



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

ANNUAL REPORT
2014

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Huang Wenji (*Chairman*)
Ms. Chen Jieyou
Mr. Yang Guang
Mr. Lin Zhenshuang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tse Ka Wing
Mr. Yang Xuetai
Ms. Yau Lai Ying

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Tse Ka Wing (*Chairman*)
Mr. Yang Xuetai
Ms. Yau Lai Ying

REMUNERATION COMMITTEE

Ms. Yau Lai Ying (*Chairperson*)
Mr. Tse Ka Wing
Mr. Yang Xuetai

NOMINATION COMMITTEE

Mr. Yang Xuetai (*Chairman*)
Mr. Tse Ka Wing
Ms. Yau Lai Ying

COMPANY SECRETARY

Mr. Cheung Ka Shing (*HKICPA*)

AUTHORISED REPRESENTATIVES

Mr. Huang Wenji
Mr. Cheung Ka Shing

REGISTERED OFFICE

Clifton House
75 Fort Street
Grand Cayman KY1-1108
Cayman Islands

COMPANY WEBSITE

www.jcumbrella.com

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

21st Floor
CCB Tower
3 Connaught Road Central
Hong Kong

STOCK CODE

01027

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

AUDITORS

SHINEWING (HK) CPA Limited

LEGAL ADVISER AS TO HONG KONG LAW

Pang & Co. in association with Loeb & Loeb LLP

COMPLIANCE ADVISOR

Ping An of China Capital (Hong Kong) Company Limited

PRINCIPAL BANKERS

Bank of China Limited Jinjiang Branch
China Construction Bank Corporation Jinjiang Branch
China Everbright Bank Company Limited Xiamen Branch

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Jicheng Umbrella Holdings Limited (the "**Company**"), I am pleased to present our annual report of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014.

On 13 February 2015 (the "**Listing Date**"), the Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). This marks a major milestone as well as a new chapter of the Company.

The Group is principally engaged in the manufacturing and sale of POE umbrellas and nylon umbrellas and umbrella parts such as plastic cloth and shaft to its customers. During the year ended 31 December 2014, the Group's turnover increased to approximately RMB603 million, representing an increase of approximately 24.6% in comparison to that of 2013, while profit attributable to owner of the Company increased to approximately RMB73 million, representing an increase of approximately 27.0% as compared to that of 2013. The Directors do not recommend the payment of final dividend for the year ended 31 December 2014.

The turnover of the Group's POE umbrellas products increased by approximately RMB46 million, or 11.8%, from approximately RMB387 million for the year ended 31 December 2013 to RMB433 million for the year ended 31 December 2014.

The turnover of the Group's nylon umbrellas products increased by approximately RMB63 million, or 123.3%, from approximately RMB51 million for the year ended 31 December 2013 to RMB113 million for the year ended 31 December 2014.

The turnover of the Group's umbrella parts products increased by approximately RMB11 million, or 23.0%, from approximately RMB46 million for the year ended 31 December 2013 to RMB56 million for the year ended 31 December 2014.

Our principal objectives are to maintain and strengthen our position as a leading umbrella manufacturer focused in Japan market and on our own branded umbrella products in the People's Republic of China ("**PRC**") market, and increase our market share in existing markets such as Hong Kong, Cambodia and South Korea. The Group plans to construct a new production plant in the industrial area located in An Qiu City of Shandong Province to increase production capacity, bringing an extra capacity of approximately 18 million units of umbrellas to the Company each year and broadening the Company's business scope.

Looking ahead, the Group will further strengthen its leading market position and consolidate its competitive advantages in the industry, expanding production capacity, promoting business development, and enhancing its research and development capabilities in order to match the increasing demand in the umbrella market and create higher values as well as bringing better return to shareholders.

On behalf of the Board of Directors, I would like to thank all the colleagues for their diligence, dedication, loyalty and integrity. I would also like to thank all the shareholders, customers, bankers and other business associates for their trust and support.

Huang Wenji
Chairman

Fujian Province, the PRC, 27 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the manufacturing and sale of POE umbrellas, nylon umbrellas and umbrella parts such as plastic cloth and shaft to its customers. The Group is one of the largest exporters of umbrellas and parasols in the PRC in terms of export volume. With respect to the market of plastic umbrellas, the Group is the largest manufacturer of plastic umbrellas in the PRC in terms of sales volume. The Group is also the largest supplier of plastic umbrellas in Japan. The Group is one of the largest umbrellas and parasols manufacturers in China in terms of sales volume. The Group sells to domestic market and exports POE umbrellas, nylon umbrellas and umbrella parts to markets such as Japan, Hong Kong, South Korea, Taiwan, France and Cambodia etc. The Group manufactures products at Dongshi Town and Yonghe Town of Jinjiang City in Fujian Province of the PRC.

FINANCIAL REVIEW

TURNOVER

The revenue increased from approximately RMB484 million for the year ended 31 December 2013 to RMB603 million for the year ended 31 December 2014, representing an increase of approximately 24.6%. The increase in revenue from the PRC was primarily due to increased demand for the POE umbrellas and nylon umbrellas from the PRC market compared to the previous year. The increase in revenue from export markets other than Japan was primarily due to the Group's expansion into new markets such as Hong Kong and Cambodia which led to increased demand for the POE umbrellas, nylon umbrellas and umbrella parts products. The decrease in revenue from Japan was primarily due to the increase of value-added tax in Japan from 5% to 8% in 2014 which has impacted the Group's Japanese customers.

COST OF SALES

The cost of sales increased from approximately RMB364 million for the year ended 31 December 2013 to RMB441 million for the year ended 31 December 2014, representing an increase of approximately 21.2%. The increase was mainly attributable to the increase in direct materials costs and direct labour costs to correspond with the Group's increase in the revenue for the same period.

GROSS PROFIT AND GROSS MARGIN

As a result of the foregoing, the gross profit increased by approximately RMB42 million, or 34.9%, from approximately RMB119 million for the year ended 31 December 2013 to RMB161 million for the same period in 2014. The gross profit margin increased from approximately 24.7% for the year ended 31 December 2013 to 26.7% for the year ended 31 December 2014. This is mainly attributed to the increase of gross profit margin for umbrella parts and POE umbrellas. The increase of gross profit margin was mainly due to the increase in the average selling prices of POE umbrellas and nylon umbrellas products and higher-priced plastic cloth demanded by customers.

OTHER INCOME AND OTHER GAINS

The other income and other gains decreased by approximately RMB3 million, or 40.3%, from approximately RMB8 million for the year ended 31 December 2013 to RMB5 million for the year ended 31 December 2014. The decrease was mainly due to the decrease of bank interest income as a result of the decrease in the Group's pledged deposits and short-term bank deposits balance which carried a higher interest rate for the year ended 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

SELLING AND DISTRIBUTION EXPENSES

Despite increase in revenue, selling and distribution expenses remained relatively stable and maintained at approximately RMB12 million for the years ended 31 December 2013 and 2014, which is mainly due to increase in domestic sale, where the packaging expenses and transportation cost for domestic sale are lower than export sale, while export sale is relatively stable in both financial years.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately RMB13 million, or 50.5%, from approximately RMB26 million for the year ended 31 December 2013 to RMB39 million for the year ended 31 December 2014. The increase in administrative expenses was mainly due to the Group's listing expenses of approximately RMB8 million related to the listing on the Main Board of the Stock Exchange, and increase in bank charges as a result of more new bank borrowings raised for the year ended 31 December 2014 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 RMB2 million, or 24.7%, from approximately RMB10 million for the year ended 31 December 2013 to RMB12 million for the year ended 31 December 2014. The increase in finance cost was mainly due to relatively higher average carrying amount of the Group's interest-bearing borrowings during the year ended 31 December 2014 compared to the prior period, and slightly increase in interest rate for bank borrowings.

INCOME TAX EXPENSES

Income tax expense increased by approximately RMB8 million, or 39.9%, from approximately RMB20 million for the year ended 31 December 2013 to RMB28 million for the year ended 31 December 2014, which was primarily due to increase in the Group's profit before tax.

The effective tax rate increased from approximately 25.3% for the year ended 31 December 2013 to 27.6% for the year 31 December 2014, primarily because of the 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 RMB14 million, or 24.1%, from approximately RMB60 million for the year ended 31 December 2013 to RMB74 million for the year ended 31 December 2014.

LIQUIDITY AND FINANCIAL RESOURCES

At 31 December 2014, the Group's bank and cash balances (including restricted bank deposits of RMB21 million (2013: RMB17 million)) amounted to RMB150 million (2013: RMB204 million), and short-term bank borrowings amounted to RMB147 million (2013: RMB173 million). The annual interest rates of loans ranged from 3.9% to 7.8%.

The Group's current ratio remained relatively stable. At 31 December 2014 the current ratio was approximately 1.5 times (2013: 1.4 times), which was calculated based on the total current assets divided by the total current liabilities. At 31 December 2014, the gearing ratio was approximately 61.0% (2013: 77.9%), which was calculated based on the interest-bearing liabilities as a percentage of the total equity. The decrease was primarily because the Group repaid more bank borrowings comparing to previous year to reduce finance costs.

MANAGEMENT DISCUSSION AND ANALYSIS

INVENTORIES

At 31 December 2014, the inventories was approximately RMB108 million (2013: RMB119 million). The inventory turnover days were reduced from approximately 141 days in 2013 to 94 days in 2014 mainly due to the Group's adoption of the measures that the purchasing department reviewed and monitored the 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.

TRADE RECEIVABLES

At 31 December 2014, the trade receivables were approximately RMB44 million (2013: RMB13 million). The Group generally allows an average credit period of 30 to 150 days to its trade customers. The average trade receivables turnover day was increased from approximately 11 days in 2013 to 17 days in 2014 mainly due to granting a relatively longer credit term to certain customers in order to develop long-term relationship with them.

TRADE AND BILLS PAYABLES

At 31 December 2014, the trade and bills payables were approximately RMB69 million (2013: RMB78 million). The Group's suppliers typically grant us a credit terms ranging from 30 days to 120 days. The average trade and bills payables turnover days were reduced from approximately 78 days in 2013 to 61 days in 2014 mainly due to the change in the payment method to bills requested by the suppliers which had to be settled within a shorter period.

FOREIGN EXCHANGE RISK

The Group has foreign currency sales and purchases denominated in United States Dollars ("USD"), Japanese Yen ("Japanese Yen") and Hong Kong Dollars ("HKD"), which are different from the functional currency 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 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 arises.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

At 31 December 2014, the Group had total capital commitments of RMB2 million (2013: Nil), primarily related to construction of new office building. At 31 December 2014, the Group did not have any significant contingent liabilities (2013: Nil).

PLEDGE OF ASSETS

At 31 December 2014, the Group's leasehold land and buildings with a carrying amounts of approximately RMB86 million (2013: RMB63 million) and bank deposits with a carrying amounts of approximately RMB21 million (2013: RMB17 million) were pledged to banks for bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

At 31 December 2014, the Group employed a total of 2,023 employees (2013: 1,543 employees). The emolument policy of the employees of the Group was set up by the Board based on their experience, qualifications and competence. Other employees' benefits include contributions to statutory mandatory provident funds, and social insurance together with housing provident funds to its employees in Hong Kong and the PRC respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Main Board on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK\$134.2 million after deducting underwriting commissions and all related expenses. The net proceeds received from the global offering will be used in the manner consistent with that mentioned in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 3 February 2015 (the “**Prospectus**”).

Since the listing of the Company and up to the date of this report, the proceeds from the listing were not applied for any use.

FUTURE PROSPECTS

The successful listing of the Group on the Main Board of the Stock Exchange marks a major milestone as well as a new chapter of the Company. The Group principal objectives are to maintain and strengthen its position as a leading umbrella manufacturer focused in Japan market and its own branded umbrella products in the PRC market, and increase its market share in the existing markets such as Hong Kong, Cambodia and South Korea. The Group plans to construct a new production plant in the industrial area located in An Qiu City of Shandong Province to increase production capacity, bringing an extra capacity of approximately 18 million units of umbrellas to the Company each year and broadening the Company’s business scope.

Looking ahead, the Group will further strengthen its leading market position and consolidate its competitive advantages in the industry, expanding production capacity, promoting business development, and enhancing its research and development capabilities in order to match the increasing demand of the umbrella market and create higher values as well as bringing better return to shareholders.

CORPORATE GOVERNANCE REPORT

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standard of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board comprises four executive Directors and three independent non-executive Directors. The Company has adopted and complied with the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 14 to the Listing Rules since the Listing Date with the following deviations:

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer of an issuer should be separate and should not be performed by the same person. Mr. Huang is currently the Chairman of the Board and the chief executive officer who is primarily responsible for the day-to-day management of the Group’s business. The Directors consider that vesting the roles of the Chairman of the Board and chief executive officer in the same person facilitates the execution of the Group’s business strategies and decision making, and maximizes the effectiveness of the Group’s operation. The Directors also believe that the presence of three independent non-executive Directors provides added independence to our Board. The Directors will review the structure from time to time and consider an adjustment should it become appropriate.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Directors have adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for Directors in dealing in the Company’s securities. As the shares of the Company were not listed on the Main Board of the Stock Exchange until the Listing Date, the Model Code was not applicable to the Company in the period under review. Specific enquiries have been made to all Directors and all Directors have confirmed that they have fully complied with the required standard of dealings as set out in the Model Code since the Listing Date.

BOARD OF THE DIRECTORS

The Board is committed to providing effective and responsible leadership for the Company. The Directors, individually and collectively, must act in good faith in the best interests of the Company and its shareholders. The Board has established three Board committees, being the Audit Committee, the Remuneration Committee and the Nomination Committee (each a “**Board Committee**” and collectively the “**Board Committees**”), to oversee different areas of the Company’s affairs.

The Board currently comprises four executive Directors, namely Mr. Huang Wenji, Ms. Chen Jieyou, Mr. Yang Guang and Mr. Lin Zhengshuang and three independent non-executive Directors, namely, Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying.

Their biographical details and (where applicable) their family relationships are set out in the section headed “Biographical Details of Directors and Senior Management” on pages 17 to 18 in the annual report. A list of the Directors identifying their role and functions and whether they are independent non-executive Directors are available on the Company’s website.

CORPORATE GOVERNANCE REPORT

The Board sets the Group's overall objectives and strategies, monitors and evaluates its operating and financial performance and reviews the corporate governance standard of the Group. It also decides on matters such as annual and interim results, major transactions, director appointments or re-appointments, investment policy, dividend and accounting policies. The Board has delegated the authority and responsibility for implementing its business strategies and managing the daily operations of the Group's businesses to the executive Directors and members of senior management. The functions and power that are so delegated are reviewed periodically to ensure that they remain appropriate.

The Board is also responsible for developing, reviewing and monitoring the policies and practices on corporate governance and legal and regulatory compliance of the Group, and the training and continuous professional development of Directors and senior management. The Board also reviews the disclosures in the Corporate Governance Report to ensure compliance.

All Board members have separate and independent access to the Group's senior management to fulfill their duties. Independent professional advice can be sought to assist the relevant Directors to discharge their duties at the Group's expense upon their request.

All Directors are required to declare to the Board upon their first appointment, the directorships or other positions they are concurrently holding at other companies or organisation. These interests are updated on an annual basis and when necessary.

BOARD MEETINGS

From the Listing Date and up to the date of this annual report, two Board meeting was held and the attendance records of individual Directors are set out below:

Name of Director	Attendance/Number of Board Meeting
Mr. Huang Wenji	2/2
Ms. Chen Jieyou	2/2
Mr. Yang Guang	2/2
Mr. Lin Zhenshuang	2/2
Mr. Tse Ka Wing	2/2
Mr. Yang Xuetai	2/2
Ms. Yau Lai Ying	2/2

CORPORATE GOVERNANCE REPORT

DIRECTORS' AND OFFICERS' INSURANCE

Appropriate insurance coverage has been arranged in respect of potential legal actions against the Directors and officers of the Company.

DIRECTORS' CONTINUING TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Every newly appointed Director receives an induction to ensure that he has a proper understanding of the business and operations of the Group and that he is fully aware of his duties and responsibilities as a director under applicable rules and requirements.

All Directors are provided with regularly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties. In addition, briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors during Board meetings to ensure compliance and enhance their awareness of good corporate governance practices. In September 2014, the Company organized a training session to provide each of the Directors with an update on the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board, giving adequate control and balances for the Group to protect the overall interests of the shareholders and the Group. They serve actively on the Board and its committees to provide their independent and objective views.

In compliance with Rules 3.10(1) and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors, representing more than one-third of the Board. Two of the independent non-executive Directors have the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

Each independent non-executive Director has submitted confirmation of his/her independence to the Company pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmations, the Company considers that all of the independent non-executive Directors are independent.

BOARD COMMITTEES

The Board is supported by three committees, namely the Audit Committee, Nomination Committee and Remuneration Committee. Each Board Committee has its defined and written terms of reference approved by the Board covering its duties, powers and functions. Their terms of reference are available on the Company's website.

All Board Committees are provided with sufficient resources to discharge their duties, including access to management or professional advice if considered necessary.

CORPORATE GOVERNANCE REPORT

(I) AUDIT COMMITTEE

The Audit Committee was established on 23 January 2015. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying. Mr. Tse Ka Wing and Ms. Yau Lai Ying both have appropriate professional qualifications and experience in accounting matters and Mr. Tse Ka Wing was appointed as the chairman of the Audit Committee.

The principal responsibilities of the Audit Committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems and relationship with external auditors of the Group, oversee the audit process and perform other duties and such responsibilities as assigned by the Board. These include reviewing the Group's interim and annual reports.

No meeting was held by the Audit Committee during the year ended 31 December 2014 because the Company only became listed on 13 February 2015. Pursuant to the meeting of the Audit Committee held in March 2015, the Audit Committee has reviewed the 2014 annual audit plan submitted by our auditors, SHINEWING (HK) CPA Limited and the consolidated financial statements of the Group for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group and report prepared by the external auditors covering major findings in the course of the audit.

(II) REMUNERATION COMMITTEE

The Remuneration Committee was established on 23 January 2015. The Remuneration Committee comprises 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. The principal responsibilities of the Remuneration Committee are to review and make recommendations to the Board on the overall remuneration structure and policy for all Directors and senior management as well as the specific remuneration packages for the executive Directors and senior management and on the establishment of a formal and transparent process for developing such remuneration policy. No Director takes part in any discussion on his/her own remuneration. The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each Director's workload, performance, responsibility, job complexity and the Group's performance are taken into account.

No meeting was held by the Remuneration Committee during the year ended 31 December 2014 since the Company only became listed on 13 February 2015.

Particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 13 to the financial statements.

CORPORATE GOVERNANCE REPORT

(III) NOMINATION COMMITTEE

The Nomination Committee was established on 23 January 2015. It comprises 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. The principal responsibilities of the Nomination Committee are to review the composition of the Board, including its structure, size and diversity at least annually to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible to consider and recommend to the Board suitably qualified persons to become a member of the Board, monitor the succession planning of Directors and assess the independence of independent non-executive Directors. The Nomination Committee will also give consideration to the Board Diversity Policy (as defined below) when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy (as defined below), so as to develop and review measurable objectives for the implementing the Board Diversity Policy (as defined below) and to monitor the progress on achieving these objectives.

No meeting was held by the Nomination Committee during the year ended 31 December 2014 since the Company only became listed on 13 February 2015.

CORPORATE GOVERNANCE FUNCTION

The Company's corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board on 23 January 2015 in compliance with provision D.3.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company's compliance with the CG Code and relevant disclosure in the corporate governance report of the annual report of the Company.

The Board is going to perform the abovementioned corporate governance functions starting from the year of 2015 as the Company only became listed on the Main Board of the Stock Exchange on 13 February 2015.

BOARD PROCEEDINGS

Regular board meetings are held at quarterly intervals with additional meetings convened as and when necessary to discuss the overall strategic directions, the Group's operations, financial performance, and to approve interim and annual results and other significant matters. For regular meetings, Board members are given at least 14 days prior notice and agenda with supporting papers are sent to Directors not less than 3 days before the relevant meeting is held. Directors may propose to the Chairman or the Company Secretary to include matters in the agenda for regular board meetings.

Directors are requested to declare their direct or indirect interests, if any, in any proposals or transactions to be considered by the Board at board meetings and abstain from voting in favour of the related board resolutions as appropriate.

CORPORATE GOVERNANCE REPORT

Minutes of meetings of the Board and Board Committees are kept by the Company Secretary in sufficient details of the matters considered and decisions reached, including dissenting views expressed, and are open for inspection on reasonable notice by any Director. Draft and final versions of minutes are sent to all Directors for their comments and records respectively within a reasonable time after the board meeting is held.

All Directors have access to the advice and services of the Company Secretary with a view to ensuring the Board procedures are followed.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors of the Company has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other which notice shall not expire until after the fixed term. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from the Listing Date. Each of the Directors will be subject to retirement and re-election at annual general meeting of the Company in accordance with the Company's articles of association.

In accordance with the Company's articles of association, a person may be appointed as a Director either by the shareholders in general meeting or by the Board. Any Directors appointed by the Board as additional Directors or to fill casual vacancies shall hold office until the next following general meeting, and are eligible for re-election by the shareholders. In addition, all Directors are required to retire by rotation at least once every three years at the annual general meeting, and are eligible for re-election by the shareholders.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board adopted a board diversity policy (the "**Board Diversity Policy**") on 23 January 2015. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

COMPANY SECRETARY

The Company has appointed Mr. Cheung Ka Shing, a member of the Hong Kong Institute of Certified Public Accountant, who is an employee of the Company as the Company Secretary. The Company Secretary reported to the Board from time to time. All Directors have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations are followed.

During the year under review, Mr. Cheung Ka Shing has taken not less than 15 hours of relevant professional training and has fulfilled the requirement pursuant to Rule 3.29 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

FINANCIAL REPORTING AND INTERNAL CONTROL

FINANCIAL REPORTING

The Board acknowledges its responsibility to prepare the Company's financial statements which give a true and fair view of the Group's state of affairs, results and cash flows for the year and in accordance with the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the disclosure requirements of the Hong Kong Companies Ordinance. The Company has selected appropriate accounting policies and has applied them consistently based on prudent and reasonable judgments and estimates. The Board considers that the Group has adequate resources to continue in business for the foreseeable future and not aware of any material uncertainties relating to events or conditions that may affect the business of the Company or cast doubts on its ability to continue as going concern. The responsibilities of SHINEWING (HK) CPA Limited, the Company's external auditor, with respect to financial reporting are set out in the section headed "Independent Auditor's Report" in this annual report.

INTERNAL CONTROLS

The Board recognises its responsibility to ensure the Company maintains a sound and effective internal control system and the Board has conducted a review of the effectiveness of the internal control system of the Group during the year. The Group's internal control system is designed to safeguard assets against misappropriation and unauthorised disposition and to manage operational risks. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions of different systems has been done on a systematic basis based on the risk assessments of the operations and controls. No major issue but areas for improvement have been identified. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented.

EXTERNAL AUDITOR

SHINEWING (HK) CPA Limited has been appointed as the external auditor of the Company. The Audit Committee has been notified of the nature and the service charges of non-audit services performed by SHINEWING (HK) CPA Limited and considered that such services have no adverse effect on the independence of the external auditor. During the year ended 31 December 2014, the fees payable to SHINEWING (HK) CPA Limited in respect of its audit services provided to the Group was approximately RMB594,000. The total fees paid/payable to SHINEWING (HK) CPA Limited during the year ended 31 December 2014 for the reporting accountant service and internal control review services were approximately RMB3,024,000 and RMB119,000, respectively.

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor during the year ended 31 December 2014.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all its shareholders an equal opportunity to exercise their rights in an informed manner and allow all shareholders to engage actively with the Company. Under the Company's articles of association, the shareholder communication policy and other relevant internal procedures of the Company, the shareholders of the Company enjoy, among others, the following rights:

CORPORATE GOVERNANCE REPORT

(I) PARTICIPATION AT GENERAL MEETINGS

The general meetings of the Company provide an opportunity for direct communication between the Board and the shareholders. The Company encourages the participation of the shareholders through annual general meetings and other general meetings where the shareholders meet and exchange views with the Board, and to exercise their right to vote at meetings. The Company shall arrange notices of meetings and circulars containing details on proposed resolutions to be sent to the shareholders no less than 20 business days before the meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors.

(II) ENQUIRIES AND PROPOSALS TO THE BOARD

The Company encourages shareholders to attend shareholders' meetings and make proposals by either directly raising questions on both operational and governance matters to the Board and Board Committees at the general meetings or providing written notice of such proposals for the attention of the Company Secretary at the principal place of business of the Company in Hong Kong currently situated at 21st Floor, CCB Tower, 3 Connaught Road Central, Hong Kong or via email to enquiry@jcumbrella.com.

(III) CONVENING EXTRAORDINARY GENERAL MEETINGS

The Directors may, whenever they think fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Company Secretary and deposited at the principal place of business of the Company in Hong Kong currently situated at 21st Floor, CCB Tower, 3 Connaught Road Central, Hong Kong for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions under the Company's articles of association or the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

The notice of annual general meeting together with the accompanying circular setting out the relevant information as required under the Listing Rules are sent to shareholders at least 20 clear business days prior to the meeting. Poll voting has been adopted for decision-making at shareholders' meetings to ensure that each share is entitled to one vote. Details of the poll voting procedures are set out in the circular sent to shareholders prior to the meeting and explained at the commencement of the meeting. Voting results are posted on the Company's website on the day of the annual general meeting.

CORPORATE GOVERNANCE REPORT

(IV) PROCEDURES FOR PROPOSING A PERSON FOR ELECTION AS A DIRECTOR

Pursuant to the Article 113 of the articles of associations of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a 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 of the Company. The period for lodgement of the notices required will commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

CONSTITUTIONAL DOCUMENTS

Pursuant to a written resolution of the shareholders passed on 23 January 2015, the amended and restated memorandum and articles of association of the Company were adopted with effect from the Listing Date. Save as disclosed above, during the year ended 31 December 2014, there was no change in the memorandum and articles of association of the Company.

The amended and restated memorandum and articles of association of the Company are available on the websites of the Stock Exchange and the Company.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

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.

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 Umbrella Co., Ltd. (福建集成傘業有限公司) ("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 Industry Co., Ltd. (晉江集成輕工有限公司) ("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 executive director, 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 a private company 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.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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.

SENIOR MANAGEMENT

Mr. Cheung Ka Shing (張嘉誠), aged 33, 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 2000 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) is the company secretary of the Company and please refer to his biography in the paragraphs headed "Senior Management" above for details.

REPORT OF THE DIRECTORS

The Directors are pleased to present the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands. The Group's principal place of business is in the PRC.

PRINCIPAL ACTIVITIES

The principal activities of the Group are manufacture and sale of umbrella. The principal activities and other particulars of the subsidiaries are set out in note 29 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, aggregate sales to the Group's largest and top five customers accounted for 19.1% (2013: 21.1%) and 54.5% (2013: 47.7%), respectively, of the Group's total turnover for the year.

During the year ended 31 December 2014, aggregate purchases from the Group's largest and top five suppliers of raw materials accounted for 18.7% (2013: 19.6%) and 37.2% (2013: 43.4%), respectively, of the Group's total purchases for the year.

At no time during the year have the Directors, their associates or any Shareholder of the Company (who or which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in the Group's top five customers and suppliers.

FOUR-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the latest four financial years is set out on page 86 of the annual report. This summary does not form part of the audited consolidated financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2014 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 29 to 85 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2014 are set out in note 15 to the financial statements.

RESERVES

Details of reserves of the Company and the Group are set out in note 25 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

There was no reserve available for distribution to the shareholders of the Company as at 31 December 2014.

REPORT OF THE DIRECTORS

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

CHARITABLE DONATIONS

During the year, the Group donated approximately RMB1 million (2013: RMB1 million).

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 24 to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules for the period from the Listing Date to the date of this annual report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands where the Company was incorporated.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has been listed since 13 February 2015. Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2014.

DIRECTORS

The Directors during the financial year and up to the date of this report were:

Executive Directors

Mr. Huang Wenji	(appointed on 12 June 2014)
Ms. Chen Jieyou	(appointed on 25 September 2014)
Mr. Yang Guang	(appointed on 25 September 2014)
Mr. Lin Zhenshuang	(appointed on 25 September 2014)

Independent non-executive Directors

Mr. Tse Ka Wing	(appointed on 23 January 2015)
Mr. Yang Xuetai	(appointed on 23 January 2015)
Ms. Yau Lai Ying	(appointed on 23 January 2015)

REPORT OF THE DIRECTORS

Each of the executive Directors of the Company has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date and will continue thereafter until terminated by not less than three months' notice in writing served by either party on the other which notice shall not expire until after the fixed term. Each of the independent non-executive Directors has entered into an appointment letter with the Company for an initial term of three years commencing from the Listing Date. Each of the Directors will be subject to retirement and re-election at annual general meeting in accordance with the Company's articles of association. The details of the remuneration of each of the Directors are revealed in note 13 to the financial statements.

Details of the Directors' biographies have been set out on pages 17 to 18 of the annual report. In accordance with article 112 of the Company's articles of association, all of the Directors will retire from the Board at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

No Directors proposed for re-election at the forthcoming annual general meeting have an unexpired service contract with the Group which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or in existence during the year ended 31 December 2014.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

REPORT OF THE DIRECTORS

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 13 February 2015. As at the date of this report, the interests or short positions of the Directors and the chief executive in the Company's shares, underlying shares or debentures of the associated corporations of the Company, within the meaning of Part VX of the Securities and Futures Ordinance (the "SFO") which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code, will be as follows:

Interests and short positions in the shares, underlying shares and debentures and associated corporations:

LONG POSITIONS IN THE COMPANY

Name of Director	Nature of interests	Capacity	Number of Shares	Approximate percentage of shareholding
Mr. Huang Wenji (Note 1)	Long position	Interest in a controlled corporation	450,000,000	75%
Ms. Chen Jieyou (Note 2)	Long position	Interest of spouse	450,000,000	75%

Notes:

1. Jicheng Investment Limited is wholly and beneficially owned by Mr. Huang Wenji. Accordingly, Mr. Huang Wenji is deemed to be interested in the shares held by Jicheng Investment Limited under the SFO.
2. Ms. Chen Jieyou is the spouse of Mr. Huang Wenji and accordingly is deemed to be interested in the shares in which Mr. Huang Wenji has interest under the SFO.

Saved as disclosed above, as at the date of this report, none of the Directors and the chief executives of the Company and their respective associates had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

REPORT OF THE DIRECTORS

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 13 February 2015. As at the date of this report, the persons or corporations who had an interest or short position in the shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register to be kept under section 336 of the SFO were as follows:

Name of Director	Nature of interests	Capacity	Number of Shares	Approximate percentage of shareholding
Jicheng Investment Limited	Long position	Beneficial owner	450,000,000	75%
Mr. Huang Wenji (Note 1)	Long position	Interest in a controlled corporation	450,000,000	75%
Ms. Chen Jieyou (Note 2)	Long position	Interest of spouse	450,000,000	75%

Notes:

1. Jicheng Investment Limited is wholly and beneficially owned by Mr. Huang Wenji. Accordingly, Mr. Huang Wenji is deemed to be interested in the shares held by Jicheng Investment Limited under the SFO.
2. Ms. Chen Jieyou is the spouse of Mr. Huang Wenji and accordingly is deemed to be interested in the shares in which Mr. Huang Wenji has interest under the SFO.

Save as disclosed above, as at the date of this report, the Directors were not aware of any other persons or corporation having an interest or short position in shares or underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2014, there were no connected transactions and continuing connected transactions between the Group and its connected persons (as defined under the Listing Rules) which are subject to the reporting, announcement and the independent shareholders' approval requirement under the Listing Rules.

The material related party transactions as disclosed in note 27 to the financial statements are connected transactions exempt from reporting, announcement and independent shareholders' approval requirements under the Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS

No contract of significance to which the Company, or any of its holding company, subsidiaries or fellow subsidiaries was a party, and in which a Director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

REPORT OF THE DIRECTORS

CONTRACTS WITH CONTROLLING SHAREHOLDERS

There had been no contract of significance between the Company or any of its subsidiaries and controlling shareholders (as defined in the Listing Rules) of the Company or any of its subsidiaries during the year.

COMPETING BUSINESS

None of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 23 January 2015 for the purpose of rewarding certain eligible persons for their past contributions and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. Subject to the earlier termination of the Share Option Scheme in accordance with the rule thereof, the Share Option Scheme shall remain in force for a period of ten years commencing on the Listing Date.

Eligible participants of the Scheme include any proposed, full-time or part-time employees, executive or officers of the Company or any of its subsidiaries; any directors or proposed director (including non-executive director and independent non-executive directors) of the Company or any of its subsidiaries; any direct or indirect shareholder of the Company or any of its subsidiaries; and any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the shares in issue as at the Listing Date, i.e. 60,000,000 shares of the Company. Subject to the issue of a circular by the Company and the approval of the shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

- (i) renew this limit at any time to 10% of the shares in issue as at the date of the approval by the shareholders in general meeting; and/or
- (ii) grant options beyond the 10% limit to eligible participants specifically identified by the Board.

Notwithstanding the foregoing, the maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 30% of the shares of the Company in issue from time to time.

The maximum number of shares issuable upon the exercise of options granted under the Share Option Scheme and any other share option scheme adopted by the Group (including both exercised or outstanding options) to each grantee within any 12-months period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of options in excess of 1% limit shall be subject to: (i) the issue of a circular by the Company; and (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time.

REPORT OF THE DIRECTORS

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive Directors of the Company. In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of the grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in general meeting.

The exercise period of the share options granted is determinable by the directors, which period may commence from the date of the offer of the share options, and ends on a date which is not later than ten years from the date of grant of the share options subject to the provisions for early termination thereof. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK1.0 upon acceptance of the grant on or before 21 days after the offer date.

The exercise price of the share options is determinable by the directors, but shall not be less than the highest of (i) the closing price of the Company's shares as quoted on the Stock Exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of the offer for the grant, which must be a business day; (ii) the average closing price of the Company's shares as quoted on the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of offer; and (iii) the nominal value of a share.

As at 31 December 2014, and up to the date of this report, no option had been granted under the Share Option Scheme.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

RETIREMENT SCHEMES

The Group participates in defined contribution retirement benefit schemes organized by the PRC municipal and provincial government authorities for the Group's eligible employees in the PRC, and operates a Mandatory Provident Fund scheme for the employees in Hong Kong. Particulars of these retirement plans set out in note 13 to the financial statements.

CORPORATE GOVERNANCE

The Company is committed to adopt corporate governance practice. The Company's corporate governance practices are set out in the Corporate Governance Report on pages 8 to 16.

REPORT OF THE DIRECTORS

EVENTS AFTER THE REPORTING PERIOD

(A) 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 Note E “Share Option Scheme” of section headed “Statutory and General Information” in Appendix VI of the Prospectus.

(B) COMPLETION OF LISTING

On 13 February 2015, the shares of the Company have been listed on the Main Board of the Stock Exchange.

(C) INCREASE AUTHORISED SHARE CAPITAL AND ISSUANCE OF SHARES

There were increase in authorised share capital and issuance of shares by way of capitalisation, international offering and public offering in January and February 2015, details of which are set out in Note A “Further Information About the Company” of section headed “Statutory and General Information” in Appendix VI of the Prospectus.

AUDITORS

The consolidated financial statements for the year ended 31 December 2014 have been audited by SHINEWING (HK) CPA Limited, who shall retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of SHINEWING (HK) CPA Limited as auditor of the Company is to be proposed at the forthcoming annual general meeting.

By order of the Board

Huang Wenji

Chairman and Executive Director

Fujian Province, the PRC, 27 March 2015

INDEPENDENT AUDITOR'S REPORT



SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE SHAREHOLDERS OF JICHENG UMBRELLA HOLDINGS LIMITED (incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Jicheng Umbrella Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 29 to 85, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Wong Chuen Fai
Practising Certificate Number: P05589

Hong Kong
27 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	7	602,516	483,615
Cost of sales		(441,473)	(364,223)
Gross profit		161,043	119,392
Other income and other gains	7	4,973	8,325
Selling and distribution expenses		(12,464)	(12,060)
Administrative expenses		(38,580)	(25,642)
Finance costs	9	(12,474)	(10,003)
Profit before taxation		102,498	80,012
Income tax expense	10	(28,339)	(20,257)
Profit for the year	11	74,159	59,755
Other comprehensive income for the year that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of financial statements of overseas entities		27	–
Total comprehensive income for the year		74,186	59,755
Profit for the year attributable to:			
Owner of the Company		73,168	57,631
Non-controlling interests		991	2,124
		74,159	59,755
Total comprehensive income for the year attributable to:			
Owner of the Company		73,195	57,631
Non-controlling interests		991	2,124
		74,186	59,755
Earnings per share:			
Basic and diluted (RMB)	12	12.20 cents	9.61 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	15	86,758	78,507
Prepaid lease payment	16	38,256	37,166
		125,014	115,673
Current assets			
Inventories	17	108,219	118,562
Trade receivables	18	43,698	12,987
Prepayments and other receivables	19	48,536	49,783
Prepaid lease payments	16	892	878
Pledged deposits	20	21,374	17,315
Bank balances and cash	20	128,726	186,403
		351,445	385,928
Current liabilities			
Trade and bills payables	21	68,907	77,602
Accrued expenses and other payables	22	14,075	25,273
Income tax payable		6,709	3,514
Bank borrowings	23	146,528	173,050
		236,219	279,439
Net current assets		115,226	106,489
Net assets		240,240	222,162

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Capital and reserves attributable to owner of the Company			
Share capital	24	–	80,396
Reserves	25	240,240	136,822
Equity attributable to owner of the Company		240,240	217,218
Non-controlling interests	30	–	4,944
Total equity		240,240	222,162

The consolidated financial statements on pages 29 to 85 were approved and authorised for issue by the board of directors on 27 March 2015 and are signed on its behalf by:

Huang Wenji
Director

Yang Guang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	Notes	Share capital RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000 (Note 25)	Other reserve RMB'000 (Note 25)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 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	14	-	-	-	-	(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 for the year		-	-	-	-	73,168	73,168	991	74,159
Exchange differences on translation of financial statements of foreign operations		-	27	-	-	-	27	-	27
Total comprehensive income for the year		-	27	-	-	73,168	73,195	991	74,186
Dividend paid	14	-	-	-	-	(52,408)	(52,408)	-	(52,408)
Transfer to statutory reserve		-	-	8,510	-	(8,510)	-	-	-
Further acquisition of equity interest in a subsidiary from non-controlling interests	25	-	-	-	4,825	-	4,825	(5,935)	(1,110)
Acquisition of equity interests in a subsidiary from the controlling shareholder	25	-	-	-	(2,590)	-	(2,590)	-	(2,590)
Arising from reorganisation of the Group	25	(80,396)	-	-	80,396	-	-	-	-
At 31 December 2014		-	50	27,193	81,521	131,476	240,240	-	240,240

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	102,498	80,012
Adjustments for:		
Amortisation of prepaid lease payments	892	878
Finance costs	12,474	10,003
Bank interest income	(1,182)	(4,052)
Depreciation of property, plant and equipment	5,898	6,270
Government grants	(3,289)	(4,086)
Loss on disposal of property, plant and equipment	587	–
Operating cash flows before movements in working capital	117,878	89,025
Decrease in inventories	10,343	44,658
(Increase) decrease in trade receivables	(30,711)	2,631
Decrease (increase) in prepayments and other receivables	1,247	(9,971)
Decrease in trade and bills payables	(8,695)	(871)
Decrease in accrued expenses and other payables	(13,466)	(64,612)
Cash generated from operations	76,596	60,860
PRC Enterprise Income Tax	(25,144)	(19,666)
NET CASH GENERATED FROM OPERATING ACTIVITIES	51,452	41,194
INVESTING ACTIVITIES		
Acquisition of land use rights	(1,996)	–
Acquisition of property, plant and equipment	(13,219)	(1,269)
Placement of pledged deposits	(76,812)	(70,139)
Withdrawal of pledged deposits	72,753	64,617
Bank interest income received	1,182	5,573
Proceeds from disposal of property, plant and equipment	751	–
Withdrawal of short-term bank deposits maturing beyond three months	–	146,106
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(17,341)	144,888

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	2014 RMB'000	2013 RMB'000
FINANCING ACTIVITIES		
Repayments of bank borrowings	(406,607)	(242,683)
New bank borrowings raised	380,085	273,855
Interest paid	(12,474)	(10,003)
Dividend paid	(52,408)	(50,000)
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	3,289	4,086
NET CASH USED IN FINANCING ACTIVITIES	(91,815)	(24,745)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(57,704)	161,337
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	27	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	186,403	25,066
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	128,726	186,403

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION OF THE GROUP AND REORGANISATION

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 in Hong Kong is 21st floor, CCB Tower, 3 Connaught Road 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 a group reorganisation (the “Reorganisation”) of the Company and its subsidiaries, the Company became the holding company of the companies now comprising the Group on 11 October 2014. The directors of the Company consider that the parent and ultimate holding company of the Company to be Jicheng Investment Limited, a company incorporated in the British Virgin Islands (“BVI”) with limited liability. Its ultimate controlling party is Mr. Huang Wenji, who is also the executive director of the Company. Since all entities which took part in the Reorganisation were under common control of Mr. Huang Wenji (the “Controlling Shareholder”), the Group is regarded as a continuing entity resulting from Reorganisation of entities under common control. Accordingly, the consolidated financial statements 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, using the principles of merger accounting as set out in note 3 below. Details of the Reorganisation were set out in section headed “History and Corporate Structure – Reorganisation” in the prospectus dated 3 February 2015 (the “Prospectus”).

The shares of the Company have been listed on the main board (the “Main Board”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 13 February 2015 (the “Listing Date”).

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement 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 since their respective date of incorporation up to 31 December 2014. The consolidated statement of financial position of the Group as at 31 December 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 consolidated financial statements are presented in RMB, which is the same as the functional currency of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

The Group has applied all the HKFRSs, Hong Kong Accounting Standards (“HKASs”), amendments and interpretations (“Int(s)”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective for the Group’s financial year beginning on 1 January 2014.

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

HKFRS 9 (2014)	Financial Instruments ⁴
HKFRS 14	Regulatory Deferral Accounts ²
HKFRS 15	Revenue from Contracts with Customers ³
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
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

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. As the amendments do not contain any effective date, they are considered to be immediately effective.

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 these amendments included in the *Annual Improvements to HKFRSs 2010-2012 Cycle* will have a material effect on the Group’s consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

ANNUAL IMPROVEMENTS TO HKFRSs 2012-2014 CYCLE (continued)

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 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 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 requirements of HKFRS 9 (2014) are described as follows:

- 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

HKFRS 9 (2014) FINANCIAL INSTRUMENTS *(continued)*

Key requirements of HKFRS 9 (2014) are described as follows: *(continued)*

- 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 changes in the 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 an 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

HKFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

In July 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

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 amendments should be applied prospectively. As the Group use straight-line method for the depreciation for its property, plant and equipment, the directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly. The directors of the Company anticipate that the application of the amendments will have no material impact on the consolidated financial statements.

AMENDMENTS TO HKAS 1 DISCLOSURE INITIATIVE

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity’s financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

- (i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and
- (ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1 January 2016. Earlier application is permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) *(continued)*

AMENDMENTS TO HKAS 1 DISCLOSURE INITIATIVE *(continued)*

The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have no material impact on the disclosures made in the Group's consolidated financial statements.

Other than the above mentioned new and revised HKFRSs and amendments the directors of the Company anticipate that the application of the new and revised HKFRSs and amendments will have no material impact on the consolidated financial statements.

In addition, the annual report requirements of Part 9 “Accounts and Audit” of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements also include applicable disclosure required by the Rules Governing the Listing of Securities of the Stock Exchange and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period 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 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 consolidated financial statements have 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

BASIS OF PREPARATION *(continued)*

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 consolidated financial statements incorporate 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

CHANGES IN THE GROUP'S OWNERSHIP INTERESTS IN EXISTING SUBSIDIARIES

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

MERGER ACCOUNTING FOR BUSINESS COMBINATION INVOLVING ENTITIES UNDER COMMON CONTROL

The consolidated financial statements include the financial statements 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 statement 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 statements 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.

INVESTMENTS 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 any discounts given, sales returns and sales related taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

REVENUE RECOGNITION *(continued)*

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 statement 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 of goods or services or for 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FOREIGN CURRENCIES *(continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the year in which they arise.

For the purposes of presenting the consolidated financial statements, 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 borrowing costs are 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 statement 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 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 consolidated financial statements 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 deferred tax 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION *(continued)*

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.

RETIREMENT BENEFITS COSTS AND TERMINATION BENEFITS

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

SHORT-TERM EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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 mainly 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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Financial assets (continued)

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, 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 credit period of 30 to 150 days, as well as 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

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, 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 expense 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

FINANCIAL INSTRUMENTS *(continued)*

Derecognition (continued)

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 statement 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 statement 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-generating 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 of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 consolidated financial statements.

Ownership of buildings

Despite the Group had paid the full purchase consideration as detailed in note 15, 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 16, 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 the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

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 make 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 2014, the carrying amount of trade receivables were approximately RMB43,698,000 (2013: RMB12,987,000). No impairment loss has been recognised as at 31 December 2014 and 2013.

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 and the estimate will be changed in the future period.

Estimated impairment of property, plant and equipment

The Group reviews the carrying amounts of the property, plant and equipment when there is any indication that those assets have suffered an 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 2014, the carrying amounts of property, plant and equipment were approximately RMB86,758,000 (2013: RMB78,507,000). No impairment loss has been recognised as at 31 December 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

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 2014, the carrying amounts of inventories were approximately RMB108,219,000 (2013: RMB118,562,000) and no allowance had been made as at 31 December 2014 and 2013.

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 from 2013.

The capital structure of the Group consists of net debt, which includes bank borrowings disclosed in note 23, net of 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2014 RMB'000	2013 RMB'000
Financial assets		
Loans and receivables (including bank balances and cash)	194,929	219,198
Financial liabilities		
Amortised cost	227,439	255,843

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include trade receivables, other receivables, pledged deposits, bank balances and cash, trade and bills payables, accrued expenses, payable for construction in progress 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.

Market risk

Currency risk

The Group has foreign currency sales and purchases denominated in United States dollars ("USD"), Japanese Yen ("JPY") and Hong Kong dollars ("HKD"), which are different from the functional currencies of the group entities carrying out the transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk (continued)

Currency risk (continued)

Also, certain trade receivables, pledged deposits, bank balances and cash, trade and bills 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. The carrying amounts of the foreign currency denominated monetary assets and monetary liabilities of the Group at the end of the reporting period are as follows:

	Assets		Liabilities	
	2014 RMB'000	2013 RMB'000	2014 RMB'000	2013 RMB'000
USD	23,743	14,787	(42,340)	(5,624)
JPY	4,100	199	-	-
HKD	6	80	(868)	-

The Group 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Market risk (continued)

Currency risk (continued)

The following table details the Group'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.

Impact on profit for the year ended	2014 RMB'000	2013 RMB'000
USD	(697)	344
JPY	154	7
HKD	(32)	3

The Group's currency risk is mainly attributable to the exposure on trade receivables, pledged 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.

Interest rate risk

The Group's fair value interest rate risk relates primarily to fixed rate pledged deposit and fixed rate bank borrowings (see notes 20 and 23 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 20 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

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 statement 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 15% (2013:4%) of the total trade receivables at 31 December 2014 was due from the Group's largest customer.

The Group has concentration of credit risk as 63% (2013:5%) of the total trade receivables at 31 December 2014 was due from the Group's top five customers.

The Group's concentration of credit risk by geographical locations is mainly in Japan, which accounted for 58% (2013:36%) of the total trade receivables as at 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

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.

	As at 31 December 2014		
	On demand or within 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and bills payables	68,907	68,907	68,907
Accrued expenses and other payables	12,004	12,004	12,004
Bank borrowings	149,869	149,869	146,528
	230,780	230,780	227,439

	As at 31 December 2013		
	On demand or within 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

6. FINANCIAL INSTRUMENTS *(continued)*

(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 consolidated financial statements 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 year is as follows:

	2014 RMB'000	2013 RMB'000
Revenue		
Sale of goods	602,516	483,615
Other Income and other gains		
Bank interest income	1,182	4,052
Government grants (note)	3,289	4,086
Sale of scrap products	–	187
Exchange gain, net	502	–
	4,973	8,325

Note:

During the year, government grants of approximately RMB3,289,000 (2013:RMB4,086,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 umbrella, nylon umbrella and umbrella parts. An analysis of the Group's revenue by product category is as follows:

	2014 RMB'000	2013 RMB'000
POE umbrella	432,842	387,028
Nylon umbrella	113,284	50,740
Umbrella parts	56,390	45,847
	602,516	483,615

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	2014 RMB'000	2013 RMB'000
Japan	351,037	366,825
PRC	153,044	56,670
Other	98,435	60,120
	602,516	483,615

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. SEGMENT INFORMATION *(continued)*

INFORMATION ABOUT MAJOR CUSTOMERS

Details of the customers individually representing 10% or more of the Group's revenue are as follows:

	2014 RMB'000	2013 RMB'000
Customer A	115,124	101,965
Customer B	N/A*	59,780
Customer C	103,575	N/A*

* The corresponding revenue does not contribute over 10% of the total revenue of the Group in the respective year.

9. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest expenses on:		
– bank borrowings wholly repayable within five years	12,474	10,003

10. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
Current income tax		
– PRC enterprise income tax	28,339	20,257

- 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 years ended 31 December 2014 and 2013.
- 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 years ended 31 December 2014 and 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

10. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014 RMB'000	2013 RMB'000
Profit before taxation	102,498	80,012
Tax at domestic income tax rate of 25%	25,625	20,003
Tax effect of expense not deductible for tax purposes	2,714	254
Income tax expense for the year	28,339	20,257

11. PROFIT FOR THE YEAR

	2014 RMB'000	2013 RMB'000
Profit for the year has been arrived at after charging:		
Salaries and allowances (excluding directors' emoluments)	73,606	56,271
Retirement benefit scheme contributions (excluding directors)	10,915	7,651
Total staff costs (Note)	84,521	63,922
Cost of inventories recognised as an expense	441,473	364,223
Loss on disposal of property, plant and equipment	587	–
Depreciation of property, plant and equipment	5,898	6,270
Amortisation of prepaid lease payments	892	878
Operating lease payments on premises	–	102
Research and development expenses (Note)	3,981	3,243
Listing expenses	7,835	–
Exchange loss, net	–	14
Auditor's remuneration	594	27

Note: During the year ended 31 December 2014, included in staff costs were staff costs of the Group's employees who engaged in research and development activities of approximately RMB1,445,000 (2013: RMB1,436,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12. EARNINGS PER SHARE

The calculation of basic earnings per share attributable to owners of the Company is based on the following:

	2014 RMB'000	2013 RMB'000
Earnings		
Earnings for the purpose of basic earnings per share	73,195	57,631
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	600,000,000	600,000,000

The dilutive earnings per share is equal to the basic earnings per share as there are no dilutive potential ordinary shares outstanding during the years ended 31 December 2014 and 2013.

The weighted average number of ordinary shares in issue during the years ended 31 December 2014 and 2013 represents 600,000,000 ordinary shares in issue before the listing as if such shares were issued during the two years ended 31 December 2014 and 2013 after taking into account the capitalisation issue pursuant to the Reorganisation as stated in note 1.

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 year are as follows:

	Notes	Year ended 31 December 2014			Total RMB'000
		Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	
Executive directors:					
Huang Wenji (CEO)	(i)	–	869	4	873
Chen Jieyou	(ii)	–	333	2	335
Yang Guang	(ii)	–	168	2	170
Lin Zhenshuang	(ii)	–	163	2	165
		–	1,533	10	1,543

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(A) DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS *(continued)*

	Notes	Year ended 31 December 2013			Total RMB'000
		Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	
Executive directors:					
Huang Wenji (<i>CEO</i>)	(i)	–	998	3	1,001
Chen Jieyou	(ii)	–	360	1	361
Yang Guang	(ii)	–	180	1	181
Lin Zhenshuang	(ii)	–	149	1	150
		–	1,687	6	1,693

No directors or chief executive director waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2014 and 2013. No emoluments were paid by the Group to any of the directors or chief executive as an incentive payment to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2014 and 2013.

On 23 January 2015, Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying have been appointed as the independent non-executive directors of the Company.

Notes:

- (i) Designated as Chairman and Executive Director on 12 June 2014
- (ii) Designated as Executive Director on 25 September 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

13. DIRECTORS', CHIEF EXECUTIVE OFFICER'S AND EMPLOYEES' EMOLUMENTS *(continued)*

(B) EMPLOYEE'S EMOLUMENT *(continued)*

Of the five individuals with the highest emoluments in the Group, four were directors of the Company including the CEO of the Company whose emoluments are included in the disclosures in Note 13(a) above. The emolument of the remaining one individual was as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other allowances	195	163
Retirement benefit scheme contributions	5	1
	200	164

The emolument was within the following bands:

	Number of individuals	
	2014	2013
HKD1,000,000 (2014: equivalent to approximately RMB791,000; 2013: equivalent to approximately RMB794,000) or below	1	1

During the year ended 31 December 2014, no emoluments were paid or payable by the Group to the directors, CEO 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 Umbrella Company Limited ("Fujian Jicheng") and Jinjiang Jicheng Light Industry Company Limited ("Jinjiang Jicheng"), to their then shareholders during the years ended 31 December 2013 and 2014 amounted to RMB50,000,000 and RMB52,408,000 respectively.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Office equipment RMB'000	Construction in progress RMB'000	Total RMB'000
COST						
At 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	–	2,170	3	46	13,268	15,487
Disposals	–	(3,098)	(212)	(44)	–	(3,354)
At 31 December 2014	79,007	28,534	3,098	4,511	13,268	128,418
ACCUMULATED DEPRECIATION						
At 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 year	2,844	2,511	298	245	–	5,898
Eliminated on disposals	–	(1,864)	(112)	(40)	–	(2,016)
At 31 December 2014	20,375	16,002	1,470	3,813	–	41,660
CARRYING AMOUNTS						
At 31 December 2014	58,632	12,532	1,628	698	13,268	86,758
At 31 December 2013	61,476	14,107	2,023	901	–	78,507

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

15. PROPERTY, PLANT AND EQUIPMENT *(continued)*

- 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 2014, the Group has not obtained the building ownership certificate for buildings with carrying values of approximately RMB4,915,000 (2013: RMB4,125,000) 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 2014, buildings with carrying amounts of approximately RMB51,247,000 (2013: RMB37,148,000) have been pledged to secure banking facilities granted to the Group.

16. PREPAID LEASE PAYMENTS

	2014 RMB'000	2013 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	38,256	37,166
Current asset	892	878
	39,148	38,044

As at 31 December 2014, leasehold land with carrying amounts of approximately RMB34,781,000 (2013: RMB25,836,000) have been pledged to secure banking facilities granted to the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

16. PREPAID LEASE PAYMENTS *(continued)*

As at 31 December 2014, the Group has not obtained the land use right certificate for lands with carrying values of approximately RMB4,366,000 (2013: RMB2,443,000) 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. The Group has obtained the respective land use right certificate in January 2015.

17. INVENTORIES

	2014 RMB'000	2013 RMB'000
Raw materials	51,571	80,621
Work-in-progress	20,297	25,565
Finished goods	36,351	12,376
	108,219	118,562

18. TRADE RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables	43,698	12,987

The Group generally allows a credit period of 30 - 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.

	2014 RMB'000	2013 RMB'000
0 to 90 days	43,500	8,857
91 to 180 days	198	1,851
181 to 365 days	-	2,279
	43,698	12,987

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. TRADE RECEIVABLES *(continued)*

The Group has individually assessed all receivables. No impairment losses were recognised during the years ended 31 December 2014 and 2013.

At 31 December 2014, the aged analysis of trade receivables that was neither past due nor impaired and past due (i.e. over the credit period) but not impaired are as follows:

	2014 RMB'000	2013 RMB'000
Over the credit period		
1 to 90 days	198	4,304
Over 90 days	–	601
	198	4,905
Neither past due nor impaired	43,500	8,082
	43,698	12,987

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, 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:

	2014 '000	2013 '000
USD	3,442	878
JPY	24,272	–
HKD	–	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

19. PREPAYMENTS AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000
Other receivables	1,131	2,493
Value-added tax receivables	22,845	18,110
Prepayment	24,560	29,180
	48,536	49,783

The Group does not hold any collateral over these balances.

20. PLEDGED DEPOSITS AND BANK BALANCES AND CASH

The bank balances and cash comprise of cash held by the Group. The bank balances for the year ended 31 December 2014 carried interest at the prevailing market rate 0.36% (2013: 0.35%) per annum. The pledged deposits carried fixed interest rate of 3.25% (2013: 3.25%) per annum during the year ended 31 December 2014.

The Group's pledged deposits and bank balances and cash denominated in RMB amounted to approximately RMB144,561,000 (2013: RMB174,369,000) as at 31 December 2014. 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, short-term bank deposits and bank balances and cash that are denominated in currency other than the functional currency of the relevant Group entities are as follows:

	2014 '000	2013 '000
USD	438	625
JPY	55,542	3,446
HKD	8	101

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

21. TRADE AND BILLS PAYABLES

	2014 RMB'000	2013 RMB'000
Trade payables	16,565	34,700
Bills payables	52,342	42,902
	68,907	77,602

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

	2014 RMB'000	2013 RMB'000
0 to 90 days	49,255	73,841
91 to 180 days	18,452	2,764
181 to 365 days	1,200	997
	68,907	77,602

The credit period on purchase of goods ranged from 30 days to 120 days. The Group has financial risk management policies or plans for its payables with respect to the credit timeframe.

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:

	2014 '000	2013 '000
USD	705	909

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

22. ACCRUED EXPENSES AND OTHER PAYABLES

	2014 RMB'000	2013 RMB'000
Receipt in advance	2,071	20,082
Other payables	2,347	1,146
Accrued listing expenses	464	–
Payable for construction in progress	2,268	–
Accrued expenses	6,925	4,045
	14,075	25,273

Receipt in advance represented advance payments relating to sale of goods received 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:

	2014 '000	2013 '000
HKD	1,686	–

23. BANK BORROWINGS

	2014 RMB'000	2013 RMB'000
Secured, repayable within one year	146,528	173,050

Notes:

- i) As at 31 December 2014, all bank borrowings carried fixed rates of interest from 3.9% to 7.8% per annum (2013: 2.8% to 11.0% per annum) 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 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 2013, certain bank borrowings with carrying amounts of approximately RMB152,500,000 were guaranteed by a related company, of which Mr. Huang Wenji was a director. The guarantee was released on 31 January 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

23. BANK BORROWINGS (continued)

Notes: (continued)

ii) The Group's bank borrowings at the end of each reporting period were secured by the followings: (continued)

(c) As at 31 December 2014, all bank borrowings were secured by the Group's follow assets:

	2014 RMB'000	2013 RMB'000
Leasehold land and building	86,028	62,984
Bank deposits	21,374	17,315
Total	107,402	80,299

(d) At 31 December 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 RMB24,960,000. The charge on the properties was released on 31 January 2014.

The Group's bank borrowings that are denominated in currency other than the functional currency of the relevant Group entities are as follows:

	2014 '000	2013 '000
USD	6,425	–

24. SHARE CAPITAL

The balances as at 1 January 2013, 31 December 2013 and 1 January 2014 represented the aggregate share capital of Fujian Jicheng and Jinjiang Jicheng, and the balances as at 31 December 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 allotted and issued a total of 999 shares in consideration for acquisition of subsidiaries.

	Number of shares	Nominal value of ordinary shares	
		HK\$'000	RMB'000
Ordinary of HK\$0.01 each			
Authorised:			
On incorporation and at 31 December 2014	30,000,000	300	237
Issued and fully paid:			
On incorporation	1	–	–
Issue of shares for the Corporate Reorganisation	999	–	–
As at 31 December 2014	1,000	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

24. SHARE CAPITAL *(continued)*

On 23 January 2015, the authorised share capital of the 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 the existing shares. Immediately following completion of listing on 13 February 2015, the authorised share capital of the Company was HK\$10,000,000 divided into 1,000,000,000 shares and the issued share capital of the Company was HK\$6,000,000 divided into 600,000,000 shares with 400,000,000 shares remaining unissued.

449,999,000 shares were issued by way of capitalisation on the proceeds from the issue of 150,000,000 shares as stated in share capital as detailed in the Prospectus dated 3 February 2015. The Group's shares were listed on the Stock Exchange and 150,000,000 new shares with a nominal value of HK\$0.01 each were issued to the investors by way of international offering and public offering at HK\$1.1 each.

25. RESERVES

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

As at 1 January 2013, other reserve represented the difference between share capital of the new holding Company and the aggregate of the share capital of the then holding company of the Group and the companies comprising the Group.

During the year ended 31 December 2014, Fujian Jicheng acquired 17.96% of equity interests in Jinjiang Jicheng from a related entity at total consideration of RMB3,700,000. The amount of RMB2,590,000 was paid to the Controlling Shareholder and the amount of RMB1,110,000 was paid to the non-controlling shareholders. 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 recognised in other reserve representing the reserve arising pursuant to the Reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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26. CAPITAL COMMITMENT

The Group had the following capital commitments at the end of each reporting period:

	2014 RMB'000	2013 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of: Acquisition of property, plant and equipment	1,809	–

27. RELATED PARTY TRANSACTIONS

(A) In addition to the transactions detailed elsewhere in the consolidated financial statements, the Group has entered into the following significant transactions with related parties during the year.

	Notes	2014 RMB'000	2013 RMB'000
Common shareholder's entity: 福建冠泓實業有限公司("冠泓實業")			
Purchases of raw materials	(i), (ii)	3,413	598
Common director's entity: 廈門宸達洋傘有限公司("廈門宸達")			
Sale of products	(i), (iii)	–	241

- (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) Ms. Chen Jieyou is the major shareholder of the entity.
- (iii) Mr. Huang Wenji was the director of the entity, who resigned as director on 8 January 2014.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

27. RELATED PARTY TRANSACTIONS *(continued)*

(B) In addition to the outstanding balances with related parties detailed elsewhere in the consolidated financial statements, the Group had the following outstanding balances with related parties:

- (i) The Group had outstanding receivable from a related company, 廈門宸達, which is under common director, of approximately RMB275,000 as at 31 December 2013, which were presented in the consolidated statement of financial position within trade receivables. The amount was fully settled during the year ended 31 December 2014.
- (ii) The Group had outstanding payable to 冠泓實業 of approximately RMB700,000 as at 31 December 2013, which were presented in the consolidated statement of financial position within trade and bills payables. The amount was fully settled during the year ended 31 December 2014.

(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 23(ii) for the bank borrowings guaranteed and secured by the related parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

28. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

	Notes	2014 RMB'000
Non-current assets		
Investments in subsidiaries	(a)	229,897
Current assets		
Prepayments and other receivables		2,387
Current liabilities		
Accrued expenses and other payables		868
Amount due to a subsidiary	(b)	9,662
		10,530
Net current liabilities		(8,143)
Net assets		221,754
Capital and reserves		
Share capital		-
Reserves	(c)	221,754
Net assets		221,754

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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28. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY (continued)

(A) INVESTMENTS IN SUBSIDIARIES

	2014 RMB'000
Unlisted investments, at cost	229,897

(B) AMOUNT DUE TO A SUBSIDIARY

The amount due to a subsidiary is unsecured, interest-free and repayable on demand.

(C) RESERVES

The Company became the holding company since the completion of Reorganisation on 11 October 2014.

	Other reserve RMB'000 (Note)	Accumulated loss RMB'000	Total RMB'000
At date of incorporation	-	-	-
Loss for the period and total comprehensive expenses for the period	-	(8,169)	(8,169)
Arising from Reorganisation	229,923	-	229,923
As at 31 December 2014	229,923	(8,169)	221,754

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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29. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The details of the subsidiaries as at 31 December 2014 and 2013 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 / voting attributable to the Company				Principal activities
			Direct		Indirect		
			2014	2013	2014	2013	
Jicheng Umbrella Holding Limited (Jicheng BVI)	British Virgins Islands 13 June 2014	Ordinary shares USD1	100%	N/A	–	N/A	Investment holding
Jicheng Umbrella Hong Kong Company Limited (Jicheng HK)	Hong Kong 30 June 2014	Ordinary shares HKD1	–	N/A	100%	N/A	Investment holding
Fujian Jicheng (福建集成傘業有限公司) (Note (i) and (ii))	The PRC 24 December 2004	Paid-in capital HKD60,000,000	–	–	100%	100%	Manufacturing and sales of umbrella
Jinjiang Jicheng (晉江集成輕工有限公司) (Note (i) and (ii))	The PRC 13 May 1996	Paid-in capital RMB20,595,500	–	–	100%	94.61%	Manufacturing and sales of umbrella

None of the subsidiaries had issued any debt securities during both years and at the end of both years.

All of the above subsidiaries operate principally in their respective place of incorporation/establishment.

Notes:

- (i) The entity is wholly foreign owned enterprise established in the PRC.
- (ii) The English translation of the company names is for reference only. The official names of these companies are in Chinese.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. NON-CONTROLLING INTERESTS

The tables below show details of the subsidiary that have material non-controlling interests during the years ended 31 December 2014 and 2013:

Jinjiang Jicheng	2014	2013
Proportion of effective interests held by non-controlling interests	–	5.388%
Voting rights held by non-controlling interests	–	5.388%

Jinjiang Jicheng	2014	2013
	RMB'000	RMB'000
Profit allocated to non-controlling interests	991	2,124
Accumulated non-controlling interests	–	4,944

Summarised consolidated financial statements in respect of the Group's subsidiary that have material non-controlling interests as set out below. The summarised consolidated financial statements below represents amounts before intra-group eliminations.

Jinjiang Jicheng	2014	2013
	RMB'000	RMB'000
Non-current assets	48,117	47,542
Current assets	162,932	196,139
Current liabilities	(97,625)	(151,933)
Equity attributable to owner of the Company	113,424	86,804
Non-controlling interests	–	4,944

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

30. NON-CONTROLLING INTERESTS *(continued)*

Jinjiang Jicheng	2014 RMB'000	2013 RMB'000
Revenue	321,480	293,113
Other income and other gains	3,914	6,804
Expenses	(283,717)	(260,471)
Profit for the year	41,677	39,446
Profit and total comprehensive income for the year attributable to:		
Owner of the Company	40,686	37,322
Non-controlling interests	991	2,124
Profit and total comprehensive income for the year	41,677	39,446
Jinjiang Jicheng	2014 RMB'000	2013 RMB'000
Net cash inflow from operating activities	15,390	40,500
Net cash (outflow) inflow from investing activities	(3,537)	150,888
Net cash outflow from financing activities	(49,952)	(103,055)
Net cash (outflow) inflow	(38,099)	88,333

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

31. EVENTS AFTER REPORTING PERIOD

(A) 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 Note E “Share Option Scheme” of section headed “Statutory and General Information” in Appendix VI of the Prospectus dated 3 February 2015.

(B) COMPLETION OF LISTING

On 13 February 2015, the shares of the Company have been listed on the main board of the Stock Exchange.

(C) INCREASE AUTHORISED SHARE CAPITAL AND ISSUANCE OF SHARES

As detailed in note 24, there were increase in authorised share capital and issuance of shares by way of capitalisation, international offering and public offering in January and February 2015.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of our Group for the four financial years, as extracted from the published audited financial statements, is set out below.

	For the year ended 31 December			
	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Results				
Revenue	602,516	483,615	377,367	325,563
Gross Profit	161,043	119,392	93,697	80,949
Profit before taxation	102,498	80,012	58,682	50,012
Profit for the year	74,159	59,755	44,149	41,408
Profit for the year attributable to:				
Owner of the Company	73,168	57,631	43,135	40,580
Non-controlling interests	991	2,124	1,014	828
	At 31 December			
	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities				
Non-current assets	125,014	115,673	121,552	127,151
Current assets	351,445	385,928	404,014	285,215
Current liabilities	236,219	279,439	313,159	244,108
Net current assets	115,226	106,489	90,855	41,107
Net assets	240,240	222,162	212,407	168,258