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**China Jicheng Holdings Limited**  
**中國集成控股有限公司**

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

**ANNOUNCEMENT OF UNAUDITED CONDENSED CONSOLIDATED  
INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately 24.3% to RMB287 million.
- Gross profit decreased by approximately 32.5% to RMB43 million.
- Profit for the Period attributable to owners of the Company was approximately RMB8 million.
- Earnings per share attributable to owners of the Company was approximately RMB0.0100 cents.
- The Board does not recommend the payment of any interim dividend for the Period.

The board (the “**Board**”) of directors (the “**Directors**”) of China Jicheng Holdings Limited (the “**Company**”) is pleased to present the unaudited interim results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the six months ended 30 June 2017 (the “**Period**”) as follows:

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2017

|   |       | Six months ended 30 June |             |
|---|-------|--------------------------|-------------|
|   |       | 2017                     | 2016        |
|   | Notes | RMB'000                  | RMB'000     |
|   |       | (Unaudited)              | (Unaudited) |
| Revenue   | 3     | 286,545                  | 378,306     |
| Cost of sales   |       | (243,765)                | (314,897)   |
| Gross profit  |       | 42,780                   | 63,409      |
| Other income and other gains  |       | 2,500                    | 4,295       |
| Selling and distribution expenses   |       | (5,598)                  | (7,031)     |
| Administrative expenses   |       | (22,894)                 | (21,715)    |
| Finance costs   | 5     | (6,150)                  | (3,862)     |
| Profit before taxation  |       | 10,638                   | 35,096      |
| Income tax expense  | 6     | (2,508)                  | (9,638)     |
| Profit for the Period   | 7     | 8,130                    | 25,458      |
| Other comprehensive income for the Period that<br>may be subsequently reclassified to profit or loss: |       |                          |             |
| Exchange differences on translation of<br>financial statements of overseas entities                   |       | (590)                    | (46)        |
| Total comprehensive income for the period   |       | 7,540                    | 25,412      |
| Profit for the Period attributable to owners of<br>the Company  |       | 8,130                    | 25,458      |
| Total comprehensive income for the Period<br>attributable to owners of the Company                    |       | 7,540                    | 25,412      |
| Earnings per share (RMB cents):   | 8     |                          |             |
| Basic and Diluted   |       | 0.0100                   | 0.0339      |

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

|                                     |       | At<br>30 June<br>2017<br><i>RMB'000</i><br>(Unaudited) | At<br>31 December<br>2016<br><i>RMB'000</i><br>(Audited) |
|-------------------------------------|-------|--|--|
|                                     | Notes |  |  |
| Non-current assets                  |       |  |  |
| Property, plant and equipment       | 10    | 105,946  | 108,842  |
| Prepaid lease payments              |       | 35,871   | 36,339   |
| Promissory note receivables         | 11    | 30,233   | 28,708   |
|                                     |       | <u>172,050</u>   | <u>173,889</u>   |
| Current assets                      |       |  |  |
| Inventories                         |       | 226,694  | 180,076  |
| Trade receivables                   | 12    | 150,812  | 105,679  |
| Prepayments and other receivables   |       | 68,492   | 81,885   |
| Prepaid lease payments              |       | 936  | 936  |
| Tax recoverable                     |       | 1,849  | 2,249  |
| Pledged deposits                    |       | 24,875   | 31,274   |
| Bank balances and cash              |       | 90,596   | 137,304  |
|                                     |       | <u>564,254</u>   | <u>539,403</u>   |
| Current liabilities                 |       |  |  |
| Trade and bills payables            | 13    | 100,390  | 100,552  |
| Accrued expenses and other payables |       | 10,601   | 9,306  |
| Income tax payable                  |       | 912  | —  |
| Bank borrowings                     |       | 185,878  | 172,451  |
|                                     |       | <u>297,781</u>   | <u>282,309</u>   |
| Net current assets                  |       | <u>266,473</u>   | <u>257,094</u>   |
| Net assets                          |       | <u>438,523</u>   | <u>430,983</u>   |
| Capital and reserves                |       |  |  |
| Share capital                       | 14    | 4,731  | 4,731  |
| Reserves                            |       | 433,792  | 426,252  |
| Total equity                        |       | <u>438,523</u>   | <u>430,983</u>   |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

The Company is engaged in investment holding while the principal subsidiaries are principally engaged in manufacturing and sale of umbrella.

The functional currency of the Company and the subsidiaries established in the People’s republic of China (the “**PRC**”) are Renminbi (“**RMB**”). The condensed consolidated financial statements are presented in RMB, which is the same as the functional currency of the company.

### 2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”) “Interim Financial Reporting” issued by Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The condensed consolidated financial statements have been prepared on the historical cost basis. The accounting policies and methods of computation used in the condensed consolidated financial statements for the Period are the same as those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2016.

In the current interim period, the Group has applied, for the first time, certain amendments to Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are mandatorily effective for the current interim period.

The Directors consider that the application of the amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in the Group’s condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

### 3. REVENUE

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 Period is as follows:

|               | Six months ended 30 June |                       |
|---------------|--------------------------|-----------------------|
|               | 2017                     | 2016                  |
|               | <i><b>RMB’000</b></i>    | <i><b>RMB’000</b></i> |
|               | (Unaudited)              | (Unaudited)           |
| Revenue       |                          |                       |
| Sale of goods | <u>286,545</u>           | <u>378,306</u>        |

#### 4. SEGMENT INFORMATION

The Group is engaged in a single operating segment, the manufacturing 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 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:

|                | Six months ended 30 June              |                                       |
|----------------|---------------------------------------|---------------------------------------|
|                | 2017<br><i>RMB’000</i><br>(Unaudited) | 2016<br><i>RMB’000</i><br>(Unaudited) |
| POE umbrella   | 149,006                               | 211,623                               |
| Nylon umbrella | 107,167                               | 134,795                               |
| Umbrella parts | 30,372                                | 31,888                                |
|                | <u>286,545</u>                        | <u>378,306</u>                        |

##### 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

|       | Six months ended 30 June              |                                       |
|-------|---------------------------------------|---------------------------------------|
|       | 2017<br><i>RMB’000</i><br>(Unaudited) | 2016<br><i>RMB’000</i><br>(Unaudited) |
| Japan | 179,707                               | 170,494                               |
| PRC   | 70,747                                | 154,948                               |
| Other | 36,091                                | 52,864                                |
|       | <u>286,545</u>                        | <u>378,306</u>                        |

The country of domicile of the Group’s operation is PRC. Consequently, the Group’s major non-current assets are all located in the PRC.

## Information about Major Customers

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

|            | Six months ended 30 June |                |
|------------|--------------------------|----------------|
|            | 2017                     | 2016           |
|            | <i>RMB'000</i>           | <i>RMB'000</i> |
|            | (Unaudited)              | (Unaudited)    |
| Customer A | 66,122                   | 133,536        |
| Customer B | 61,789                   | N/A*           |
| Customer C | 46,305                   | 63,445         |

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

## 5. FINANCE COSTS

|  | Six months ended 30 June |                |
|--|--------------------------|----------------|
|  | 2017                     | 2016           |
|  | <i>RMB'000</i>           | <i>RMB'000</i> |
|  | (Unaudited)              | (Unaudited)    |
| Interest expenses on:                                |                          |                |
| – bank borrowings wholly repayable within five years | 6,150                    | 3,862          |

## 6. INCOME TAX EXPENSE

|                             | Six months ended 30 June |                |
|-----------------------------|--------------------------|----------------|
|                             | 2017                     | 2016           |
|                             | <i>RMB'000</i>           | <i>RMB'000</i> |
|                             | (Unaudited)              | (Unaudited)    |
| Current income tax          |                          |                |
| – PRC enterprise income tax | 2,167                    | 9,638          |
| – Withholding tax           | 341                      | –              |
|                             | 2,508                    | 9,638          |

- 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 six months ended 30 June 2017 and 2016.

- 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 six months ended 30 June 2017 and 2016.
- iv) Dividends declared by the PRC subsidiaries and associates to investors incorporated in Hong Kong are subject to a withholding tax at applicable tax rates.

In accordance with Caishui (2008) No. 1 issued by State Tax Authorities, undistributed profits from the PRC companies up to 31 December 2007 will be exempted from withholding tax when they are distributed in future.

## 7. PROFIT FOR THE PERIOD

|   | <b>Six months ended 30 June</b> |                |
|---|---------------------------------|----------------|
|   | <b>2017</b>                     | 2016           |
|   | <b><i>RMB'000</i></b>           | <i>RMB'000</i> |
|   | <b>(Unaudited)</b>              | (Unaudited)    |
| Profit for the Period has been arrived at after charging/(crediting):     |                                 |                |
| Salaries and allowances (including directors' emoluments)                 | <b>41,563</b>                   | 41,528         |
| Retirement benefit scheme contributions (including directors' emoluments) | <b>6,724</b>                    | 7,252          |
|   | <hr/>                           | <hr/>          |
| Total staff costs (Note)  | <b>48,287</b>                   | 48,780         |
|   | <hr/>                           | <hr/>          |
| Cost of inventories recognised as an expense                              | <b>243,765</b>                  | 314,896        |
| Loss on disposal of property, plant and equipment                         | <b>203</b>                      | –              |
| Depreciation of property, plant and equipment                             | <b>3,380</b>                    | 3,528          |
| Amortisation of prepaid lease payments                                    | <b>468</b>                      | 545            |
| Research and development expenses (Note)                                  | <b>5,889</b>                    | 4,938          |
| Auditor's remuneration  | <b>16</b>                       | –              |
| Exchange loss/(gains)   | <b>418</b>                      | (3,403)        |
|   | <hr/>                           | <hr/>          |

*Note:* During the Period, included in staff costs were staff costs of the Group's employees who engaged in research and development activities of approximately RMB768,000 (First half of 2016: RMB868,000).

## 8. EARNINGS PER SHARE

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

|   | <b>Six months ended 30 June</b> |                       |
|---|---------------------------------|-----------------------|
|   | <b>2017</b>                     | <b>2016</b>           |
|   | <b>RMB'000</b>                  | <b>RMB'000</b>        |
|   | <b>(Unaudited)</b>              | <b>(Unaudited)</b>    |
| <b>Earnings</b>   |                                 |                       |
| Profit for the period attributable to owners of the Company   |                                 |                       |
| for the purpose of basic and diluted earnings per share       | <b>8,130</b>                    | <b>25,458</b>         |
| <b>Number of shares</b>                                       |                                 |                       |
| Weighted average number of ordinary shares for the purpose of |                                 |                       |
| basic earnings per share                                      | <b>75,000,000,000</b>           | <b>75,000,000,000</b> |
| Effect of dilutive potential ordinary shares options          | <b>—</b>                        | <b>—</b>              |
| Weighted average number of ordinary shares for the purpose of |                                 |                       |
| diluted earnings per share                                    | <b>75,000,000,000</b>           | <b>75,000,000,000</b> |

The calculation of the basic earnings per share for the six months ended 30 June 2017 is based on the profit for the Period of approximately RMB8,130,000 (First half of 2016: RMB25,458,000) and the weighted average number of issued ordinary shares of 75,000,000,000 (2016: 75,000,000,000 shares) during the six months ended 30 June 2017 and 2016.

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 six months ended 30 June 2017 and 2016.

## 9. DIVIDEND

No dividends were paid, declared or proposed during the reported period. The directors do not recommend the payment of interim dividend (First half of 2016: Nil).

## 10. PROPERTY, PLANT AND EQUIPMENT

No impairment losses were recognised in respect of property, plant and equipment for both periods. During the first half of 2017, additions to property, plant and equipment amounted to approximately RMB942,000 (First half of 2016: RMB25,076,000) and disposal of property, plant and equipment with net book value was nil (First half of 2016: nil).



## 11. PROMISSORY NOTE RECEIVABLES

On 30 December 2016, the Group disposed of the entire equity interest in 山東恒茂傘業有限公司 (“Shandong Hengmao”) to an independent third party (the “Purchaser”). The Group in return obtained a promissory note with the aggregate principal amount of approximately RMB34,800,000 which were receivable 2 years from 30 December 2016 issued by the Purchaser. The fair value of the promissory note was determined at approximately RMB28,708,000 at the date of initial recognition, based on an independent valuation carried out by an independent external professional valuer.

The promising note was measured at amortised cost with an effective interest rate of 10.13%. As at 30 June 2017, the carrying amount of the promissory note was approximately RMB30,233,000.

## 12. TRADE RECEIVABLES

The Group generally allows a credit period of 30 – 150 days to its trade customers.

The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates.

|                 | At 30 June<br>2017<br>RMB'000<br>(Unaudited) | At 31 December<br>2016<br>RMB'000<br>(Audited) |
|-----------------|--|--|
| 0 to 90 days    | 124,682                                      | 79,978   |
| 91 to 180 days  | 21,203                                       | 25,701   |
| 181 to 365 days | 4,927  | –  |
|                 | <u>150,812</u>                               | <u>105,679</u>                                 |

## 13. TRADE AND BILLS PAYABLES

|                | At 30 June<br>2017<br>RMB'000<br>(Unaudited) | At 31 December<br>2016<br>RMB'000<br>(Audited) |
|----------------|--|--|
| Trade payables | 30,787                                       | 15,485   |
| Bills payables | 69,603                                       | 85,067   |
|                | <u>100,390</u>                               | <u>100,552</u>                                 |

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

|                 | At 30 June<br>2017<br><i>RMB'000</i><br>(Unaudited) | At 31 December<br>2016<br><i>RMB'000</i><br>(Audited) |
|-----------------|---|---|
| 0 to 90 days    | 59,874  | 71,252  |
| 91 to 180 days  | 34,138  | 28,342  |
| 181 to 365 days | 6,378   | 958   |
|                 | <u>100,390</u>                                      | <u>100,552</u>  |

The credit period on purchase of goods ranged from 30 days to 120 days.

#### 14. SHARE CAPITAL

|   | Number of shares       | Nominal value of ordinary shares<br><i>HK\$'000</i> | <i>RMB'000</i> |
|---|------------------------|---|----------------|
| Authorised:   |                        |   |                |
| At 1 January 2016   | 25,000,000,000         | 10,000  |                |
| Effect of share subdivision<br>to HK\$0.00008 each (Note)                                     | 100,000,000,000        | —   |                |
| At 30 June 2016, 31 December 2016 and<br>30 June 2017, ordinary shares<br>of HK\$0.00008 each | <u>125,000,000,000</u> | <u>10,000</u>                                       |                |
| Issued and fully paid:  |                        |   |                |
| At 1 January 2016   | 15,000,000,000         | 6,000   | 4,731          |
| Effect of share subdivision (Note)  | <u>60,000,000,000</u>  | <u>—</u>  | <u>—</u>       |
| At 30 June 2016, 31 December 2016 and<br>30 June 2017   | <u>75,000,000,000</u>  | <u>6,000</u>  | <u>4,731</u>   |

*Note:* Pursuant to the ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting of the Company held on 25 April 2016, a share subdivision was approved with effect from 26 April 2016 in which every one (1) share issued and unissued ordinary share of HK\$0.0004 each in the share capital of the Company was subdivided into five (5) subdivided shares having a par value of HK\$0.00008 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 125,000,000,000 subdivided shares, of which 75,000,000,000 subdivided shares were issued and fully paid. Details of the Share Subdivision are disclosed in the circular of the Company dated 8 April 2016.

All shares issued during the Period rank pari passu with existing shares in all respects.

## **15. SHARE OPTION**

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.

During the six months ended 30 June 2016, no share option was exercised, and upon the expiry of exercise period, all outstanding share options granted under the Share Option Scheme had been lapsed accordingly.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Interim Dividend**

The Board does not recommend the payment of any interim dividend for the Period (First half of 2016: Nil).

### **Business Review**

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

### **Financial Review**

#### ***Results***

During the Period, the Group's revenue decreased to approximately RMB287 million, representing a decrease of approximately 24.3% in comparison to that of 2016, and the profit attributable to owners of the Company of approximately RMB8 million for the Period, representing a decrease of approximately 68.1% in comparison for that of 2016. The Company's basic profit per share was RMB0.0100 cents.

#### ***Revenue***

The revenue decreased from approximately RMB378 million for the first half of 2016 to RMB287 million for the Period, representing a decrease of approximately 24.3%. The decrease in revenue was primarily due to the decrease in sales volume of our PRC trading companies customers affected by poor market situation.

#### ***Cost of Sales***

The cost of sales decreased from approximately RMB315 million for the first half of 2016 to RMB244 million for the Period, representing a decrease of approximately 22.6%. The decrease was mainly attributable to the decrease in direct materials costs and direct labour costs to correspond with the Group's decrease in the revenue for the same period.

### ***Gross Profit and Gross Margin***

As a result of the foregoing, the gross profit decreased by approximately RMB21 million, or 32.5%, from approximately RMB63 million for the first half of 2016 to RMB43 million for the same period in 2017. The Group's gross profit margin decreased from approximately 16.8% for the first half of 2016 to 14.9% for the Period. This is mainly due to a decrease of the Group's POE umbrella product which have a higher gross profit margin leading to a drop in gross profit margin.

### ***Other Income and Other Gains***

The other income and other gains decreased by approximately RMB2 million, or 41.8%, from approximately RMB4 million for the first half of 2016 to RMB3 million for the Period. The decrease was mainly due to the exchange loss of RMB0.4 million for the Period as compared with exchange loss of approximately RMB3.4 million for the six months ended 30 June 2016.

### ***Selling and Distribution Expenses***

The selling and distribution expenses decreased by approximately RMB1 million, or 20.4%, from approximately RMB7 million for the first half of 2016 to RMB6 million for the Period. The decrease was mainly due to a decrease in sales volume of our oversea customers leading to a decrease in custom and declaration expenses.

### ***Administrative Expenses***

Administrative expenses increased by approximately RMB1 million, or 5.4%, from approximately RMB22 million for the first half of 2016 to RMB23 million for the Period. The increase in administrative expenses was mainly due to an increase in research and development expenses during the Period.

### ***Income Tax Expenses***

Income tax expense decreased by approximately RMB7 million, or 74.0%, from approximately RMB10 million for the first half of 2016 to RMB3 million for the Period, which was primarily due to decrease in the Group's taxable profit.

### ***Liquidity and Financial Resources***

At 30 June 2017, the Group's bank and cash balances (including restricted bank deposits of approximately RMB25 million (31 December 2016: RMB31 million)) amounted to approximately RMB115 million (31 December 2016: RMB169 million). The Group's short-term bank borrowings amounted to RMB186 million (31 December 2016: RMB172 million). The annual interest rates of loans ranged from 4.6% to 6.0%.

At 30 June 2017, the Group's current ratio was approximately 1.9 times (31 December 2016: 1.9 times), which was calculated based on the total current assets divided by the total current liabilities.

At 30 June 2017, the Group's gearing ratio was approximately 58% (31 December 2016: 57%), which was calculated based on the interest-bearing liabilities as a percentage of the total equity.

### ***Inventories***

The inventory turnover days were increased from approximately 99 days for the year ended 31 December 2016 to approximately 128 days for the Period. This was mainly due to increase in purchasing activities towards the end of the reporting period.

### ***Trade Receivables***

The average trade receivables turnover day was increased from approximately 48 days for the year ended 31 December 2016 to approximately 81 days for the Period. This was mainly due to certain of our customers utilised our credit terms granted. This is in line with the credit terms of 30 days to 150 days granted by the Group to its customers.

### ***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 continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

### ***Capital Commitments and Contingent Liabilities***

At 30 June 2017, the Group did not have any significant capital commitments (31 December 2016: Nil).  
At 30 June 2017, the Group did not have any significant contingent liabilities (31 December 2016: Nil).

### ***Pledge of Assets***

At 30 June 2017, the Group's leasehold land and buildings with a carrying amounts of approximately RMB99 million (31 December 2016: RMB101 million) and bank deposits with a carrying amounts of approximately RMB25 million (31 December 2016: RMB31 million) were pledged to banks for bank borrowings.

### ***Employees and Remuneration Policy***

At 30 June 2017, the Group employed a total of 2,000 employees (31 December 2016: 1,738 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.

As at 30 June 2017, the net proceeds had been utilised as follows:

| <b>Use of Net Proceeds</b>   | <b>Revised<br/>allocation<br/><i>RMB (million)<br/>(Approximately)</i></b> | <b>Utilised<br/>amount up to<br/>30 June 2017<br/><i>RMB (million)</i></b> | <b>Unutilised<br/>amount up to<br/>30 June 2017<br/><i>RMB (million)</i></b> |
|--|--|--|--|
| Increasing our production capacity by constructing a factory   | 24.5   | 24.5   | –  |
| Paying the outstanding of the consideration in relation to the construction and completion of the new 10-storey office building                                      | 3.1  | 3.1  | –  |
| Strengthen our technical expertise and know-how to ensure continuous improvement of our products   | 3.7  | 3.7  | –  |
| Additional working capital and other general corporate purposes  | 10.6   | 10.6   | –  |
| Further expansion of our branded umbrellas by intensifying our marketing activities to promote our brand awareness both in the domestic and overseas ( <i>Note</i> ) | 27.2   | 2.9  | 24.3   |
| Buying new brand-names and investing in a trading company ( <i>Note</i> )  | 36.9   | –  | 36.9   |
|  | <hr/>  | <hr/>  | <hr/>  |
| <b>Total</b>   | <b>106.0</b>   | <b>44.8</b>  | <b>61.2</b>  |

*Note:*

As disclosed in the announcement of the Company published on 30 December 2016, the Board has resolved to reallocate the unutilised amount of approximately RMB61.4 million to the following two areas:

- 1) approximately RMB36.9 million out of the unutilised net proceeds for buying new brand-names and/or licensing rights of umbrella products from Southeast Asian countries to increase its market shares in those countries as well as investing in a trading company comprising umbrella and other products.
- 2) to increase the allocation for approximately RMB24.5 million for brand awareness promotions and advertising expenses both in domestic and overseas markets.

## **FUTURE PROSPECTS**

The Group's principal objectives are to maintain and strengthen its position as a leading umbrella manufacturer focused in the 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.

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

## **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 Period.

## **CORPORATE GOVERNANCE**

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

Under paragraph A.2.1 of Appendix 14 to the Listing Rules, the roles of chairman and chief executive officer of an issuer should be 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.

Code provision A.6.7 stipulates that independent non-executive directors should attend general meeting of the Company. Mr. Tso Sze Wai, Mr. Yang Xuetai and Ms. Lee Kit Ying, Winnie, being the independent non-executive Directors, did not attend the Company's annual general meeting held on 31 May 2017 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 only applicable to the Company starting from the Listing Date. 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.

## **AUDIT COMMITTEE**

The Audit Committee was established on 23 January 2015. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tso Sze Wai, Ms. Lee Kit Ying, Winnie and Mr. Yang Xuetai. Mr. Tso Sze Wai was appointed as the chairman of the Audit Committee. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and financial reporting matters including the review of the unaudited consolidated interim financial statements for the Period.

## **REMUNERATION COMMITTEE**

The Remuneration Committee was established on 23 January 2015. The Remuneration Committee comprises three independent non-executive Directors, namely, Mr. Tso Sze Wai, Ms. Lee Kit Ying, Winnie and Mr. Yang Xuetai. Ms. Lee Kit Ying, Winnie is the chairperson of the Remuneration Committee.

## **NOMINATION COMMITTEE**

The Nomination Committee was established on 23 January 2015. It comprises three independent non-executive Directors, namely, Mr. Tso Sze Wai, Ms. Lee Kit Ying, Winnie and Mr. Yang Xuetai. Mr. Yang Xuetai is the Chairman of the Nomination Committee.

## **APPRECIATION**

On behalf of the Board, 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.

By order of the Board of  
**China Jicheng Holdings Limited**  
**Huang Wenji**  
*Chairman*

Fujian Province, the PRC, 29 August 2017

*As at the date of this announcement, the executive Directors are Huang Wenji, Yang Guang, Lin Zhenshuang and Chung Kin Hung, Kenneth; and the independent non-executive Directors are Tso Sze Wai, Lee Kit Ying, Winnie and Yang Xuetai.*