been determined based on value-in-use calculations. These calculations require the use of judgements and estimates such as future revenue and discount rates. As at 31 December 2011, 2012, 2013 and 31 October 2014, the carrying amounts of property, plant and equipment were approximately RMB88,229,000, RMB83,508,000, RMB78,507,000 and RMB86,693,000 respectively. No impairment loss has been recognised during the Track Record Periods.

Estimated allowance for inventories

The management of the Group reviews an ageing analysis at the end of each reporting period and makes allowance for obsolete and slow-moving items identified that are no longer suitable for sale or use. The Group makes allowance for inventories based on the assessment of the net realisable value. The management estimates the net realisable value for inventories based primarily on the latest invoice prices and current market conditions. As at 31 December 2011, 2012, 2013 and 31 October 2014, the carrying amounts of inventories were approximately RMB173,259,000, RMB163,220,000, RMB118,562,000 and RMB93,636,000 respectively and no allowance had been made during the Track Record Periods.

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged during the Track Record Periods.

The capital structure of the Group consists of bank borrowings disclosed in note 26, bank balances and cash, and equity attributable to the owner of the Company which comprises issued share capital and reserves.

The directors of the Company review the capital structure regularly. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, issuance of new shares as well as the issue of new debts or the redemption of borrowings.

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group				The Company
	At 31 December			At 31 October	At 31 October
	2011	2012	2013	2014	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets					
Held-to-maturity investment	1,000	–	–	–	–
Loans and receivables (including bank balances and cash)	70,226	202,732	219,198	192,600	–
Financial liabilities					
Amortised Cost	221,114	228,532	255,843	226,316	10,417

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade receivables, other receivables, held-to-maturity investment, pledged deposits, short-term bank deposits, bank balances and cash, trade and bills payables, accrued expenses and other payables and bank borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company's major financial instruments include amount due to a subsidiary and accrued expenses. The risk associated with these financial statements are currency risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Currency risk

The Group has foreign currency sales and purchases denominated in USD, Japanese Yen ("**JPY**") and HKD, which are different from the functional currencies of the group entities carrying out the transactions.

Also, certain trade receivables, pledged deposits, bank balances and cash, trade and bill payables, accrued expenses and bank borrowings are denominated in USD, JPY and HKD which are currencies other than the functional currency of the relevant group entities of the Group and the Company. The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

The Group	**Assets**				**Liabilities**			
	31 December			**31 October**	**31 December**			**31 October**
	2011	**2012**	**2013**	**2014**	**2011**	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD	37,308	10,130	14,787	44,698	(15,551)	(6,371)	(5,624)	(25,433)
JPY	2,264	403	199	376	–	–	–	–
HKD	205	2,122	80	7	–	–	–	(4,512)

The Company	**Assets**	**Liabilities**
	31 October	**31 October**
	2014	**2014**
	RMB'000	*RMB'000*
HKD	–	(4,415)

The Group and the Company currently does not have a foreign currency hedging policy. However, the directors of the Company continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The Group is mainly exposed to currency risk of USD, JPY and HKD while the Company is mainly exposed to currency risk of HKD.

The following table details the Group's and the Company's sensitivity to a 5% for all periods increase or decrease in USD, JPY and HKD against the functional currency. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where USD, JPY and HKD strengthen 5% against the functional currency. For a 5% weakens of USD, JPY and HKD against the functional currency, there would be an equal and opposite impact on the profit and other equity and the balances below would be negative. The analysis is performed on the basis for the Track Record Periods.

The Group	**Impact on profit for the year/period**			
	31 December			**31 October**
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
USD	816	141	344	712
JPY	85	15	7	14
HKD	8	80	3	(169)

The Company	**Impact on profit for the period 31 October 2014**
	RMB'000
HKD	(166)

The Group's currency risk is mainly attributable to the exposure on trade receivables, pledged deposits, short-term bank deposits bank balances and cash, trade and bills payables, accrued expenses and bank borrowings denominated in USD, JPY and HKD at the end of the reporting period respectively.

The Company's currency risk is mainly attributable to accrued expenses denominated in HKD.

Interest rate risk

The Group's fair value interest rate risk relates primarily to held-to-maturity investment, fixed rate pledged deposit, fixed rate short-term bank deposits and fixed rate bank borrowings (see note 21, 22 and 26 for details respectively). The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary action when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk relates primarily to variable-rate bank balances (see note 22 for details of these balances). The exposure to the interest rate risk for variable rate bank balances is insignificant as the bank balances have a short maturity period.

Credit risk

At the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group has concentration of credit risk as 17%, nil, 4% and 20% of the total trade receivables at 31 December 2011, 2012, 2013 and 31 October 2014 was due from the Group's largest customer respectively.

The Group has concentration of credit risk as 35%, 14%, 5% and 44% of the total trade receivables at 31 December 2011, 2012, 2013 and 31 October 2014 was due from the Group's five largest customer respectively.

The Group's concentration of credit risk by geographical locations is mainly in Japan, which accounted for 62%, 34%, 36% and 43% of the total trade receivables as at 31 December 2011, 2012, 2013 and 31 October 2014 respectively.

Liquidity risk

In management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

	As at 31 December 2011		
	On demand or within 1 year	**Total undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	78,710	78,710	78,710
Accrued expenses and other payables	6,141	6,141	6,141
Bank borrowings	147,389	147,389	136,263
	232,240	232,240	221,114

	As at 31 December 2012		
	On demand or within 1 year	**Total undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	78,473	78,473	78,473
Accrued expenses and other payables	8,181	8,181	8,181
Bank borrowings	150,573	150,573	141,878
	237,227	237,227	228,532

	As at 31 December 2013		
	On demand or within 1 year	**Total undiscounted cash flows**	**Carrying amount**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	77,602	77,602	77,602
Accrued expenses and other payables	5,191	5,191	5,191
Bank borrowings	184,780	184,780	173,050
	267,573	267,573	255,843

	As at 31 October 2014		
	On demand or within 1 year	Total undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	54,190	54,190	54,190
Accrued expenses, payable for construction in progress and other payables	13,750	13,750	13,750
Bank borrowings	173,015	173,015	162,865
	240,955	240,955	230,805

The Company

	As at 31 October 2014		
	On demand or within 1 year	Total undiscounted cash flows	Carrying amount
	RMB'000	*RMB'000*	*RMB'000*
Accrued expenses and other payables	4,415	4,415	4,415
Amount due to a subsidiary	6,002	6,002	6,002
	10,417	10,417	10,417

(c) Fair value

The directors of the Company consider that the carrying amounts of current financial assets and current financial liabilities recorded at amortised cost using the effective interest rate method in the Financial Information approximate to their fair values due to their immediate or short-term maturities.

7. REVENUE AND OTHER INCOME AND OTHER GAINS

Revenue represents the amounts received and receivable for goods sold and service provided in the normal course of business, net of discounts, sales returns and sales related taxes. Analysis of the Group's revenue for the Track Record Periods and the ten months ended 31 October 2013 is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Revenue					
Sale of goods	325,563	377,367	483,615	420,441	524,703
Other Income and other gains					
Investment income	65	80	–	–	–
Bank interest income	140	2,339	4,052	2,917	1,023
Government grants *(note)*	2,364	1,012	4,086	2,409	1,192
Sale of scrap products	339	125	187	57	73
Exchange gain, net	–	2,542	–	–	170
	2,908	6,098	8,325	5,383	2,458

Note: The government grants of approximately RMB2,364,000, RMB1,012,000, RMB4,086,000, RMB1,192,000 during the Track Record Periods and RMB2,409,000 for the ten months ended 31 October 2013 respectively were received, where the Group had fulfilled the relevant granting criteria in respect of certain research projects and export encourage scheme. The amounts were therefore immediately recognised as other income for the respective year/period.

8. SEGMENT INFORMATION

The Group is engaged in a single operating segment, the manufacture and sale of umbrella. Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker (the "**CODM**"). The CODM is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors as they collectively make strategic decision in allocating the Group's resources and assessing performance. No segment assets, liabilities and other segment information in the measure of Group's segment result and segment assets are presented as the information is not reported to the CODM for the purposes of resource allocation and performance assessment.

Product information

The Group's main products are POE umbrellas, nylon umbrellas and umbrella parts. An analysis of the Group's revenue by product category is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
POE umbrellas	225,056	293,779	387,028	337,876	376,766
Nylon umbrellas	60,206	56,978	50,740	44,121	99,226
Umbrella parts	40,301	26,610	45,847	38,444	48,711
	325,563	377,367	483,615	420,441	524,703

Geographical information

The Group's operations are located in the PRC. The Group's customers are mainly located in Japan and the PRC.

An analysis of the Group's revenue from external customers presented by geographical location is detailed below:

	Revenue from external customers				
	Year ended 31 December			Ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Japan	246,517	313,916	366,825	322,786	312,255
PRC	62,463	38,282	56,670	45,098	125,323
Other	16,583	25,169	60,120	52,557	87,125
	325,563	377,367	483,615	420,441	524,703

The country of domicile of the Group's operation is PRC. Consequently, the Group's major non-current assets are all located in the PRC.

Information about major customers

Details of the customers individually representing 10% or more of the Group's revenue during the Track Record Periods and the ten months ended 31 October 2013 are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Customer A	79,690	98,565	101,965	89,140	104,998
Customer B	58,135	59,041	59,780	55,148	N/A*
Customer C	N/A*	N/A*	N/A*	N/A*	80,567

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year/period.

9. FINANCE COSTS

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Interest expenses on:					
– bank borrowings wholly repayable within five years	5,553	9,023	10,003	8,177	10,834

10. INCOME TAX EXPENSE

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Current income tax					
– PRC EIT	8,604	14,533	20,257	17,899	23,373

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

(ii) No provision for Hong Kong Profits Tax has been made for subsidiary established in Hong Kong as this subsidiary did not have any assessable profits subject to Hong Kong Profits Tax during the ten months ended 31 October 2014.

(iii) Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25% for the Track Record Periods and the ten months ended 31 October 2013, except that Fujian Jicheng is subjected to income tax exemption of 12.5% for the year 2011.

(iv) Pursuant to the relevant laws and regulation in the PRC, the Group's subsidiary, Fujian Jicheng, was entitled to exemption from PRC enterprise income tax in the first two profit-making years, followed by a 50% reduction of PRC enterprise income tax for the next three years (the "**Tax Exemption**") starting from the first profit-making year from PRC tax perspective. As the first profit-making year of Fujian Jicheng was in year 2007, it was entitled the exemption starting from year 2007 till year 2011.

The income tax expense for the year/period can be reconciled to the profit before taxation per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit before taxation	50,012	58,682	80,012	71,018	87,544
Tax at domestic income tax rate of 25%	12,503	14,671	20,003	17,755	21,886
Tax effect of expense not deductible for tax purposes	125	36	254	144	1,487
Tax effect of income not taxable for tax purposes	–	(174)	–	–	–
Effect of tax exemptions granted to PRC subsidiary	(4,024)	–	–	–	–
Income tax expense for the year/period	8,604	14,533	20,257	17,899	23,373

11. PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Ten months ended 31 October	
	2011	2012	2013	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Profit for the year/period has been arrived at after charging (crediting):					
Salaries and allowances (excluding directors' emoluments)	46,761	54,031	56,271	56,078	62,387
Retirement benefit scheme contributions (excluding directors)	5,975	6,469	7,651	6,309	8,824
Total staff costs *(Note)*	52,736	60,500	63,922	62,387	71,211
Cost of inventories recognised as an expense	244,614	283,670	364,223	315,492	387,092
Loss on disposal of property, plant and equipment	–	–	–	–	489
Depreciation of property, plant and equipment	6,260	6,289	6,270	5,106	4,941
Amortisation of prepaid lease payments	878	878	878	731	736
Operating lease payments on premises	102	102	102	85	–
Research and development expenses *(Note)*	2,256	2,648	3,243	2,727	3,363
Listing expenses	–	–	–	–	7,835
Exchange loss (gain), net	943	(2,542)	14	1,100	(170)
Auditor's remuneration	20	20	27	27	6

Note: During the year ended 31 December 2011, 2012, 2013 and the ten months ended 31 October 2013 and 2014, included in staff costs were staff costs of the Group's employees who engaged in research and development activities of approximately RMB1,094,000, RMB1,216,000, RMB1,436,000 RMB1,198,000 and RMB1,324,000 respectively.

12. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the preparation of the results of the Group for the Track Record Periods as disclosed in note 1 above.

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS

(a) Directors' and Chief Executive Officer's emoluments

Details of emoluments paid and payable to the directors of the Group, which include the Chief Executive Officer ("**CEO**") for the Track Record Periods and the ten months ended 31 October 2013 are as follows:

	Year ended 31 December 2011			
	Fees	**Salaries and other allowances**	**Retirement benefit scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Huang Wenji (CEO)	–	695	3	698
Chen Jieyou	–	289	1	290
Yang Guang	–	125	1	126
Lin Zhenshuang	–	127	1	128
	–	1,236	6	1,242

	Year ended 31 December 2012			
	Fees	**Salaries and other allowances**	**Retirement benefit scheme contributions**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Huang Wenji (CEO)	–	995	3	998
Chen Jieyou	–	300	1	301
Yang Guang	–	108	1	109
Lin Zhenshuang	–	145	1	146
	–	1,548	6	1,554

	Year ended 31 December 2013			
	Fees	Salaries and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Huang Wenji (CEO)	–	998	3	1,001
Chen Jieyou	–	360	1	361
Yang Guang	–	180	1	181
Lin Zhenshuang	–	149	1	150
	–	1,687	6	1,693

	Ten months ended 31 October 2013			
	Fees	Salaries and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Huang Wenji (CEO)	–	832	2	834
Chen Jieyou	–	300	1	301
Yang Guang	–	150	1	151
Lin Zhenshuang	–	124	1	125
	–	1,406	5	1,411

	Ten months ended 31 October 2014			
	Fees	Salaries and other allowances	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Huang Wenji (CEO)	–	708	4	712
Chen Jieyou	–	278	2	280
Yang Guang	–	138	2	140
Lin Zhenshuang	–	132	2	134
	–	1,256	10	1,266

None of the directors and CEO waived or agreed to waive any emoluments during the Track Record Periods and ten months ended 31 October 2013.

(b) Employee's emolument

Of the five individuals with the highest emoluments in the Group, four were directors of the Company including CEO of the Company for each of the Track Record Periods and the ten months ended 31 October 2013. The emoluments of these directors are included in the disclosures in Note 13(a) above. The emolument of the remaining one individual was as follows:

	Year ended 31 December			Ten months ended 31 October	
	2011	**2012**	**2013**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Salaries and other allowances	118	120	163	135	139
Retirement benefit scheme contributions	1	1	1	1	1
	119	121	164	136	140

The emolument was within the following bands:

	Number of individuals				
	Year ended 31 December			Ten months ended 31 October	
	2011	**2012**	**2013**	**2013** **(unaudited)**	**2014**
HKD1,000,000 (equivalent to approximately RMB794,000) or below	1	1	1	1	1

During the Track Record Periods and the ten months ended 31 October 2013, no emoluments were paid or payable by the Group to the directors or the five highest paid individuals as inducements to join or upon joining the Group or as a compensation for loss of office.

14. DIVIDEND

The dividend paid by the subsidiaries, Fujian Jicheng and Jinjiang Jicheng, to their then shareholders during the year ended 31 December 2013 and period ended 31 October 2014 amounted to RMB50,000,000 and RMB52,408,000 respectively. The rate of dividends and the number of shares ranking for dividends are not presented as such information is not considered meaningful for the purpose of this report.

15. INVESTMENTS IN SUBSIDIARIES

The Company

	At 31 December 2011	At 31 December 2012	At 31 December 2013	At 31 October 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted investments, at cost	–	–	–	241,391

The details of the subsidiaries as at 31 October 2014 are set out as follows:

Name of subsidiaries	Place and date of incorporation/ establishment	Issued and fully paid share capital/ registered capital	Percentage of equity interest attributable to the Company: Direct	Percentage of equity interest attributable to the Company: Indirect	Principal activities
Jicheng BVI	British Virgins Islands 13 June 2014	Issued and fully paid share capital USD1	100%	–	Investment holding
Jicheng HK	Hong Kong 30 June 2014	Issued and fully paid share capital HKD1	–	100%	Investment holding
Fujian Jicheng	The PRC 24 December 2004	Registered capital HKD60,000,000	–	100%	Manufacturing and sales of umbrella
Jinjiang Jicheng	The PRC 14 May 1996	Registered capital RMB20,595,500	–	100%	Manufacturing and sales of umbrella

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Machinery and equipment	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST						
At 1 January 2011	79,007	26,634	2,644	4,177	–	112,462
Additions	–	862	97	27	–	986
At 31 December 2011 and 1 January 2012	79,007	27,496	2,741	4,204	–	113,448
Additions	–	858	566	144	–	1,568
At 31 December 2012 and 1 January 2013	79,007	28,354	3,307	4,348	–	115,016
Additions	–	1,108	–	161	–	1,269
At 31 December 2013 and 1 January 2014	79,007	29,462	3,307	4,509	–	116,285
Additions	–	1,368	3	47	12,816	14,234
Disposals	–	(2,259)	–	(44)	–	(2,303)
At 31 October 2014	79,007	28,571	3,310	4,512	12,816	128,216
ACCUMULATED DEPRECIATION						
At 1 January 2011	8,999	7,773	477	1,710	–	18,959
Provided for the year	2,844	2,438	243	735	–	6,260
At 31 December 2011 and 1 January 2012	11,843	10,211	720	2,445	–	25,219
Provided for the year	2,844	2,523	266	656	–	6,289
At 31 December 2012 and 1 January 2013	14,687	12,734	986	3,101	–	31,508
Provided for the year	2,844	2,621	298	507	–	6,270
At 31 December 2013 and 1 January 2014	17,531	15,355	1,284	3,608	–	37,778
Provided for the period	2,370	2,073	248	250	–	4,941
Eliminated on disposals	–	(1,156)	–	(40)	–	(1,196)
At 31 October 2014	19,901	16,272	1,532	3,818	–	41,523
CARRYING AMOUNTS						
At 31 December 2011	67,164	17,285	2,021	1,759	–	88,229
At 31 December 2012	64,320	15,620	2,321	1,247	–	83,508
At 31 December 2013	61,476	14,107	2,023	901	–	78,507
At 31 October 2014	59,106	12,299	1,778	694	12,816	86,693

(i) The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Machinery and equipment	10% – 25%
Motor vehicles	10% – 33%
Office equipment	10% – 20%
Buildings	Over the shorter of term of the lease or 2.5%

(ii) As at 31 December 2011, 2012, 2013 and 31 October 2014, the Group has not obtained the building ownership certificate for buildings with carrying values of approximately RMB4,497,000, RMB4,311,000, RMB4,125,000 and RMB3,971,000 respectively from the relevant PRC government authorities. In the opinion of the directors of the Company, the absence of formal title to these properties does not impair their values to the Group as the Group has paid in full purchase consideration of these buildings and the probability of being evicted on the ground of an absence of formal title is remote.

(iii) As at 31 December 2011, 2012, 2013 and 31 October 2014, buildings with carrying amounts of approximately RMB51,345,000, RMB49,107,000, RMB37,148,000 and RMB54,153,000 respectively have been pledged to secure banking facilities granted to the Group.

(iv) On 6 October 2014, Fujian Jicheng entered into a memorandum with government of An Qiu of Shandong Province, the PRC for the purpose of construction of a new factory.

17. PREPAID LEASE PAYMENTS

		At 31 December		**At 31 October**
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepaid lease payments comprises of leasehold land held in the PRC under medium-term lease and are analysed for reporting purposes as follows:				
Non-current asset	38,922	38,044	37,166	36,369
Current asset	878	878	878	935
	39,800	38,922	38,044	39,304

As at 31 December 2011, 2012, 2013 and 31 October 2014, leasehold land with carrying amounts of approximately RMB27,059,000, RMB36,422,000, RMB25,836,000 and RMB34,918,000 respectively have been pledged to secure banking facilities granted to the Group.

As at 31 December 2011, 2012, 2013 and 31 October 2014, the Group has not obtained the land use right certificate for lands with carrying values of approximately RMB2,558,000, RMB2,500,000, RMB2,443,000 and RMB3,703,000 respectively from the relevant PRC government authorities. In the opinion of the directors of the Company, the absence of formal use right to these lands does not impair their values to the Group as the Group has paid in full prepaid lease payment consideration of these lands and the probability of being evicted on the ground of an absence of formal use right is remote.

18. INVENTORIES

	At 31 December			At 31 October
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	85,824	93,435	80,621	72,698
Work-in-progress	19,909	13,227	25,565	6,998
Finished goods	67,526	56,558	12,376	13,940
	173,259	163,220	118,562	93,636

19. TRADE RECEIVABLES

	At 31 December			At 31 October
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	40,579	15,618	12,987	59,147

The Group generally allows an average credit period of 30 to 150 days to its trade customers. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

	At 31 December			At 31 October
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	26,136	10,783	8,857	54,787
91 to 180 days	7,785	1,371	1,851	4,360
181 to 365 days	6,658	3,464	2,279	–
	40,579	15,618	12,987	59,147

The Group has individually assessed all receivables. No impairment losses were recognised during the Track Record Periods and ten months ended 31 October 2013 and as at 31 December 2011, 2012, 2013 and 31 October 2014 respectively.

At 31 December 2011, 2012, 2013 and 31 October 2014, the ageing analysis of trade receivables by due date is as follows:

	At 31 December			At 31 October
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Over the credit period				
1 to 90 days	16,115	2,779	4,304	4,360
Over 90 days	9,775	2,190	601	–
	25,890	4,969	4,905	4,360
Neither past due nor impaired	14,689	10,649	8,082	54,787
	40,579	15,618	12,987	59,147

In determining the recoverability of trade receivables, the Group considers any change in credit quality of the trade receivables from the date credit was initially granted up to the reporting date. In view of the good settlement history from those receivables of the Group which are past due but not impaired for the Track Record Periods and ten months ended 31 October 2013, the directors of the Company consider that no provision for impairment is necessary in respect of these balances.

The Group's trade receivables that are denominated in currency other than the functional currency of the relevant Group entities are as follows:

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	'000	*'000*	*'000*	*'000*
USD	5,140	1,210	878	6,641
HKD	252	503	1	–

20. PREPAYMENTS AND OTHER RECEIVABLES

	The Group				The Company
	At 31 December			At 31 October	At 31 October
	2011	**2012**	**2013**	**2014**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other receivables	870	2,628	2,493	1,020	–
Interest receivables	–	1,521	–	–	–
Value-added tax receivables	11,257	10,119	18,110	26,839	–
Prepayment	28,595	27,065	29,180	28,111	2,545
	40,722	41,333	49,783	55,970	2,545

The Group has individually assessed all other receivables. No impairment losses were recognised during the Track Record Periods and as at 31 December 2011, 2012, 2013 and 31 October 2014 respectively. The Group does not hold any collateral over these balances.

21. HELD-TO-MATURITY INVESTMENT

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Debt securities	1,000	–	–	–

As at 31 December 2011, the Group's held-to-maturity investments represent debt securities issued by China Construction Bank on 29 January 2010, which carried interest from 6.5% to 8% per annum, and matured on 3 February 2012.

22. PLEDGED DEPOSITS, SHORT-TERM BANK DEPOSITS AND BANK BALANCES AND CASH

As at 31 December 2012, short-term bank deposits represented term deposits with original maturity within three to twelve months and carried interest at fixed rate from 3.25% to 3.58% per annum.

The bank balances and cash comprise of cash held by the Group and short-term bank deposits with an original maturity of three months or less. The bank balances for each of the three years ended 31 December 2011, 2012, 2013 and the ten months ended 31 October 2014 carried interest at the prevailing market rate 0.40%, 0.35%, 0.35% and 0.35% per annum, respectively. The pledged deposits carried fixed interest rate of 3.00%, 3.25%, 3.25% and 3.25% per annum during the each of the three years ended 31 December 2011, 2012, 2013 and the ten months ended 2014 respectively.

The Group's pledged deposits, short-term bank deposits and bank balances and cash denominated in RMB amounted to approximately RMB21,594,000, RMB178,320,000, RMB174,369,000 and RMB128,418,000 as at 31 December 2011, 2012, 2013 and 31 October 2014 respectively. Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sales and Payment of Foreign Exchange Regulations.

The Group's pledged deposits and bank balances and cash that are denominated in currency other than the functional currency of the relevant Group entities are as follows:

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	'000	*'000*	*'000*	*'000*
USD	781	401	625	591
JPY	27,910	5,519	3,446	6,686
HKD	–	2,121	101	10

23. TRADE AND BILLS PAYABLES

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	48,010	40,104	34,700	11,958
Bills payables	30,700	38,369	42,902	42,232
	78,710	78,473	77,602	54,190

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

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
0 to 90 days	64,446	69,124	73,841	50,019
91 to 180 days	9,551	8,144	2,764	4,171
181 to 365 days	4,713	1,205	997	–
	78,710	78,473	77,602	54,190

The average credit period on purchase of goods is from 30 days to 120 days. The Group has financial risk management policies or plans for its payables with respect to the credit time frame.

The Group's trade and bills payables that are denominated in currency other than the functional currency of the relevant Group entities are as follows:

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	'000	*'000*	*'000*	*'000*
USD	44	1,014	909	533

24. ACCRUED EXPENSES AND OTHER PAYABLES

	The Group				The Company
	At 31 December			At 31 October	At 31 October
	2011	2012	2013	2014	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receipt in advance	21,612	81,704	20,082	4,812	–
Other payables	1,748	1,958	1,146	1,252	–
Accrued listing expenses	–	–	–	4,415	4,415
Payable for construction in progress	–	–	–	1,816	–
Accrued expenses	4,393	6,223	4,045	6,267	–
	27,753	89,885	25,273	18,562	4,415

Receipt in advance represented advance payments of related sale of goods from customers pursuant to the respective sales contracts.

The Group's accrued expenses that are denominated in currency other than the functional currency of the relevant Group entities are as follows:

	At 31 December			At 31 October
	2011	2012	2013	2014
	'000	*'000*	*'000*	*'000*
HKD	–	–	–	5,683

The Company's accrued expenses that are denominated in currency other than the functional currency of the Company are as follows:

	At 31 December			At 31 October
	2011	2012	2013	2014
	'000	*'000*	*'000*	*'000*
HKD	–	–	–	5,560

25. AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

26. BANK BORROWINGS

	At 31 December			At 31 October
	2011	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Secured	117,215	113,878	173,050	162,865
Unsecured	19,048	28,000	–	–
Total, repayable on demand or within one year	136,263	141,878	173,050	162,865

Notes:

(i) As at 31 December 2011, 2012, 2013 and 31 October 2014, bank borrowings with carrying amounts of approximately RMB136,263,000, RMB141,878,000, RMB173,050,000 and RMB162,865,000 respectively carried fixed rates of interest from 4.8% to 11.6% per annum, 2.9% to 11.0% per annum, 2.8% to 11.0% per annum and 3.8% to 7.8% per annum respectively and were due within 1 year.

(ii) The Group's bank borrowings at the end of each reporting period were secured by the followings:

(a) As at 31 December 2011, 2012 and 2013, all the bank borrowings were guaranteed by shareholders, Mr. Huang Wenji and Ms. Chen Jieyou. The guarantee was released on 31 January 2014.

(b) As at 31 December 2011, 2012 and 2013, certain bank borrowings with carrying amounts of approximately RMB103,122,000, RMB122,500,000 and RMB152,500,000, respectively were guaranteed by a related company of which Mr. Huang Wenji was a director. The guarantee was released on 31 January 2014.

(c) As at 31 December 2011, 2012, 2013 and 31 October 2014, banking borrowings of approximately RMB117,215,000, RMB113,878,000, RMB173,050,000 and RMB162,865,000 respectively, were secured by the Group's follow assets:

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Leasehold land and building	78,404	85,529	62,984	89,071
Bank deposits	18,505	11,793	17,315	17,331
Total	96,909	97,322	80,299	106,402

(d) At 31 December 2011 and 2013, Mr. Huang Wenji and Ms. Chen Jieyou had jointly pledged certain of their personal properties as security for the Group's bank borrowings with carrying amount of approximately RMB8,570,000 and RMB24,960,000 respectively. The charge on the properties was released on 16 November 2012 and 31 January 2014 respectively.

The Group's bank borrowings that are denominated in currency other than the functional currency of the relevant Group entities are as follows:

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	'000	*'000*	*'000*	*'000*
USD	2,400	–	–	4,139

27. SHARE CAPITAL

The balances as at 1 January 2011, 31 December 2011, 2012 and 2013 represented the aggregate share capital of Fujian Jicheng and Jinjiang Jicheng, and the balances as at 31 October 2014 represented the share capital of the Company.

The Company was incorporated in the Cayman Islands on 12 June 2014. As at the date of its incorporation, the Company had an authorised share capital of HK$300,000 divided into 30,000,000 Shares of HK$0.01 each, one share of which was allotted and issued. On 11 October 2014, as part of Reorganisation, the Company further alloted and issued a total 999 shares in consideration for acquisition of subsidiaries.

28. RESERVES

The Group

Statutory reserve

The statutory reserve fund is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant government authorities.

Other reserve

During the ten months ended 31 October 2014, Fujian Jicheng acquired 17.96% of equity interests in Jinjiang Jicheng from a related entity in which 70% of equity interest in that related entity are owned by the Controlling Shareholder, at a consideration of RMB3,700,000. As a result, the acquisition was considered as acquisition of 5.388% of indirect equity interest in Jinjiang Jicheng from non-controlling shareholders and acquisition of 12.572% indirect equity interests in Jinjiang Jicheng from the Controlling Shareholder for business combination under common control. For business under common control purpose, the 12.572% indirect equity interests in Jinjiang Jicheng held by the Controlling Shareholder had been consolidated from the earliest date presented when Jinjiang Jicheng first came under the common control of the Controlling Shareholder before the acquisition.

As part of the Reorganisation, Jicheng HK agreed to acquire 100% and 82.04% of then resulting the registered capital of Fujian Jicheng and Jinjiang Jicheng respectively and gained control of them. RMB80,396,000 was recognized in other reserve representing the reserve arising pursuant to the Reorganization.

The Company became the holding company since the completion of Reorganisation on 11 October 2014.

The Company

	Other reserve	**Accumulated loss**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
	(Note)		
At date of incorporation	–	–	–
Loss for the period and total comprehensive expense for the period	–	(7,872)	(7,872)
Arising from Reorganisation	231,389	–	231,389
As at 31 October 2014	231,389	(7,872)	223,517

Note: Other reserve represents the difference between the nominal value of the shares issued for acquisition of its subsidiaries and the net asset value of its subsidiaries at the date of acquisition.

29. OPERATING LEASE COMMITMENT

The Group leases certain of its factory premises and offices under operating lease arrangements. Lease for properties are negotiated for terms ranging from one to three years and rentals are fixed. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

At the end of each reporting period, the Group had future minimum lease payments under non-cancellable operating lease which fall due as follows:

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	102	102	–	–
In the second to fifth year inclusive	102	–	–	–
	204	102	–	–

30. CAPITAL COMMITMENT

The Group had the following capital commitments at the end of each reporting period:

	At 31 December			At 31 October
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided in the Financial Information in respect of:				
Acquisition of property, plant and equipment	–	–	–	2,262

31. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group has entered into the following significant transactions with related parties during the Track Record Periods.

		Year ended 31 December			Ten months ended 31 October	
		2011	**2012**	**2013**	**2013**	**2014**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* **(unaudited)**	*RMB'000*
Common shareholder's entity: 福建冠泓實業有限公司 ("**冠泓實業**")						
Sale of products	*(i)*	339	–	–	–	–
Purchases of raw materials	*(i)*	–	2,587	598	–	3,413
Common director's entity: 廈門宸達洋傘有限公司 ("**廈門宸達**")						
Sale of products	*(i), (ii)*	128	3,005	241	100	–

(i) In the opinion of the directors of the Company, the transactions between the Group and the abovementioned related parties were conducted in the ordinary and usual course of business and on normal commercial terms.

(ii) Mr. Huang Wenji was the director of the entity, who resigned as director on 8 January 2014.

(b) In addition to the outstanding balances with related parties detailed elsewhere in the Financial Information, the Group had the following outstanding balances with related parties:

(i) The Group had outstanding receivable from a related company, 冠泓實業, which is under common shareholder, of approximately RMB96,000 as at 31 December 2011, which were presented in the consolidated statement of financial position within trade receivables.

(ii) The Group had outstanding receivable from a related company, 廈門宸達, which is under common director, of approximately RMB100,000 and RMB275,000 as at 31 December 2012 and 31 December 2013 respectively, which were presented in the consolidated statement of financial position within trade receivables.

(iii) The Group had outstanding payable to 冠泓實業 of approximately RMB2,587,000 and RMB700,000 as at 31 December 2012 and 31 December 2013 respectively, which were presented in the consolidated statement of financial position within trade and bills payables.

(iv) The Group had outstanding payable to 廈門宸達 of approximately RMB112,000 as at 31 December 2011, which were presented in the consolidated statement of financial position within accrued expenses and other payables.

(c) Compensation of key management personnel

Other than the remuneration paid to the directors and employees of the Group as set out in note 13, who are considered as the key management personnel of the Group, the Group did not have any other significant compensations to key management personnel.

The remuneration of the directors and key management personnel is determined by the board of directors of the Company having regards to the performance of individuals and market trends.

(d) Banking facilities

Please refer to note 26(ii) for the bank borrowings guaranteed and secured by the related parties.

32. NON-CONTROLLING INTERESTS

The tables below show details of the subsidiary that have material non-controlling interests during the Track Record Periods:

Jinjiang Jicheng		**At 31 December**		**At 31 October**
	2011	**2012**	**2013**	**2014**
Proportion of effective interests held by non-controlling interests	5.388%	5.388%	5.388%	–
Voting rights held by non-controlling interests	5.388%	5.388%	5.388%	–

		At 31 December		**At 31 October**
	2011	**2012**	**2013**	**2014**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Profit allocated to non-controlling interests	828	1,014	2,124	991
Accumulated non-controlling interests	2,883	3,897	4,944	–

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intra-group eliminations.

Jinjiang Jicheng	At 31 December 2011	2012	2013	At 31 October 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	51,262	49,457	47,542	48,449
Current assets	157,243	297,935	196,139	157,237
Current liabilities	(155,022)	(275,092)	(151,933)	(100,204)
Equity attributable to owner of the Company	50,600	68,403	86,804	105,482
Non-controlling interests	2,883	3,897	4,944	–

	Year ended 31 December 2011	2012	2013	Ten months ended 31 October 2013	2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Revenue	144,684	180,938	293,113	255,367	272,534
Other income and other gains	1,789	3,054	6,804	6,661	2,141
Expenses	(131,116)	(165,175)	(260,471)	(224,046)	(240,942)
Profit and total comprehensive income for the year/period	15,357	18,817	39,446	37,982	33,733
Profit and total comprehensive income for the year/period attributable to:					
Owner of the Company	14,529	17,803	37,322	35,936	33,733
Non-controlling interests	828	1,014	2,124	2,046	–
Profit and total comprehensive income for the year/period	15,357	18,817	39,446	37,982	33,733
Dividend paid to non-controlling interests	–	–	(1,077)	–	–
Net cash (outflow) inflow from operating activities	(34,185)	78,609	40,500	(142,602)	29,938
Net cash (outflow) inflow from investing activities	(9,686)	(139,734)	150,888	152,827	(3,354)
Net cash inflow (outflow) from financing activities	43,793	78,130	(103,055)	22,792	(66,165)
Net cash (outflow) inflow	(78)	17,005	88,333	33,017	(39,581)

B. SUBSEQUENT EVENTS

The following significant events took place subsequent to 31 October 2014:

Share option scheme

Pursuant to the written resolution of the shareholders of the Company passed on 23 January 2015, the Company has conditionally adopted a share option scheme, details of which are set out in the section headed "Share Option Scheme" in Appendix VI to the Prospectus.

Capitalisation Issue

Pursuant to the written resolutions of the sole shareholder of the Company passed on 23 January 2015, the Company has conditionally approved the issue of shares pursuant to the Capitalisation Issue. Details of which are set out in the section headed "Statutory and general information – Written resolutions of our sole Shareholder" in Appendix VI to the Prospectus.

C. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 31 October 2014.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong

The following statement of unaudited pro forma adjusted consolidated net tangible assets of the Group (the "**Unaudited Pro Forma Financial Information**") prepared in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited is for illustrative purpose only, and is set out below to illustrate the effect of the Share Offer on the Group's consolidated net tangible assets attributable to the owner of the Company as at 31 October 2014 as if the Global Offering had taken place on 31 October 2014.

The Unaudited Pro Forma Financial Information has been prepared based on the judgements, estimates and assumptions of the Directors, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group as at 31 October 2014 or any further dates following the Global Offering.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets attributable to owner of the Company as at 31 October 2014 as set out in the Accountants' Report in Appendix I to the Prospectus, and adjusted as described below.

A. STATEMENT OF UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

	Audited consolidated net tangible assets of the Group attributable to owner of the Company as at 31 October 2014	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owner of the Company as at 31 October 2014	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owner of the Company per Share as at 31 October 2014	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on the Offer Price of HK$1.1 per share	229,823	117,764	347,587	0.58	0.73
Based on the Offer Price of HK$1.6 per share	229,823	175,528	405,351	0.68	0.86

Notes:

1. The audited consolidated net tangible assets attributable to owner of the Company as at 31 October 2014 is extracted from the accountants' report as set out in Appendix I to this prospectus.

2. The estimated net proceeds from the Global Offering of 150,000,000 new shares are based on the Offer Price range of HK$1.1 and HK$1.6 per share, after deduction of the underwriting fees and other related expenses paid/payable by the Company. The calculation of the estimated net proceeds from the Global Offering does not take into account any Shares which may be issued upon the exercise of any options granted under the Share Option Scheme.

3. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owner of the Company per Share is calculated based on 600,000,000 Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue on 31 October 2014 but takes no account of any Shares which may be issued upon the exercise of the options that may be granted under the Share Option Scheme.

4. The unaudited pro forma adjusted consolidated net tangible assets per share is translated to Hong Kong dollars at exchange rate of RMB0.794 to HK$1.00. No representation is made that the Renminbi amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.

5. The prepaid lease payments and buildings of the Group as at 30 November 2014 were valued by International Valuation Limited, an independent valuer, and the relevant property valuation report is set out in Appendix IV to this prospectus. With reference to the valuation of the Group's property interests as set out in Appendix IV to this prospectus, the Group's interest in prepaid lease payments and buildings as at 30 November 2014 of approximately RMB115,700,000. Comparing this amount with the unaudited net carrying value of prepaid lease payments and buildings of the Group as of 30 November 2014 of approximately RMB98,095,000, there was a revaluation surplus of approximately RMB17,605,000. If the revaluation surplus was incorporated in the Group's financial statements, additional annual amortisation and depreciation of approximately RMB2,230,000 will therefore be charged. The surplus on revaluation will not be reflected in the Group's consolidated financial statements in subsequent years as the Group has elected to state its prepaid lease payments and buildings at cost less accumulated amortisation/depreciation and any impairment loss in accordance with the relevant HKASs.

6. No adjustments have been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owner of the Company to reflect any trading results or other transactions of the Group entered into subsequent to 31 October 2014.

B. ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of our Group, SHINEWING (HK) CPA Limited in respect of the unaudited pro forma financial information.

信永中和 ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

3 February 2015

The Board of Directors
Jicheng Umbrella Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Jicheng Umbrella Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the statement of unaudited pro forma adjusted consolidated net tangible assets as at 31 October 2014 and related notes as set out on pages II-1 to II-2 in Appendix II to the prospectus ("**Prospectus**") dated 3 February 2015 in connection with the proposed initial public offering of the shares of the Company (the "**Global Offering**"). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 in Appendix II to the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Global Offering on the Group's financial position as at 31 October 2014 as if the Global Offering had taken place at 31 October 2014. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's financial statements for the years ended 31 December 2011, 2012, 2013 and the ten months ended 31 October 2014, on which an accountants' report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG7**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in the Prospectus is solely to illustrate the impact of the Global Offering on unadjusted financial information of the Group as if the Global Offering had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Global Offering at 31 October 2014 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong

The estimate of the consolidated profit attributable to equity shareholders of the Company for the year ended 31 December 2014 is set out in the section headed "Financial Information – Profit Estimate For the Year Ended 31 December 2014" in this prospectus.

(A) BASES

The estimate of the consolidated profit attributable to equity owners of the Company for the year ended 31 December 2014 prepared by the Directors is based on (i) the audited consolidated financial results for the ten months ended 31 October 2014; and (ii) an estimate of the consolidated results of the Group for the remaining two months of the year ended 31 December 2014. The estimate has been prepared on the basis of the accounting policies consistent in all material aspects with those currently adopted by our Group as summarized in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

(B) LETTERS

Set out below are texts of letters received by the Directors from (i) SHINEWING (HK) CPA Limited, the reporting accountants of our Company and (ii) the Sole Sponsor prepared for the purpose of incorporation in this prospectus in connection with the profit estimate of our Group for the year ended 31 December 2014.

(i) Letter from SHINEWING (HK) CPA Limited

信永中和
ShineWing

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

3 February 2015

The Board of Directors
Jicheng Umbrella Holdings Limited

Ping An of China Capital (Hong Kong) Company Limited

Dear Sirs,

Jicheng Umbrella Holdings Limited
(the "Company") and its subsidiaries, (collectively referred to as "the Group")

Profit Estimate for year ended 31 December 2014

We refer to the estimate of the consolidated profit attributable to equity holders of the Company for the year ended 31 December 2014 ("**the Profit Estimate**") set forth in the section headed "Financial Information" in the prospectus of the Company dated 3 February 2015 ("**the Prospectus**").

Responsibilities

The Profit Estimate has been prepared by the directors of the Company based on the audited consolidated results of the Group for the ten months ended 31 October 2014 and an estimate of the consolidated results of the Group for the remaining two months ended 31 December 2014.

The Company's directors are solely responsible for the Profit Estimate. It is our responsibility to form an opinion on the accounting policies and calculations of the Profit Estimate based on our procedures.

Basis of opinion

We carried out our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 500 "Reporting on Profit Forecasts, Statements of Sufficiency of Working Capital and Statements of Indebtedness" and with reference to Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). Those standards require that we plan and perform our work to obtain reasonable assurance as to whether, so far as the accounting policies and calculations are concerned, the Company's directors have properly compiled the Profit Estimate in accordance with the assumptions made by the Company's directors and as to whether the Profit Estimate is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the accounting policies and calculations are concerned, the Profit Estimate has been properly compiled in accordance with the bases adopted by the directors of the Company as set out in Appendix III-1 to the Prospectus and is presented on a basis consistent in all material respects with the accounting policies normally adopted by the Group as set out in our accountants' report dated 3 February 2015, the text of which is set out in Appendix I to the Prospectus.

Yours faithfully,

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589
Hong Kong

(ii) Letter from the Sole Sponsor

The following is the text of a letter, prepared for inclusion in this prospectus by the Sole Sponsor in connection with the estimate of our consolidated profit attributable to the Shareholders of the Company for the year ended 31 December 2014.

中国平安资本(香港)
PING AN OF CHINA CAPITAL (HONG KONG)

Ping An of China Capital (Hong Kong) Company Limited
28/F, 169 Electric Road
North Point
Hong Kong

3 February 2015

The Directors

Jicheng Umbrella Holdings Limited

Dear Sirs,

We refer to the estimate of the consolidated profit of Jicheng Umbrella Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") attributable to the owners of the Company for the year ended 31 December 2014 (the "**Profit Estimate**") as set out in the prospectus issued by the Company dated 3 February 2015 (the "**Prospectus**").

The Profit Estimate, for which you as the directors of the Company (the "**Directors**") are solely responsible, has been prepared based on (i) the audited consolidated financial results for the ten-month period ended 31 October 2014; and (ii) an estimate of the consolidated results of the Group for the remaining two months of the year ended 31 December 2014.

We have discussed with you the bases and assumptions made by the directors of the Company, as set forth in Part (A) of Appendix III to the Prospectus, upon which the Profit Estimate has been made. We have also considered the letter dated 3 February 2015 addressed to yourselves and ourselves from SHINEWING (HK) CPA Limited regarding the accounting policies and calculations upon which the Profit Estimate has been made.

On the basis of the information comprising the Profit Estimate and on the basis of the accounting policies and calculations adopted by you and reviewed by SHINEWING (HK) CPA Limited, we are of the opinion that the Profit Estimate, for which you as Directors are solely responsible, has been made after due and careful enquiry.

Yours faithfully,
For and on behalf of
Ping An of China Capital (Hong Kong) Company Limited
Tam Kin Fong
Managing Director

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from International Valuation Limited, an independent valuer, in connection with its valuation as at 30 November 2014 of the property interests of the Group.

International Valuation Limited
國際評估有限公司
Room 1203A, 12/F
Kai Tak Commercial Building
317-319 Des Voeux Road Central
Hong Kong
Tel: (852) 6303 7398

Date: 3 February 2015

The Board of Directors
Jicheng Umbrella Holdings Limited
Yonghe Industrial Section
Jinjiang City, Fujian Province
the People's Republic of China

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to value various properties in which Jicheng Umbrella Holdings Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") have interests in the People's Republic of China (the "**PRC**"), we confirm that we have carried out property inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 November 2014 (referred to as the "**Valuation Date**").

This letter which forms part of our valuation report explains the basis and methodologies of valuation, clarifying assumptions, valuation considerations, title investigation and limiting conditions of this valuation.

BASIS OF VALUATION

Our valuation of the property interests represents the market value which we would define as intended to mean "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's – length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

VALUATION METHODOLOGY

In valuing the property interests of the Group, we have adopted depreciated replacement cost approach by a combination of the market value of land portions and depreciated replacement cost of the buildings and structures standing on the land. Hence, the sum of the two results represents the value of the properties as a whole.

As the nature of the buildings and structures cannot be valued on the basis of market value, they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar buildings and structures in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence present, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnished the most reliable indication of value for the property in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business.

VALUATION CONSIDERATIONS

In valuing the property interests, we have complied with all the requirements contained in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors.

VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the seller sells the property interests on the open market in their existing states without the benefit of a deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements, which could serve to affect the values of the property interests.

In undertaking our valuation, we have assumed that, unless otherwise stated, transferable land use rights in respect of the property interests for specific terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid. We have also assumed that the owners of the properties have enforceable titles to the properties and have free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our report for any outstanding or additional land premium, charges, mortgages or amounts owing on the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Other special assumptions of the property interests, if any, have been stated out in the footnotes of the valuation certificates attached herewith.

TITLE INVESTIGATION

We have been, in some instances, shown copies of various title documents and other documents relating to the property interests and have made relevant enquiries. We have not examined the original documents to verify the existing title to the property interests and any material encumbrances that might be attached to the property interests or any lease amendments. However, we have relied considerably on the information given by the Company's PRC Legal Advisers, Shu Jin Law Firm (廣東信達律師事務所), concerning the validity of the Group's title to the property interests located in the PRC.

All legal documents provided by the Group have been used for reference only. No responsibility regarding legal title to the property interests is assumed in this valuation report.

LIMITING CONDITIONS

We have inspected the exterior, and wherever possible, the interior of the properties but no structural survey had been made. In the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. Further, no test has been carried out on any of the building services. All dimensions, measurements and areas are only approximates. We have not been able to carry out detailed on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

The site inspection of the property was carried out on 1 August 2014 by Mr Joseph Fung, who has over 5 years' experience in valuation of properties in the PRC.

We have relied to a considerable extent on information provided by the Group and have accepted advice given to us on such matters, in particular, but not limited to, the sales records, tenure, planning approvals, statutory notices, easements, particulars of occupancy, site and floor areas and all other relevant matters in the identification of the property interests.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also been advised by the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and we have no reason to suspect that any material information has been withheld.

Liability in connection with this valuation report is limited to the client to whom this report is addressed and for the purpose for which it is carried out only. We will accept no liability to any other parties or any other purposes.

This report is to be used only for the purpose stated herein, any use or reliance for any other purpose, by you or third parties, is invalid. No reference to our name or our report in whole or in part, in any document you prepare and/or distribute to third parties may be made without written consent.

EXCHANGE RATE

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are herewith attached.

Yours faithfully,
For and on behalf of
International Valuation Limited

Ian K. F. Ng
MHKIS RPS(GP)
General Manager – Real Estate

Mr. Ian K. F. Ng is a Registered Professional Surveyor with over 10 years' experience in valuation of properties in HKSAR, Macau SAR and mainland China. Mr. Ng is a Professional Member of The Hong Kong Institute of Surveyors.

SUMMARY OF VALUES

	Property	Market Value in Existing State as at 30 November 2014	Interest Attributable to the Group	Value Attributable to the Group as at 30 November 2014
		RMB	*(%)*	*RMB*
Property interests held and occupied by the Group in the PRC				
1	Land, various buildings and structures located at Yonghu Village, Dongshi Town, Jinjiang City, Fujian Province, the PRC	42,700,000	100	42,700,000
2	Land, various buildings and structures located at Yonghe and Maoting Villages, Yonghe Town, Jinjiang City, Fujian Province, the PRC	73,000,000	100	73,000,000
	Total:	115,700,000		115,700,000

VALUATION CERTIFICATE

Property interests held and occupied by the Group in the PRC

	Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 November 2014
1	Land, various buildings and structures located at Yonghu Village, Dongshi Town, Jinjiang City, Fujian Province, the PRC	The property comprises seven parcels of land with a total area of approximately 25,808.10 sq.m. erected upon various buildings and ancillary structures completed in between 1996 and 2009. The total gross floor area of the buildings is approximately 46,130.30 sq.m. and the buildings comprise an 8-storey, five 5-storey, a 3-storey and three 1-storey industrial buildings, a 5-storey composite building and two 5-storey staff quarter buildings. The land use rights of portions of the property were granted for terms expiring in between 13 October 2055 and 7 January 2061 for industrial use.	The property is currently occupied by the Group for industrial purpose.	RMB42,700,000 (Renminbi Forty Two Million Seven Hundred Thousand) 100% Interest Attributable to the Group: RMB42,700,000

Notes:

(1) Pursuant to five State-owned Land Use Rights Certificates, the land use rights of five parcels of land with a total site area of approximately 16,317.10 sq.m. were granted to Jinjiang Jicheng Light Industry Co., Ltd. (晉江集成輕工有限公司) for industrial use. Details of the certificates are set out as follows:–

Certificate No.	Date of Issue	Expiring On	Site Area Approx. (sq.m.)
Jin Guo Yong (2006) Di No.00014 (晉國用(2006)第00014號)	2 January 2006	13 October 2055	5,333.00
Jin Guo Yong (2006) Di No.00015 (晉國用(2006)第00015號)	2 January 2006	13 October 2055	1,440.00
Jin Guo Yong (2009) Di No.00424 (晉國用(2009)第00424號)	15 May 2009	29 December 2058	748.23
Jin Guo Yong (2009) Di No.00425 (晉國用(2009)第00425號)	15 May 2009	29 December 2058	886.87
Jin Guo Yong (2011) Di No. 00511 (晉國用(2011)第00511號)	27 January 2011	7 January 2061	7,909.00
			16,317.10

(2) Pursuant to a Document by Jinjiang City Planning, Construction and Real Estate Management Bureau Document (晉江市規劃建設與房產管理局文件) – Jin Jiang Han (2008) No. 483 (晉建函(2008)483號) dated 31 August 2008, Jinjiang Jicheng Light Industry Co., Ltd. was permitted to occupy a parcel of land with a site area of approximately 3,685.00 sq.m. for industrial use.

(3) Pursuant to a State-owned Land Use Rights Grant Contract dated 5 August 2014 entered into between Jinjiang City Land Resources Bureau (晉江市國土資源局) and Jinjiang Jicheng Light Industry Co., Ltd., the land use rights of a land parcel with an area of approximately 3,685 sq.m. were contracted to be transferred to Jinjiang Jicheng Light Industry Co., Ltd. for a term of 50 years for industrial use at a land premium of RMB1,710,000.

(4) Pursuant to a State-owned Land Use Rights Certificate – Jin Guo Yong (2015) Di No.00006 (晉國用(2015)第00006號) dated 7 January 2015, the land use rights of a parcel of land with a site area of approximately 3,685 sq.m. were granted to Jinjiang Jicheng Light Industry Co., Ltd. for a term expiring on 25 August 2064 for industrial use. As the land use rights certificate has not been obtained as at the Valuation Date, we have not taken it into account in the course of our valuation.

(5) Pursuant to a letter – Jin Dong Zheng Han (2013) No.92 (晉東政函(2013)92號) issued by the People's Government of Dongshi Town on 5 December 2013, a parcel of land with an area of approximately 5,806.00 sq.m. was reserved to Jinjiang Jicheng Light Industry Co., Ltd. for industrial use.

(6) Pursuant to five sets of Building Ownership Certificates, the building ownership rights of eight buildings with a total gross floor area of approximately 38,244.80 sq.m. are owned by Jinjiang Jicheng Light Industry Co., Ltd. Details of the certificates are set out as follows:–

Certificate No.	**Date**	**Building**	**Gross Floor Area Approx. (sq.m.)**
Jin Fang Quan Zheng Dong Shi Zi No. 03-200201 (晉房權證東石字第03-200201號)	Issued on 19 December 2006	Two 5-storey industrial buildings	12,221.24
Jin Fang Quan Zheng Dong Shi Zi Di No. 03-200204 (晉房權證東石字第03-200204號)	Issued on 20 December 2006	An 8-storey industrial building	7,637.53
Jin Fang Quan Zheng Dong Shi Zi Di No.001301 (晉房權證東石字第001301號)	Registered on 27 January 2007	A 5-storey industrial building	2,267.93
Jin Fang Quan Zheng Dong Shi Zi Di No.001300 (晉房權證東石字第001300號)	Registered at 27 January 2007	A 5-storey industrial building	1,724.96
Jin Fang Quan Zheng Dong Shi Zi Di No. 005352 (晉房權證東石字第005352號)	Registered at 9 September 2011	An 1-storey, a 3-storey and a 5-storey industrial buildings	14,393.14
			38,244.80

(7) We have attributed no commercial value to portions of the land with a total area of approximately 9,491.00 sq.m. and a 5-storey composite building with a gross floor area of approximately 1,909 sq.m., two 5-storey staff quarter buildings with gross floor area of approximately 1,449 sq.m. and 1,160 sq.m. respectively and two 1-storey industrial buildings with gross floor area of approximately 2,971 sq.m. and 396.5 sq.m. respectively as the relevant title certificates, as at the Valuation Date, have not yet obtained. For reference purpose, we are of the opinion that the depreciated replacement cost (excluding the land value) of these buildings in their existing states, as at the Valuation Date, would be RMB6,100,000.

(8) Jinjiang Jicheng Light Industry Co., Ltd. is a wholly-owned subsidiary of the Company.

(9) The major certificates and permits of the property are summarized as follows:

(i)	State-owned Land Use Rights Certificate	Part
(ii)	Building Ownership Certificate	Part

(10) We have been provided with a legal opinion regarding the property interests by the Company's PRC Legal Advisers, which contains, *inter alia*, the following:

(i) Jinjiang Jicheng Light Industry Co., Ltd. legally owns the land use rights and building ownership rights of the property with a total site area of approximately 16,317.10 sq.m. and a total gross floor area of approximately 38,244.80 sq.m. respectively and is entitled to dispose of them in the market subject to the prior consent from the mortgagee;

(ii) The land use rights of the property with a total area of approximately 16,317.10 sq.m. and the building ownership rights of the property with a total gross floor area of approximately 38,244.80 sq.m. are subject to a mortgage in favour of China Construction Bank – Jinjiang Branch (中國建設銀行股份有限公司晉江分行);

(iii) The land premium for the land parcels as mentioned in Notes (1) and (3) above with a total site area of approximately 20,002.10 sq.m. has been paid in full; and

(iv) The risk of punishment for the use of the land parcels and the construction of the buildings as mentioned in Note (7) above is relatively low as Jinjiang Jicheng Light Industry Co., Ltd. has obtained confirmation documents from the government authorities stating that no punishment will be imposed.

VALUATION CERTIFICATE

	Property	Description and Tenure	Particular of Occupancy	Market Value in Existing State as at 30 November 2014
2	Land, various buildings and structures located at Yonghe and Maoting Villages, Yonghe Town, Jinjiang City, Fujian Province, the PRC	The property comprises two parcels of land with a total area of approximately 52,836.00 sq.m. erected upon various buildings and ancillary structures. The total gross floor area of the buildings is approximately 53,097.99 sq.m. and the buildings comprise two 8-storey, three 3-storey and two 1-storey industrial buildings completed in between 2007 and 2010. The ancillary structures comprise an 1-storey temporary structure, boundary wall and sheds. As advised by the Company, the temporary structure with an area of approximately 68.40 sq.m. is planned to be demolished. A 10-storey office building is under construction with planned gross floor area of approximately 10,782.24 sq.m. expected to be completed in 2015. The land use rights of the property were granted for a term expiring on 15 May 2056 for industrial use.	The property is currently occupied by the Group for industrial purpose.	RMB73,000,000 (Renminbi Seventy Three Million) 100% Interest Attributable to the Group: RMB73,000,000

Notes:

(1) Pursuant to two State-owned Land Use Rights Certificates, the land use rights of two parcels of land with a total site area of approximately 52,836 sq.m. were granted to Fujian Jicheng Umbrella Co., Ltd. (福建集成傘業有限公司) for industrial use. Details of the certificates are set out as follows:–

Certificate No.	Date of Issue	Expiring On	Site Area Approx. (sq.m.)
Jin Guo Yong (2009) Di No. 00320 (晉國用(2009)第00320號)	17 April 2009	15 May 2056	21,003.00
Jin Guo Yong (2008) Di No. 00903 (晉國用(2008)第00903號)	17 November 2008	15 May 2056	31,833.00
			52,836.00

(2) Pursuant to two sets of Building Ownership Certificates, the building ownership rights of five buildings with a total gross floor area of approximately 51,088.39 sq.m. are owned by Fujian Jicheng Umbrella Co., Ltd. Details of the certificates are set out as follows:–

Certificate No.	Date	Building	Gross Floor Area Approx. (sq.m.)
Jin Fang Quan Zheng Yong He Zi Di No. 005433 (晉房權證永和字第005433號)	Registered on 21 September 2011	Two 8-storey industrial buildings	15,877.27
Jin Fang Quan Zheng Yong He Zi Di No. 004848 (晉房權證永和字第004848號)	Registered on 20 June 2011	Three 3-storey industrial buildings	35,211.12
			51,088.39

(3) We have attributed no commercial value to two 1-storey industrial buildings with a gross floor area of approximately 1,200 sq.m. and 809.6 sq.m. respectively and a 10-storey office building under construction with planned gross floor of approximately 10,782.24 sq.m. as the relevant title certificates have not yet obtained. For reference purpose, we are of the opinion that the depreciated replacement cost (excluding the land value) of these buildings in their existing states, as at the Valuation Date, would be RMB13,000,000.

(4) Fujian Jicheng Umbrella Co., Ltd. is a wholly-owned subsidiary of the Company.

(5) The major certificates and permits of the property are summarized as follows:

(i)	State-owned Land Use Rights Certificate	Yes
(ii)	Building Ownership Certificate	Part

(6) We have been provided with a legal opinion regarding the property interests by the Company's PRC Legal Advisers, which contains, *inter alia*, the following:

(i) Fujian Jicheng Umbrella Co., Ltd. legally owns the land use rights and building ownership rights of the property with a total site area of approximately 52,836.00 sq.m. and a total gross floor area of approximately 51,088.39 sq.m. respectively and is entitled to dispose of them in the market subject to the prior consent from the mortgagee;

(ii) The land use rights of the property with an area of approximately 21,003.00 sq.m. and the building ownership rights of the property with a total gross floor area of approximately 15,877.27 sq.m. are subject to a mortgage in favour of China Construction Bank – Jinjiang Branch (中國建設銀行股份有限公司晉江分行);

(iii) The land use rights of the property with an area of approximately 31,833.00 sq.m. and the building ownership rights of the property with a total gross floor area of approximately 35,211.12 sq.m. are subject to a mortgage in favour of Bank of China – Jinjiang Branch (中國銀行股份有限公司晉江支行);

(iv) The land premium has been paid in full; and

(v) The risk of punishment for the construction of the buildings as mentioned in Note (3) above is relatively low as Fujian Umbrella Co., Ltd. has obtained confirmation documents from the government authorities stating that no punishment will be imposed.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands companies law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 June 2014 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and the Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 23 January 2015 and become effective on the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Share certificates

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words "restricted voting" or "limited voting" or "non-voting" or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) Power to dispose of the assets of the Company or any subsidiary

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) Loans and provision of security for loans to Directors

There are provisions in the Articles prohibiting the making of loans to Directors and their close associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) Disclosure of interest in contracts with the Company or with any of its subsidiaries

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his close associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his close associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;

(bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;

(cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) if he is prohibited from being a director by law;

(ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;

(gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or

(hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) Borrowing powers

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) Proceedings of the Board

Subject to the Articles, the Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorised representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

Reduction of share capital – subject to the Cayman Companies Law and to confirmation by the court, a company limited by shares may, if so authorised by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution – majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorised representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

(i) the chairman of the meeting; or

(ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

(iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorised by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of Directors in place of those retiring;

(dd) the appointment of auditors;

(ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Cayman Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Cayman Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorised. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

(i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;

(ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and

(iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on 12 June 2014 subject to the Cayman Companies Law. Certain provisions of Cayman Islands companies law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

In accordance with the Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Cayman Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Cayman Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Cayman Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Cayman Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorised by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Cayman Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorised in accordance with the company's articles of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Cayman Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Cayman Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Cayman Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Cayman Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

(i) an act which is ultra vires the company or illegal;

(ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and

(iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Cayman Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Cayman Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Cayman Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or

(bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 1 July 2014.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Cayman Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Cayman Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Cayman Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Cayman Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal adviser on Cayman Islands law, has sent to the Company a letter of advice which summarises certain aspects of the Cayman Islands companies law. This letter, together with a copy of the Cayman Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VII. Any person wishing to have a detailed summary of Cayman Islands companies law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT THE COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 12 June 2014 with its registered office located at Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Our Company has established a principal place of business in Hong Kong at 5th Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong and was registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on 25 November 2014. Mr. Cheung Kar Shing of Flat 615, 6/F., Hong Ying Court, Tak Tin Estate, Lam Tin, Kowloon, Hong Kong has been appointed as the authorised representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, it operates subject to the Cayman Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of various parts of the constitution and relevant aspects of the Cayman Companies Law is set out in Appendix V to this prospectus.

2. Changes in share capital of our Company

(a) Our Company was incorporated in the Cayman Islands on 12 June 2011. As at the date of its incorporation, our Company has an authorised share capital of HK$300,000 divided into 30,000,000 Shares of HK$0.01 each, of which one Share was allotted and issued to Reid Services Limited, being the subscriber to the Memorandum and the Articles. On 12 June 2014, the one Share held by Reid Services Limited was transferred to Jicheng Investment Limited.

(b) On 11 October 2014, our Company allotted and issued a total of 999 Shares (all credited as fully paid) to Jicheng Investment as consideration for Jicheng Company and Tak Lee Mei transferring their respective equity interests in Fujian Jicheng and Jinjiang Jicheng to Jicheng HK pursuant to the sale and purchase agreements entered into by Jicheng HK as purchaser with Jicheng Company and Tak Lee Mei as vendors dated 5 September 2014.

(c) On 23 January 2015, the authorised share capital of our Company was increased from HK$300,000 to HK$10,000,000 by the creation of an additional 970,000,000 Shares of which the rights are identical to that of our existing Shares in all aspect pursuant to a resolution in writing passed by our sole Shareholder referred to in the paragraph headed "Written resolutions of our sole Shareholder" below.

Assuming the Global Offering becomes unconditional, immediately following completion of the Global Offering and the Capitalisation Issue (but taking no account of any Shares which may be issued upon exercise of the Over-allotment Option and any option that may be granted under the Share Option Scheme), the authorised share capital of our Company will be HK$10,000,000 divided into 1,000,000,000 Shares and the issued share capital of our Company will be HK$6,000,000 divided into 600,000,000 Shares, fully paid or credited as fully paid, with 400,000,000 Shares remaining unissued.

Our Directors do not have any present intention to issue any of the authorised but unissued share capital of our Company and, without the prior approval of our Shareholders at general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company since the date of its incorporation.

3. Changes in share capital of the subsidiaries of our Company

Our Company's subsidiaries are referred to in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the paragraph headed "Corporate reorganisation" of this Appendix, there has been no other change in the share capital of any of the subsidiaries of our Company which took place within the two years immediately prior to the date of this prospectus.

4. Written resolutions of our sole Shareholder

Pursuant to the written resolutions of our sole Shareholder passed on 23 January 2015, among other things:

(a) our Company approved and adopted the Memorandum and the Articles, the terms of which are summarised in Appendix V to this prospectus, with effect from the Listing Date;

(b) the authorised share capital of our Company was increased from HK$300,000 to HK$10,000,000 by the creation of an additional of 970,000,000 Shares of HK$0.01 each;

(c) conditional on (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus including any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme, (ii) the Offer Price having been duly determined and the execution and delivery of the International Placing Underwriting Agreement, and (iii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise:

(i) the Global Offering and the Over-allotment Option were approved and our Directors were authorised to allot and issue the Offer Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued pursuant to the exercise of the Over-allotment Option;

(ii) the Share Option Scheme was approved and adopted and our Directors were authorised subject to the terms and conditions of the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares thereunder and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme; and

(iii) the Capitalisation Issue was approved and conditional further on the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalise HK$4,499,990 standing to the credit of our Company's share premium account towards paying up in full at par 449,999,000 Shares for allotment and issue to holders of Shares whose names appeared on the register of members of our Company at the close of business on 23 January 2015 (or as they may direct) in proportion as nearly as may be without involving fractions to their then existing shareholdings in the Company and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares (other than the Capitalisation Issue) and the Directors or any committee of the Board were authorised to give effect to the Capitalisation Issue;

(d) a general unconditional mandate was given to our Directors to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangement providing for the allotment and issue of the Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles, or the exercise of any subscription or conversion rights attaching to any warrants or any securities which are convertible into Shares or the exercise of the Over-allotment Option or an issue of Shares pursuant to the exercise of options which may be granted under the Share Option Scheme, Shares with an aggregate nominal amount not exceeding 20% of the aggregate nominal amount of the share capital of our Company in issue immediately upon completion of the Global Offering and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). Such mandate will expire at the conclusion of the next annual general meeting of our Company; or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law of the Cayman Islands to be held; or when revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever occurs first;

(e) a general unconditional mandate was given to our Directors authorising the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the Listing Rules (or of such other stock exchange), of Shares not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately upon completion of the Global

Offering and the Capitalisation Issue (taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme). Such mandate will expire at the conclusion of the next annual general meeting of the Company; or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable law of the Cayman Islands to be held; or when revoked, varied or renewed by an ordinary resolution of the Shareholders in a general meeting, whichever occurs first; and

(f) the general unconditional mandate as mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal amount of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal amount of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalisation Issue and the Global Offering but taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

5. Corporate reorganisation

Our Group has undergone a Reorganisation in preparation for Listing which involved the follow steps:

(a) Dongshi Factory disposed of its interest in RMB50,000 of registered capital of Jicheng Umbrella to Mr. Huang at a consideration of RMB50,000, which was determined with reference to the amount of registered capital transferred in August 2013.

(b) On 20 March 2014, Fujian Jicheng entered into an equity transfer agreement with Jicheng Umbrella, Tak Lee Mei and Jicheng Company, pursuant to which Fujian Jicheng agreed to acquire RMB3.7 million in the registered capital of Jinjiang Jicheng (representing approximately 17.96% of its registered capital) from Jicheng Umbrella for a consideration of RMB3.7 million. The acquisition was completed on 4 June 2014.

(c) Our Company was incorporated in the Cayman Islands on 12 June 2014. As at the date of its incorporation, our Company has an authorised share capital of HK$300,000 divided into 30,000,000 Shares of HK$0.01 each, one Share of which was allotted and issued to Reid Services Limited, being the subscriber to our Company. On 12 June 2014, the one Share held by Reid Services Limited was transferred to Jicheng Investment.

(d) Jicheng BVI was incorporated on 13 June 2014 under the laws of BVI and is authorised to issue a maximum of 50,000 shares with a par value of US$1.00 each. On 13 June 2014, one share of Jicheng BVI was allotted and issued fully paid up for cash at par to the Company.

(e) Jicheng HK was incorporated on 30 June 2014 under the laws of Hong Kong and on the same day, one share of Jicheng HK was allotted and issued fully paid up for cash at HK$1.00 to Jicheng BVI.

(f) On 5 September 2014, Jicheng HK entered into an equity sale and purchase agreement with Jicheng Company, pursuant to which Jicheng HK agreed to acquire HK$60 million in the registered capital of Fujian Jicheng (representing all of its registered capital) from Jicheng Company for a consideration of the issue and allotment of 739 Shares to Jicheng Investment. The acquisition was completed on 11 October 2014.

(g) On 5 September 2014, Jicheng HK entered into an equity sale and purchase agreement with Jicheng Company, pursuant to which Jicheng HK agreed to acquire RMB10,595,500 in the registered capital of Jinjiang Jicheng (representing 51.45% of its registered capital) from Jicheng Company for a consideration of the issue and allotment of 163 Shares to Jicheng Investment. The acquisition was completed on 11 October 2014.

(h) On 5 September 2014, Jicheng HK entered into an equity sale and purchase agreement with Tak Lee Mei pursuant to which Jicheng HK agreed to acquire RMB6,300,000 in the registered capital of Jinjiang Jicheng (representing 30.59% of its registered capital) from Tak Lee Mei for a consideration of the issue and allotment of 97 Shares to Jicheng Investment. The acquisition was completed on 11 October 2014.

6. Repurchase by our Company of our own securities

This paragraph contains information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of our own securities.

(a) The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions

(i) Shareholders' approval

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

Note: Pursuant to the written resolutions of the sole Shareholder passed on 23 January 2015, the Repurchase Mandate was given to our Directors authorising our Directors to exercise all powers of our Company to purchase the Shares as described above in the paragraph headed "Written resolutions of our sole Shareholder" in this Appendix.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. Our Company may not repurchase our own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange.

Any repurchases by our Company may be made out of profits or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorised by the Articles and subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company's share premium account before or at the time the Shares are repurchased or, if authorised by the Articles and subject to the Cayman Companies Law, out of capital.

(iii) Connected parties

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a "connected person", which includes a director, chief executive or substantial shareholder of our Company or any of the subsidiaries or an associate of any of them and a connected person shall not knowingly sell Shares to our Company.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the Company's net asset value and/or earnings per Share and will only be made when our Directors believe that such repurchases will benefit our Company and Shareholders.

(c) Exercise of the Repurchase Mandate

Exercise in full of the Repurchase Mandate, on the basis of 600,000,000 Shares in issue after completion of the Capitalisation Issue and the Global Offering (taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), could accordingly result in up to 60,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) Funding of repurchase

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

Our Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Company or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(e) General

None of our Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Shares to the Company.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

If as a result of a repurchase of Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, our Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified us that he has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP

(a) Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by the members of our Group within the two years preceding the date of this prospectus and are or may be material in relation to the business of our Company taken as a whole:

(a) an equity transfer agreement entered into among Tak Lee Mei, Jicheng Company, Fujian Jicheng and Jicheng Umbrella on 20 March 2014, pursuant to which Fujian Jicheng agreed to acquire RMB3.7 million in the registered capital of Jinjiang Jicheng (representing approximately 17.96% of its registered capital) from Jicheng Umbrella for a consideration of RMB3.7 million;

(b) an equity sale and purchase agreement entered into between Jicheng HK and Jicheng Company on 5 September 2014, pursuant to which Jicheng HK agreed to acquire HK$60 million in the registered capital of Fujian Jicheng (representing all of its registered capital) from Jicheng Company for a consideration of the issue and allotment of 739 Shares to Jicheng Investment;

(c) an equity sale and purchase agreement entered into between Jicheng HK and Jicheng Company on 5 September 2014, pursuant to which Jicheng HK agreed to acquire RMB10,595,500 in the registered capital of Jinjiang Jicheng (representing approximately 51.45% of its registered capital) from Jicheng Company for a consideration of the issue and allotment of 163 Shares to Jicheng Investment;

(d) an equity sale and purchase agreement entered into between Jicheng HK and Tak Lee Mei on 5 September 2014, pursuant to which Jicheng HK agreed to acquire RMB6,300,000 in the registered capital of Jinjiang Jicheng (representing 30.59% of its registered capital) from Tak Lee Mei for a consideration of the issue and allotment of 97 Shares to Jicheng Investment;

(e) a deed of non-competition dated 2 February 2015 executed by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Relationships with the Controlling Shareholders" in this prospectus;

(f) a deed of indemnity dated 2 February 2015 executed by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries) containing indemnities referred to in the paragraph headed "Tax and other indemnities" in this Appendix; and

(g) the Hong Kong Underwriting Agreement.

C. INTELLECTUAL PROPERTY RIGHTS OF OUR GROUP

1. Trademarks

(a) As at the Latest Practicable Date, our Group has registered the following trademarks in Hong Kong which we believe to be material to our business:

	Trademark	Registered Owner	Class	Trademark Number	Validity Period
1	jicheng	Fujian Jicheng	18	303019103	2014.06.04 – 2024.06.03
2		Fujian Jicheng	18	303019112	2014.06.04 – 2024.06.03

	Trademark	Registered Owner	Class	Trademark Number	Validity Period
3	集成	Fujian Jicheng	18	303019121	2014.06.04 – 2024.06.03

(b) As at the Latest Practicable Date, our Group has registered the following trademarks in the PRC which we believe to be material to our business:

	Trademark	Registration Number	Class	Registrant	Period of Exclusive Use
1	Little Women 小妇人	6605178	18	Fujian Jicheng	2010.12.14-2020.12.13
2	TOWN STORY 南鄉子洋伞	7896013	18	Fujian Jicheng	2011.05.07-2021.05.06
3		7896029	18	Fujian Jicheng	2011.04.28-2021.04.27
4	集成	8061199	25	Fujian Jicheng	2011.04.28-2021.04.27
5	集成	8120897	9	Fujian Jicheng	2011.09.14-2021.09.13
6		8885564	22	Fujian Jicheng	2011.12.07-2021.12.06
7	DANDELION	8665525	18	Fujian Jicheng	2012.07.14-2022.07.13
8	蒲公英 DANDELION	8665523	18	Fujian Jicheng	2012.07.14-2022.07.13
9	蒲公英	8665524	18	Fujian Jicheng	2012.07.14-2022.07.13
10	ICON 尚标洋伞	7896022	18	Fujian Jicheng	2012.09.07-2022.09.06
11	漫朵	11017060	18	Fujian Jicheng	2013.10.07-2023.10.06

	Trademark	Registration Number	Class	Registrant	Period of Exclusive Use
12	冠锦	11017185	18	Fujian Jicheng	2013.10.07-2023.10.06
13	SPLENGIFT	11036359	18	Fujian Jicheng	2013.10.14-2023.10.13
14	JICHN	11036428	18	Fujian Jicheng	2013.10.14-2023.10.13
15		8665522	18	Fujian Jicheng	2013.12.07-2023.12.06
16	集成 Jicheng	1182539	18	Jinjiang Jicheng	2008.06.14-2018.06.13
17	集成	8061190	17	Jinjiang Jicheng	2011.02.28-2021.02.27
18		8207823	3	Jinjiang Jicheng	2011.04.21-2021.04.20
19	JISEN	8207806	3	Jinjiang Jicheng	2011.08.21-2021.08.20
20	JISEN	8208065	9	Jinjiang Jicheng	2011.09.14-2021.09.13

(c) As at the Latest Practicable Date, our Group has registered the following trademark with the International Bureau of World Intellectual Property Organization under the Madrid system for the international registration of marks established in 1891 which functions under the Madrid Agreement (1891) and the Madrid protocol (1989):

	Trademark	Registration Number	Class	Registrant	Period of Exclusive Use
1	集成 Jicheng	911282	18	Jinjiang Jicheng	2006.10.17-2016.10.17

2. Patents

As at the Latest Practicable Date, our Group has registered the following patents with the State Intellectual Property Bureau in the PRC which we believe to be material to our business:

	Name of Patent	Patent Number	Type of Patent	Name of Proprietor	Date of Application	Validity Period
1	a kind of lower nest* (一種下巢)	ZL201020192778.4	Utility model	Fujian Jicheng	2010.05.11	10 years
2	umbrella (傘)	ZL201030170169.4	Design	Fujian Jicheng	2010.11.24	10 years
3	umbrella (lotus rain 1)* (傘(蓮花雨一))	ZL201030236472.X	Design	Fujian Jicheng	2010.07.01	10 years
4	umbrella (lotus rain 2)* (傘(蓮花雨二))	ZL201030236483.8	Design	Fujian Jicheng	2010.07.01	10 years
5	umbrella (lotus rain 3)* (傘(蓮花雨三))	ZL201030236502.7	Design	Fujian Jicheng	2010.07.01	10 years
6	umbrella (floating butterflies and descending wild geese)* (傘(浮蝶落雁))	ZL200730140599.X	Design	Fujian Jicheng	2007.09.28	10 years
7	umbrella (splendid)* (傘(富麗堂皇))	ZL200730140600.9	Design	Fujian Jicheng	2007.09.28	10 years
8	umbrella (fall in love with UV – double tiers)* (傘(戀上紫外線 雙層))	ZL200730140601.3	Design	Fujian Jicheng	2007.09.28	10 years
9	umbrella (rich and impressive)* (傘(富貴驕人))	ZL200730140602.8	Design	Fujian Jicheng	2007.09.28	10 years
10	umbrella (love in a fallen city – true love)* (傘(傾城之戀 真愛))	ZL200730140603.2	Design	Fujian Jicheng	2007.09.28	10 years
11	umbrella cap (diamond shaped)* (傘頭(鑽石型))	ZL201030219212.1	Design	Fujian Jicheng	2010.06.13	10 years
12	umbrella (umbrella cloth with circle devices)* (傘(圈圈花傘布))	ZL201030247027.3	Design	Fujian Jicheng	2010.07.13	10 years
13	umbrella (umbrella cloth with ECG devices)* (傘(心電圖傘布))	ZL201030247034.3	Design	Fujian Jicheng	2010.07.13	10 years
14	umbrella (ocean wind)* (傘(海洋風))	ZL201130487594.0	Design	Fujian Jicheng	2011.12.07	10 years
15	folding umbrella (折疊傘)	ZL200920206688.3	Utility model	Fujian Jicheng	2009.10.16	10 years
16	drip-proof folding umbrella* (收放時防滴水折疊雨傘)	ZL200920206699.1	Utility model	Fujian Jicheng	2009.10.16	10 years
17	umbrella with double-sized canopy* (雙傘面傘)	ZL201020268387.6	Utility model	Fujian Jicheng	2010.07.23	10 years
18	improved environmental plastic umbrella* (改進的環保塑膠傘)	ZL200820098370.3	Utility model	Jinjiang Jicheng	2008.05.23	10 years
19	a kind of safe rotary umbrella* (一種安全旋轉式折疊傘)	ZL200820100312.X	Utility model	Jinjiang Jicheng	2008.10.23	10 years

	Name of Patent	Patent Number	Type of Patent	Name of Proprietor	Date of Application	Validity Period
20	a kind of guyed automatic straight umbrella* (一種拉線式直骨自動傘)	ZL200820100313.4	Utility model	Jinjiang Jicheng	2008.10.23	10 years
21	a kind of automatic straight umbrella with middle nest structure* (一種直骨自動中巢結構傘)	ZL200820100519.7	Utility model	Jinjiang Jicheng	2008.11.12	10 years
22	a kind of new windproof structure umbrella frame without binding strings and eyelets* (一種新型無綁線無雞眼式防風結構傘架)	ZL201420082565.4	Utility model	Jinjiang Jicheng	2014.02.25	10 years
23	safe structure of umbrella hive* (安全傘巢結構)	ZL201320144461.7	Utility model	Jinjiang Jicheng	2013.04.16	10 years

* *for identification purposes only*

3. Domain names

As at the Latest Practicable Date, we have the following registered domain name:

Domain Name	Registration Date	Expiry Date
www.jcumbrella.com	14 April 2009	14 April 2021

D. DISCLOSURE OF INTERESTS

1. Interests and short positions of our Directors and chief executive in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Global Offering and the Capitalisation Issue, taking no account of the Shares to be allotted and issued pursuant to the Over-allotment Option and options which may be granted under the Share Option Scheme, the interests and short positions of our Directors or chief executive of our Company in the shares, underlying shares and debentures of our Company or any of the associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

(i) The Company

Long position in Shares

Name of Director	Capacity/nature of interest	Number of Shares	Percentage of shareholding interests of our Company
Mr. Huang *(Note 1)*	Interest in a controlled corporation	450,000,000	75%
Ms. Chen Jieyou *(Note 2)*	Interest of spouse	450,000,000	75%

Notes:

1. Jicheng Investment is wholly and beneficially owned by Mr. Huang. Accordingly, Mr. Huang is deemed to be interested in the Shares held by Jicheng Investment under the SFO.

2. Ms. Chen Jieyou is the spouse of Mr. Huang and accordingly is deemed to be interested in the Shares in which Mr. Huang has interest under the SFO.

(ii) Associated Corporations

Long position in shares

Name of Director	Name of associated corporation	Capacity/nature of interest	Number of shares	Percentage of shareholding interests of the associated corporation
Mr. Huang	Jicheng Investment	Beneficial owner	one	100%
Ms. Chen Jieyou *(Note)*	Jicheng Investment	Interest of spouse	one	100%

Note: Ms. Chen Jieyou is the spouse of Mr. Huang and accordingly is deemed to be interested in the one share of Jicheng Investment which is held by Mr. Huang under the SFO.

2. Interests and short positions of Substantial Shareholders in the Shares, and underlying Shares of the Company

So far as it is known to our Directors and save as disclosed in this prospectus, immediately following completion of the Global Offering and the Capitalisation Issue, and taking no account of any Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, the following persons will have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

Long position in Shares

Name	Capacity/nature of interest	Number of Shares	Percentage of shareholding interests of our Company
Jicheng Investment	Beneficial owner	450,000,000	75%
Mr. Huang *(Note 1)*	Interest of controlled corporation	450,000,000	75%
Ms. Chen Jieyou *(Note 2)*	Interest of spouse	450,000,000	75%

Notes:

1. Jicheng Investment is wholly and beneficially owned by Mr. Huang. Accordingly, Mr. Huang is deemed to be interested in the Shares held by Jicheng Investment under the SFO.

2. Ms. Chen Jieyou is the spouse of Mr. Huang and accordingly is deemed to be interested in the Shares in which Mr. Huang has interest under the SFO.

3. Particulars of service contracts

Each of the executive Directors has entered into a service agreement with our company. The terms and conditions of each of such service agreements are similar in all material aspects and are briefly described as follows:

(a) Each service agreement is for an initial term of three years commencing from the Listing Date unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing.

(b) The annual remuneration (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) payable to Mr. Huang, Ms. Chen Jieyou, Mr. Yang Guang and Mr. Lin Zhenshuang under their respective service agreements shall be RMB960,000, RMB420,000, RMB180,000 and RMB168,000, respectively.

(c) Each of the executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the remuneration payable to himself.

Each of the independent non-executive Directors has entered into a letter of appointment with our Company under which each of them is appointed for a period of three years commencing from the Listing Date. The annual director's fee payable to Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying under their respective letter of appointment shall be HK$120,000, RMB60,000 and HK$120,000, respectively. Save for the annual director's fees mentioned above, none of the independent non-executive Directors is expected to receive any other remuneration for holding his office as an independent non-executive Director.

Save as disclosed above, none of our Directors has or is proposed to have any service agreement with our Company or any of its subsidiaries (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

4. Remuneration of Directors

During the Track Record Period, our Directors confirmed that our Group's remuneration policy for our Directors and senior management members of the subsidiaries were based on their experience, level of responsibility and general market conditions. Any discretionary bonus was linked to the business performance of our Group and the individual performance of such Directors and senior management members. Our Company intends to adopt the same remuneration policy after the Listing, subject to the review by and the recommendations of our remuneration committee.

For the three years ended 31 December 2011, 2012 and 2013 and the ten months ended 31 October 2014, the aggregate emoluments (including director's fee, basic salary, allowance, non-cash benefit and retirement scheme contribution) paid by our Group to our Directors were approximately RMB1.2 million, RMB1.6 million, RMB1.7 million and RMB1.3 million respectively.

Further information in respect of our Directors' emoluments is set out in Appendix I to this prospectus. It is expected that the aggregate emoluments (excluding payment pursuant to any discretionary bonus or granting of share options) payable by our Group to our Directors (including the independent non-executive Directors) for the year ending 31 December 2015 will be approximately RMB2.0 million.

Save as disclosed in Appendix I to this prospectus, none of our Directors received any remuneration or benefits in kind from our Group during the Track Record Period.

5. Disclaimers

Save as disclosed in this prospectus:

(a) so far as our Directors are aware, none of our Directors or chief executive has any interest or short position in the shares, underlying shares or debentures of our Company or any of its associated corporations (within the meaning of Part XV of the SFO) immediately following the completion of the Global Offering and assuming that the Over-allotment Option and the options which may be granted under the Share Option Scheme are not exercised, which will have to be notified to our Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he will be taken or deemed to have under the SFO) once the Shares are listed, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein once the Shares are listed, or which will be required, pursuant to the Listing Rules relating to securities transactions by our Directors to be notified to our Company and the Stock Exchange, once the Shares are listed;

(b) so far as our Directors are aware, none of our Directors and experts referred to under the heading "Qualifications of experts" of this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors and experts referred to under the heading "Qualifications of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group, excluding contracts which are determinable by the employer within one year without payment of compensation other than statutory compensation;

(e) taking no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, our Directors are not aware of any person, not being a Director of the Company, who will, immediately following completion of the Global Offering and the Capitalisation Issue, be interested in or has short positions in the Shares or underlying shares of the Company which have to be notified to the Company and the Stock Exchange under Divisions 2 and 3 of Part XV of the SFO once the Shares are listed, or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(f) none of the experts referred to under the heading "Qualifications of experts" of this Appendix has any shareholding in any member of our Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and

(g) none of our Directors, their associates or any shareholder of our Company (which to the knowledge of our Directors owns more than 5% of our Company's issued share capital) has any interest in our Group's five largest suppliers and five largest customers.

6. Agency fees or commissions received

Information on the agency fees or commissions received by the Underwriters is set out in section headed "Underwriting" of this prospectus.

Save as disclosed herein and in the section headed "Directors, Senior Management and Employees" and the Accountant's Report set out in Appendix I to this prospectus, none of the Directors, or the experts named in the paragraph headed "Qualifications of experts" in this Appendix had received any agency fee, commissions, discounts, brokerages or other special terms in connection with the issue or sale of any capital of any member of our Group from our Group within the two years preceding the date of this prospectus.

7. Related party transactions

For details of the related party transactions of our Group entered into within two years immediately preceding the date of this prospectus, please refer to the Accountant's Report set out in Appendix I to this prospectus in this prospectus.

E. SHARE OPTION SCHEME

The principal terms of the Share Option Scheme, which complies with Chapter 17 of the Listing Rules, conditionally adopted under the written resolutions of the sole Shareholder passed on 23 January 2015 are set out below:

1. Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to recognise and motivate the contributions that Eligible Participants (as defined below) have made or may make to our Group.

The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives:

(a) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of our Group; and

(b) attract and retain or otherwise maintain ongoing business relationships with the Eligible participants whose contributions are, will or expected to be beneficial to our Group.

For the purpose of the Share Option Scheme, "Eligible Participants" means any person who satisfies the eligibility criteria in paragraph 2 below.

2. Who may join and basis of eligibility

The Board may at its discretion grant options to:

(i) any Eligible Employees. "**Eligible Employees**" means employees (whether full time or part time, including any executive director but excluding any non-executive director) of our Company, any subsidiary or any entity in which our Group holds at least 20% of its issued share capital ("**Invested Entity**");

(ii) any non-executive directors (including independent non-executive directors) of our Company, any subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of our Group or any Invested Entity;

(iv) any customer of any member of our Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(vii) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group, and, for the purposes of the Share Option Scheme, options may be granted to any company wholly owned by one or more Eligible Participants.

The basis of eligibility of any participant to be granted any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

3. Subscription Price of Shares

The exercise price for any Share under the Share Option Scheme shall be a price determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date of the relevant option, which must be a day on which the Stock Exchange is open for the business of dealing in securities (a "**Trading Day**"); (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Trading Days immediately preceding the offer date of the relevant option; and (iii) the nominal value of a Share on the offer date. For the purpose of calculating the exercise price where our Company has been listed for less than five Trading Days, the Offer Price of the Shares shall be used as the closing price of the Shares for any Trading Days falling within the period before the Listing Date.

4. Grant of options and acceptance of offers

An offer for the grant of options shall be deemed to have been accepted when our Company receives the letter containing the offer duly signed by the grantee together with a remittance of HK$1.00 (or such other nominal sum in any currency as the Board may determine) in favor of our Company as consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Eligible Participant.

5. Maximum number of Shares

(i) Subject to sub-paragraphs (ii) to (iv) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 60,000,000 Shares) (the "**Scheme Mandate Limit**") unless approved by the shareholders of our Company pursuant to sub-paragraph (iii) below. Options lapsed in accordance with the terms of the scheme(s) will not be counted for the purpose of calculating the Scheme Mandate Limit.

(ii) Subject to sub-paragraphs (iii) and (iv) below, the Scheme Mandate Limit may be renewed by the shareholders of our Company in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by the Shareholders of our Company. Upon such renewal, all options granted under the Share Option Scheme and any other share option schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to the shareholders of our Company containing such relevant information from time to time as required by the Listing Rules in connection with the general meeting at which their approval is sought.

(iii) Subject to sub-paragraphs (iv) below, the Board may seek separate shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is sought and our Company must issue a circular to the shareholders of our Company containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Eligible Participants.

(iv) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by our Group must not, in aggregate, exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by our Group if such grant will result in the said 30% limit being exceeded.

6. Maximum entitlement of each participant

No option shall be granted to any Eligible Participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the following requirements:

(i) approval of the Shareholders of our Company at general meeting, with such Eligible Participant and its associates abstaining from voting;

(ii) a circular in relation to the proposal for such further grant must be sent by our Company to its Shareholders with such information from time to time as required by the Listing Rules;

(iii) the number and terms of the options to be granted to such proposed grantee shall be fixed before the Shareholders' approval mentioned in (i) above; and

(iv) for the purpose of calculating the minimum exercise price for the Shares in respect of the further options proposed to be so granted, the date of board meeting for proposing such grant of further options shall be taken as the date of offer of such options.

7. Requirements on granting options to certain connected persons

Any grant of options to any director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding an independent non-executive director who or whose associate is a proposed grantee).

Where any grant of options to a substantial shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the total number of the Shares issued and to be issued upon exercise of all options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1% of the total number of Shares in issue; and

(ii) having an aggregate value, based on the closing price of the Shares at the date of such grant, in excess of HK$5 million,

such further grant of options must be approved by the Shareholders of our Company on a poll in a general meeting where all connected persons of our Company must abstain from voting in favor at such general meeting. Our Company will send a circular to the shareholders containing the information required under the Listing Rules.

8. Restrictions on the time of grant of options

No option shall be granted after inside information has come to the knowledge of our Company until our Company has announced the information. In particular, it may not grant any option during the period commencing one month immediately before the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No option may be granted during any period of delay in publishing a results announcement. "Inside information" has the meaning defined in the SFO.

The Board may not make any offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

9. Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof, and provided that the Board may determine the minimum period for which an Option has to be held or other restrictions before its exercise.

The grantee shall not exercise an option to the extent that the public float of our Company will be less than 25% (or such higher percentage as required by the Stock Exchange or the Listing Rules) of the issued share capital of our Company immediately after the issue and allotment of the Shares upon such exercise of the option.

10. Performance targets

Save as determined by the Board and provided in the offer of grant of the options, there is no performance target that must be achieved before the options can be exercised.

11. Ranking of Shares

The Shares to be allotted and issued upon exercise of an option shall be subject to all the provisions of the Articles of our Company for the time being in force and shall rank pari passu in all respects with the then existing fully paid Shares in issue on the allotment date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date thereof shall be before the allotment date. Any Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered into the register of members of our Company as the holder thereof.

12. Rights are personal to grantee

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favor of any third party over or in relation to any option or enter into any agreement so to do.

13. Rights on cessation of employment

(i) In the event of death of the grantee (being an individual) before exercising the option in full, his personal representatives may exercise the option up to the grantee's entitlement (to the extent exercisable as at the date of his death and not already exercised) within a period of 12 months following his death or such longer period as the Board may determine.

(ii) In the event of the grantee who is an Eligible Employee ceasing to be an Eligible Employee for any reason other than his death, or the termination of his employment pursuant to paragraph 18(v), the grantee may exercise the option (to the extent exercisable as at the date of such cessation and not already exercised) within 30 days following such cessation or such longer period as the Board may determine.

14. Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company while an option remains exercisable or this scheme remains in effect, whether by way of capitalisation of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate so far as unexercised; and/or the exercise price; and/or the method of exercise of the options; and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must be made in compliance with the Listing Rules, give a grantee the same proportion of the equity capital as that to which that grantee was previously entitled and shall be made on the basis that the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value provided that in such circumstance, the exercise price shall be reduced to the nominal value. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, the independent financial adviser of our Company or the auditors of our Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

15. Rights on a general offer

If a general or partial offer (whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), our Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, the grantee shall be entitled to exercise the option (to the extent exercisable as at the date on which the offer becomes or is declared unconditional and not already exercised) in full or in part at any time within 14 days after the date on which the offer becomes or is declared unconditional.

16. Rights on winding-up

In the event notice is given by our Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise all or any of his/her options (to the extent exercisable as at the date of the notice of meeting and not already exercised) at any time not later than 2 Trading Days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting of our Company to consider the winding-up and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

17. Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the restructuring, reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme, and thereupon the grantee shall be entitled to exercise all or any of his/her option(s) (to the extent which has become exercisable as at the date of the notice and not already exercised) at any time not later than 2 Trading Days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

18. Lapse of options

An option shall automatically lapse and not be exercisable on the earliest of:

(i) the expiry of the option period;

(ii) the expiry of any of the periods referred to in paragraph 13 above;

(iii) subject to paragraph 16 above, the date of the commencement of the winding-up of our Company;

(iv) subject to the scheme becoming effective, the expiry of the period referred to in paragraph 17 above;

(v) the date on which the grantee who is an Eligible Employee ceases to be an Eligible Employee by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his employment contract or other contract constituting him an Eligible Employee, or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his or her creditors generally or on which he has been convicted of any criminal offence involving his or her integrity or honesty, unless otherwise resolved to the contrary by the Board;

(vi) in respect of a grantee other than an Eligible Employee, the date on which the Board shall determine that (i) (a) such grantee has committed any breach of any contract entered into between such grantee on the one part and our Group or any Invested Entity on the other part; or (b) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (c) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever; and (ii) the option shall lapse as a result of any event specified in subparagraph (i) (a), (b) or (c) above, unless otherwise resolved to the contrary by the Board;

(vii) the expiry of the period referred to in paragraph 15 above; and

(viii) the date on which the grantee commits a breach of paragraph 12 or any terms or conditions attached to the grant of the option or an event, in respect to a grantee, referred to in (2) below occurs, unless otherwise resolved to the contrary by the Board.

If the grantee is a company wholly owned by one or more Eligible Participants:

(1) the provisions of paragraphs 13(i) and (ii), 18(v) and (vi) shall apply to the grantee and to the options granted to such grantee, mutatis mutandis, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 13(i) and (ii), 18(v) and (vi) shall occur with respect to the relevant Eligible Participant; and

(2) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant, provided that the Board may decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

19. Cancellation of options granted but not yet exercised

The Board shall have the absolute discretion to cancel any options granted at any time if the grantee so agreed provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available but unissued options (excluding the cancelled options) within the limit approved by the Shareholders as mentioned in the Share Option Scheme from time to time.

20. Period of the Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years after the adoption date, after which no further options may be issued. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding, the provisions of the Share Option Scheme shall remain in full force and effect.

The Board may impose such terms and conditions of the offer of grant either on a case-by-case basis or generally as are not inconsistent with the Share Option Scheme including but not limited to the minimum period for which an option must be held before it can be exercised.

21. Alteration to the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that the terms and condition of the Share Option Scheme relating to matters set out in Rule 17.03 of the Listing Rules (or any other relevant provisions of the Listing Rules from time to time applicable) cannot be altered to the advantage of grantees or prospective grantees except with the prior approval of the shareholders of our Company in general meeting. No such alteration shall operate to affect adversely the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction of such majority of the grantee as would be required of the shareholders of our Company under the Articles for the time being of our Company for a variation of the rights attached to Shares.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Any change to the authority of the Directors or administrators of the Share Option Scheme in relation to any alterations to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

The amended terms of the Share Option Scheme and/or the options must continue to comply with the relevant provisions of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Scheme).

Subject to the above paragraphs, the Board may at any time alter, amend or modify the terms and conditions of the Share Option Scheme such that the provisions of the Share Option Scheme would comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by the Board to implement the terms of the Share Option Scheme.

22. Termination to the Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event, no further options will be offered but the provisions of the Share Option Scheme shall remain in force in all other respects.

Options complying with the provisions of the Listing Rules which are granted during the life of the scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

23. Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon (i) the Stock Exchange granting the approval of the listing of and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalisation Issue, the Global Offering and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options under the Share

Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date; (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and (iii) the commencement of dealings in the Shares on the Stock Exchange.

As at the Latest Practicable Date, no option had been granted by our Company under the Share Option Scheme. An application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in the Shares to be issued and allotted by our Company pursuant to the exercise of options that may be granted under the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date.

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

F. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders, pursuant to a deed of indemnity referred to in the paragraph headed "Summary of material contracts" of this Appendix, have given indemnities (subject to certain limitations) to our Group against, among other things, (a) the amount of any and all taxation falling on any member of the Group (i) resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the date on which the Global Offering becomes unconditional (the "**Effective Date**"); or (ii) resulting from or by reference to any event occurring or deemed to occur on or before such date whether alone or not; or (iii) in respect of or in consequence of any act or omission of the Company and/or its subsidiaries regarding the inter-companies transactions on or before the Effective Date; or (iv) in conjunction with any other circumstances whenever occurring and whether or not such taxation is chargeable against or attributable to any other person, firm or company, including any and all taxation resulting from the receipt by any member of our Group of any amounts paid under the deed of indemnity; and (b) all costs (including all legal costs), expenses or other liabilities which any member of our Group may properly incur in connection with the investigation, assessment or the contesting and settlement of any tax claim, any legal proceedings in which our Group claims under the deed of indemnity, and the enforcement of any such settlement or judgement.

The Controlling Shareholders will, however, not be liable under the deed of indemnity:

(a) to the extent that full provision has been made for such taxation in the consolidated audited accounts of our Company set out in the Accountants' Report or the audited accounts of any member of our Group, in each case up to 31 October 2014;

(b) which would not have arisen but for any act or omission of, or delay by, any member of our Group voluntarily effected (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) after the date of the deed of indemnity (other than pursuant to a legally binding commitment created on or before the date of the deed of indemnity), otherwise than in the ordinary course of business and without the prior written consent or agreement of any of the Controlling Shareholders;

(c) for which any member of our Group is primarily liable as a result of transactions entered into in the ordinary course of business after 31 October 2014;

(d) to the extent that the taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law or the interpretation or practice thereof by the Inland Revenue Department of Hong Kong or any other relevant authority (whether in Hong Kong, the PRC or any other part of the world) coming into force after the Effective Date or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the Effective Date with retrospective effect; and

(e) to the extent of any provision or reserve made for taxation in the Accountants' Report up to 31 October 2014 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the indemnifiers' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

The Controlling Shareholders have also undertaken to indemnify our Group against all actions, claims, demands, proceedings, costs and expenses, losses and liabilities whatsoever made, suffered or incurred by our Group arising from (i) the restructuring and reorganisation undergone by the Group on or before the Effective Date; or (ii) the Group's non-compliance with the PRC laws, rules and regulations as disclosed under the paragraph headed "Business – Non-compliance" of this prospectus.

2. Litigation

As at the Latest Practicable Date, save as disclosed in this prospectus, to the best of the Directors' knowledge, there is no current litigation or any pending or threatened litigation or arbitration proceedings against any member of the Group that could have a material adverse effect on the Group's financial condition or results of operation.

3. Sponsor

The Sponsor has made an application on behalf of our Company to the Stock Exchange for listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option and options which may be granted under the Share Option Scheme on the Stock Exchange. The Sponsor is independent of our Company in accordance with Rule 3A.07 of the Listing Rules. The Sponsor's fees are HK$3.3 million and are payable by our Company.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are approximately HK$119,000 and are payable by our Company.

There is no annual cost of compliance with applicable rules and regulations during the Track Record Period.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

6. Qualifications of experts

The following are the respective qualifications of the experts who have given their opinion or advice which is contained in this prospectus:

Name	Qualification
Ping An of China Capital (Hong Kong) Company Limited	Licensed corporation under the SFO permitted to carry out type 6 (advising on corporate finance) regulated activity
SHINEWING (HK) CPA Limited	Certified Public Accountants
SHINEWING Risk Services Limited	Internal control consultant
Shu Jin Law Firm	Legal advisers of the Company as to PRC law
Appleby	Legal advisers of the Company as to Cayman Islands law
International Valuation Limited	Property valuer
Frost & Sullivan	Industry consultant

7. Consents of experts

Each of the parties listed in the paragraph headed "Qualifications of Experts" has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter, report, valuation certificate, opinion and/or references to its name (as the case may be), all of which are dated the date of this prospectus, in the form and context in which they respectively appear in this prospectus.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. Share Registrar

The register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd. and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where our Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

10. No material adverse change

Our Directors confirm that there has been no material adverse change in the financial prospects of our Company or its subsidiaries since 31 October 2014 (being the date to which the latest audited financial statements of our Company were made up).

11. Miscellaneous

Save as disclosed herein:

(a) within the two years immediately preceding the date of this prospectus:

(i) no share or loan capital of the Company or any of its subsidiaries has been issued, agree to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of the Company or any of its subsidiaries;

(iii) no commission has been paid or payable (except to sub-underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and

(iv) no founder, management or deferred shares of the Company have been issued or agreed to be issued;

(b) no share, warrant or loan capital of the Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(c) all necessary arrangements have been made enabling the Shares to be admitted into CCASS;

(d) our Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company;

(e) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus; and

(f) none of the equity and debt securities of the Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought.

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

I. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to the subsection headed "Statutory and General Information – B. Further Information about the Business of Our Group – (a) Summary of material contracts" in Appendix VI to this prospectus; and

(c) the written consents referred to in the subsection headed "Statutory and General Information – F. Other Information – 7. Consents of experts" in Appendix VI to this prospectus.

II. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Hastings & Co., 5th Floor, Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the accountants' report prepared by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information issued by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix II to this prospectus;

(d) the letters relating to the profit estimate, the text of which is set out in Appendix III to this prospectus;

(e) the letter, summary of values and valuation certificates relating to property interests prepared by International Valuation Limited, the texts of which are set out in Appendix IV to this prospectus;

(f) the letter of advice prepared by Appleby, our legal adviser as to Cayman Islands Law, summarising certain aspects of the Cayman Companies Law referred to in Appendix V to this prospectus;

(g) the legal opinion on our Group's operations and our Group's property interests in the PRC issued by Shu Jin Law Firm;

(h) Frost & Sullivan Report;

(i) the material contracts referred to in the section headed "Statutory and General Information – B. Further Information about the Business of Our Group – (a) Summary of material contracts" in Appendix VI to this prospectus;

(j) the written consent referred to in the subsection headed "Statutory and General Information – F. Other Information – 7. Consents of experts" in Appendix VI to this prospectus;

(k) the service contracts and letters of appointment referred to in the subsection headed "Statutory and General Information – D. Disclosure of Interests – 3. Particulars of service contracts" in Appendix VI to this prospectus;

(l) the Cayman Companies Law; and

(m) the rules of the Share Option Scheme.

JICHENG UMBRELLA HOLDINGS LIMITED
集成傘業控股有限公司