CHINA JICHENG HOLDINGS LIMITED
中國集成控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

2015 年報 Annual Report

Stock Code股份代號: 1027

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Huang Wenji *(Chairman)*
Ms. Chen Jieyou
Mr. Yang Guang
Mr. Lin Zhenshuang
Mr. Chung Kin Hung, Kenneth
(appointed on 13 April 2015)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Tse Ka Wing (retired on 28 May 2015)
Mr. Yang Xuetai
Ms. Yau Lai Ying (retired on 28 May 2015)
Mr. Chan Shiu Kwong, Stephen
(appointed on 6 August 2015)
Ms. Lee Kit Ying, Winnie
(appointed on 21 August 2015)

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Chan Shiu Kwong, Stephen *(Chairman)*
(appointed on 6 August 2015)
Mr. Tse Ka Wing (retired on 28 May 2015)
Mr. Yang Xuetai
Ms. Yau Lai Ying (retired on 28 May 2015)
Ms. Lee Kit Ying, Winnie
(appointed on 21 August 2015)

REMUNERATION COMMITTEE

Ms. Lee Kit Ying, Winnie *(Chairperson)*
(appointed on 21 August 2015)
Mr. Chan Shiu Kwong, Stephen
(appointed on 6 August 2015)
Mr. Tse Ka Wing (retired on 28 May 2015)
Mr. Yang Xuetai
Ms. Yau Lai Ying (retired on 28 May 2015)

NOMINATION COMMITTEE

Mr. Yang Xuetai *(Chairman)*
Mr. Tse Ka Wing (retired on 28 May 2015)
Ms. Yau Lai Ying (retired on 28 May 2015)
Mr. Chan Shiu Kwong, Stephen
(appointed on 6 August 2015)
Ms. Lee Kit Ying, Winnie
(appointed on 21 August 2015)

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.china-jicheng.cn

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

Room 904
Loon Kee Building
275 Des Voeux 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

Elite Partners CPA Limited

COMPLIANCE ADVISOR

Dakin Capital Limited

PRINCIPAL BANKERS

Bank of China Limited Jinjiang Branch
China Construction Bank Corporation Jinjiang Branch

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of China Jicheng 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 2015.

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, nylon umbrellas and umbrella parts such as plastic cloth and shaft. During the year ended 31 December 2015, the Group's revenue increased to approximately RMB658 million, representing an increase of approximately 9.2% in comparison to that of 2014, while profit attributable to owner of the Company decreased to approximately RMB25 million, representing an decrease of approximately 65.5% as compared to that of 2014. The Directors do not recommend the payment of final dividend for the year ended 31 December 2015.

The revenue of the Group's POE umbrellas products decreased by approximately RMB33 million, or 7.7%, from approximately RMB433 million for the year ended 31 December 2014 to approximately RMB400 million for the year ended 31 December 2015.

The revenue of the Group's nylon umbrellas products increased by approximately RMB75 million, or 66.4%, from approximately RMB113 million for the year ended 31 December 2014 to approximately RMB188 million for the year ended 31 December 2015.

The revenue of the Group's umbrella parts products increased by approximately RMB13 million, or 23.2%, from approximately RMB56 million for the year ended 31 December 2014 to approximately RMB69 million for the year ended 31 December 2015.

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 is constructing a new production plant in the industrial area located in An Qiu City of Shandong Province of the PRC 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 our shareholders. To diversify its business and explore potential business opportunities, the Group is exploring and developing business opportunities and projects, particularly in internet finance and payment platform.

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, 30 March 2016

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. The Group manufactures products at the production site located in Dongshi Town and Yonghe Town of Jinjiang City in Fujian Province of the PRC.

The Group principally sell POE umbrellas, nylon umbrellas and umbrella parts on export basis to the Group's overseas customers which accounted for approximately 68.9% of the Group's total revenue for the year ended 31 December 2015. The Group exported its POE umbrellas, nylon umbrellas and umbrella parts to markets such as Japan, Hong Kong, South Korea, Taiwan, France and Cambodia. The Group's overseas customers would usually provide the Group with their design and specification. The Group's sales personnel would closely communicate with the Group's customers. Depending on the specific needs of these overseas customers, the Group's sales personnel would put forward the Group's suggestions for modifications to design and specification from its research and development staff to the Group's customers for their consideration. When customers decide on the final design and specification, the Group would make samples and provide to the Group's customers for approval.

For domestic market, the Group sold its POE umbrellas, nylon umbrellas and umbrella parts to the Group's customers in the PRC which accounted for approximately 31.1% of the Group's total revenue for the year ended 31 December 2015. The Group's domestic customers would usually place orders with the Group from selection of its existing POE umbrellas and nylon umbrellas products which are all designed by its research and development team. The Group also sell some of its POE umbrellas and nylon umbrellas under the Group's Jicheng (集成) brand through sales to our non-trading customers such as supermarkets.

The Group also manufactured umbrella parts as an ancillary products mainly for the Group's existing customers, both overseas and domestic customers, some of which also purchased POE umbrellas and nylon umbrellas from the Group.

To diversify its business and explore potential business opportunities, the Group is exploring and developing business opportunities and projects, particularly in internet finance and payment platform.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

REVENUE

The revenue increased from approximately RMB603 million for the year ended 31 December 2014 to approximately RMB658 million for the year ended 31 December 2015, representing an increase of approximately 9.2%. The increase in revenue from the PRC was primarily due to increased demand for the 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 increase in revenue was primarily due to increased demand for the nylon umbrellas from the PRC market compared to the previous year.

COST OF SALES

The cost of sales increased from approximately RMB441 million for the year ended 31 December 2014 to approximately RMB510 million for the year ended 31 December 2015, representing an increase of approximately 15.6%. The increase was mainly attributable to the corresponding increase in direct materials costs and direct labour costs to cope with the Group's increase in revenue for the same period.

GROSS PROFIT AND GROSS MARGIN

As a result of the foregoing, the gross profit decreased by approximately RMB14 million, or 8.6%, from approximately RMB161 million for the year ended 31 December 2014 to approximately RMB147 million for the year ended 31 December 2015. The gross profit margin decreased from approximately 26.7% for the year ended 31 December 2014 to approximately 22.4% for the year ended 31 December 2015. This was mainly due to more direct materials used to satisfy customer demand.

OTHER INCOME AND OTHER GAINS

The other income and other gains increased by approximately RMB6 million, or 114.4%, from approximately RMB5 million for the year ended 31 December 2014 to approximately RMB11 million for the year ended 31 December 2015. The increase was mainly due to the increase of net exchange gain arising from the depreciation of Renminbi against United State dollars during the year ended 31 December 2015.

SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses increased by approximately RMB6 million, or 45.4%, from approximately RMB12 million for the year ended 31 December 2014 to approximately RMB18 million for the year ended 31 December 2015. The increase was mainly due to the increase in promotion expenses for our group image.

ADMINISTRATIVE EXPENSES

Administrative expenses increased by approximately RMB43 million, or 110.8%, from approximately RMB39 million for the year ended 31 December 2014 to approximately RMB81 million for the year ended 31 December 2015. The increase in administrative expenses was mainly due to (i) the Group's listing expenses of approximately RMB9 million related to the listing on the Main Board of the Stock Exchange, and (ii) the equity-settled share-based payment of approximately RMB36 million for the share options granted by the Company to consultants of the Group. Listing expenses mainly consisted of fees paid to professional parties.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCE COSTS

Finance costs decreased by approximately RMB4 million, or 33.0%, from approximately RMB12 million for the year ended 31 December 2014 to approximately RMB8 million for the year ended 31 December 2015. The decrease in finance cost was mainly due to relatively lower average carrying amount of the Group's interest-bearing borrowings during the year ended 31 December 2015 compared to the prior year.

INCOME TAX EXPENSES

Income tax expense decreased by approximately RMB3 million, or 12.5%, from approximately RMB28 million for the year ended 31 December 2014 to approximately RMB25 million for the year ended 31 December 2015, which was primarily due to decrease in the Group's profit before tax.

The effective tax rate increased from approximately 27.6% for the year ended 31 December 2014 to approximately 49.6% for the year ended 31 December 2015, primarily because of the Group's listing expenses and the equity-settled share-based payment recognised in administrative expenses which are non-tax deductible.

PROFIT FOR THE YEAR

As a result for the foregoing factors, profit for the year decreased by approximately RMB49 million, or 66.0%, from approximately RMB74 million for the year ended 31 December 2014 to approximately RMB25 million for the year ended 31 December 2015.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2015, the Group's bank balances and cash (including restricted bank deposits of approximately RMB24 million (2014: approximately RMB21 million)) amounted to approximately RMB284 million (2014: approximately RMB150 million), and short-term bank borrowings amounted to RMB136 million (2014: approximately RMB147 million). The annual interest rates of loans ranged from 5.6% to 7.2%.

The Group's current ratio increased from approximately 1.5 times as at 31 December 2014 to approximately 2.3 times as at 31 December 2015, which was calculated based on the total current assets divided by the total current liabilities. As at 31 December 2015, the gearing ratio was approximately 46% (2014: approximately 83%), which was calculated based on the interest-bearing liabilities as a percentage of the total equity.

INVENTORIES

As at 31 December 2015, the inventories was approximately RMB107 million (2014: approximately RMB108 million). The inventory turnover days were reduced from approximately 94 days in 2014 to approximately 77 days in 2015, which was calculated based on the average of the beginning and ending balance of inventories for the year divided by cost of sales for the year, and multiplied by 365 days. This was 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

As at 31 December 2015, the trade receivables were approximately RMB51 million (2014: approximately RMB44 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 17 days in 2014 to approximately 26 days in 2015, which was calculated based on the average of the beginning and ending trade receivable balances for the year divided by revenue for the year and multiplied by 365 days. This was 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

As at 31 December 2015, the trade and bills payables were approximately RMB64 million (2014: approximately RMB69 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 61 days in 2014 to approximately 48 days in 2015, which was calculated based on the average of the beginning and ending of trade and bills payable balance of the year divided by cost of sales of the year and multiplied by 365 days. This is 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

As at 31 December 2015, the Group had total capital commitments of approximately RMB1 million (2014: approximately RMB2 million), primarily related to construction of new production plant. As at 31 December 2015, the Group did not have any significant contingent liabilities (2014: Nil).

PLEDGE OF ASSETS

As at 31 December 2015, the Group's leasehold land and buildings with a carrying amounts of approximately RMB106 million (2014: approximately RMB86 million) and bank deposits with a carrying amounts of approximately RMB24 million (2014: approximately RMB21 million) were pledged to banks for bank borrowings.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 1,905 employees (2014: 2,023 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.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

The shares of the Company were listed on the Main Board of the Stock Exchange on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK$134.2 million (equivalent to approximately RMB106.0 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Purpose	Percentage to total amount	Net proceeds RMB (million)	Utilised amount up to 31 December 2015 RMB (million)	Unutilised amount up to 31 December 2015 RMB (million)
		(Approximately)		
Increasing our production capacity by constructing a new factory	71.5%	75.8	24.5	51.3
Paying the outstanding balance of the consideration in relation to the construction and completion of the new 10-storey office building	2.9%	3.1	3.1	–
Further expansion of our branded umbrellas by intensifying our marketing activities to promote our brand awareness both in the domestic and overseas markets	12.1%	12.8	2.2	10.6
Strengthen our technical expertise and know-how to ensure continuous improvement of our products	3.5%	3.7	3.7	–
Additional working capital and other general corporate purposes	10.0%	10.6	10.6	–
Total	100%	106.0	44.1	61.9

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 is constructing a new production plant in the industrial area located in An Qiu City of Shandong Province of the PRC 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, improving 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 our shareholders. To diversify its business and explore potential business opportunities, the Group is exploring and developing business opportunities and projects, particularly in internet finance and payment platform.

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 five 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 separated 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.

During the year ended 31 December 2015 and upon the retirement of Mr. Tse Ka Wing and Ms. Yau Lai Ying as independent non-executive Directors on 28 May 2015, the Board comprised 6 members with 5 executive Directors and 1 independent non-executive Director. As a result, the number of independent non-executive Directors had fallen below the minimum number of 3 and did not consist of one-third of the Board as required under Rules 3.10 and 3.10A of the Listing Rules, the number of members of the audit committee of the Board was reduced to 1 which was below the minimum number prescribed under Rule 3.21 of the Listing Rules and the requirements for the remuneration committee and nomination committee to comprise a majority of independent non-executive Directors prescribed under Rule 3.25 of the Listing Rules and code provision A.5.1 of the CG Code could not be met. Upon the appointments of Mr. Chan Shiu Kwong, Stephen and Ms. Lee Kit Ying, Winnie as independent non-executive Directors of the Company on 6 August 2015 and 21 August 2015 respectively, the Company has since then re-complied with the requirements pursuant to Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the CG Code. Save as disclosed herein, the Company had at all times complied with Rule 3.10 and Rule 3.10A of the Listing Rules during the year ended 31 December 2015.

Code provision A.6.7 stipulates that independent non-executive directors should attend general meeting of the Company. Mr. Tse Ka Wing, Mr. Yang Xuetai and Ms. Yau Lai Ying, being the independent non-executive Directors, did not attend the Company's annual general meeting held on 28 May 2015 due to their other business engagements.

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.

CORPORATE GOVERNANCE REPORT

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 five executive Directors, namely Mr. Huang Wenji, Ms. Chen Jieyou, Mr. Yang Guang, Mr. Lin Zhengshuang and Mr. Chung Kin Hung, Kenneth and three independent non-executive Directors, namely, Mr. Chan Shiu Kwong, Stephen, Mr. Yang Xuetai and Ms. Lee Kit Ying, Winnie.

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 19 to 20 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.

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.

ATTENDANCE OF DIRECTORS AT MEETINGS

The attendance of the Directors at the general meetings of the Company, meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee during the year ended 31 December 2015 are set out below:

	Annual general meeting	Extraordinary general meetings	Board meetings	Audit committee meetings	Remuneration committee meetings	Nomination committee meetings
(number of meetings attended/number of meetings held during respective director's tenture)						
Executive Directors						
Mr. Huang Wenji	1/1	2/2	8/8	N/A	N/A	N/A
Ms. Chen Jieyou	0/1	0/2	8/8	N/A	N/A	N/A
Mr. Yang Guang	1/1	0/2	8/8	N/A	N/A	N/A
Mr. Lin Zhenshuang	0/1	0/2	8/8	N/A	N/A	N/A
Mr. Chung Kin Hung, Kenneth (appointed on 13 April 2015)	0/1	0/2	6/6	N/A	N/A	N/A
Independent Non-executive Directors						
Mr. Tse Ka Wing (retired on 28 May 2015)	0/1	N/A	2/2	1/1	1/1	1/1
Mr. Yang Xuetai	0/1	0/2	7/8	3/3	2/2	2/2
Ms. Yau Lai Ying (retired on 28 May 2015)	0/1	N/A	2/2	1/1	1/1	1/1
Mr. Chan Shiu Kwong, Stephen (appointed on 6 August 2015)	N/A	N/A	4/4	2/2	1/1	1/1
Ms. Lee Kit Ying, Winnie (appointed on 21 August 2015)	N/A	N/A	3/3	2/2	1/1	1/1

DIRECTORS' AND OFFICERS' INSURANCE

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

CONTINUOUS PROFESSIONAL DEVELOPMENT

Pursuant to Code provision A.6.5, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. All the Directors also understand the importance of continuous professional development and are committed to participating in any suitable training or relevant materials reading in order to develop and refresh their knowledge and skills. The Company has received from each Director a confirmation of their participation in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

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. One of the independent non-executive Directors has 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.

(I) AUDIT COMMITTEE

The Company established an Audit Committee on 23 January 2015 with specific written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to assist the Board by providing an independent view on the effectiveness of the financial reporting process, internal control and risk management systems of the Group, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

As at the date of this annual report, the Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Shiu Kwong, Stephen (Chairman of the Audit Committee), Ms. Lee Kit Ying, Winnie and Mr. Yang Xuetai.

During the year ended 31 December 2015, the Audit Committee held three meetings to review the annual and interim results of the Group and make recommendations to the Board and the management in respect of the Group's financial reporting and internal control procedures. During the year ended 31 December 2015, the Audit Committee has also reviewed, with the management and the Company's auditors, the Group's significant internal controls and financial matters in accordance with the Audit Committee's written terms of reference and made relevant recommendations to the Board. The Audit Committee's review covered the audit scope and findings, external auditors' independence and performance, the Group's accounting principles and practices, the Listing Rules and statutory compliance, connected transactions, internal controls, risk management, financial reporting matters (including the interim and annual financial reports for the Board's approval) and the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function as well as their training programmes and budget. It also reviewed this Corporate Governance Report and an internal control review report on the Company prepared by an independent advisor.

(II) REMUNERATION COMMITTEE

The Company established a Remuneration Committee on 23 January 2015 with written terms of reference in compliance with the Code. The primary duties of the remuneration committee include making recommendations to the Board on the policy and structure for all Directors and senior management, reviewing the terms of remuneration packages, determining the award of bonuses and considering the grant of options under the share option scheme of the Company. As at the date of this annual report, the remuneration committee comprises three independent non-executive Directors, namely Ms. Lee Kit Ying, Winnie (Chairperson of the Remuneration Committee), Mr. Chan Shiu Kwong, Stephen and Mr. Yang Xuetai.

During the year ended 31 December 2015, the Remuneration Committee held two meeting to review the remuneration policy, remuneration packages of the Directors and the senior management in accordance with the Remuneration Committee's written terms of reference.

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 note 13 to the financial statements.

CORPORATE GOVERNANCE REPORT

(III) NOMINATION COMMITTEE

The Company established a Nomination Committee on 23 January 2015 with written terms of reference in compliance with the Code. The nomination committee comprises three independent non-executive Directors, namely Mr. Yang Xuetai (Chairman of the Nomination Committee), Mr. Chan Shiu Kwong, Stephen and Ms. Lee Kit Ying, WInnie. 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.

During the year ended 31 December 2015, two meetings was held by the Nomination Committee to, among other things, review the structure, size and composition of the board, assess the independence of each of the independent non-executive Directors, formulate the board diversity policy and recommend to the board for approval. The Nomination Committee reviewed the board diversity policy to ensure its effectiveness and considered the Group achieved the policy since its adoption.

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.

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.

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

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.

Mr. Yang Xuetai, being independent non-executive Director has entered into an appointment letter with the Company for an initial term of three years commencing from the Listing Date. Mr. Chan Shiu Kwong, Stephen has entered into an appointment letter with the Company for a term of one year commencing from 6 August 2015. Ms. Lee Kit Ying, WInnie has entered into an appointment letter with the Company for a term of one year commencing from 21 August 2015.

Each of Mr. Huang Wenji, being an executive Director, and Mr. Chan Shiu Kwong, Stephen and Ms. Lee Kit Ying, Winnie, being independent non-executive 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.

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.

CORPORATE GOVERNANCE REPORT

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.

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 Elite Partners 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

Elite Partners CPA Limited has been appointed as the external auditor of the Company. Analysis of the remuneration in respect of audit services provided by the external auditor is included in note 11 to the financial statements.

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 2015.

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:

(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 Room 904, Loon Kee Building, 275 Des Voeux 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 Room 904, Loon Kee Building, 275 Des Voeux 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.

CORPORATE GOVERNANCE REPORT

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.

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

Pursuant to the Article 113 of the articles of association 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 commerce 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 2015, 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 47, 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 46, 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 47, 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 from Zhongnan University of Economics with finance major in July 1994.

Mr. Lin Zhenshuang (林貞雙), aged 37, 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.

Mr. Chung Kin Hung, Kenneth (鍾健雄), aged 49, was appointed an Executive Director of the Company on 13 April 2015. He is currently a director of a wholly owned subsidiary of the Company. He has more than 10 years' experience in project management and business strategic planning. Mr. Chung worked as a production manager in the field of consumer electronics products for 5 years and his responsibilities mainly focused on overseeing the production process. Mr. Chung is responsible for the strategic planning and finance of the Group.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Shiu Kwong, Stephen (陳紹光), aged 59, holds a Master degree in Professional Accounting from Hong Kong Polytechnic University and a Bachelor of Commerce from Curtin University Australia. He is currently a Fellow member of Hong Kong Institute of Certified Public Accountants and Fellow member of Certified Public Accountants (Australia); Fellow member of the Institute of Chartered Secretaries and Administrators, Fellow member of the Hong Kong Institute of Company Secretaries and affiliated member of American Society of Appraisers. He has completed a certificate course in PRC accounting and PRC tax law from Chinese University of Hong Kong. Currently, he is also a member of The Association of Hong Kong Professionals and Hong Kong and Kowloon Chiu Chow Public Association.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan has over 25 years of experience in property development, manufacturing, travel and gaming related industries. He has worked for various multi-national organisations and Hong Kong listed companies including American President lines, Paccess International, Tileman UK, Dairy Farm Cold Storage, Hopewell Construction, Shui On Construction, Wing On Travel and Deloitte and equipped with profound experience in merger and acquisition transactions, treasury, strategies and risk management, corporate finance, accounting, tax planning and company secretary practice. Since 20 April 2005 and 27 August 2012, Mr. Chan has been appointed as an executive director and company secretary of Neptune Group Limited, a company whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 70). In March 2015, Mr. Chan was appointed as a non-executive director of Universe International Holdings Limited, a company whose shares are listed on the Main Board of Stock Exchange (Stock Code: 1046).

Mr. Yang Xuetai (楊學太), aged 42, was appointed as an independent non-executive Director on 23 January 2015. Mr. Yang graduated from China Academy of Art with a bachelor degree in industrial design in July 1998 and a master degree in art in January 2010. He has been working for the art faculty of The Huaqiao University as assistant professor since 2010. He had also been a visiting scholar of Tunghai University in Taiwan for five months in 2012.

Ms. Lee Kit Ying, Winnie (李結英), aged 42, holds a Postgraduate certificate in Business Administration from The Open University of Hong Kong and Diploma in Accounting from The University of Hong Kong, School of Professional and Continuing Education. Ms. Lee has over 20 years of experience in finance and administration. She has worked for various foreign and multi-national organisation. Currently, she works for a private electronic company as finance and administration manager and company secretary.

SENIOR MANAGEMENT

Mr. Cheung Ka Shing (張嘉誠), aged 34, 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 47, 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 2015.

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 30 to the financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2015, aggregate sales to the Group's largest and top five customers accounted for approximately 18.3% (2014: approximately 19.1%) and approximately 53.4% (2014: approximately 54.5%), respectively, of the Group's total Revenue for the year.

During the year ended 31 December 2015, aggregate purchases from the Group's largest and top five suppliers of raw materials accounted for approximately 19.4% (2014: approximately 18.7%) and approximately 49.1% (2014: approximately 37.2%), 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.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 84 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 2015 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 31 to 83 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 2015 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.

REPORT OF THE DIRECTORS

DISTRIBUTABLE RESERVES

There was no reserve available for distribution to the shareholders of the Company as at 31 December 2015.

DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015.

CHARITABLE DONATIONS

During the year, the Group donated approximately RMB1 million (2014: approximately 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

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 2015.

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Huang Wenji	
Ms. Chen Jieyou	
Mr. Yang Guang	
Mr. Lin Zhenshuang	
Mr. Chung Kin Hung, Kenneth	(appointed on 13 April 2015)

Independent non-executive Directors

Mr. Tse Ka Wing	(retired on 28 May 2015)
Mr. Yang Xuetai	
Ms. Yau Lai Ying	(retired on 28 May 2015)
Mr. Chan Shiu Kwong, Stephen	(appointed on 6 August 2015)
Ms. Lee Kit Ying, Winnie	(appointed on 21 August 2015)

Pursuant to Article 108 and Article 112 of the Company's articles of association, Mr. Huang Wenji, being an executive Director, and Mr. Chan Shiu Kwong, Stephen and Ms. Lee Kit Ying, Winnie, being independent non-executive Directors, shall retire at the forthcoming annual general meeting. All the retiring Directors are eligible for re-elections.

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 2015.

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

As at 31 December 2015, 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, were as follows:

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	11,250,000,000	75%
Ms. Chen Jieyou (Note 2)	Long position	Interest of spouse	11,250,000,000	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.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, 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	Nature of interests	Capacity	Number of Shares	Approximate percentage of shareholding
Jicheng Investment Limited	Long position	Beneficial owner	11,250,000,000	75%
Mr. Huang Wenji (Note 1)	Long position	Interest in a controlled corporation	11,250,000,000	75%
Ms. Chen Jieyou (Note 2)	Long position	Interest of spouse	11,250,000,000	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 2015, 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 28 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

NON-COMPETITION UNDERTAKING BY CONTROLLING SHAREHOLDERS

The independent non-executive Directors have also reviewed the confirmation given by Mr. Huang Wenji and Jicheng Investment Limited, being controlling shareholders of the Company, to ensure their compliance with the non-competition undertakings as disclosed in the prospectus of the Company dated 3 February 2015.

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. 1,500,000,000 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.

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.

The following table disclosed movements in the Company's share options during the year:

Grantee	Date of grant	Exercise period	Exercise price	Outstanding at 1.1.2015	Granted during the year	Cancelled during the year	Lapsed during the year	Exercise during the year	Outstanding at 31.12.2015
Consultants	18.6.2015	18.6.2015 to 17.6.2016	1.57	–	60,000,000	–	–	–	60,000,000

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.

REPORT OF THE DIRECTORS

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 9 to 18.

AUDITORS

The financial statements for the years ended 31 December 2014 was audited by Messrs. SHINEWING (HK) CPA Limited.

On 8 December 2015, Messrs. SHINEWING (HK) CPA Limited resigned as the Auditor and Elite Partners CPA Limited was appointed as the new Auditor to fill the casual vacancy and to hold office until the conclusion of the forthcoming annual general meeting of the Company.

A resolution will be submitted to the forthcoming annual general meeting to re-appoint Elite Partners CPA Limited as the Auditor.

By order of the Board
Huang Wenji
Chairman and Executive Director

Fujian Province, the PRC, 30 March 2016

INDEPENDENT AUDITOR'S REPORT

開元信德會計師事務所有限公司
ELITE PARTNERS CPA LIMITED
Certified Public Accountants

TO THE MEMBERS OF CHINA JICHENG HOLDINGS LIMITED
(Formerly known as Jicheng Umbrella Holdings Limited)
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Jicheng Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 31 to 83, which comprise the consolidated statement of financial position as at 31 December 2015, 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 2015, and of the Group's financial performance 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.

Elite Partners CPA Limited
Certified Public Accountants
Siu Edmund
Practising Certificate Number: P05333

Hong Kong
30 March 2016

10th Floor,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	7	**657,667**	602,516
Cost of sales		**(510,464)**	(441,473)
Gross profit		**147,203**	161,043
Other income and other gains	7	**10,665**	4,973
Selling and distribution expenses		**(18,126)**	(12,464)
Administrative expenses		**(81,349)**	(38,580)
Finance costs	9	**(8,360)**	(12,474)
Profit before taxation		**50,033**	102,498
Income tax expense	10	**(24,804)**	(28,339)
Profit for the year	11	**25,229**	74,159
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		**2,216**	27
Total comprehensive income for the year		**27,445**	74,186
Profit for the year attributable to:			
Owner of the Company		**25,229**	73,168
Non-controlling interests		**–**	991
		25,229	74,159
Total comprehensive income for the year attributable to:			
Owner of the Company		**27,445**	73,195
Non-controlling interests		**–**	991
		27,445	74,186
Earnings per share:			(restated)
Basic and diluted (RMB)	12	**0.17 cents**	0.49 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	15	**109,375**	86,758
Prepaid lease payments	16	**44,766**	38,256
		154,141	125,014
Current assets			
Inventories	17	**106,951**	108,219
Trade receivables	18	**51,250**	43,698
Prepayments and other receivables	19	**39,834**	48,536
Prepaid lease payments	16	**1,033**	892
Pledged deposits	20	**23,805**	21,374
Bank balances and cash	20	**260,382**	128,726
		483,255	351,445
Current liabilities			
Trade and bills payables	21	**64,475**	68,907
Accrued expenses and other payables	22	**8,336**	14,075
Income tax payable		**3,294**	6,709
Bank borrowings	23	**136,131**	146,528
		212,236	236,219
Net current assets		**271,019**	115,226
Net assets		**425,160**	240,240

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Capital and reserves attributable to owner of the Company			
Share capital	24	**4,731**	–
Reserves	25	**420,429**	240,240
Total equity		**425,160**	240,240

The consolidated financial statements on pages 31 to 83 were approved and authorised for issue by the board of directors on 30 March 2016 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 2015

	Notes	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Statutory reserve RMB'000 (Note 25)	Share option reserve RMB'000	Merger reserve RMB'000 (Note 25)	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
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 and 1 January 2015		–	–	50	27,193	–	81,521	131,476	240,240	–	240,240
Profit for the year		–	–	–	–	–	–	25,229	25,229	–	25,229
Exchange differences on translation of financial statements of foreign operations		–	–	2,216	–	–	–	–	2,216	–	2,216
Total comprehensive income for the year		–	–	2,216	–	–	–	25,229	27,445	–	27,445
Transfer to statutory reserve		–	–	–	7,403	–	–	(7,403)	–	–	–
Capitialisation issue	24	3,548	(3,548)	–	–	–	–	–	–	–	–
Issue of ordinary shares in connection of listing	24	1,183	128,932	–	–	–	–	–	130,115	–	130,115
Share issue expenses		–	(8,644)	–	–	–	–	–	(8,644)	–	(8,644)
Recognition of equity-settled share based payment	26	–	–	–	–	36,004	–	–	36,004	–	36,004
At 31 December 2015		4,731	116,740	2,266	34,596	36,004	81,521	149,302	425,160	–	425,160

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
OPERATING ACTIVITIES		
Profit before taxation	50,033	102,498
Adjustments for:		
Amortisation of prepaid lease payments	1,033	892
Finance costs	8,360	12,474
Bank interest income	(1,221)	(1,182)
Depreciation of property, plant and equipment	5,737	5,898
Government grants	(2,541)	(3,289)
Loss on disposal of property, plant and equipment	28	587
Equity–settled share based payment expense	36,004	–
Operating cash flows before movements in working capital	97,433	117,878
Decrease in inventories	1,268	10,343
Increase in trade receivables	(7,552)	(30,711)
Decrease in prepayments and other receivables	8,806	1,247
Decrease in trade and bills payables	(4,432)	(8,695)
Decrease in accrued expenses and other payables	(5,790)	(13,466)
Cash generated from operations	89,733	76,596
PRC Enterprise Income Tax	(28,219)	(25,144)
NET CASH GENERATED FROM OPERATING ACTIVITIES	61,514	51,452
INVESTING ACTIVITIES		
Acquisition of land use rights	(7,684)	(1,996)
Acquisition of property, plant and equipment	(28,398)	(13,219)
Placement of pledged deposits	(23,805)	(76,812)
Withdrawal of pledged deposits	21,374	72,753
Bank interest income received	1,221	1,182
Proceeds from disposal of property, plant and equipment	16	751
NET CASH USED IN INVESTING ACTIVITIES	(37,276)	(17,341)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 **RMB'000**	2014 RMB'000
FINANCING ACTIVITIES		
Repayments of bank borrowings	**(146,528)**	(406,607)
New bank borrowings raised	**136,131**	380,085
Interest paid	**(8,360)**	(12,474)
Dividend paid	**–**	(52,408)
Further acquisition of equity interest in a subsidiary from non-controlling interests	**–**	(1,110)
Acquisition of equity interests in a subsidiary from the Controlling Shareholder	**–**	(2,590)
Government grants received	**2,541**	3,289
Proceeds from issue of ordinary shares in connecting of listing	**130,115**	–
Share issued expenses	**(8,644)**	–
NET CASH GENERATED FROM (USED IN) FINANCING ACTIVITIES	**105,255**	(91,815)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**129,493**	(57,704)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**2,163**	27
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**128,726**	186,403
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	**260,382**	128,726

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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 Room 904, Loon Kee Building, 275 Des Voeux 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 special resolution for change of company name which was passed at the extraordinary general meeting of the Company held on 25 June 2015, the English name of the Company has been changed from Jicheng Umbrella Holdings Limited to China Jicheng Holdings Limited and the Chinese name of the Company from 集成傘業控股有限公司 to 中國集成控股有限公司. The Certificate of Incorporation on Change of Name of the Company was issued by the Registrar of Companies in the Cayman Islands on 29 June 2015 and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 31 July 2015.

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 and its ultimate controlling party is Mr. Huang Wenji (the "Controlling Shareholder"), who is also the executive director of the Company. Since all entities which took part in the Reorganisation were under common control of 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 prescribed in Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Details of the Reorganisation were set out in section headed "History and Corporate Structure – Reorganisation" in the prospectus dated 3 February 2015.

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 2015.

The functional currency of the Company is Hong Kong dollars. The consolidated financial statements are presented in Renminbi ("RMB") since most of the subsidiaries are operating in RMB environment and the functional currency of most of the subsidiaries is RMB.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant for the preparation of the Group's consolidated financial statements for the first time in the current year:

Amendments to HKAS 19	Defined benefit plans: employee contributions
Amendments to HKFRSs	Annual improvements to HKFRSs 2010-2012 cycle
Amendments to HKFRSs	Annual improvements to HKFRSs 2011-2013 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior year and/or on the disclosures set out in these consolidated financial statements.

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[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKFRS 11	Accounting for Acquisition of Interests in Joint Operations[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its and Associate or Joint Venture[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]

1 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
3 Effective for annual periods beginning on or after a date to be determined.

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

ANNUAL IMPROVEMENTS TO HKFRSs 2012-2014 CYCLE

The *Annual Improvements to HKFRSs 2012-2014 Cycle* include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors do not anticipate that the application of the amendments included in the *Annual Improvements to HKFRSs 2012-2014 Cycle* will have a material effect on the Group's consolidated financial statements.

HKFRS 9 (2014) FINANCIAL INSTRUMENTS

HKFRS 9 issued in 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.

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:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principle and interest on the principle outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principle amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to 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 and expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the Group undertakes a detailed review.

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.

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.

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.

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 of Hong Kong Limited ("Listing Rules") and by the Hong Kong Companies Ordinance ("CO").

The provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

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.

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.

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.

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.

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.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

TAXATION *(continued)*

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.

SHARE OPTIONS GRANTED TO CONSULTANTS

Share options issued in exchange for services are measured at the fair values of the services received, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of the goods or services received are recognised as expenses, with a corresponding increase in equity (share option reserve), when the Group obtains the goods or when the counterparties render services, unless the goods or services qualify for recognition as assets.

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.

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.

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.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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-generation units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

RELATED PARTIES

A party is considered to be related to the Company if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control of the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Company or of a parent of the Company; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Company are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Company are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

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.

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

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.

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 2015, the carrying amount of trade receivables were approximately RMB51,250,000 (2014: RMB43,698,000). No impairment loss has been recognised as at 31 December 2015 and 2014.

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 2015, the carrying amounts of property, plant and equipment were approximately RMB109,375,000 (2014: RMB86,758,000). No impairment loss has been recognised as at 31 December 2015 and 2014.

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 2015, the carrying amounts of inventories were approximately RMB106,951,000 (2014: RMB108,219,000) and no allowance had been made as at 31 December 2015 and 2014.

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 last year.

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.

6. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables (including bank balances and cash)	**336,067**	194,929
Financial liabilities		
Amortised cost	**208,064**	227,439

(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.

6. FINANCIAL INSTRUMENTS *(continued)*

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

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.

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	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
USD	**42,023**	23,743	**(28,474)**	(42,340)
JPY	**6,674**	4,100	**–**	–
HKD	**10,222**	6	**(818)**	(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.

6. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to currency risk of USD, JPY and HKD.

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	2015 RMB'000	2014 RMB'000
USD	**508**	(697)
JPY	**250**	154
HKD	**353**	(32)

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.

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 21% (2014: 15%) of the total trade receivables at 31 December 2015 was due from the Group's largest customer.

The Group has concentration of credit risk as 69% (2014: 63%) of the total trade receivables at 31 December 2015 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 60% (2014: 58%) of the total trade receivables as at 31 December 2015.

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 2015		
	On demand or within 1 year RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
Trade and bills payables	64,475	64,475	64,475
Accrued expenses and other payables	7,458	7,458	7,458
Bank borrowings	140,886	140,886	136,131
	212,819	212,819	208,064

	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

(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.

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For the year ended 31 December 2015

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:

	2015 RMB'000	2014 RMB'000
Revenue		
Sale of goods	657,667	602,516
Other income and other gains		
Bank interest income	1,221	1,182
Government grants (note)	2,541	3,289
Exchange gain, net	6,903	502
	10,665	4,973

Note: During the year, government grants of approximately RMB2,541,000 (2014: RMB3,289,000) 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.

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:

	2015 RMB'000	2014 RMB'000
POE umbrella	399,712	432,842
Nylon umbrella	188,465	113,284
Umbrella parts	69,490	56,390
	657,667	602,516

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	2015 RMB'000	2014 RMB'000
Japan	331,150	351,037
PRC	204,247	153,044
Other	122,270	98,435
	657,667	602,516

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.

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For the year ended 31 December 2015

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:

	2015 RMB'000	2014 RMB'000
Customer A	120,102	N/A*
Customer B	89,675	115,124
Customer C	N/A*	103,575

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

9. FINANCE COSTS

	2015 RMB'000	2014 RMB'000
Interest expenses on:		
– bank borrowings wholly repayable within five years	8,360	12,474

10. INCOME TAX EXPENSE

	2015 RMB'000	2014 RMB'000
Current income tax		
– PRC Enterprise Income Tax	24,804	28,339

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 year ended 31 December 2015 and 2014.

iii) Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC companies is 25% for the year ended 31 December 2015 and 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:

	2015 RMB'000	2014 RMB'000
Profit before taxation	**50,033**	102,498
Tax at domestic income tax rate of 25%	**12,508**	25,625
Tax effect of expense not deductible for tax purposes	**12,296**	2,714
Income tax expense for the year	**24,804**	28,339

11. PROFIT FOR THE YEAR

	2015 RMB'000	2014 RMB'000
Profit for the year has been arrived at after charging:		
Salaries and allowances (excluding directors' emoluments)	**71,048**	73,606
Retirement benefit scheme contributions (excluding directors)	**14,549**	10,915
Total staff costs (Note)	**85,597**	84,521
Cost of inventories recognised as an expense	**510,464**	441,473
Loss on disposal of property, plant and equipment	**28**	587
Depreciation of property, plant and equipment	**5,737**	5,898
Amortisation of prepaid lease payments	**1,033**	892
Research and development expenses (Note)	**7,381**	3,981
Listing expenses	**8,549**	7,835
Equity-settled share-based payment expense	**36,004**	–
Auditor's remuneration	**488**	594

Note: During the year ended 31 December 2015, the staff costs involved into the research and development activities were approximately RMB1,717,000 (2014: RMB1,445,000).

12. EARNINGS PER SHARE

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

	2015 RMB'000	2014 RMB'000
Earnings		
Earnings for the purpose of basic and diluted earnings per share	**25,229**	73,168

	2015 '000	2014 '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**15,000,000**	15,000,000
Effect of dilutive potential ordinary shares options	**–**	–
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**15,000,000**	15,000,000

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share took into account the capitalisation issue pursuant to the Reorganisation as stated in note 1.

The weighted average number of ordinary shares for the purpose of basic earnings per share for years ended 31 December 2015 and 2014 respectively were adjusted for the share subdivision on 10 June 2015.

The computation of diluted earnings per share for the year did not assume the exercise of outstanding share options of the Company since the exercise price of the share options was higher than the average market price during the year.

The diluted earnings per share was the same as the basic earnings per share as there were no other potential dilutive ordinary shares outstanding during the year ended 31 December 2014.

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:

		Year ended 31 December 2015			
	Notes	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
Executive directors:					
Huang Wenji *(CEO)*	(i)	–	961	3	964
Chen Jieyou	(ii)	–	421	3	424
Yang Guang	(ii)	–	181	3	184
Lin Zhenshuang	(ii)	–	169	3	172
Chung Kin Hung, Kenneth	(iii)	110	–	–	110
Independent Non-executive directors:					
Chan Shiu Kwong, Stephen	(iv)	41	–	–	41
Lee Kit Ying, Winnie	(v)	28	–	–	28
Yang Xuetai	(vi)	56	–	–	56
Yau Lai Ying	(vii)	32	–	–	32
Tse Ka Wing	(viii)	32	–	–	32
		299	1,732	12	2,043

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

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

		Year ended 31 December 2014			
	Notes	Fees RMB'000	Salaries and other allowances RMB'000	Retirement benefit scheme contributions RMB'000	Total 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

No directors or CEO waived or agreed to waive any emoluments paid by the Group during the years ended 31 December 2015 and 2014. No emoluments were paid by the Group to any of the directors or CEO as an incentive payment to join or upon joining the Group or as compensation for loss of office during the years ended 31 December 2015 and 2014.

Notes:

(i) Designated as Chairman and Executive Director on 12 June 2014.

(ii) Designated as Executive Director on 25 September 2014.

(iii) Mr. Chung Kin Hung, Kenneth has been appointed as Executive Director on 13 April 2015.

(iv) Mr. Chan Shiu Kwong, Stephen has been appointed as the independent non-executive directors of the Company on 6 August 2015.

(v) Ms. Lee Kit Ying, Winnie has been appointed as the independent non-executive directors of the Company on 21 August 2015.

(vi) Mr. Yang Xuetai has been appointed as the independent non-executive directors of the Company on 23 January 2015.

(vii) Ms. Yau Lai Ying has been appointed as the independent non-executive directors of the Company on 23 January 2015 and retired on 28 May 2015.

(viii) Mr. Tse Ka Wing has been appointed as the independent non-executive directors of the Company on 23 January 2015 and retired on 28 May 2015.

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

(B) EMPLOYEE'S EMOLUMENT

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:

	2015 RMB'000	2014 RMB'000
Salaries and other allowances	626	195
Retirement benefit scheme contributions	15	5
	641	200

The emolument was within the following bands:

	Number of individuals	
	2015	2014
HKD1,000,000 (2015:equivalent to approximately RMB813,000; 2014: equivalent to approximately RMB791,000) or below	1	1

During the year ended 31 December 2015, 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 year ended 31 December 2014 amounted to RMB52,408,000.

The directors do not recommend the payment of a final dividend for the year ended 31 December 2015.

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 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 and 1 January 2015	**79,007**	**28,534**	**3,098**	**4,511**	**13,268**	**128,418**
Additions	**18,004**	**1,908**	**–**	**18**	**8,468**	**28,398**
Transfer	**20,917**	**–**	**–**	**–**	**(20,917)**	**–**
Disposals	**–**		**(149)**			**(149)**
At 31 December 2015	**117,928**	**30,442**	**2,949**	**4,529**	**819**	**156,667**
ACCUMULATED DEPRECIATION						
At 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 and 1 January 2015	**20,375**	**16,002**	**1,470**	**3,813**	**–**	**41,660**
Provided for the year	**2,953**	**2,417**	**272**	**95**	**–**	**5,737**
Eliminated on disposals	**–**	**–**	**(105)**	**–**	**–**	**(105)**
At 31 December 2015	**23,328**	**18,419**	**1,637**	**3,908**	**–**	**47,292**
CARRYING AMOUNTS						
At 31 December 2015	**94,600**	**12,023**	**1,312**	**621**	**819**	**109,375**
At 31 December 2014	58,632	12,532	1,628	698	13,268	86,758

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 2015, the Group has not obtained the building ownership certificate for buildings with carrying values of approximately RMB18,004,000 (2014: RMB4,915,000) 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 2015, buildings with carrying amounts of approximately RMB72,017,000 (2014: RMB51,247,000) have been pledged to secure banking facilities granted to the Group.

16. PREPAID LEASE PAYMENTS

	2015 **RMB'000**	2014 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	**44,766**	38,256
Current asset	**1,033**	892
	45,799	39,148

As at 31 December 2015, leasehold land with carrying amounts of approximately RMB33,961,000 (2014: RMB34,781,000) have been pledged to secure banking facilities granted to the Group.

As at 31 December 2015, the Group has not obtained the land use right certificate for lands with carrying values of approximately RMB7,684,000 (2014: RMB4,366,000) 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.

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17. INVENTORIES

	2015 RMB'000	2014 RMB'000
Raw materials	50,189	51,571
Work-in-progress	19,433	20,297
Finished goods	37,329	36,351
	106,951	108,219

18. TRADE RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	51,250	43,698

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.

	2015 RMB'000	2014 RMB'000
0 to 90 days	51,250	43,500
91 to 180 days	–	198
	51,250	43,698

The Group has individually assessed all receivables. No impairment losses were recognised during the year ended 31 December 2015 and 2014.

18. TRADE RECEIVABLES *(continued)*

At 31 December 2015, 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:

	2015 **RMB'000**	2014 RMB'000
Over the credit period		
1 to 90 days	**–**	198
Neither past due nor impaired	**51,250**	43,500
	51,250	43,698

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:

	2015 **'000**	2014 '000
USD	**6,190**	3,442
JPY	**123,884**	24,272

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19. PREPAYMENTS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Other receivables	**591**	1,131
Value-added tax receivables	**6,447**	22,845
Prepayments	**32,796**	24,560
	39,834	48,536

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 2015 carried interest at the prevailing market rate 0.36% (2014: 0.36%) per annum. The pledged deposits carried fixed interest rate of 3.25% (2014: 3.25%) per annum during the year ended 31 December 2015.

The Group's pledged deposits and bank balances and cash denominated in RMB amounted to approximately RMB275,623,000 (2014: RMB144,561,000) as at 31 December 2015. 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:

	2015 '000	2014 '000
USD	**328**	438
JPY	**–**	55,542
HKD	**10,222**	8

21. TRADE AND BILLS PAYABLES

	2015 **RMB'000**	2014 RMB'000
Trade payables	**5,517**	16,565
Bills payables	**58,958**	52,342
	64,475	68,907

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

	2015 **RMB'000**	2014 RMB'000
0 to 90 days	**33,167**	49,255
91 to 180 days	**31,308**	18,452
181 to 365 days	**–**	1,200
	64,475	68,907

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:

	2015 **'000**	2014 '000
USD	**176**	705

22. ACCRUED EXPENSES AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Receipt in advance	878	2,071
Other payables	1,358	2,347
Accrued listing expenses	–	464
Payable for construction in progress	94	2,268
Accrued expenses	6,006	6,925
	8,336	14,075

Receipt in advance represented advance payments relating to sale of goods received from customers pursuant to the respective sales contracts.

23. BANK BORROWINGS

	2015 RMB'000	2014 RMB'000
Secured, repayable within one year	136,131	146,528

Notes:

i) As at 31 December 2015, all bank borrowings carried fixed rates of interest from 5.61% to 7.2% per annum (2014: 3.9% to 7.8% 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 2015, all bank borrowings were secured by the Group's follow assets:

	2015 RMB'000	2014 RMB'000
Leasehold land and building	105,978	86,028
Bank deposits	23,805	21,374
Total	129,783	107,402

24. SHARE CAPITAL

The balances as at 1 January 2014 represented the aggregate share capital of Fujian Jicheng Umbrella Co., Ltd. (福建集成傘業有限公司) and Jinjiang Jicheng Light Industry Co., Ltd. (晉江市集成輕工有限公司), and the balances as at 31 December 2014 and 31 December 2015 represented the share capital of the Company.

	Number of shares	Nominal value of ordinary shares	
		HK$'000	RMB'000
Authorised:			
On incorporation and at 31 December 2014, and 1 January 2015, ordinary shares of HK$0.01 each (Note i)	30,000,000	300	
Increase in authorised share capital, ordinary shares of HK$0.01 each (Note iii)	970,000,000	9,700	
Effect of share subdivision to HK$0.0004 each (Note iv)	24,000,000,000	–	
At 31 December 2015, ordinary shares of HK$0.0004 each	25,000,000,000	10,000	
Issued and fully paid:			
On incorporation (Note i)	1	–	–
Issue of shares for the Corporate Reorganisation (Note ii)	999	–	–
At 31 December 2014 and 1 January 2015	1,000	–	–
Issue of shares upon capitalisation (Note iv)	449,999,000	4,500	3,548
Issue of ordinary shares in connection with the listing (Note v)	150,000,000	1,500	1,183
Effect of share subdivision (Note vi)	14,400,000,000	–	–
As at 31 December 2015	15,000,000,000	6,000	4,731

Notes:

(i) 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.

(ii) 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.

(iii) 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. 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.

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24. SHARE CAPITAL *(continued)*

Notes: *(continued)*

(iv) 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 placing and Hong Kong public offering at HK$1.1 each. 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.

(v) Pursuant to the ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 9 June 2015, a share subdivision was approved with effect from 10 June 2015 in which every one (1) share issued and unissued ordinary share of HK$0.01 each in the share capital of the Company was subdivided into twenty five (25) subdivided shares having a par value of HK$0.0004 per subdivided share ("Share Subdivision"). Immediately after the Share Subdivision, the authorised share capital of the Company of HK$10,000,000 was divided into 25,000,000,000 subdivided shares, of which 15,000,000,000 subdivided shares were issued and fully paid. Details of the Share Subdivision are disclosed in the circular of the Company dated 22 May 2015.

All shares issued during the years ended 31 December 2015 and 2014 rank pari passu with existing shares in all respects.

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.

MERGER RESERVE

As at 1 January 2013, merger 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 merger reserve representing the reserve arising pursuant to the Reorganisation.

26. EQUITY SETTLED SHARE-BASED TRANSACTION

On 18 June 2015, 60,000,000 share options were granted to the Company's consultants at a consideration of HK$1 per each grantee under the Company's share option scheme (no share options were granted during the year ended 31 December 2014). Each option gives the holder the right to subscribe for one ordinary share of the Company. These share options are exercisable within one year from the date of acceptance (i.e. 18 June 2015). The exercise price is HK$1.57. No options were exercised during year (2014: Nil).

The options outstanding at 31 December 2015 had an exercise price HK$1.57 and a weighted average remaining contractual life of 0.5 years.

The fair value per share option granted during the year estimated at the date of grant using The Black-Scholes pricing model was HK$0.761. The assumptions used are as follows:

Fair value at measurement date	HK$0.761
Share price	HK$1.57
Exercise price	HK$1.57
Expected volatility	184%
Option life	1 year
Dividend yield	0%
Risk-free interest rate	0.02%

The expected volatility was based on statistical analysis of daily share average prices of group of listed companies in the similar industry over the one year immediately preceding the grant date, adjusted for any expected changes to future volatility based on publicly available information. Dividend yield was estimated based on the dividend policy of the Group. Changes in the subjective input assumptions could materially affect the fair value estimate. There were no market conditions associated with the share option grants.

The equity-settled share-based payments charged to the profit or loss was RMB36,004,000 for the year ended 31 December 2015.

At the end of the reporting period, the Company has 60,000,000 share options outstanding. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 60,000,000 additional ordinary shares of the Company and additional share capital of approximately RMB74,418,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

27. CAPITAL COMMITMENT

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

	2015 RMB'000	2014 RMB'000
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	756	1,809

28. 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	2015 RMB'000	2014 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

(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.

(B) 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.

29. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY

	2015 RMB'000	2014 RMB'000
Non-current assets		
Investments in subsidiaries	**244,169**	229,897
Current assets		
Prepayments and other receivables	**1,043**	2,387
Amount due from subsidiaries	**118,949**	–
Bank balance and cash	**96**	–
	120,088	2,387
Current liabilities		
Accrued expenses and other payables	**818**	868
Amount due to a subsidiary	**11,612**	9,662
	12,430	10,530
Net current assets/(liabilities)	**107,658**	(8,143)
Net assets	**351,827**	221,754
Capital and reserves		
Share capital	**4,731**	–
Reserves	**347,096**	221,754
Total equity	**351,827**	221,754

The Company's statement of financial position was approved and authorised for issue by the board of directors on 30 March 2016 and are signed on its behalf by:

Huang Wenji
Director

Yang Guang
Director

29. STATEMENT OF FINANCIAL POSITION FOR THE COMPANY *(continued)*

MOVEMENT IN COMPANY'S RESERVES

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

	Share capital RMB'000	Share premium RMB'000	Translation reserve RMB'000	Share option reserve RMB'000	Merger reserve RMB'000 (Note)	Accumulated losses RMB'000	Total RMB'000
At date of incorporation	–	–	–	–	–	–	–
Loss for the period and total comprehensive expenses for the period	–	–	–	–	–	(8,169)	(8,169)
Exchange differences on translation of financial statement of foreign operation	–	–	26	–	–	–	26
Arising from Reorganisation	–	–	–	–	229,897	–	229,897
At 31 December 2014	–	–	26	–	229,897	(8,169)	221,754
Loss and total comprehensive expenses for the year	–	–	–	–	–	(48,367)	(48,367)
Exchange differences on translation of financial statement of foreign operation	–	–	20,965	–	–	–	20,965
Capitalisation issue	3,548	(3,548)	–	–	–	–	–
Issue of ordinary shares in connection with the listing	1,183	128,932	–	–	–	–	130,115
Share issued expenses	–	(8,644)	–	–	–	–	(8,644)
Recognition of equity-settles share based payments	–	–	–	36,004	–	–	36,004
	4,731	116,740	20,991	36,004	229,897	(56,536)	351,827

Note: Merger 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.

30. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

The details of the subsidiaries as at 31 December 2015 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 power attributable to the Company		Principal activities
			Direct	Indirect	
Jicheng Umbrella Holding Limited ("Jicheng BVI")	British Virgins Islands 13 June 2014	Ordinary shares USD1	100%	–	Investment holding
Jicheng Umbrella Hong Kong Company Limited ("Jicheng HK")	Hong Kong 30 June 2014	Ordinary shares HKD1	–	100%	Investment holding
Zenith Century Limited	British Virgins Islands 13 February 2015	Ordinary shares USD100	100%	–	Dormant
Fujian Jicheng (福建集成傘業有限公司) (Notes (i) and (ii))	The PRC 24 December 2004	Paid-in capital HKD180,000,000	–	100%	Manufacturing and sales of umbrella
Jinjiang Jicheng (晉江集成輕工有限公司) (Notes (i) and (ii))	The PRC 13 May 1996	Paid-in capital RMB20,595,500	–	100%	Manufacturing and sales of umbrella
Shandong Hengmao Umbrella Co., Ltd (山東恒茂傘業有限公司) (Notes (i) and (ii))	The PRC 16 March 2015	Paid-in capital HKD13,500,000	–	100%	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.

FINANCIAL SUMMARY

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

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Results					
Revenue	**657,667**	602,516	483,615	377,367	325,563
Gross Profit	**147,203**	161,043	119,392	93,697	80,949
Profit before taxation	**50,033**	102,498	80,012	58,682	50,012
Profit for the year	**25,229**	74,159	59,755	44,149	41,408
Profit for the year attributable to:					
Owner of the Company	**25,229**	73,168	57,631	43,135	40,580
Non-controlling interests	**–**	991	2,124	1,014	828

	At 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Assets and liabilities					
Non-current assets	**154,141**	125,014	115,673	121,552	127,151
Current assets	**483,255**	351,445	385,928	404,014	285,215
Current liabilities	**212,236**	236,219	279,439	313,159	244,108
Net current assets	**271,019**	115,226	106,489	90,855	41,107
Net assets	**425,160**	240,240	222,162	212,407	168,258

CHINA JICHENG HOLDINGS LIMITED
中國集成控股有限公司