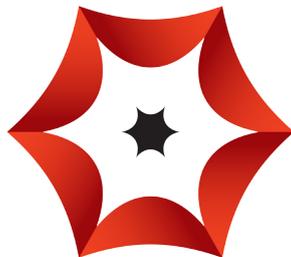


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**China Jicheng Holdings Limited**  
**中國集成控股有限公司**

*(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 2015**

**FINANCIAL HIGHLIGHTS**

- Revenue increased by approximately 14.4% to RMB337 million
- Gross profit increased by approximately 8.5% to RMB84 million
- Loss for the Period attributable to owners of the Company was approximately RMB0.1 million
- Loss per share attributable to owners of the Company was approximately RMB0.0001 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 2015 (the “**Period**”) as follows:

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

For the six months ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
<b>Revenue</b>	3	<b>336,607</b>	294,145
Cost of sales		<u>(252,368)</u>	<u>(216,502)</u>
<b>Gross profit</b>		<b>84,239</b>	77,643
Other income and other gains		<b>5,250</b>	1,055
Selling and distribution expenses		<b>(9,339)</b>	(5,691)
Administrative expenses		<b>(60,893)</b>	(17,641)
Finance costs	5	<u><b>(4,314)</b></u>	<u>(6,671)</u>
Profit before taxation		<b>14,943</b>	48,695
Income tax expense	6	<u><b>(15,051)</b></u>	<u>(12,741)</u>
<b>(Loss) profit for the Period</b>	7	<b>(108)</b>	35,954
<b>Other comprehensive income for the Period that may be subsequently reclassified to profit or loss:</b>			
Exchange differences on translation of financial statements of overseas entities		<u><b>2,030</b></u>	<u>–</u>
<b>Total comprehensive income for the Period</b>		<u><b>1,922</b></u>	<u>35,954</u>
<b>(Loss) profit for the Period attributable to:</b>			
Owners of the Company		<b>(108)</b>	34,963
Non-controlling interests		<u>–</u>	<u>991</u>
		<u><b>(108)</b></u>	<u>35,954</u>
<b>Total comprehensive income for the Period attributable to:</b>			
Owners of the Company		<b>1,922</b>	34,963
Non-controlling interests		<u>–</u>	<u>991</u>
		<u><b>1,922</b></u>	<u>35,954</u>
<b>(Loss) earnings per share (RMB cents):</b>			
Basic	8	<u><b>(0.0001)</b></u>	<u>0.0233</u>
Diluted		<u><b>(0.0001)</b></u>	<u>0.0233</u>

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2015

	<i>Notes</i>	At 30 June 2015 <i>RMB'000</i> (Unaudited)	At 31 December 2014 <i>RMB'000</i> (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	10	97,503	86,758
Prepaid lease payment		45,245	38,256
		<u>142,748</u>	<u>125,014</u>
<b>Current assets</b>			
Inventories		127,306	108,219
Trade receivables	11	71,716	43,698
Prepayments and other receivables		72,314	48,536
Prepaid lease payments		1,092	892
Pledged deposits		25,138	21,374
Bank balances and cash		218,780	128,726
		<u>516,346</u>	<u>351,445</u>
<b>Current liabilities</b>			
Trade and bills payables	12	70,761	68,907
Accrued expenses and other payables		20,237	14,075
Income tax payable		8,424	6,709
Bank borrowings		160,035	146,528
		<u>259,457</u>	<u>236,219</u>
<b>Net current assets</b>		<u>256,889</u>	<u>115,226</u>
<b>Net assets</b>		<u>399,637</u>	<u>240,240</u>
<b>Capital and reserves</b>			
Share capital	13	4,731	–
Reserves		394,906	240,240
<b>Total equity</b>		<u>399,637</u>	<u>240,240</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 Company is engaged in investment holding while the principal subsidiaries are principally engaged in manufacturing and sale of umbrella.

Pursuant to a special resolution for change of company name 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. Its ultimate controlling party is Mr. Huang Wenji, who is also the executive director of the Company. Since all entities which took part in the Reorganisation were under common control of Mr. Huang Wenji (the “**Controlling Shareholder**”), the Group is regarded as a continuing entity resulting from Reorganisation of entities under common control. Accordingly, the condensed 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 of the Company dated 3 February 2015 (the “**Prospectus**”).

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

The condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed 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 throughout the six months ended 30 June 2014.

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 financial statements for the first half of 2015.

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 new and revised 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.

### **Share options**

The Company granted share options to certain consultants during the period (see note 15). The share options are accounted for according to the following accounting policy:

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.

### 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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Sale of goods	<u>336,607</u>	<u>294,145</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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
POE umbrella	212,709	223,005
Nylon umbrella	92,510	49,031
Umbrella parts	<u>31,388</u>	<u>22,109</u>
	<u>336,607</u>	<u>294,145</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	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Japan	185,920	192,445
PRC	88,323	49,205
Other	62,364	52,495
	<u>336,607</u>	<u>294,145</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 customer

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

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Customer A	<u>46,602</u>	<u>62,708</u>

## 5. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on:		
– bank borrowings wholly repayable within five years	<u>4,314</u>	<u>6,671</u>

## 6. INCOME TAX EXPENSE

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current income tax		
– PRC enterprise income tax	<u>15,051</u>	<u>12,741</u>

- 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 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 six months ended 30 June 2015 and 2014.

## 7. (LOSS) PROFIT FOR THE PERIOD

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
(Loss) profit for the Period has been arrived at after charging:		
Salaries and allowances (excluding directors' emoluments)	<b>37,014</b>	31,661
Retirement benefit scheme contributions (excluding directors)	<b>6,764</b>	4,950
	<hr/>	<hr/>
Total staff costs ( <i>Note</i> )	<b>43,778</b>	36,611
	<hr/>	<hr/>
Cost of inventories recognised as an expense	<b>252,368</b>	216,502
Loss on disposal of property, plant and equipment	<b>28</b>	489
Depreciation of property, plant and equipment	<b>2,811</b>	3,022
Amortisation of prepaid lease payments	<b>495</b>	439
Research and development expenses ( <i>Note</i> )	<b>2,052</b>	2,083
Listing expenses	<b>8,297</b>	2,625
Equity-settled share-based payment expense	<b>36,004</b>	–
Exchange loss, net	<b>–</b>	99
Auditor's remuneration	<b>7</b>	6
	<hr/> <hr/>	<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 RMB756,000 (First half of 2014: RMB794,000).

## 8. (LOSS) EARNINGS PER SHARE

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>(Loss) earnings</b>		
(Loss) profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	<u>(108)</u>	<u>34,963</u>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>150,000,000,000</u>	150,000,000,000
Effect of dilutive potential ordinary shares options	<u>–</u>	<u>–</u>
Weighted average number of ordinary shares for the purpose of diluted earnings per share	<u>150,000,000,000</u>	<u>150,000,000,000</u>

The weighted average number of ordinary shares for the purpose of calculating basic (loss) 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 (loss) profit per share for the six months ended 30 June 2015 and 2014 respectively were adjusted for the share subdivision on 10 June 2015 as disclosed in note 13 “Share capital”.

The computation of diluted loss per share for the Period did not assume the exercise of outstanding share options of the Company since the assumed exercise would result in a decrease in loss per share.

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 2014.

## 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 2014: 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 2015, additions to property, plant and equipment amounted to approximately RMB13,600,000 (First half of 2014: RMB8,594,000) and disposal of property, plant and equipment with net book value amounted to approximately RMB44,000 (First half of 2014: RMB1,107,000).

## 11. 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.

	<b>At 30 June 2015 RMB'000 (Unaudited)</b>	At 31 December 2014 RMB'000 (Audited)
0 to 90 days	71,716	43,500
91 to 180 days	–	198
	<u>71,716</u>	<u>43,698</u>

## 12. TRADE AND BILLS PAYABLES

	<b>At 30 June 2015 RMB'000 (Unaudited)</b>	At 31 December 2014 RMB'000 (Audited)
Trade payables	8,503	16,565
Bills payables	62,258	52,342
	<u>70,761</u>	<u>68,907</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:

	<b>At 30 June 2015 RMB'000 (Unaudited)</b>	At 31 December 2014 RMB'000 (Audited)
0 to 90 days	70,761	49,255
91 to 180 days	–	18,452
181 to 365 days	–	1,200
	<u>70,761</u>	<u>68,907</u>

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

### 13. 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 30 June 2015 represented the share capital of the Company.

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

#### *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.
- (iv) 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.

- (v) 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.

- (vi) 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 Period rank pari passu with existing shares in all respects.

#### 14. CAPITAL COMMITMENT

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

	<b>At 30 June 2015</b>	At 31 December 2014
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Audited)
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of:		
Acquisition of property, plant and equipment	<u><b>12,959</b></u>	<u>1,809</u>

#### 15. 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 six months ended 30 June 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 the Period (First half of 2014: Nil).

The fair value per share option granted during the Period 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.

## 16. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the condensed consolidated financial statements, the Group entered into the following significant transactions with related parties during the six months ended 2015 and 2014.

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2015</b>	2014
		<b><i>RMB'000</i></b>	<i>RMB'000</i>
		<b>(Unaudited)</b>	(Unaudited)
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, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **Interim Dividend**

The Board does not recommend the payment of any interim dividend for the Period (First half of 2014: 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, France and Cambodia etc. The Group manufactures products at Dongshi Town and Yonghe Town of Jinjiang City in Fujian Province of the PRC. 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.

### **Financial Review**

#### *Results*

During the Period, the Group's revenue increased to approximately RMB337 million, representing an increase of approximately 14.4% in comparison to that of 2014, and the loss attributable to owners of the Company of approximately RMB0.1 million for the Period, as compared with profit attributable to owners of the Company of approximately RMB35 million for the six months ended 30 June 2014. The Company's basic loss per share was RMB0.0001 cents.

#### *Revenue*

The revenue increased from approximately RMB294 million for the first half of 2014 to RMB337 million for the Period, representing an increase of approximately 14.4%. The increase in revenue was primarily due to increased demand for the POE umbrellas and nylon umbrellas from the PRC market compared to the previous period.

#### *Cost of Sales*

The cost of sales increased from approximately RMB217 million for the first half of 2014 to RMB252 million for the Period, representing an increase of approximately 16.6%. The increase was mainly attributable to the increase in direct materials costs and direct labour costs to correspond with the Group's increase in the revenue for the same period.

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

As a result of the foregoing, the gross profit increased by approximately RMB6 million, or 8.5%, from approximately RMB78 million for the first half of 2014 to RMB84 million for the same period in 2015. The Group's gross profit margin decreased from approximately 26.4% for the first half of 2014 to 25.0% for the Period. This is 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 RMB4 million, or 397.6%, from approximately RMB1 million for the first half of 2014 to RMB5 million for the Period. The increase was mainly due to the increase of government grant received and net exchange gain.

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

The selling and distribution expenses increased by approximately RMB3 million, or 64.1%, from approximately RMB6 million for the first half of 2014 to RMB9 million for the Period. 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 245.2%, from approximately RMB18 million for the first half of 2014 to RMB61 million for the Period. The increase in administrative expenses was mainly due to (i) the Group's listing expenses of approximately RMB8 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.

### ***Finance Costs***

Finance costs decreased by approximately RMB3 million, or 35.3%, from approximately RMB7 million for the first half of 2014 to RMB3 million for the Period. The decrease in finance cost was mainly due to relatively lower average carrying amount of the Group's interest-bearing borrowings during the Period compared to the prior period.

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

Income tax expense increased by approximately RMB2 million, or 18.1%, from approximately RMB13 million for the first half of 2014 to RMB15 million for the Period, which was primarily due to increase in the Group's taxable profit.

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

At 30 June 2015, the Group's bank and cash balances (including restricted bank deposits of RMB25 million (31 December 2014: RMB21 million)) amounted to RMB244 million (31 December 2014: RMB150 million), primarily due to the net proceeds received from our global offering in February 2015. The Group's short-term bank borrowings amounted to RMB160 million (31 December 2014: RMB147 million). The annual interest rates of loans ranged from 5.6% to 7.8%.

At 30 June 2015, the Group's current ratio was approximately 2.0 times (31 December 2014: 1.5 times), which was calculated based on the total current assets divided by the total current liabilities.

At 30 June 2015, the Group's gearing ratio was approximately 40.0% (31 December 2014: 61.0%), which was calculated based on the interest-bearing liabilities as a percentage of the total equity.

### ***Inventories***

At 30 June 2015, the inventories was approximately RMB127 million (31 December 2014: RMB108 million). The inventory turnover days were reduced from approximately 94 days in the first half of 2014 to 84 days in the Period mainly due to the Group's adoption of the measures that the purchasing department reviewed and monitored the inventory level regularly so as to maintain an appropriate level of inventory, existing storage of each kind of raw materials and its prevailing purchase price.

### ***Trade Receivables***

At 30 June 2015, the trade receivables were approximately RMB72 million (31 December 2014: 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 19 days in the first half of 2014 to 31 days in the Period mainly due to granting a relatively longer credit term to certain customers in order to develop long-term relationship with them.

### ***Trade and Bills Payables***

At 30 June 2015, the trade and bills payables were approximately RMB71 million (31 December 2014: 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 67 days in the first half of 2014 to 50 days in the Period 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 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 2015, the Group had total capital commitments of RMB13 million (31 December 2014: RMB2 million), primarily related to construction of new factory and new office building. At 30 June 2015, the Group did not have any significant contingent liabilities (31 December 2014: Nil).

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

At 30 June 2015, the Group’s leasehold land and buildings with a carrying amounts of approximately RMB84 million (31 December 2014: RMB86 million) and bank deposits with a carrying amounts of approximately RMB25 million (31 December 2014: RMB21 million) were pledged to banks for bank borrowings.

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

At 30 June 2015, the Group employed a total of 2,191 employees (31 December 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 on the Listing Date with net proceeds received by the Company from the global offering in the amount of approximately HK\$134.2 million (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.

Purpose	Percentage to total amount	Net proceeds <i>RMB(million)</i>	Utilised amount (at 30 June 2015) <i>RMB(million)</i>	Unutilised amount (at 30 June 2015) <i>RMB(million)</i>
Increasing our production capacity by constructing a new factory	71.5%	75.8	8.8	67.0
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	2.0	1.1
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	–	12.8
Strengthen our technical expertise and know-how to ensure continuous improvement of our products	3.5%	3.7	2.0	1.7
Additional working capital and other general corporate purposes	10.0%	10.6	10.6	–
Total		<u>106.0</u>	<u>23.4</u>	<u>82.6</u>

## 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. The Group is constructing a new production plant in the industrial area located in An Qiu City of Shandong Province to increase production capacity, bringing an extra capacity of approximately 18 million units of umbrellas to the Company each year and broadening the Company's business scope.

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

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

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

During the Period and upon the resignation 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 Period.

## **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. Chan Shiu Kwong, Stephen, Ms. Lee Kit Ying, Winnie and Mr. Yang Xuetai. Mr. Chan Shiu Kwong, Stephen 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. Chan Shiu Kwong, Stephen, 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. Chan Shiu Kwong, Stephen, Ms. Lee Kit Ying, Winnie and Mr. Yang Xuetai. Mr. Yang Xuetai is the Chairman of the Nomination Committee.

## **PUBLICATION OF THE INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.china-jicheng.cn](http://www.china-jicheng.cn)). The interim report of the Company for the Period containing all the information required by the Listing Rules will be dispatched to the Company’s shareholders and published on the above websites in due course.

## **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*

Hong Kong, 28 August 2015

*As at the date of this announcement, the executive Directors are Huang Wenji, Chen Jiyou, Yang Guang, Lin Zhenshuang and Chung Kin Hung, Kenneth; and the independent non-executive Directors are Chan Shiu Kwong, Stephen, Lee Kit Ying, Winnie and Yang Xuetai.*