CHINA FORDOO HOLDINGS LIMITED
中國虎都控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 2399

FORDOO

2014
ANNUAL REPORT

Contents

Corporate Information

BOARD OF DIRECTORS AND COMMITTEES

Executive Directors
Mr. Kwok Kin Sun *(Chairman)*
Mr. Kwok Hon Fung
Ms. Yuan Mei Rong

Independent Non-executive Directors
Mr. Kwauk Teh-Ming Walter
Mr. Zhang Longgen
Mr. Zhang Zhaodong

Audit Committee
Mr. Kwauk Teh-Ming Walter *(Chairman)*
Mr. Zhang Longgen
Mr. Zhang Zhaodong

Remuneration Committee
Mr. Zhang Zhaodong *(Chairman)*
Mr. Kwauk Teh-Ming Walter
Mr. Zhang Longgen

Nomination Committee
Mr. Kwok Kin Sun *(Chairman)*
Mr. Zhang Longgen
Mr. Kwauk Teh-Ming Walter

COMPANY SECRETARY
Mr. Chung Ming Kit *HKICPA, CFA*

AUTHORISED REPRESENTATIVES
Mr. Kwok Kin Sun
Mr. Chung Ming Kit *HKICPA, CFA*

AUDITOR
KPMG, Certified Public Accountants

LEGAL ADVISER AS TO HONG KONG LAW
Orrick, Herrington & Sutcliffe

LEGAL ADVISER AS TO PRC LAW
Fujian Heli Law Firm

COMPLIANCE ADVISER
CMB International Capital Limited

REGISTERED OFFICE
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Quanzhou City, Fujian Province, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
Suite 1508, 15th Floor
Central Plaza, 18 Harbour Road
Wanchai, Hong Kong

CAYMAN ISLANDS SHARE REGISTRAR
Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
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Grand Cayman KY1-1110, Cayman Islands

HONG KONG SHARE REGISTRAR
Computershare Hong Kong Investor Services Limited
Shops 1712–1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

PRINCIPAL BANKERS
Bank of China (Hong Kong) Limited
China Construction Bank (Asia) Corporation Limited
DBS Bank (Hong Kong) Limited
China CITIC Bank Corporation Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China Limited

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COMPANY WEBSITE
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Financial Highlights

- Turnover of the Group increased by 15.1% to RMB1,672.4 million (2013: RMB1,452.8 million).
- Gross profit of the Group increased by 18.9% to RMB591.1 million (2013: RMB497.0 million).
- EBITDA of the Group increased by 17.7% to RMB439.4 million (2013: RMB373.4 million).
- Net profit of the Group increased by 13.5% to RMB270.6 million (2013: RMB238.5 million).
- Basic and diluted earnings per share decreased by 1.5% to RMB65 cents (2013: RMB66 cents).
- Final dividend of HK36 cents (equivalent to approximately RMB28 cents) per share is proposed, representing a total payout of RMB136.3 million and dividend payout ratio of approximately 50.4% (2013: N/A).

	2014	2013	Change
Profitability ratios			
Gross profit margin	**35.3%**	34.2%	1.1 ppt
EBITDA margin	**26.3%**	25.7%	0.6 ppt
Net profit margin	**16.2%**	16.4%	–0.2 ppt
Return on equity (1)	**21.7%**	41.0%	–19.3 ppt
Liquidity ratios			
Inventory turnover (Days) (2)	**18**	22	
Trade and bills receivables turnover (Days) (3)	**125**	102	
Trade payables turnover (Days) (4)	**44**	45	
Capital ratios			
Interest coverage ratios (5)	**17**	14	
Net Debt to equity ratio (6)	**N/A**	68.1%	

Notes:

(1) Net profit for the year divided by total equity.

(2) Average of the inventory at the beginning and at the end of the year divided by cost of sales times number of days during the year.

(3) Average of the trade and bills receivables at the beginning and at the end of the year divided by turnover (including value-added tax) times number of days during the year.

(4) Average of the trade payables at the beginning and at the end of the year divided by cost of sales times number of days during the year.

(5) Profit before interest and tax for the year divided by interest expenses of the year.

(6) Net debt divided by total equity as of the end of the year. Net debt includes bank borrowings and amount due to the controlling shareholder of the Company (the "Controlling Shareholder"), Mr. Kwok Kin Sun, net of cash and cash equivalents, pledged bank deposits and fixed deposits held at bank. As at 31 December 2014, the Group recorded a net cash position.

Chairman's Statement

On behalf of the Board (the "Board") of Directors (the "Directors") of China Fordoo Holdings Limited (the "Company"), I am pleased to present the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group" or "China Fordoo") for the year ended 31 December 2014.

BUSINESS OVERVIEW

2014 was a difficult year for many apparel enterprises in the industry. It was a year in which the overall economy had slow recovery in developed countries and there were increasing worries about the growth in emerging markets. The retail environment in China was adversely impacted by the persisting contraction in the spending momentum (on discretionary products in particular) and rising operating costs. Nevertheless, the Group has achieved another year of growth in turnover and net profit in 2014. We beat our full year estimate of consolidated profit of the Company for the year ended 31 December 2014 of not less than RMB257.3 million as disclosed in the prospectus of the Company dated 30 June 2014 (the "Prospectus"). During the year ended 31 December 2014, turnover of the Group increased by 15.1% to RMB1,672.4million, and profit for the year increased by 13.5% to RMB270.6 million.

During the financial year, we introduced China Fordoo to the international capital market and the Company's shares were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 July 2014. The initial public offering of the Company enabled the Group to gain access to the international capital market and enhance the reputation and corporate image of China Fordoo. We invited a well-known Chinese actor, Mr. Ma Tak Chung, Joe (馬德鐘), as the spokesperson for our business formal wear in China. This is the first time our Company invited a spokesperson and a series of promotional campaign had been carried out in the second half of the year. We also launched a new men's casual fashion series targeting young customers aged between 18 and 30 years old in the financial year. Whilst we have received positive responses from our distributors for this new casual series, we also look forward to receiving the consumer feedbacks when the series is launched to the market in 2015 spring/summer season.

During the financial year, the Group achieved a sound financial position and maintained its cash flow at a relatively healthy level. The Board resolved to recommend the payment of a final dividend of HK36 cents (equivalent to approximately RMB28 cents) per share, subject to Shareholders' approval at the forthcoming annual general meeting, representing a dividend payout ratio of approximately 50.4%.

FUTURE PROSPECT

Whilst developed markets such as the United States and Europe will continue their modest recovery, consumption growth will largely come from Asia, particularly China. The China economy has entered into the phase of transformation and upgrade. Companies in China can no longer solely focus on cost competition, but need to compete on product quality, branding and innovation. Consumers are looking beyond the fulfillment of basic requirements. However, there is nothing more certain than the continued growth of consumerism in China. Just as the main economic story of China in the past 30 years was manufacturing for export, it will be consumer spending in the next 30 years.

We will continue to adopt a cautiously optimistic view with respect to the growth of consumer demand in menswear market in China. We will devote our resources to grow our businesses organically, enhance our control over our distributors, broaden our customer base and expand our product offering to customers. We will particularly increase our emphasis on personal style, product design and quality.

Looking ahead to next year, we plan to continue to expand our retail outlets with our Distributors. We will continue to devote more resources to our brand building activities with the objective of ensuring sustainable growth for the Group and rewarding our customer, employees and shareholders for their support.

APPRECIATION

Last but not least, I would like to take this opportunity to extend my sincere gratitude to all fellow directors, management and our staffs for their unwavering dedication and contribution to our Group's development. I would also like to thank all of our shareholders, for their trust and continuous support over a challenging but rewarding year of 2014.

Management Discussion and Analysis

OVERVIEW

The global economy has experienced fluctuations in the year ended 31 December 2014. The Federal Reserve of the United States announced its withdrawal from the quantitative easing program, while other countries, for instance, the Euro Zone and Japan continued with their quantitative easing program, resulting in uncertainties in the global economy. On one hand, the weakening currencies of those traditional apparel trend setting countries in the Euro Zone, Japan and South Korea have increased the competitiveness in the export of their apparel products, on the other hand, the growth of the apparel retail industry in China has slowed down despite the increasing household income and spending.

In response to the overall business environment of the retail industry in China, the Group adopted a prudent operation strategy, focusing on improving its distribution channel management and enhancing its product quality and design. As a result of these continuous efforts, the Group has achieved a robust growth in turnover to RMB1,672.4 million, representing a 15.1% increase over last year and has managed to deliver the fourth consecutive year of record net profit at RMB270.6 million.

FINANCIAL REVIEW

For the year ended 31 December 2014, profit of the Group was approximately RMB270.6 million, representing an increase of 13.5% as compared to RMB238.5 million for the previous year. The increase was mainly due to the expansion of its distribution network and the increase of its brand awareness. As of 31 December 2014, the Group had 1,452 retail outlets (including 2 self-operated retail stores), representing a net increase of 152 retail outlets from 1,300 retail outlets as at 31 December 2013.

The Group operated in a single business, manufacturing and wholesaling of menswear in the People's Republic of China (the "PRC"). Accordingly, no segmental analysis is presented.

Management Discussion and Analysis

Turnover

Turnover increased by approximately 15.1% to RMB1,672.4 million for the year ended 31 December 2014 from RMB1,452.8 million for the previous year. The increase in turnover was primarily due to (i) the growing recognition of the Group's "FORDOO" brand and (ii) increase in sales volume and average wholesale price.

Turnover by Product Type

	For the year ended 31 December								
	2014				2013				
	Turnover RMB million	%	Volume Unit	Average wholesale price[(1)] RMB	Turnover RMB million	%	Volume Unit	Average wholesale price[(1)] RMB	Change %
Apparel									
Men's trousers	**963.2**	**57.6**	**7,219,076**	**133.4**	802.6	55.2	6,403,739	125.3	20.0
Men's tops	**693.6**	**41.5**	**3,424,119**	**202.6**	631.6	43.5	3,515,413	179.7	9.8
Accessories	**15.6**	**0.9**	**258,891**	**60.4**	18.6	1.3	216,797	86.0	−16.2
Total	**1,672.4**	**100.0**	**10,902,086**	**153.4**	1,452.8	100.0	10,135,949	143.3	15.1

Trousers remained the major contributor by sales during the financial year with a proportion of 57.6% of the Group's turnover (2013: 55.2%).

Notes

(1) Average wholesale price per unit is calculated by dividing the turnover for the year by the number of units sold. The price per unit may vary depending on the type of apparels and accessories.

Turnover by Product Style

	For the year ended 31 December								
	2014				2013				
	Turnover RMB million	%	Volume Unit	Average wholesale price[(1)] RMB	Turnover RMB million	%	Volume Unit	Average wholesale price[(1)] RMB	Change %
Apparel									
Business Casual	**1,000.1**	**59.8**	**6,335,378**	**157.9**	851.0	58.5	5,905,330	144.1	17.5
Business Formal	**524.5**	**31.4**	**3,344,388**	**156.8**	457.5	31.5	2,990,709	153.0	14.6
Casual [(2)]	**132.2**	**7.9**	**963,429**	**137.2**	125.7	8.7	1,023,113	122.9	5.2
Accessories	**15.6**	**0.9**	**258,891**	**60.4**	18.6	1.3	216,797	86.0	−16.2
Total	**1,672.4**	**100.0**	**10,902,086**	**153.4**	1,452.8	100.0	10,135,949	143.3	15.1

Management Discussion and Analysis

Business casual series continued to be our largest turnover contributor during the year with a proportion of 59.8% of the Group's turnover (2013: 58.5%).

We remain committed to our existing product lines targeting middle class men aged between 30 and 60. We plan to further refine our existing product lines and will continue to introduce more innovative designs to address our core customers evolving needs and preferences. Adhered to our objective of diversified expansion, we have developed a new product series with younger and more trendy styles, targeting younger customers aged between 18 and 30. We have introduced 100 stock keeping units (the "SKUs") of the new men's casual fashion series for our 2015 spring/summer collection in the sales fair held in September 2014 and received an initial order of approximately RMB22.0 million. The new men's casual fashion series will initially be sold in a few of our distributors' and their sub-distributors' existing retail outlets. We are optimistic about the potential of the new men's casual fashion series and believe this complements our strategy to strengthen our strong position in the menswear industry. We will evaluate the market reception and customer feedback and tailor our expansion plan accordingly.

Notes:

(1) Average wholesale price per unit is calculated by dividing the turnover for the year by the number of units sold. The price per unit may vary depending on the type of apparels and accessories.

(2) Casual product series include jeans and shorts.

Turnover by Distribution Network

	For the year ended 31 December				
	2014		2013		Change
	RMB million	**% of turnover**	RMB million	% of turnover	%
Distributors	**1,663.2**	**99.5**	1,437.5	99.0	15.7
Online distributor	**2.4**	**0.1**	9.3	0.6	–74.3
Self-operated retail outlets	**6.8**	**0.4**	6.0	0.4	14.2
Total	**1,672.4**	**100.0**	1,452.8	100.0	15.1

We currently engage third-party distributors for sales and distribution of substantially all of our products in China. Sales made through our distributors represented more than 90% of our turnover for the years ended 31 December 2013 and 2014. As of 31 December 2014, our distribution network comprised 52 distributors (including one online distributor) and 188 sub-distributors who operated 1,450 retail outlets, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC. We also sell a small quantity of our products directly to end customers through our two self-operated retail outlets in Quanzhou, Fujian Province.

Turnover by Region

Region	For the year ended 31 December 2014 RMB million	2014 % of turnover	2013 RMB million	2013 % of turnover	Change (%)
Northern China [1]	**261.6**	**15.7**	221.9	15.3	17.9
Northeastern China [2]	**102.1**	**6.1**	90.4	6.2	13.0
Eastern China [3]	**586.8**	**35.1**	489.8	33.7	19.8
Central Southern China [4]	**262.5**	**15.7**	229.1	15.8	14.6
Southwestern China [5]	**240.0**	**14.3**	214.4	14.8	11.9
Northwestern China [6]	**210.2**	**12.6**	191.9	13.2	9.5
Subtotal	**1,663.2**	**99.5**	1,437.5	99.0	15.7
Online distributor	**2.4**	**0.1**	9.3	0.6	–74.3
Self-operated retail outlets	**6.8**	**0.4**	6.0	0.4	14.2
Total	**1,672.4**	**100.0**	1,452.8	100.0	15.1

Management Discussion and Analysis

Notes:

(1) Northern China includes Beijing, Hebei, Shanxi, Tianjin and Inner Mongolia.

(2) Northeastern China includes Heilongjiang, Jilin and Liaoning.

(3) Eastern China includes Jiangsu, Zhejiang, Shanghai, Anhui, Fujian, Shandong and Jiangxi.

(4) Central Southern China includes Henan, Hubei, Hunan, Guangdong, Guangxi and Hainan.

(5) Southwestern China includes Chongqing, Sichuan, Guizhou, Yunnan and Tibet.

(6) Northwestern China includes Shaanxi, Gansu, Qinghai, Ningxia and Xinjiang.

The Group sold a small quantity of our products to an online distributor, who then sells our products to end customers through different third-party online platforms such as Tmall.com and JD.com. During the financial year, we cut down our sales to online distributor in which distributorship has expired at the end of 2014, leading to a decrease in sales to it from RMB9.3 million to RMB2.4 million. We will select and collaborate with a new online distributor in order to manage and further drive our online sales.

Cost of Sales

Cost of sales increased by approximately 13.1% to RMB1,081.3 million for the year ended 31 December 2014 from approximately RMB955.9 million for the previous year. The increase was mainly due to the increase in the purchase price of raw materials and OEM purchases.

The Group continued to engage in a combination of self-production and OEM purchases in manufacturing its products to achieve the best product quality, cost efficiency and flexibility in production arrangement. During the year, production was first assigned to the Group's own facilities before subcontracting and outsourcing arrangements were considered. This arrangement helped to protect the copyrights of the Group's own design.

During the year ended 31 December 2014, self-production accounted for approximately 65.8% of the total cost of sales, representing a decrease of 3.2 percentage points as compared to the previous year. Cost of raw materials constitutes a significant part of our total cost of sales and it accounted for approximately 75.4% of the total cost of sales of self-production (2013: 74.8%). The purchase price of our major raw material (including cotton fabrics and synthetic fabrics) has been rising for years as a result of higher labor costs, inflation as well as higher waste treatment costs. In order to have better cost control and improve our profitability, we intend to utilize our existing own facilities to manufacture fabrics in 2015. The Group has invested RMB2.9 million for purchase of production equipment during the financial year and plan to further invest approximately RMB8.7 million for the development of a fabric production facility.

Gross Profit and Gross Profit Margin

Gross profit for the year ended 31 December 2014 increased by approximately 18.9% year-on-year to RMB591.1 million. Gross profit margin increased 1.1 percentage points year-on-year to 35.3%.

The increase in gross profit margin was mainly attributable to the increase in average selling price during the financial year. We have increased our focus on production of certain types of products with higher gross profit margin.

Management Discussion and Analysis

Other Revenue and Other Net Income

Other revenue increased by approximately RMB9.9 million year-on-year to RMB12.0 million for the year ended 31 December 2014. The increase in other revenue was mainly attributed to an increase in government grants. During the financial year, the Group was granted subsidies amounted to RMB8.3 million (2013: RMB0.1 million) from the PRC local government in recognition of its contribution to the economic development.

Other net income decreased by approximately RMB6.3 million year-on-year to other net income of RMB0.1 million for the year ended 31 December 2014. The decrease in other net income was mainly due to: (i) a decrease in net foreign exchange gain as a result of exchange rate fluctuations of Renminbi against Hong Kong dollars in relation to the amount due to the Controlling Shareholder (which was fully settled before 30 June 2014); and (ii) a decrease in gain on disposal of property, plant and equipment and lease prepayments.

Selling and Distribution Expenses

For the year ended 31 December 2014, the selling and distribution expenses increased by approximately RMB18.6 million year-on-year to RMB105.5 million, accounting for approximately 6.3% of total turnover, which represented a year-on-year increase of 0.3 percentage points. The increase was primarily due to (i) an increase in advertising and promotion expenses primarily in connection with placing outdoor LED monitors and large advertising billboards in the airports and highway stations located in selected cities in the PRC, (ii) an increase in packaging material expense as a result of increased sales volume.

In particular, advertising and promotional expenses and decoration expenses recorded approximately RMB71.8million, which accounted for approximately 4.3% of the total turnover, up by 0.3 percentage points when compared to the previous year. The Group continued to take initiatives to promote its corporate image through multichannel marketing and store renovation.

Management Discussion and Analysis

Administrative and Other Operating Expenses

For the year ended 31 December 2014, the Group's administrative and other operating expenses increased by approximately RMB13.1 million year-on-year to RMB86.5 million, accounting for approximately 5.2% of total turnover, which represented a year-on-year increase of 0.2 percentage points. The increase was primarily caused by the listing expenses in relation to the initial public offering of the shares of the Company (the "Shares") of approximately RMB12.7 million which have been charged to administrative and other operating expenses in 2014 (2013: RMB12.9 million). Excluding the listing expenses, the Group's administrative and other operating expenses accounted for approximately 4.4% of total turnover, which represented a year-on-year increase of 0.2 percentage points.

Finance Costs

For the year ended 31 December 2014, finance cost decreased by 2.2% year-on-year to approximately RMB24.2 million, mainly due to lower average borrowing balance and lower average interest rate.

Income Tax

The effective income tax rate for the year ended 31 December 2014 was 30.1%, up by 4.5 percentage points from 25.6% for the previous year. Income tax expenses included RMB14.2 million (2013: nil) withholding tax on dividend which will be declared by our subsidiaries in the PRC. The increase in effective tax rate was due to an increase in the amount of withholding tax on dividends and increase in some offshore expenses incurred which was not tax deductible.

Profit for the Year

Profit for the year ended 31 December 2014 was approximately RMB270.6 million, representing a year-on-year increase of 13.5%. Net profit margin was 16.2%, representing a year-on-year decrease of 0.2%.

Final Dividend

The Board resolved to recommend the payment of a final dividend of HK36 cents (equivalents to approximately RMB28 cents) per ordinary share for the financial year, representing a total payout of approximately HK$172.8 million (equivalent to approximately RMB136.3 million). Subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting of the Company, the final dividend will be paid in cash on or around 22 May 2015 to the Shareholders whose names appear on the register of members of the Company on 15 May 2015.

Management Discussion and Analysis

BUSINESS REVIEW

Distribution Network

The following table shows the changes in the number of stores in different regions during the year ended 31 December 2014:

	Number of stores			
Region	**As of 1 January 2014**	**Stores opened during the period**	**Stores closed during the period**	**As of 31 December 2014**
Northern China	238	34	8	264
Northeastern China	69	14	2	81
Eastern China	423	68	19	472
Central Southern China	226	49	8	267
Southwestern China	188	15	13	190
Northwestern China	154	23	1	176
Subtotal	**1,298**	**203**	**51**	**1,450**
Self-operated retail outlets	2	–	–	2
Total	**1,300**	**203**	**51**	**1,452**

The Group is optimistic about the long term growth potential of the menswear industry in China and has continued to expand its sales network. The Group primarily sells its products on a wholesale basis to its third-party distributors, who then sell the products to end customers through retail outlets or resell the products to their sub-distributors, who in turn sell the products to end customers through retail outlets operated by those sub-distributors. We believe adopting a wholesale distributorship model allows us to focus on our core competency in brand management, design and product development and production and has enabled us to achieve a relatively faster expansion in a cost efficient manner.

We also have two self-operated retail outlets in Quanzhou, Fujian Province, which are model stores to showcase our expectation and standards of a store environment to our distributors and their sub-distributors.

As of 31 December 2014, the Group had 1,452 retail outlets (including 2 self-operated retail stores), representing a net increase of 152 retail outlets from 1,300 retail outlets as at 31 December 2013, spanning over 240 cities and 31 provinces, autonomous regions and central government-administered municipalities in the PRC.

In 2014, the Group realigned its store network and closed down certain under-performing retail stores. New stores opened during the financial year were mostly situated at third and fourth-tier cities in the PRC.

As of 31 December 2014, 77.3% of the retail outlets were located in department stores or shopping malls whereas 22.7% of the retail outlets were standalone stores.

Management Discussion and Analysis

The increase in the number of retail outlets was a strategy to further penetrate the markets in the lower tier cities in the PRC, where we already had significant presence. We believe there is strong demand for quality branded products and higher potential for growth in the number of retail outlets in lower tier cities in the PRC due to a higher growth rate of urbanization and faster rising disposable income in these regions as compared to higher tier cities.

As of 31 December 2014, approximately 37.3% of our stores were located in first-tier cities and second-tier cities and the remaining retail outlets were located in third-tier cities and fourth-tier cities. We believe our footprint has provided us with a strong foundation to capture future growth opportunities arising from different regions in the PRC.

The following table shows the number of retail outlets (including our two self-operated retail outlets in Quanzhou, Fujian Province) in first-tier cities, second-tier cities and lower-tier cities as of 31 December 2014:

Region	Number of stores			
	As of 31 December 2013		**As of 31 December 2014**	
First-tier cities[1]	126	9.7%	**138**	**9.6%**
Second-tier cities[2]	359	27.6%	**365**	**25.1%**
Third-tier cities[3]	448	34.5%	**526**	**36.2%**
Fourth-tier cities[4]	367	28.2%	**423**	**29.1%**
	1,300	100.0%	**1,452**	**100.0%**

Notes:

(1) First-tier cities include Beijing, Shanghai, Shenzhen and Guangzhou.

(2) Second-tier cities include the capitals of provinces in the PRC (excluding Guangzhou), municipalities under the direct administration of the PRC central government (excluding Shanghai and Beijing), and the capital of the autonomous regions in the PRC.

(3) Third-tier cities include prefecture-level cities in the PRC, excluding any first- and second-tier cities.

(4) Fourth-tier cities include country-level and other township-level cities.

In addition, the Group sold a small quantity of our products to an online distributor, who then sells our products to end customers through different third-party online platforms such as Tmall.com and JD.com. During the financial year, we cut down our sales to online distributor in which distributorship has expired at the end of 2014. We will select and collaborate with a new online distributor in order to manage and further drive our online sales.

Distribution Channel Management

As of 31 December 2014, the Group's distribution network further expanded to 52 distributors (2013: 45) and 188 (2013: 177) sub-distributors. Among the 52 distributors, 20 (including their predecessors) had business relationships with us for more than eight years. We believe that we have cultivated strong, stable and long-standing relationships with our distributors, which have been core to our brand building efforts as well as our strong operating track record.

Management Discussion and Analysis

To facilitate our management over our distributors and retail outlets, we divide our distribution network into different regions in the PRC. We set a regional management team, responsible for soliciting and selecting potential distributor candidates, supervising and communicating with our distributors and monitoring and conducting on-site inspections of retail outlets. Starting from January 2014, the Group has entered into a new form of distribution agreements with its distributors, which contains additional terms, including, among other things, that its distributors are required to provide the Group with quarterly sales reports which contain information on their number of retail outlets, sales and inventory level of "FORDOO" products and its distributors are required to enter into sub-distribution agreements with their sub-distributors, that are on substantially the same terms and conditions of the form of sub-distribution agreement provided by the Group.

In addition, to strengthen its distribution channel management, the Group plans to implement an enterprise resource planning (the "ERP") system which will eventually cover all our retail outlets. The ERP system will provide real-time information on sales orders, sales and inventory level. We believe that our ERP system will strengthen our supply chain management and allow us to work with our distributors more efficiently and effectively to enhance our customer relationship management. In December 2014, the Group entered into a contract with an ERP system provider and paid deposit for RMB1.5 million (equivalent to HK$1.9 million) for the development of ERP system. The first phase of the ERP implementation will be launched in 2015.

Besides, the Group provides training for the distributors and their management teams. The training programs cover brand image, marketing strategies, operational best practice of other distributors and also product knowledge. We also provide general training at our sales fairs to our distributors and their sub-distributors regarding market development, customer preferences, our design theme and production techniques and fabrics used and also allow them to share operating knowledge and provide feedback from their retail outlets.

Marketing and Promotion

During the financial year, the Group continued to upgrade its existing stores to enhance and reinforce its brand image. This measure was an integral part of the Group's brand promotion campaign. The Group opened 203 new stores and renovated 120 existing stores in 2014, and achieved its target for the whole year. We endeavor to continue to gradually upgrade some of the stores operated by our distributors and their sub-distributors through store renovation and improvement of in-store design and layout.

In order to promote our brand image and heighten our brand awareness, the Group increased its spending on advertising, including setting up outdoor LED monitors and large advertising billboards in airports and highway stations located in selected cities in the PRC, including Beijing, Shenzhen, Guangzhou, Zhengzhou, Chengdu and well-known department stores in the PRC.

In addition, the Group has invited a well-known Chinese actor, Mr. Ma Tak Chung, Joe (馬德鐘), as the spokesperson for its business formal wear in the PRC to maximize the promotional effect.

Design and Product Development

The Group always attaches great importance to the style and quality of its products. Adhering to this philosophy, the Group has been committed to achieve excellence through continuous research, design and development of new products over the years. Currently we have a product design and development team of over 128 members. The key team members, who plan, implement, supervise and manage the design and development efforts, have an average of 10 years of experience in the fashion industry. Through conversations with its distributors, the Group has strategically integrated a business model that has enabled the Group to channel feedback and market information from the retail level to its design and product development team.

Management Discussion and Analysis

Sales Fairs

We generally organize sales fairs twice a year at our headquarters in Quanzhou to showcase our upcoming products for the spring/summer and autumn/winter collections to our existing and potential distributors and their sub-distributors. Our sales fairs generally take place in September for the spring/summer collection and March for the autumn/winter collection. We review our distributors' orders placed at our sales fairs to ensure that they are reasonable and in line with the relevant distributor's capacity and growth plans.

The sales fairs for 2014 autumn/winter collections and 2015 spring/summer collections were held in March 2014 and September 2014, respectively. The Group had recorded an impressive increase of approximately 24.0% and 11.9% in terms of purchase order, respectively, as compared with the respective collections for the previous year. We will have the sales fair for 2015 autumn/winter collection in March 2015.

Awards

We are strongly committed to product quality and have established a comprehensive quality control system, which is one of the principal factors contributing to our success. During the financial year, the Group was awarded "Quality Award" by China National Garment Association (中國服裝協會), which is a testament to our commitment to quality.

The Group was also accredited as "Asia Famous and Fine Brand Award" (亞洲名優品牌獎) and "Top 500 Asia Brand" (亞洲品牌500強) by Asia Brand Ceremony (亞洲品牌盛典) in 2014 . The awards are widely recognised by the industry.

In addition, our executive director, Mr. Kwok Hon Fung was honored as "PRC Top 10 (Industry) Brand Innovation Personality Award" (中國行業)品牌十大創新人物) by the Asia Brand Association (亞洲品牌協會), Asia Television Limited (亞洲電視), Global Times (環球時報) and China Economic Herald (中國經濟導報社) in September 2014.

Liquidity and Financial Resources

As at 31 December 2014, the Group had total bank borrowings of approximately RMB345.0 million (31 December 2013: RMB357.0 million). The net cash position as at 31 December 2014 with comparative figures for the previous year, were as follows:

	2014 RMB million	2013 RMB million
Cash and bank balances (including pledged bank deposits)	**379.1**	89.5
Less: Total borrowings	**(345.0)**	(357.0)
Less: Amount due to Mr. Kwok	**–**	(129.2)
Net Cash/(Debt)	**34.1**	(396.7)

Management Discussion and Analysis

As at 31 December 2014, the bank borrowings that were repayable within one year or on demand with comparative figures for the previous year were as follows:

	2014 RMB million	2013 RMB million
Bank borrowings		
— Secured	**265.0**	224.0
— Unsecured	**80.0**	133.0
Total	**345.0**	357.0

Cash inflow from operating activities for the year ended 31 December 2014 amounted to approximately RMB223.3 million (2013: RMB73.4 million). The increase was mainly attributed to an increase in profit before taxation of approximately RMB66.5 million and a year on year increase in working capital balance of RMB96.7 million, offset by an increase of income tax paid of RMB16.4 million.

The cash flow used in investing activities for the year ended 31 December 2014 amounted to approximately RMB328.4 million (2013: cash inflow of RMB100.5 million). The amount mainly included the payment of RMB209.7 million for changes of lease prepayments from industrial use to commercial and service use for a parcel of land with a site area of approximately 57,228 sq.m. in Hui'an, Fujian Province, increase in fixed deposit held at banks with original maturity over three months of RMB170.4 million offsetting the proceeds from resumption of a parcel of land in Hui'an by the PRC government.

The cash flow generated from financing activities for the year ended 31 December 2014 was approximately RMB225.4 million (2013: cash outflow of RMB167.2 million). The amount included net proceeds from the global offering of Shares in July 2014 of approximately RMB352.0 million, offsetting repayment of amount due to our Controlling Shareholder of approximately RMB90.4 million and repayment of bank borrowings and interest paid.

As at 31 December 2014, the Group's total equity increased by approximately RMB662.2 million to approximately RMB1,244.6 million (2013: RMB582.4 million).

Trade Working Capital Ratios

The Group's average inventory turnover days was 18 days for the year ended 31 December 2014, as compared to 22 days for the previous year. We maintain low average inventory turnover days in the financial year. We typically place orders with raw material suppliers and our OEM contractors after we obtain and confirm offers from our distributors post our sales fairs. This enables us to keep low average inventory turnover days resulted from effective inventory control and low inventory obsolescence risk.

The Group's average trade and bills receivables turnover days for the year ended 31 December 2014 was 125 days, an increase of 23 days from 102 days for the previous year. The increase in average trade receivables turnover days was mainly attributable to our offer of longer credit periods to some distributors compared to that we offered to them in 2013 based on our assessment of, among others, their relationship with us, credit history and historical sales level.

The Group's average trade payables turnover days was 44 days for the year ended 31 December 2014, a decrease of 1 day as compared to 45 days for the previous year.

Management Discussion and Analysis

As at 31 December 2013, the Group's gearing ratio, being the ratio of net debts to total equity, was 68.1%. As at 31 December 2014, the Group recorded a net cash position.

The Group regularly and actively monitors its capital structure to ensure sufficient working capital to operate its business and to maintain a balanced capital structure between providing steady returns to its shareholders and benefits to its other stakeholders and having adequate level of borrowing and security.

Charges of Assets

As at 31 December 2014, secured bank borrowings were secured by certain buildings, investment properties and land use rights with carrying value of RMB262,448,000 (2013: RMB269,942,000), RMB27,304,000 (2013: RMB28,491,000) and RMB41,051,000 (2013: RMB42,032,000), respectively.

Significant Investment, Material Acquisition and Disposal of Subsidiaries and Associated Companies

During the year ended 31 December 2014, there was no significant investment, material acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

Future Plans for Material Investments and Capital Assets

Save as disclosed in the Prospectus, the Group did not have any plans for material investments and capital assets.

Capital Commitments and Contingencies

As at 31 December 2014, the Group has a total capital commitment of RMB257.8 million, primarily related to the proposed construction of a new research and development centre in Hui'an, Fujian Province, development of ERP system and development of fabric production facility. These capital commitments are expected to be financed by internal resources of the Group.

As at 31 December 2014, the Group has no material contingent liabilities.

Foreign Currency Exposure

The functional currency of the Company is the Hong Kong dollar and the Company's financial statements are translated into Renminbi for reporting and consolidated purpose. Foreign exchange differences arising from translation of financial statements are directly recognised in equity as a separate reserve. The Group conducts business transaction principally in Renminbi, other than the US dollar fixed deposit held in bank, the exchange rate risk at the Group's operational level is not significant. The Group does not employ any financial instruments for hedging purpose.

Employees, Training, and Development

The Group had a total of 3,580 employees as at 31 December 2014 (2013: 3,564). Total staff costs for the year amounted to approximately RMB168.3 million (2013: RMB157.2 million).

The Group places strong emphasis on recruiting quality personnel from universities and technical schools and provides on-going training and development opportunities to our staff members. Our training programs cover topics such as sales and production, customer service, quality control, sales fairs planning and pre-employment training. We also provide training on workplace ethics, fire protection and other areas relevant to the industry. We believe that staff training plays an important role in recruiting and retaining talent as well as enhancing employees' loyalty.

The Group offers competitive remuneration packages to its employees, including basic salary, allowances, insurance, and commission/bonuses, based on factors such as market rates, responsibility, job complexity and the Group's performance.

Management Discussion and Analysis

Closure of Register of Members

The register of members will be closed from Wednesday, 29 April 2015 to Tuesday, 5 May (both days inclusive) for the purpose of determining entitlements of shareholders to attend and vote at the forthcoming annual general meeting (the "2015 AGM"). In order to qualify for attending and voting at the 2015 AGM, all transfers of Shares accompanied by the relevant share certificate must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 28 April 2015.

In addition, subject to the approval of the proposed final dividend by the Shareholders at the 2015 AGM, the register of members will be closed from Tuesday, 12 May 2015 to Friday, 15 May 2015 (both days inclusive) for the purpose of determining entitlements of shareholders for the proposed final dividend. In order to qualify for the proposed final dividend, all transfers of Shares accompanied by the relevant share certificate must be lodged with the Company's share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 11 May 2015.

Use of Proceeds

The Shares were listed on the main board of the Stock Exchange on 16 July 2014 with net proceeds ("Net Proceeds") from the global offerings of approximately HK$454.7 million (after deducting underwriting commissions and related expenses). Part of these proceeds were applied during the financial year in accordance with the proposed applications set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. As at 31 December 2014, the Group had utilised HK$188.3 million of the Net Proceeds and unutilised Net Proceeds amounted to HK$266.4 million.

The following table sets forth a breakdown of the use of net proceeds during the financial year:

Use of net proceeds	Available to use HK$ million	Utilised (as at 31 December 2014) HK$ million	Unutilised (as at 31 December 2014) HK$ million
Brand promotion and marketing,	122.8	(22.7)	100.1
Research, design and product development	90.9	(4.8)	86.1
Repay a portion of our bank borrowings	90.9	(90.9)	–
Expand distribution network and provide storefront decoration	59.1	(22.5)	36.6
Install ERP system	45.5	(1.9)	43.6
Working capital and other general corporate purposes	45.5	(45.5)	–
	454.7	(188.3)	266.4

The proceeds not utilised were deposited into interest bearing bank accounts with licensed commercial banks in China. The Directors intended to continue to apply the unused proceeds in the manner as set out in the Prospectus.

Corporate Governance Report

The Board is committed to upholding a high standard of corporate governance and business ethics in the firm belief that they are essential for enhancing investors' confidence and maximizing shareholders' returns. The Board reviews its corporate governance practices from time to time in order to meet the rising expectations of stakeholders, comply with increasingly stringent regulatory requirements and fulfill its commitment to excellence in corporate governance.

CORPORATE GOVERNANCE CODE

After reviewing the Company's corporate governance practices and the relevant regulations of the Corporate Governance Code and Corporate Governance Report (the "CG code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), the Board is satisfied that the Company complied with the CG code provisions for the period from 16 July 2014 (the "Listing Date") to 31 December 2014, except for the deviation from the Code provision A.2.1, which stipulates that the role of chairman and chief executive officer should be separated. Mr. Kwok Kin Sun is currently the chairman of the Board as well as the chief executive officer of the Company.

Mr. Kwok Kin Sun is the founder of the Group. Mr. Kwok has over 20 years of experience in the menswear industry and his vision, leadership and dedication to the Group's development since inception have been core to the success of the Group. At present, the Board believes that it is beneficial to the management and development of the Group's businesses for Mr. Kwok to be both the chairman of the Board and chief executive officer of the Company as it helps to enhance the efficiency of decision-making process in response to the changing environment.

BOARD OF DIRECTORS

The Board is responsible for governing the Company and managing assets entrusted by the Shareholders. The Directors recognise their collective and individual responsibility to the Shareholders and perform their duties diligently to achieve positive results for the Company and to maximize returns for shareholders.

The Board currently comprises three executive Directors, namely Mr. Kwok Kin Sun, Mr. Kwok Hon Fung and Ms. Yuan Mei Rong and three independent non-executive Directors, namely, Mr. Kwauk Teh-Ming Walter, Mr. Zhang Longgen and Mr. Zhang Zhaodong.

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 28 to 30 in the annual report. A list of the Directors identifying their role and function and whether they are independent non-executive Directors are available on the Company's website.

Mr. Kwok Kin Sun, the chairman and an executive Director of the Company, is the father of Mr. Kwok Hon Fung, who is also an executive Director of the Company. Save as disclosed, there are no other financial, business, family or other material/relevant relationships among members of the Board.

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.

Corporate Governance Report

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 organisations. These interests are updated on an annual basis and when necessary.

Since July 2014, all Directors are provided with monthly updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties.

DIRECTORS' AND OFFICERS' INSURANCE

The Company has arranged appropriate insurance cover in respect of potential legal actions against its Directors and officers.

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

All Directors are aware of their responsibilities to the Shareholders and have exercised their duties with care, skill and diligence, in pursuit of the development of the Group. Each newly appointed Director is given necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant laws and regulations.

All directors are also encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. Briefings and updates on the latest development regarding the Listing Rules and other applicable regulatory requirements are provided to each of the Directors to ensure compliance and enhance their awareness of good corporate governance practices. In addition, in February 2015, the Directors attended a refreshment training session in connection with, among other things, the duties of directors under the Listing Rules and the applicable laws and regulations provided by the Company's Hong Kong legal advisers.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Kwok Kin Sun currently assumes the roles of both the Chairman and chief executive officer of the Company. The reasons for the deviation from the Code provision A.2.1 are explained in the section headed "Corporate Governance Code" above.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The role of the independent non-executive Directors is to provide independent and objective opinions to the Board and give 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, Mr. Kwauk Teh-Ming Walter, 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 annual confirmation of his 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.

Corporate Governance Report

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.

Audit Committee

The audit committee was established on 9 June 2014. The audit committee consists of three independent non-executive Directors, namely Mr. Kwauk Teh-Ming Walter, Mr. Zhang Longgen and Mr. Zhang Zhaodong. Mr. Kwauk Teh-Ming Walter, who has appropriate professional qualification and experience in accounting matters, is the chairman of the audit committee.

The primary functions of the audit committee are to assist the Board in providing an independent view of the effectiveness of the financial reporting process, internal control and risk management systems, oversee the audit process and perform other duties and responsibilities as assigned by our Board. These include reviewing the interim and annual results and reports of the Group.

The members of audit committee reviewed and discussed with the external auditors of the Company the consolidated financial statements of the Group for the year ended 31 December 2014, including the accounting principles and practices adopted by the Group and report prepared by the external auditors covering major findings in the course of the audit. During the year ended 31 December 2014, the audit committee held two meetings and all members of the audit committee attended such meetings.

Remuneration Committee

The remuneration committee was established on 9 June 2014. The remuneration committee consists of three independent non-executive Directors, namely Mr. Kwauk Teh-Ming Walter, Mr. Zhang Longgen and Mr. Zhang Zhaodong, and Mr. Zhang Zhaodong is the chairman of the remuneration committee.

The primary functions of the remuneration committee are to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objects and make recommendations to the Board on the remuneration package of individual executive Director and senior management and on the establishment of a formal and transparent process for developing such remuneration policy. No executive Director takes part in any discussion on his own remuneration. The Company's objective for its remuneration policy is to maintain fair and competitive packages based on business requirements and industry practice. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, performance, responsibility, job complexity and the Group's performance are taken into account.

As the Company only became listed on 16 July 2014, no meeting was held by the remuneration committee during the year ended 31 December 2014. The remuneration committee has held one meeting in February 2015 and reviewed the remuneration policy and structure relating to the Directors and senior management of the Company. All members of the remuneration committee attended such meeting.

Corporate Governance Report

The remuneration of the members of the senior management of the Group by band for the year ended 31 December 2014 is set out below:

Remuneration bands (HK$)	Number of persons
Nil to HK$1,000,000	3
HK$1,000,000 to HK$2,000,000	–
HK$2,000,000 to HK$3,000,000	1

Further particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 7 and 8 to the consolidated financial statements.

Nomination Committee

The nomination committee was established on 9 June 2014. The nomination committee consists of one executive Director and two independent non-executive Directors, namely Mr. Kwok Kin Sun, Mr. Zhang Longgen and Mr. Kwauk Teh-Ming Walter, and Mr. Kwok Kin Sun is the chairman of the nomination committee.

The primary functions of the nomination committee are to review the composition of the Board, including its structure, size and diversity at least annually to ensure 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 make recommendations to the Board suitably qualified persons to become a member of the Board, monitor the succession planning for Directors and assess the independence of independent non-executive Directors. The nomination committee will also give consideration to the Board Diversity Policy (as defined below) when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy (as defined below), so as to develop and review measurable objectives for the implementing the Board Diversity Policy (as defined below) and to monitor the progress on achieving these objectives.

No meeting was held by the nomination committee from the Listing Date to 31 December 2014. The nomination committee has held one meeting in February 2015, and reviewed the structure, size and composition of the Board and assessed independence of the independent non-executive Directors. All members of the remuneration committee attended such meeting.

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 in compliance with Code provision D.3.1 of the CG Code, which include (a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board; (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 disclosure in the corporate governance report.

Corporate Governance Report

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 less than 3 days before the relevant meeting is held. Directors may propose to the chairman or the company secretary of the Company (the "Company Secretary") to include matters in the agenda for regular board meetings.

From the Listing Date to 31 December 2014, the Board held a total of two Board meetings. Subsequent to the year ended 31 December 2014 and up to the date of this report, the Board held another two Board meetings, in February and March 2015, respectively, for the main purposes of approving the annual results of our Group for the year ended 31 December 2014, and formulating business development strategies of our Group.

Attendance at the Board meetings held within the financial year ended 31 December 2014 by each of the Directors are set out below:

Name of Director	Attendance at Board meetings
Mr. Kwok Kin Sun	2/2
Mr. Kwok Hon Fung	2/2
Ms. Yuan Mei Rong	1/2
Mr. Kwauk Teh-Ming Walter	1/2
Mr. Zhang Longgen	1/2
Mr. Zhang Zhaodong	1/2

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 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.

MEETING WITH INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2014, the chairman had one meeting with the independent non-executive Directors without the executive Directors present to review and discuss, among other things, the independence of the independent non-executive Directors and confirmed that the independent non-executive Directors can express their views in Board meetings without restrictions.

Corporate Governance Report

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a term of three years commencing from the Listing Date subject to retirement and re-election at annual general meeting in accordance with the Company's articles of association.

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

BOARD DIVERSITY POLICY

Pursuant to the CG Code relating to board diversity policy which has come into effect since 1 September 2013, the Board adopted a board diversity policy (the "Board Diversity Policy") on 9 June 2014. 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.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the Company's code of conduct regarding Directors' securities transactions ("Securities Dealing Code"). Upon specific enquiries, all Directors confirmed that they have complied with the relevant provisions of the Securities Dealing Code throughout the period from the Listing Date to 31 December 2014.

Senior management who, because of their office in the Company, are likely to be in possession of inside information, have also been requested to comply with the provisions of the Securities Dealing Code.

COMPANY SECRETARY

Mr. Chung Ming Kit, the Company Secretary, is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. He is also the chief financial officer of the Company.

During the financial year, the Company Secretary has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. The biographical details of the Company Secretary is set out in the section headed "Biographical Details of Directors and Senior Management" on pages 28 to 30 in the annual report.

FINANCIAL REPORTING AND INTERNAL CONTROLS

Financial Reporting

The Board acknowledges its responsibility to prepare the Company's accounts 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 International Financial Reporting Standards issued by the International Accounting Standards Board, 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 is 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.

Corporate Governance Report

The responsibilities of KPMG, 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 appointed Deloitte Touche Tohmatsu to conduct a review of the effectiveness of the internal control system of the Group during the financial 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 of the Company considered that the key areas of the Group's internal control systems are reasonably implemented.

The total fees paid and payable to Deloitte Touche Tohmatsu during the financial year for the internal control review services was approximately RMB0.17 million.

EXTERNAL AUDITOR

KPMG has been appointed as the external auditor of the Company. The independence of the external auditor is recognised and annually reviewed by the Board and the audit committee of the Company. During the financial year, the fees paid and payable to KPMG in respect of its audit services provided to the Group was RMB2.7 million. The fees paid to KPMG during the year for the reporting accountants service and internal control review service in relation to the listing of the Company's Shares on the Stock Exchange were approximately RMB3.0 million and RMB0.25 million, respectively.

There was no disagreement between the Board and the audit committee of the Company on the selection and appointment of the external auditor during the year under review.

NON-COMPETE UNDERTAKING BY CONTROLLING SHAREHOLDERS

Mr. Kwok Kin Sun and Everkept Limited are the controlling shareholders (within the meaning of the Listing Rules) of the Company ("Controlling Shareholders"). To protect the Group from any potential competition, the Controlling Shareholders have entered into the Deed of Non-competition ("Deed of Non-competition") in favor of the Company on 9 June 2014.

The Company has adopted the following measures to manage any potential or actual conflict of interests between the Group and the Controlling Shareholders in relation to the compliance and enforcement of the non-compete undertaking:

(a) the independent non-executive Directors will review, on an annual basis, the compliance with the undertaking given by the Controlling Shareholders under the Deed of Non-competition;

(b) the Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

(c) the Company will disclose decisions on matters reviewed by the independent non-executive Directors relating to compliance and enforcement of the non-compete undertaking of the Controlling Shareholders under the Deed of Non-competition in the annual reports of our Company; and

(d) the Controlling Shareholders will make an annual declaration on compliance with their undertaking under the Deed of Non-competition in the annual report of our Company.

Corporate Governance Report

The Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and the Group and to protect the interests of the Shareholders, in particular, the minority Shareholders. Each of the Controlling Shareholders has confirmed in writing to the Company that he/it has complied with the Deed of Non-competition. Based on such written confirmation from the Controlling Shareholders and other appropriate queries made by the independent non-executive Directors, the independent non-executive Directors considered that the Controlling Shareholders have complied with all the undertakings under the Deed of Non-competition for the financial year ended 31 December 2014.

COMMUNICATION WITH SHAREHOLDERS AND SHAREHOLDERS' RIGHTS

The Company aims to, via its corporate governance structure, enable all the Shareholders an equal opportunity to exercise their rights in an informed manner and allow the 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 enjoy, among others, the following rights:

(i) Participation at general meeting

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. Prior notices of meetings with appropriate notice period in compliance with the articles of association of the Company and the Listing Rules and circulars containing details on proposed resolutions will to be sent to the Shareholders before the meeting. At general meetings, separate resolutions are proposed on each substantial issue, including the election of individual Directors. No general meeting was held from the Listing Date to 31 December 2014.

(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 registered office of the Company in Hong Kong currently situated at Suite 1508, 15th Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong or via email to ir@fordoo.cn.

(iii) Convening extraordinary general meeting

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 registered office of the Company in Hong Kong currently situated at Suite 1508, 15th Floor, Central Plaza, 18 Harbour Road, Wanchai, 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 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 85 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 a Notice (as defined therein) signed by a Member (as defined therein) (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch 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.

CONSTITUTIONAL DOCUMENTS

Pursuant to a special resolution of the Shareholders passed on 9 June 2014, 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 period from the Listing Date to 31 December 2014, there was no change in the amended and restated 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

Our Board of Directors is responsible and has general powers for the management and conduct of our business. Our Board of Directors currently consists of six Directors, including three executive Directors and three independent non-executive Directors. The following table sets forth information regarding members of our Board.

EXECUTIVE DIRECTORS

Mr. Kwok Kin Sun (郭建新), aged 59, is the founder of our Group and an executed Director. He is also the chief executive officer of our Group and chairman of the Board. He is the father of Mr. Kwok Hon Fung (郭漢鋒), our executive Director. He was appointed as an executive Director on 23 December 2013 and the chairman of the nomination committee of the Company on 9 June 2014. Mr. Kwok has over 20 years of experience in the menswear industry and is responsible for the formulation of our overall corporate strategies, planning and business development. Mr. Kwok's vision, leadership and dedication to our Group's development since inception have been core to our success to date.

Mr. Kwok Hon Fung (郭漢鋒), aged 25, is the general manager of our Group and an executed Director of the Company. He is responsible for the execution of corporate strategies and the overall management of our daily operations. He is the son of Mr. Kwok Kin Sun (郭建新), our executive Director. He joined our Group in January 2009 and was appointed as an executive Director on 12 February 2014.

In September 2014, he was accredited as "PRC Top 10 (Industry) Brand Innovation Personality Award" (中國(行業)品牌十大創新人物) by the Asia Brand Association (亞洲品牌協會), Asia Television Limited (亞洲電視), Global Times (環球時報) and China Economic Herald (中國經濟導報社). Mr. Kwok obtained a graduation certificate in business administration from East China Normal University (華東師範大學) in Shanghai in 2009.

Ms. Yuan Mei Rong (袁美榮), aged 61, is the vice general manager of our Group and an executed Director of the Company. She is primarily responsible for the finance and administrative functions of our Group. She was appointed as an executive Director on 12 February 2014, and joined our Group in October 1996.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kwauk Teh-Ming Walter (郭德明), aged 62, is an independent non-executive Director of our Company. He joined our Group on 9 June 2014 and was appointed as an independent non-executive Director and the chairman of the audit committee of the Company on 9 June 2014. Mr. Kwauk has over 25 years of experience in accounting. He is currently a consultant of Motorola Solutions, Inc. He is also an independent non-executive director of Alibaba Group Holding Limited (阿里巴巴集團) (stock code: BABA), a company listed on the New York Stock Exchange and Sinosoft Technology Group Limited (中國擎天軟件科技集團有限公司) (stock code: 1297), a company listed on the Stock Exchange.

Mr. Kwauk served in KPMG from 1977 to 2002, holding a number of senior positions including the general manager of KPMG's joint venture accounting firm in Beijing, the managing partner in KPMG's Shanghai office and a partner in KPMG's Hong Kong office. Mr. Kwauk obtained a bachelor's degree in science in May 1975 and a licentiate's degree in accounting from the University of British Columbia in Canada in May 1977. He obtained a certificate of membership from the Hong Kong Institute of Certified Public Accountants in August 1981.

Mr. Zhang Longgen (張龍根), aged 50, is an independent non-executive Director of our Company. Mr. Zhang joined our Group on 9 June 2014 and was appointed as an independent non-executive Director on 9 June 2014.

He is currently an independent director of China Ming Yang Wind Power Group Limited (中國明陽風電集團有限公司) (stock code: MY), a company listed on the New York Stock Exchange and an independent director of CCS Supply Chain Management Co., Ltd. (山東瑞茂通供應鏈管理股份有限公司) (stock code: 600180), a company listed on the Shanghai Stock Exchange.

Biographical Details of Directors and Senior Management

From September 2008 to September 2014, he was the chief financial officer and director of JinkoSolar Holding Co., Ltd. (晶科能源有限公司) (stock code: JKS), a company listed on the New York Stock Exchange and was responsible for the company's financing matters. He became a financial advisor to JinkoSolar Holding Co., Ltd in September 2014.

He was qualified as a certified public accountant and was granted such certificate by the State Board of Public Accounting of the State of Texas in the United States in August 1995. He obtained the certificate of membership from American Institute of Certified Public Accountants in July 2002.

Mr. Zhang Zhaodong (張照東), aged 40, is an independent non-executive Director of our Company. Mr. Zhang joined our Group on 9 June 2014 and was appointed as an independent non-executive Director and the chairman of the remuneration committee of our Company on 9 June 2014. He is currently an associate professor in the law faculty in Huaqiao University (華僑大學) and has been the legislative consultant of Xiamen Municipal Bureau of Legislative Affairs (廈門市法制局) which carries out research on the lawmaking of the Municipal Government of Xiamen, implements and inspects the responsibility mechanism of administration and law execution as well as the appraisal and examination system since July 2011. He was a deputy director of the All China Lawyers Association Labor and Social Security Law Committee (中華全國律師協會勞動與社會保障法專業委員會) since January 2009. Mr. Zhang obtained his bachelor's degree in law from Xiamen University (廈門大學) in the PRC in 1996, his master's degree in economics and law from Huaqiao University (華僑大學) in the PRC in 1999, his doctorate degree in international economics and law from Xiamen University (廈門大學) in September 2003 and his post-doctoral degree in economics from Fujian Normal University (福建師範大學) in 2009 in the PRC.

SENIOR MANAGEMENT

Mr. Chung Ming Kit (鍾明杰), aged 37, is the chief financial officer of our Group and the company secretary of our Company. He joined our Group in January 2014 and is primarily responsible for our overall financial management, company secretarial affairs and coordination of investor relations. Mr. Chung has over 12 years of corporate finance and accounting experience. Prior to joining our Group, he had worked in an international accounting firm and other companies listed on the main board of the Hong Kong Stock Exchange, NASDAQ and the Singapore Exchange Securities Trading Limited. Mr. Chung obtained his bachelor's degree in business administration in accounting from the Hong Kong University of Science and Technology in Hong Kong in November 2001. He is a holder of a Chartered Financial Analyst of the CFA Institute and a fellow member of the Hong Kong Institute of Certified Public Accountants.

Mr. Yan Hua (嚴華), aged 38, is a vice general manager of our Group and is responsible for market development and sales. Mr. Yan joined our Group in January 2009 has over 12 years of experience in sales, operations and management. Prior to joining our Group, Mr. Yan worked at Fujian Septwolves Industry Co. Ltd. (七匹狼男裝有限公司) which engages in the design, manufacture, and sale of menswear, as a business supervisor to be responsible for business development from December 2001 to December 2004 and a marketing manager in charge of market development of Diking (China) Company Limited (帝牌（中國）有限公司) which engages in marketing, development and design, manufacturing and retail of apparels products. From March 2005 to May 2008, he was mainly responsible for market development and retail management. Mr. Yan obtained his bachelor's degree in economics from Shanxi University of Finance & Economics (山西財經大學) in the PRC in 2002.

Mr. Chen Jianxin (陳建鑫), aged 41, is the head of production planning department. He joined our Group in October 1996. He became a supervisor of our Group in 1996 and was responsible for the manufacture of apparel products. Between 2004 and 2008, he served as the factory manager (廠長) for the production of business formal and business casual trousers. He was appointed as the head of production planning department of Fordoo Clothing in 2009, and was responsible for the management of the department.

Biographical Details of Directors and Senior Management

Mr. Chen Hailong (陳海龍), aged 38, is the head of product development department. He joined our Group in November 2012 as a product development director and became the head of product development department in February 2014. Prior to joining our Company, he worked as the head of menswear department of Erdos Group (鄂爾多斯集團華南公司) from 2005 to 2008, and was responsible for the development of non-cashmere products. From 2008 to 2012, he served as the manager of product development department of Flying Dragon Industry Shenzhen Ltd (深圳捷龍信實業有限公司) which is a brand agency, and was responsible for product development. Mr. Chen graduated from Northwest Textile Science and Technology University (西北紡織工學院) with his bachelor's degree in fashion design in the PRC in July 1999. He was accredited as "Top 10 designers of knitwear design" (中國第三屆毛織服裝設計十佳設計師) by China (Dalang) International Woolen Knitwear Fair (中國（大朗）國際毛織產品交易會) in 2004.

Report of the Directors

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

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands and is domiciled in Hong Kong and has its registered office at Suite 1508, 15/F, Central Plaza, 18 Harbour Road, Wan Chai, Hong Kong. The Group's principal place of business is in the PRC.

PRINCIPAL ACTIVITIES

The principal activities of the Group are manufacturing and wholesaling of menswear in the mainland China. The principal activities and other particulars of the subsidiaries are set out in note 14 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2014, aggregate sales to the Group's largest and five largest customers accounted for approximately 14% (2013: 11%) and 36% (2013: 32%), respectively, of the Group's total turnover for the year.

Aggregate purchases from the Group's largest and five largest raw material suppliers accounted for approximately 6% (2013: 10%) and 26% (2013: 29%), respectively, of the Group's total purchases of raw materials for the year ended 31 December 2014.

Aggregate purchases from the Group's largest and five largest suppliers of OEM products accounted for approximately 14% (2013: 14%) and 37% (2013: 42%), respectively, of the Group's total purchases from OEM contractors for the year ended 31 December 2014.

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 five largest customers and suppliers.

FOUR-YEAR FINANCIAL SUMMARY

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

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2014 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 41 to 85 of the annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the year ended 31 December 2014 are set out in note 11 to the consolidated financial statements. An independent property valuer has valued the property interests of the Group, including the land use rights to the parcels of land and the building ownership of completed buildings, structures and buildings under construction and was of the opinion that the market value of property interests of the Group in an aggregate amount of RMB589.1 million as of 31 March 2014. Details of valuation of property interests of the Group as of 31 March 2014 are set out in Appendix IV to the Prospectus. Should our property interests be stated at such valuation, the amount of additional depreciation and amortization charged against the consolidated statement of comprehensive income would be approximately RMB1.5 million.

Report of the Directors

RESERVES

Details of movements in reserves of the Company and the Group are set out in note 23 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

As at 31 December 2014, the Company's reserves available for distribution amounted to approximately HK$406.5 million.

DIVIDEND

No interim dividend was paid during the year ended 31 December 2014. The Directors resolved to recommend the payment of a final dividend of HK36 cents (equivalents to approximately RMB28 cents) per ordinary share in respect of the year ended 31 December 2014.

BORROWINGS

Particulars of borrowings of the Group as at 31 December 2014 are set out in note 19 to the consolidated financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the financial year amounted to RMB792,350 (2013: RMB3,000).

NON-CURRENT ASSETS

Details of acquisitions and other movements of non-current assets (including property, plant and equipment, investment properties and lease prepayments) are set out in notes 11 to 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the financial year are set out in note 23 to the consolidated financial statements. Shares of the Company were issued during the financial year in relation to the capitalisation issue and the global offering of the Shares of the Company.

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 Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from the Listing Date to 31 December 2014 and at any time up 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 is 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 period from the Listing Date to 31 December 2014.

Report of the Directors

DIRECTORS

The Directors during the financial year were:

Executive Directors

Mr. Kwok Kin Sun *(chairman and chief executive officer)*
Mr. Kwok Hon Fung
Ms. Yuan Mei Rong

Independent Non-Executive Directors

Mr. Kwauk Teh-Ming Walter
Mr. Zhang Longgen
Mr. Zhang Zhaodong

Each of the executive Directors and independent non-executive Directors has entered into a service contract with the Company for a term of three years commencing from Listing Date subject to his retirement and re-election at annual general meeting in accordance with the Company's articles of association. The details of the remuneration of each of the Directors are revealed on note 7 to the consolidated financial statements.

Details of the Directors' biographies have been set out on pages 28 to 30 of the annual report. In accordance with article 84 of the Company's articles of association, Mr. Kwok Kin Sun and Mr. Kwauk Teh-Ming Walter will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

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

REMUNERATION POLICY

The remuneration policy and remuneration packages of the executive Directors and senior management are reviewed by the remuneration committee of the Company which are detailed in the paragraph headed "Remuneration Committee" under the corporate governance report on pages 21 to 22.

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 from the Listing Date to 31 December 2014.

CONFIRMATION OF INDEPENDENCE

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

Report of the Directors

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 31 December 2014, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 to the Listing Rules were as follows:

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

Name	Position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Kwok Kin Sun(1)	Long	Interest in a controlled corporation	244,800,000	51.00%
Mr. Kwok Hon Fung(2)	Long	Interest in a controlled corporation	50,400,000	10.50%

Notes:

(1) Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, is deemed to be interested in all the Shares held by Everkept Limited ("Everkept") by reason of his 70% interest in the share capital of Everkept.

(2) Mr. Kwok Hon Fung, an executive Director and the son of Mr. Kwok Kin Sun, is deemed to be interested in all the Shares held by Equal Plus Limited ("Equal Plus") by reason of his 100% interest in the share capital of Equal Plus.

Save as disclosed above, as at 31 December 2014, none of the Directors and the chief executive of the Company and their associates had registered an interest or a short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHT TO ACQUIRE SHARE OR DEBENTURES

Save as disclosed in "Share Option Scheme" below, during the year ended 31 December 2014, no rights to acquire benefits by means of acquisition of shares in or debenture of the Company were granted to any Directors or their respective spouse or minor children, or were any such rights excised by them; nor was the Company, or any of its subsidiaries a party to any arrangement which enabled the Directors to acquire such rights in and other body corporate.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2014, so far as the Directors are aware, having made all reasonable enquiries, the following interest of 5% or more of the issued share capital of the Company (other than the interests of the Directors as disclosed above) were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Position	Nature of interest	Number of Shares	Approximate percentage of shareholding
Ms. Wong Tung Yam (1)	Long	Interest of spouse	244,800,000	51.00%
Everkept	Long	Beneficial owner	244,800,000	51.00%
Equal Plus	Long	Beneficial owner	50,400,000	10.50%
Mr. Kwok Hon Pan (2)	Long	Interest in a controlled corporation	45,612,000	9.50%
Key Tide	Long	Beneficial owner	45,612,000	9.50%

Notes:

(1) Ms. Wong Tung Yam, the spouse of Mr. Kwok Kin Sun, the chairman of the Board and an executive Director, is deemed to be interested in all the Shares in which Mr. Kwok Kin Sun is interested.

(2) Mr. Kwok Hon Pan, the son of Mr. Kwok Kin Sun and the brother of Mr. Kwok Hon Fung, is deemed to be interested in all the Shares held by Key Tide Limited ("Key Tide") by reason of his 100% interest in the share capital of Key Tide.

Save as disclosed above, as at 31 December 2014, the Company was not aware of any person or corporation having an interest or a short position in the Shares and underlying Shares 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 under section 336 of Part XV of the SFO.

CONNECTED TRANSACTIONS

Material related party transactions entered by the Group during the year ended 31 December 2014, which do not constitute connected transactions (as defined under the Listing Rules) are disclosed in note 26 to the consolidated financial statements.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in note 26 to the consolidated financial statements, there was 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 for the year ended 31 December 2014.

CONTRACTS OF SIGNIFICANCE

During the financial year, save as disclosed in note 26 to the consolidated financial statements, 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.

Report of the Directors

COMPETING BUSINESS

None of the Directors of the Company had any interest in any competing business with the Company or any of its subsidiaries during the year. Each of Mr. Kwok Kin Sun and Everkept Limited (the controlling shareholders (within the meaning of the Listing Rules) of the Company) has confirmed to the Company that he/it has complied with the non-compete undertaking given by them to the Company on 9 June 2014. The independent non-executive Directors of the Company have reviewed the status of compliance and enforcement of the non-compete undertaking and confirmed that all the undertakings thereunder have been complied with throughout the period from the Listing Date to 31 December 2014.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 9 June 2014 for the purpose of rewarding certain Eligible Persons (as defined below) for their past contributions and attracting and retaining, or otherwise maintaining on-going relationships with, such Eligible Persons (as defined below) 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 rules thereof, the Share Option Scheme shall remain in force for a period of ten years commencing on 9 June 2014.

Eligible participants of the Scheme include, (i) any proposed, full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (ii) any director or proposed director (including an independent non-executive director) of the Company or any of its subsidiaries; (iii) any direct or indirect shareholder of the Company or any of its subsidiaries; (iv) any supplier, customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Company or any of its subsidiaries; (v) any person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Company or any of its subsidiaries and (vi) any associate of any of the persons referred to in paragraphs (i) to (v) above (the person referred above are the "Eligible Persons").

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. 48,000,000 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 issued and to be issued upon the exercise of options granted under the Share Option Scheme (including exercised or outstanding options) to each grantee within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company; and (ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time.

Report of the Directors

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

The Board shall not offer the grant of any option to any Eligible Person after inside information has come to its knowledge until it has announced the information pursuant to the requirements of the Listing Rules. In particular, no option shall be granted during the period commencing one month immediately preceding the earlier of the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and the deadline for the Company to publish an announcement of its results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements provided that no option may be granted during any period of delay in publishing a results announcement.

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 HK$1.0 upon acceptance of the grant on or before 30 days after the offer date.

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

As at 31 December 2014, no option had been granted under the Share Option Scheme.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with all applicable code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules from the Listing Date to 31 December 2014, except for the deviation from the Code provision A.2.1. For details, please refer to the paragraph headed "Corporate Governance Code" of the corporate governance report set out on page 19 of this annual report.

In addition, the Board currently comprises three executive Directors and three independent non-executive Directors, with independent non-executive Directors representing 50% of the Board, which is higher than the requirement of the Listing Rules. Such a high percentage of independent non-executive Directors on the Board can ensure their views carrying significant weight and reflecting independence of the Board. On the above basis, the Board considers that the current structure will not impair the balance of power and the authority of the Board. The Board shall nevertheless review the structure and composition of the Board from time to time in light of prevailing circumstances, to maintain a high standard of corporate governance practices of the Company.

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 are set out in note 22 to the consolidated financial statements.

Report of the Directors

UPDATES ON COMPLIANCE AND REGULATORY MATTERS AS DISCLOSED IN THE PROSPECTUS

On 21 February 2014, Tiger Capital Fashion (Holdings) Company Limited ("Tiger Capital HK") made an application to the High Court of Hong Kong by way of Originating Summons for an order, inter alia, to convene a general meeting which shall be deemed to be the annual general meetings of Tiger Capital HK since its incorporation up to and including 2013, to substitute for the requirement to lay the profit and loss accounts and balance sheets of Tiger Capital HK since its incorporation up to and including 31 December 2013 (the "accounts") before Tiger Capital HK at its annual general meeting a requirement to lay such accounts before Tiger Capital HK at the said general meeting and to extend the period of nine months to lay the accounts to the said general meeting. On 20 May 2014, the High Court of Hong Kong adjourned the hearing of the said Originating Summons sine die.

On 28 October 2014, Tiger Capital HK made an application to the High Court of Hong Kong by filing a Notice of Discontinuance to discontinue the case. As at 31 December, 2014, this case has been closed.

As disclosed in the prospectus of the Company dated 30 June 2014, the Company has agreed with Human Resources and Social Welfare Bureau of Fengze District, Quanzhou (the "Bureau") on a five-year social insurance fund contribution scheme (the "Five-year Scheme"). According to the Five-year Scheme, the Company expects to make future social insurance fund contributions for all of its eligible employees gradually in accordance with the relevant PRC laws and regulations in the next five years from 2014 to 2018. The Bureau has also agreed not to impose any fine on the Company if the Company can fully make the social contributions in accordance with the Five-year Scheme.

The Company will, on a regular basis, update the Bureau and the Shareholders on the progress of the Five-year Scheme, and settle the unsubscribed social insurance contribution with any employees as required by them or by any relevant government authority. Our Directors have reviewed and considered that the Company has fully made the social contributions for the year ended 31 December 2014 in accordance with the Five-year Scheme.

Save as disclosed above, our Directors are not aware of any legal, arbitration or administrative proceedings against us, including the matter described above, that will have a material adverse effect on our business, financial condition or results of operations.

EVENTS AFTER THE REPORT PERIOD

There were no significant events after the reporting period of the Group.

AUDITOR

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

On behalf of the Board

Kwok Kin Sun
Chairman

Hong Kong
11 March 2015

Independent Auditor's Report

Independent auditor's report to the shareholders of
China Fordoo Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Fordoo Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 41 to 85, which comprise the consolidated and company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 International Financial Reporting Standards issued by the International Accounting Standards Board 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. This report is made solely to you, as a body, 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 Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

11 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Turnover	3	**1,672,410**	1,452,811
Cost of sales		**(1,081,337)**	(955,859)
Gross profit		**591,073**	496,952
Other revenue	4	**12,049**	2,178
Other net income	4	**118**	6,368
Selling and distribution expenses		**(105,480)**	(86,832)
Administrative and other operating expenses		**(86,461)**	(73,331)
Profit from operations		**411,299**	345,335
Finance costs	5(a)	**(24,214)**	(24,749)
Profit before taxation	5	**387,085**	320,586
Income tax expense	6	**(116,451)**	(82,042)
Profit for the year		**270,634**	238,544
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of subsidiaries outside the mainland of the People's Republic of China (the "PRC")		**(1,610)**	–
Total comprehensive income for the year		**269,024**	238,544
Earnings per share (RMB cents)			
— Basic and diluted	10	**65**	66

The notes on pages 47 to 85 form part of these financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in note 23(b).

Consolidated Statement of Financial Position

At 31 December 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	11	**396,813**	485,897
Investment properties	12	**27,304**	28,491
Lease prepayments	13	**281,565**	65,104
Prepayments		**4,444**	–
		710,126	579,492
Current assets			
Inventories	15	**57,275**	48,648
Trade and other receivables	16	**728,328**	621,326
Fixed deposits held at bank with original maturity over three months	18	**195,873**	26,500
Cash and cash equivalents	18	**183,254**	63,031
		1,164,730	759,505
Current liabilities			
Bank borrowings	19	**345,000**	357,000
Trade and other payables	20	**244,677**	248,560
Current tax payable	21(a)	**26,341**	21,862
		616,018	627,422
Net current assets		**548,712**	132,083
Total assets less current liabilities		**1,258,838**	711,575
Non-current liabilities			
Amount due to the ultimate controlling party		**–**	129,175
Deferred tax liabilities	21(b)	**14,240**	–
		14,240	129,175
Net assets		**1,244,598**	582,400

The notes on pages 47 to 85 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Capital and reserves			
Share capital	23	**3,811**	11
Reserves	23	**1,240,787**	582,389
Total equity		**1,244,598**	582,400

Approved and authorised for issue by the board of directors on 11 March 2015.

Kwok Kin Sun
Chairman

Kwok Hon Fung
Director

The notes on pages 47 to 85 form part of these financial statements.

Statement of Financial Position

At 31 December 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Investment in a subsidiary	14	**–**	–
Current assets			
Other receivables	16	**136**	–
Amounts due from subsidiaries	17	**336,238**	–
Cash and cash equivalents	18	**10**	–
		336,384	–
Current liabilities			
Other payables	20	**209**	–
Amounts due to subsidiaries	17	**9,671**	9,629
		9,880	9,629
Net current assets/(liabilities)		**326,504**	(9,629)
Total assets less current liabilities		**326,504**	(9,629)
Net assets/(liabilities)		**326,504**	(9,629)
Capital and reserves			
Share capital	23	**3,811**	–
Reserves	23	**322,693**	(9,629)
Total equity		**326,504**	(9,629)

Approved and authorised for issue by the board of directors on 11 March 2015.

Kwok Kin Sun
Chairman

Kwok Hon Fung
Director

The notes on pages 47 to 85 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2014
(Expressed in Renminbi)

	Note	Share capital RMB'000 Note 23(c)	Share premium RMB'000 Note 23(d)(i)	Statutory reserve RMB'000 Note 23(d)(ii)	Capital reserve RMB'000 Note 23(d)(iii)	Exchange reserve RMB'000 Note 23(d)(iv)	Share-based payment reserve RMB'000 Note 23(d)(v)	Retained profits RMB'000	Total equity RMB'000
At 1 January 2013		11	–	27,696	–	–	5,118	308,043	340,868
Changes in equity for 2013:									
Total comprehensive income for the year		–	–	–	–	–	–	238,544	238,544
Appropriation to statutory reserves	*23(d)(ii)*	–	–	3	–	–	–	(3)	–
Equity-settled share-based payments for non-employees	*23(d)(v)*	–	–	–	–	–	2,988	–	2,988
At 31 December 2013 and 1 January 2014		11	–	27,699	–	–	8,106	546,584	582,400
Changes in equity for 2014:									
Profit for the year		–	–	–	–	–	–	270,634	270,634
Other comprehensive income for the year	*23(d)(iv)*	–	–	–	–	(1,610)	–	–	(1,610)
Total comprehensive income		–	–	–	–	(1,610)	–	270,634	269,024
Elimination of capital on reorganisation	*23(c)(ii)*	(11)	–	–	–	–	–	–	(11)
Waiver of amount due to the ultimate controlling party	*23(d)(iii)*	–	–	–	39,023	–	–	–	39,023
Issue of shares upon initial public offering, net of issuing costs	*23(c)(iv)*	953	347,643	–	–	–	–	–	348,596
Capitalisation issue	*23(c)(iv)*	2,858	(2,858)	–	–	–	–	–	–
Appropriation to statutory reserve	*23(d)(ii)*	–	–	30,471	–	–	–	(30,471)	–
Equity-settled share-based payments for non-employees	*23(d)(v)*	–	–	–	–	–	5,566	–	5,566
Share issued pursuant to equity-settled share-based payments for non-employees	*23(d)(v)*	–	13,672	–	–	–	(13,672)	–	–
At 31 December 2014		3,811	358,457	58,170	39,023	(1,610)	–	786,747	1,244,598

The notes on pages 47 to 85 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2014
(Expressed in Renminbi)

	Note	2014 RMB'000	2013 RMB'000
Operating activities			
Cash generated from operations	18(b)	**320,992**	154,773
Income tax paid		**(97,732)**	(81,326)
Net cash generated from operating activities		**223,260**	73,447
Investing activities			
Payment for the purchase of property, plant and equipment and intangible assets		**(11,004)**	(1,036)
Payment for the purchase of lease prepayments		**(209,693)**	(12,833)
Proceeds from disposal of property, plant and equipment and lease prepayments		**61,617**	130,254
Increase in fixed deposit held at banks with original maturity over three months		**(170,353)**	(26,500)
Decrease in pledged bank deposits (net)		**–**	10,000
Interest received		**997**	595
Net cash (used in)/generated from investing activities		**(328,436)**	100,480
Financing activities			
Proceeds from bank borrowings		**584,372**	374,000
Repayment of bank borrowings		**(596,372)**	(423,000)
Net repayment to ultimate controlling party		**(90,393)**	(93,312)
Interest paid		**(24,222)**	(24,918)
Net proceeds from issue of shares upon initial public offering, net of issuing costs		**352,014**	–
Net cash generated from/(used in) financing activities		**225,399**	(167,230)
Net increase in cash and cash equivalents		**120,223**	6,697
Cash and cash equivalents at 1 January		**63,031**	56,334
Cash and cash equivalents at 31 December	18(a)	**183,254**	63,031

The notes on pages 47 to 85 form part of these financial statements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION AND GROUP REORGANISATION

China Fordoo Holdings Limited (the "Company") was incorporated in the Cayman Islands on 23 December 2013 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The Company and its subsidiaries hereinafter are collectively referred to as the "Group".

Pursuant to a group reorganisation completed on 23 January 2014 (the "Reorganisation") to rationalise the group structure in preparation of the listing of the Company's shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of all of its subsidiaries. The Company's shares were listed on the Stock Exchange on 16 July 2014.

The Reorganisation has been accounted for in accordance with the principle similar to a reverse acquisition as set out in International Financial Reporting Standard 3, *Business Combinations*. The Company acquired the shares of Bigtime Global Limited, which then subscribed/acquired the entire share capital of Tiger Capital Fashion (Holdings) Company Limited, resulted in the Company becoming the holding company of Tiger Capital Fashion (Holdings) Company Limited and its subsidiaries. The consolidated financial statements have been prepared as a continuation of Tiger Capital Fashion (Holdings) Company Limited and the assets and liabilities of Tiger Capital Fashion (Holdings) Company Limited and its subsidiaries are recognised and measured at their historical carrying values prior to the Reorganisation.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by International Accounting Standards Board ("IASB") . These financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange. A summary of the significant accounting policies adopted by the Group is set out below.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries.

These consolidated financial statements are presented in Renminbi ("RMB") rounded to the nearest thousand, except when otherwise indicated. The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of the financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

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.

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 27.

(c) Changes in accounting policies

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following new standards and amendments to IFRSs are relevant to the Group's current financial statements.

- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- IFRIC 21, *Levies*

These new standards and amendments to IFRSs have no material impact on the Group's consolidated financial statements as they were consistent with policies already adopted by the Group. The Group has not adopted any new standard or amendment to IFRSs that is not yet effective for the current accounting period.

(d) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flow and any unrealised profits arising from intra-group transactions are eliminated in full in preparing these consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(h)(ii)).

(e) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(s)).

No depreciation is provided in respect of construction in progress.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment (Continued)

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings held for own use which are situated on leasehold land are depreciated over the shorter of the unexpired term of the lease and their estimated useful lives, being no more than 30 years after the date of completion.
- Plant and machinery 10 years
- Motor vehicles 5 years
- Furniture and fixtures 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(f) Investment properties

Investment properties are property owned or held under a leasehold interest to earn rental income and/or for capital appreciation. Investment properties are measured at cost less accumulated depreciation and impairment losses (see note 2(h)(ii)). Depreciation is recognised in profit or loss on a straight-line basis over the shorter of the unexpired term of lease and its estimated useful life, being no more than 30 years after the date of completion.

(g) Lease prepayments

Lease prepayments represent cost of acquiring land use rights paid to the PRC's government authorities. Land use rights are stated at cost less accumulated amortisation and impairment losses (see note 2(h)(ii)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights which are 40–50 years.

(h) Impairment of assets

(i) Impairment of trade and other receivables

Trade and other receivables that are stated at cost or amortised cost are reviewed at the end of report period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

— significant financial difficulty of the debtor;

— a breach of contract, such as a default or delinquency in interest or principal payments;

— it becoming probable that the debtor will enter bankruptcy or other financial reorganisation; and

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of assets (Continued)

(i) Impairment of trade and other receivables (Continued)

If any such evidence exists, any impairment loss is determined and recognised.

For trade and other receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of the reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- construction in progress;
- investment properties;
- lease prepayments; and
- investments in subsidiaries in the Company's statement of financial position.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated.

- ***Calculation of recoverable amount***

  The recoverable amount of an asset is the greater of its fair value less cost 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- ***Recognition of impairment losses***

  An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

- ***Reversals of impairment losses***

  An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period when the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(h)(i)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts. (see note 2(h)(i)).

Bills receivable are derecognised if substantially all the risks and rewards of ownership of the bills receivable are transferred. If substantially all the risks and rewards of ownership of bills receivable are retained, the bills receivable are continued to recognise in the consolidated statement of financial position.

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Trade and other payables

Trade and other payables are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(n) Employee benefits

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC and Hong Kong are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(o) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(o) Income tax (Continued)

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

All deferred tax liabilities and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when the customer has accepted the related risks and rewards of ownership. Revenue represented the sales value of goods sold less returns, discounts and value added tax ("VAT").

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same year in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful lives of the asset by way of reduced depreciation expense.

Unconditional discretionary government grants from the local municipal government authorities are recognised in the profit or loss as other revenue when the amount is received.

(iv) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Translation of foreign currencies

Items included in the financial statements of each entity in the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity ("functional currency"). The functional currency of the Company and its subsidiaries outside mainland China is Hong Kong Dollars and the functional currency of the subsidiaries in mainland China is RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside mainland China are translated into RMB at the average exchange rates for the year which approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(s) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare that asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

(t) Research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred. Expenditure on development activities is capitalised if the product or process under development is technically and commercially feasible and the Group has sufficient resources and the intention to complete the development. The expenditure capitalised includes the costs of materials, direct labor, and an appropriate proportion of overheads. No research and development expenditure was capitalised during the year ended 31 December 2014. Other development expenditure is recognised as an expense in the year in which it is incurred.

(u) Dividends

Dividends are recognised as a liability in the period in which they are declared.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(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.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Segment reporting

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, manufacturing and wholesaling of menswear in the PRC. Accordingly, no segmental analysis is presented.

3 TURNOVER

The principal activities of the Group are manufacturing and wholesaling of menswear in the mainland China. Turnover represents the sales value of goods sold less returns, discounts and VAT.

Turnover by product type is as follows:

	2014 RMB'000	2013 RMB'000
Men's trousers	**963,223**	802,593
Men's tops	**693,562**	631,580
Accessories	**15,625**	18,638
	1,672,410	1,452,811

The Group had one customer with whom transaction has exceeded 10% of the Group's turnover for the year ended 31 December 2014 (2013: one). The amount of sales to this customer amounted to approximately RMB210,255,000 for the year ended 31 December 2014 (2013: RMB186,810,000). Details of concentrations of credit risk arising from customers are set out in note 24(a).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

4 OTHER REVENUE AND OTHER NET INCOME

	2014 **RMB'000**	2013 RMB'000
Other revenue		
Interest income	**2,202**	595
Rental income from investment properties less direct outgoings of RMB88,000 for the year ended 31 December 2014 (2013: RMB82,000)	**1,573**	1,533
Government grants	**8,274**	50
	12,049	2,178

Government grants were received from several local government authorities, of which the entitlements were unconditional and under the discretion of the relevant authorities.

	2014 **RMB'000**	2013 RMB'000
Other net income		
Net gain on sales of scrap materials	**75**	79
Net foreign exchange gain	**311**	3,970
(Loss)/gain on disposal of property, plant and equipment and lease prepayments	**(268)**	2,129
Others	**–**	190
	118	6,368

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

		2014 RMB'000	2013 RMB'000
(a)	Finance costs:		
	Interest on bank borrowings	**24,214**	24,749
(b)	Staff costs:		
	Contributions to defined contribution retirement plans *(note 22)*	**1,842**	3,921
	Salaries, wages and other benefits	**166,446**	153,241
		168,288	157,162
(c)	Other items:		
	Amortisation of lease prepayments	**4,045**	1,051
	Depreciation	**24,097**	27,040
	Auditors' remuneration	**2,810**	115
	Research and development expenses *(note (i))*	**16,990**	13,400
	Cost of inventories *(note (ii))*	**1,081,337**	955,859
	Equity-settled share-based payments for non-employees	**2,148**	2,988

Notes:

(i) Research and development costs include staff costs of employees in the design and product development department of RMB10,171,000 for the years ended 31 December 2014 (2013: RMB9,140,000), which are included in the staff costs as disclosed in note 5(b).

(ii) Cost of inventories includes RMB147,409,000 for the years ended 31 December 2014 (2013: RMB141,822,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Income tax in the consolidated statement of profit or loss and other comprehensive income represents:

	2014 RMB'000	2013 RMB'000
Current tax		
Provision for PRC corporate income tax for the year	**102,211**	82,042
Deferred tax		
Origination and reversal of temporary differences *(note 21(b))*	**14,240**	–
	116,451	82,042

Notes:

(i) Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands or BVI.

(ii) No provision has been made for Hong Kong Profits Tax as the Group did not earn any income that was subject to Hong Kong Profits Tax for the years ended 31 December 2014 and 2013.

(iii) Pursuant to the income tax rules and regulations of the PRC, provision for PRC corporate income tax is calculated based on the statutory rate of 25% of the assessable profits of the subsidiaries incorporated in the PRC.

(iv) According to the Corporate Income Tax law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements, for profits earned since 1 January 2008. Deferred tax liabilities have been provided for in this regard based on the expected dividends to be distributed from these subsidiaries in the foreseeable future in respect of the profits generated since 1 January 2008.

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2014 RMB'000	2013 RMB'000
Profit before taxation	**387,085**	320,586
Notional tax on profit before taxation, calculated at the standard tax rates applicable to the respective tax jurisdictions	**101,264**	81,180
PRC dividend withholding tax *(note 21(b))*	**14,240**	–
Effect of non-deductible expenses	**1,220**	1,615
Effect of non-taxable income	**(1,443)**	(655)
Effect of tax losses not recognised	**991**	136
Effect of temporary differences not recognised	**179**	(234)
Actual tax expense	**116,451**	82,042

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' REMUNERATION

Directors' remuneration disclosed pursuant to section 78 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

Year ended 31 December 2014

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive Directors					
Mr. Kwok Kin Sun	–	1,141	5	–	1,146
Mr. Kwok Hon Fung	–	563	5	–	568
Ms. Yuan Mei Rong	–	436	–	–	436
Sub-total	–	2,140	10	–	2,150
Independent Non-executive Directors					
Mr. Kwauk Teh-Ming Walter (i)	73	–	–	–	73
Mr. Zhang Longgen (i)	73	–	–	–	73
Mr. Zhang Zhaodong (i)	46	–	–	–	46
Sub-total	192	–	–	–	192
Total	192	2,140	10	–	2,342

Note:

(i) Appointed as independent non-executive director on 27 June 2014.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

7 DIRECTORS' REMUNERATION (Continued)

Year ended 31 December 2013

	Fees RMB'000	Basic salaries, allowances and other benefits RMB'000	Contributions to retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Total RMB'000
Executive Directors					
Mr. Kwok Kin Sun	–	602	2	42	646
Mr. Kwok Hon Fung	–	468	2	36	506
Ms. Yuan Mei Rong	–	423	–	30	453
Total	–	1,493	4	108	1,605

During the year, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 8 as an inducement to join or upon joining the Group or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 December 2014.

8 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2013: two) are directors whose remuneration is disclosed in note 7 above. The aggregate of the emoluments in respect of the remaining three individuals for 2014 (2013: three) are as follows:

	2014 RMB'000	2013 RMB'000
Salaries and other emoluments	**3,056**	1,600
Contributions to retirement benefit scheme	**18**	7
	3,074	1,607

The emoluments of the three individuals (2013: three) with the highest emoluments fall within the following bands:

	2014 Number of individuals	2013 Number of individuals
Nil to HK$1,000,000	**2**	3
HK$1,000,000 to HK$2,000,000	**–**	–
HK$2,000,000 to HK$3,000,000	**1**	–

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

9 PROFIT OF THE COMPANY

The consolidated profit for the year of the Company includes a loss of RMB15,796,000 (2013: RMB17,735,000), which has been dealt with in the financial statement of the Company.

10 EARNINGS PER SHARE

The calculation of the basic earnings per share and diluted earnings per share are based on the profit for the year of RMB270,634,000 (2013: RMB238,544,000) and the weighted average number of issued ordinary shares of 415,233,877 (2013: 360,000,000 shares) during the year ended 31 December 2014, calculated as follows:

Weighted average number of ordinary shares

	Number of shares	
	2014	2013
Effect of issue of shares upon incorporation *(note 23(c)(i))*	**1**	1
Effect of issue of shares upon Reorganisation *(note 23(c)(ii))*	**9,999**	9,999
Effect of Capitalisation Issue *(note 23(c)(iv))*	**359,990,000**	359,990,000
Effect of issue of shares upon initial public offering *(note 23(c)(iv))*	**55,233,877**	–
	415,233,877	360,000,000

The weighted average number of shares in issue during the years ended 31 December 2014 and 2013 was based on the assumption that the 360,000,000 shares were issued before the listing of shares on the Stock Exchange, as if such shares had been outstanding throughout the years ended 31 December 2014 and 2013.

There were no potential dilutive ordinary shares during the years ended 31 December 2014 and 2013 and, therefore, diluted earnings per share are the same as the basic earnings per share.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	The Group						
	Buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and equipment RMB'000	Sub-total RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:							
At 1 January 2013	456,340	103,026	10,423	32,080	601,869	179,912	781,781
Additions	–	640	194	125	959	77	1,036
Disposals	(124,396)	(1,029)	(3,881)	(3,117)	(132,423)	–	(132,423)
At 31 December 2013 and 1 January 2014	331,944	102,637	6,736	29,088	470,405	179,989	650,394
Additions	4,873	149	–	1,422	6,444	80	6,524
Transfer to lease prepayments	–	–	–	–	–	(19,305)	(19,305)
Disposals	–	(18)	–	(336)	(354)	(53,366)	(53,720)
At 31 December 2014	336,817	102,768	6,736	30,174	476,495	107,398	583,893
Accumulated depreciation:							
At 1 January 2013	54,392	61,135	7,838	26,390	149,755	–	149,755
Charge for the year	13,139	9,758	777	2,179	25,853	–	25,853
Written back on disposals	(5,529)	(535)	(3,680)	(1,367)	(11,111)	–	(11,111)
At 31 December 2013 and 1 January 2014	62,002	70,358	4,935	27,202	164,497	–	164,497
Charge for the year	11,675	9,044	701	1,490	22,910	–	22,910
Written back on disposals	–	–	–	(327)	(327)	–	(327)
At 31 December 2014	73,677	79,402	5,636	28,365	187,080	–	187,080
Net book value:							
At 31 December 2013	269,942	32,279	1,801	1,886	305,908	179,989	485,897
At 31 December 2014	263,140	23,366	1,100	1,809	289,415	107,398	396,813

(a) The buildings held for own use are located in the PRC under medium-term leases.

(b) Certain buildings with carrying value of RMB262,448,000 (2013: RMB269,942,000) have been pledged to bank as security for bank borrowings as at 31 December 2014 (see note 19).

(c) Construction in progress comprises costs incurred on property, plant and equipment not yet completed at the end of the reporting period.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

12 INVESTMENT PROPERTIES

	The Group	
	2014	2013
	RMB'000	RMB'000
Cost:		
At 1 January	**35,613**	35,613
Additions	**–**	–
At 31 December	**35,613**	35,613
Accumulated amortisation:		
At 1 January	**7,122**	5,935
Charge for the year	**1,187**	1,187
At 31 December	**8,309**	7,122
Net book value:		
At 31 December	**27,304**	28,491

(a) Investment properties are located in the PRC under a medium-term lease.

(b) At 31 December 2014 and 2013, investment properties were pledged as security for bank borrowings (see note 19).

(c) The Group leases out investment properties under operating leases. The leases typically run for an initial period of three to five years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes contingent rentals.

The Group's total future minimum lease payment receivable under non-cancellable operating leases are as follows:

	2014	2013
	RMB'000	RMB'000
Within 1 year	**1,574**	1,574
After 1 year but within 5 years	**2,580**	1,158
	4,154	2,732

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

13 LEASE PREPAYMENTS

	The Group	
	2014	2013
	RMB'000	RMB'000
Cost:		
At 1 January	**70,991**	54,920
Additions	**209,693**	23,071
Transfer from construction in progress	**19,305**	–
Disposals	**(8,492)**	(7,000)
At 31 December	**291,497**	70,991
Accumulated amortisation:		
At 1 January	**5,887**	5,023
Charge for the year	**4,045**	1,051
Written back on disposal	**–**	(187)
At 31 December	**9,932**	5,887
Net book value:		
At 31 December	**281,565**	65,104

(a) Lease prepayments represented the Group's land use rights on leasehold land located in the PRC. As at 31 December 2014, the remaining period of the land use rights ranges from 39 to 42 years.

(b) At 31 December 2014, the land use rights with carrying value of RMB41,051,000 (2013: RMB42,032,000) were pledged as security for bank borrowings (see note 19).

14 INVESTMENT IN A SUBSIDIARY

	The Company	
	2014	2013
	RMB'000	RMB'000
Unlisted shares, at cost	**–**	–

The investment cost represented the investment in Bigtime Global Limited of US$10 as at 31 December 2014 (2013: Nil).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

14 INVESTMENT IN A SUBSIDIARY (Continued)

Details of the subsidiaries are as follows. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation/ establishment and business	Issued and fully paid up capital	Proportion of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Bigtime Global Limited ("Bigtime Global")	British Virgin Islands ("BVI")	US$10	100%	–	Investment holding
Tiger Capital Fashion (Holdings) Company Limited ("Tiger Capital HK")	Hong Kong	HK$100,000	–	100%	Investment holding
Tiger Capital (China) Fashion Co., Ltd. (note (i) and (ii)) ("Tiger Capital Fashion") (虎都(中國)服飾有限公司)	PRC	HK$100,000,000	–	100%	Wholesale of menswear
Fordoo (China) Industrial Ltd., Co. (note (i) and (ii)) ("Fordoo Industrial") (虎都(中國)實業有限公司)	PRC	HK$353,436,677	–	100%	Manufacture and wholesale of menswear
Huian Tiger Capital Technology Company Limited (note (i) and (ii)) ("Tiger Capital Technology") (惠安虎都科技有限公司)	PRC	RMB30,000,000	–	100%	Research and development

Notes:

(i) The English translation of the companies' names is for reference only. The official names of these companies are in Chinese.

(ii) All of the subsidiaries established in the PRC are wholly foreign owned enterprises.

15 INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	The Group	
	2014	2013
	RMB'000	RMB'000
Raw materials	**20,284**	16,269
Work in progress	**7,072**	6,510
Finished goods	**29,919**	25,869
	57,275	48,648

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade receivables	**722,527**	615,616	**–**	–
Bills receivable *(note (d))*	**3,310**	–	**–**	–
Trade and bills receivables *(note (a), (b) and (c))*	**725,837**	615,616	**–**	–
Prepayments to suppliers	**846**	1,602	**–**	–
Other deposits, prepayments and receivables	**1,645**	4,108	**136**	–
	728,328	621,326	**136**	–

All of the trade and other receivables are expected to be recovered or recognised as expense within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on invoice date, is as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 3 months	**421,901**	393,450
More than 3 months but within 6 months	**303,936**	222,166
	725,837	615,616

Trade receivables are due within 90–180 days from the date of billing. Further details on the Group' credit policy are set out in note 24(a).

(b) Impairment of trade receivables and bills receivable

Impairment losses in respect of trade receivables and bills receivable are recorded using allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(h)(i)). For the years ended 31 December 2014 and 2013, the Group did not record any impairment losses in respect of trade receivables and bills receivable.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

16 TRADE AND OTHER RECEIVABLES (Continued)

(c) Trade receivables and bills receivable that are not impaired

The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired as at 31 December 2014 and 2013 are as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Neither past due nor impaired	**725,837**	615,616

Receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default.

(d) Bills receivable

Bills receivable represented bank acceptance bills not matured.

As at 31 December 2014, the Group had endorsed bank acceptance bills with recourse of RMB9,500,000 (2013: Nil). These bank acceptance bills matured within six months from the date of issue. As the Group only accepts bank acceptance bills from major banks in the PRC, management considered that the credit risk of these bills is minimal. Accordingly, the respective bills receivable are de-recognised upon endorsement of the bills.

17 AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The balances of amounts due from/(to) subsidiaries are of non-trade nature, unsecured, non-interest bearing and have no fixed terms of repayment.

18 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS

(a) Cash and cash equivalents and fixed deposits held at banks comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Fixed deposit held at bank with original maturity within three months	**9,236**	–	**–**	–
Cash at bank and in hand	**174,018**	63,031	**10**	–
Cash and cash equivalents in the statements of financial position and consolidated cash flow statement	**183,254**	63,031	**10**	–
Fixed deposits held at bank with original maturity over three months	**195,873**	26,500	**–**	–
	379,127	89,531	**10**	–

At 31 December 2014, cash and cash equivalents in the mainland China amounted to RMB172,630,000 (2013: RMB62,118,000). Remittance of funds out of the PRC is subject to exchange restrictions imposed by the PRC government.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

18 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS (Continued)

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2014 RMB'000**	2013 RMB'000
Profit before taxation		**387,085**	320,586
Adjustments for:			
— Depreciation	*5(c)*	**24,097**	27,040
— Amortisation of lease prepayments	*5(c)*	**4,045**	1,051
— Interest expense	*5(a)*	**24,214**	24,749
— Interest income	*4*	**(2,202)**	(595)
— Loss/(gain) on disposal of property, plant and equipment and lease prepayment	*4*	**268**	(2,129)
— Equity-settled share-based payment for non-employees	*5(c)*	**2,148**	2,988
— Foreign exchange gain		**(400)**	(3,983)
Changes in working capital:			
— (Increase)/decrease in inventories		**(8,627)**	16,263
— Increase in trade and other receivables		**(105,799)**	(284,980)
— (Decrease)/increase in trade and other payables		**(3,837)**	53,783
Cash generated from operations		**320,992**	154,773

19 BANK BORROWINGS

(a) As at 31 December 2014 and 2013, the bank borrowings were repayable within one year or on demand as follows:

	The Group	
	2014 RMB'000	2013 RMB'000
Bank borrowings		
— secured	**265,000**	224,000
— unsecured	**80,000**	133,000
	345,000	357,000

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

19 BANK BORROWINGS (Continued)

(b) Certain bank borrowings were secured by assets of the Group, the carrying amounts of these assets are as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Property, plant and equipment *(note 11(b))*	**262,448**	269,942
Investment properties *(note 12(b))*	**27,304**	28,491
Lease prepayments *(note 13(b))*	**41,051**	42,032
	330,803	340,465

(c) The amounts of banking facilities and the utilisation at the end of the reporting period are set out as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Facility amount	**760,000**	600,000
Utilised facilities amount in respect of bank borrowings	**345,000**	357,000

20 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Trade payables	**130,312**	128,132	**–**	–
Receipts in advance	**6,251**	14,049	**–**	–
Other payables and accruals	**108,114**	106,379	**209**	–
	244,677	248,560	**209**	–

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

20 TRADE AND OTHER PAYABLES (Continued)

Set out below is an aging analysis of the total balance of the trade payables at the end of the reporting period based on relevant invoice dates:

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 month or on demand	**51,025**	57,061
After than 1 month but within 3 months	**79,287**	71,071
	130,312	128,132

21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	The Group	
	2014	2013
	RMB'000	RMB'000
PRC Corporate Income Tax	**26,341**	21,862

(b) Deferred liabilities recognised:

Recognised deferred tax liabilities are attributable to the following:

	Withholding tax on dividends RMB'000
At 1 January 2013, 31 December 2013 and 1 January 2014	–
Charged to consolidated statement of profit or loss and other comprehensive income	14,240
At 31 December 2014	14,240

(c) Deferred tax assets not recognised

At 31 December 2014, the Group did not recognise deferred tax assets in respect of unused tax losses of subsidiaries of RMB4,797,000 (2013: RMB835,000), of which RMB3,962,000 (2013: RMB545,000) will expire by the end of 2019, if unused. The cumulative tax losses have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entities.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

21 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(d) Deferred tax liabilities not recognised

Pursuant to the PRC Corporate Income Tax Law and its related regulations, the Group is subject to withholding tax at 10% (unless reduced by tax treaties/arrangements) on dividends receivable from its PRC subsidiaries in respect of their profits generated since 1 January 2008. As at 31 December 2014, deferred tax liabilities relating to the undistributed profits of the Company's PRC subsidiaries of RMB673,798,000 (2013: RMB534,097,000) were not recognised as the Company controls the dividend policy of these subsidiaries and it has determined that those profits will not be distributed in the foreseeable future.

22 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The PRC subsidiaries of the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal and provincial government authorities whereby the PRC subsidiaries are required to make contributions at the rate of 18% of the eligible employees' salaries to the Schemes. The Group has accrued for the required contributions which are remitted to the respective local government authorities when the contributions become due. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits beyond the contributions described above.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
		Note 23(c)	*Note 23(d)(i)*	*Note 23(d)(iv)*	*Note 23(d)(v)*		
Balance at 23 December 2013 (date of incorporation)		–	–	–	–	–	–
Issue of shares upon incorporation		–	–	–	–	–	–
Loss and total comprehensive income for the period		–	–	–	–	(17,735)	(17,735)
Equity-settled share-based payments for non- employees	*23(d)(v)*	–	–	–	8,106	–	8,106
Balance at 31 December 2013 and 1 January 2014		–	–	–	8,106	(17,735)	(9,629)
Loss for the year		–	–	–	–	(15,796)	(15,796)
Other comprehensive Income	*23(d)(iv)*	–	–	(2,233)	–	–	(2,233)
Total comprehensive income for the year		–	–	(2,233)	–	(15,796)	(18,029)
Issue of shares upon initial public offering, net of issuing costs	*23(c)(iv)*	953	347,643	–	–	–	348,596
Capitalisation issue	*23(c)(iv)*	2,858	(2,858)	–	–	–	–
Equity-settled share-based payments for non- employees	*23(d)(v)*	–	–	–	5,566	–	5,566
Share issued pursuant to equity-settled share-based payments for non-employees	*23(d)(v)*	–	13,672	–	(13,672)	–	–
At 31 December 2014		3,811	358,457	(2,233)	–	(33,531)	326,504

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

Dividends payable to shareholders of the Company attributable to the year

	2014 RMB'000	2013 RMB'000
Final dividend proposed after the end of the reporting period of HK36 cents (equivalent to approximately RMB28 cents) per ordinary share (2013: Nil)	136,317	–

The final dividend proposed after the end of the reporting date has not been recognised as a liability at the end of the reporting period.

(c) Share capital

Authorised and issued share capital

	2014 Number of shares	2014 Amount HK$'000	2013 Number of shares	2013 Amount HK$'000
Authorised:				
Ordinary shares of HK$0.01 each at 1 January 2014/ 23 December 2013 (date of incorporation) *(note i)*	38,000,000	380	38,000,000	380
Increase in authorised capital on 9 June 2014 *(note (iii))*	962,000,000	9,620	–	–
	1,000,000,000	10,000	38,000,000	380

	2014 Number of shares	2014 Amount HK$'000	2014 RMB'000	2013 Number of shares	2013 Amount HK$'000	2013 RMB'000
Issued and fully paid:						
Issue of shares upon incorporation *(note i)*	1	–	–	1	–	–
Issue of shares upon Reorganisation *(note ii)*	9,999	–	–	–	–	–
Capitalisation issue on 16 July 2014 *(note iv)*	359,990,000	3,600	2,858	–	–	–
Issue of share upon initial public offering *(note iv)*	120,000,000	1,200	953	–	–	–
	480,000,000	4,800	3,811	1	–	–

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital (Continued)

Authorised and issued share capital (Continued)

Notes:

(i) The Company was incorporated on 23 December 2013 with authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each and issued one share, credited as fully paid.

(ii) On 13 January 2014, the Group completed the Reorganisation to rationalise the Group's structure in preparing for the listing of Company's shares on the Main Board of the Stock Exchange. As a result of the Reorganisation, the Company became the holding company of the Group on 13 January 2014.

On 23 January 2014, as part of the Reorganisation, the Company issued and allotted 9,999 shares with par value of HK$0.01 each, credited as fully paid.

(iii) Pursuant to the written resolutions of all shareholders of the Company passed on 9 June 2014, the authorised share capital of the Company increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each by the creation of 962,000,000 shares of HK$0.01 each.

(iv) On 16 July 2014, 359,990,000 shares of HK$0.01 each were issued at par value to the shareholders of the Company by way of capitalisation of HK$3,599,900 (equivalent to RMB2,858,000) from the Company's share premium account which took place immediately before the Company's listing of its shares on the Stock Exchange.

120,000,000 new shares with per value of HK$0.01 each, at a price of HK$3.9 per share were issued by way of initial public offering. The proceeds of HK$1,200,000 (equivalent to RMB953,000) representing the par value of these ordinary shares, were credited to the Company's share capital account. The remaining proceeds of HK$466,800,000 (equivalent to RMB370,635,000), less the listing costs directly attributable to the issue of shares of RMB22,992,000, amounted to RMB347,643,000 were credited to the Company's share premium account. The share capital of the Company was then increased to HK$4,800,000 divided into 480,000,000 shares of HK$0.01 each.

(v) The Reorganisation was not completed as at 31 December 2013, hence share capital as at 31 December 2013 represented the share capital of Tiger Capital HK.

(d) Nature and purpose of reserves

(i) Share premium

The share premium represents the difference between the par value of the shares of the Company and proceeds received from the issuance of the shares of the Company.

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to the shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Statutory reserve

As stipulated by regulations in the PRC, the Company's subsidiaries established and operated in the mainland China are required to appropriate 10% of their after-tax-profit (after offsetting prior year losses) as determined in accordance with the PRC accounting rules and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of profits to parent companies.

The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase capital of the subsidiary, provided that the balance after such issue is not less than 25% of its registered capital.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(iii) Capital reserve

On 30 April 2014, an amount payable of RMB39,023,000 had been waived by the ultimate controlling party, Mr. Kwok Kin Sun, and capitalised in capital reserve.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statement of operations outside the mainland China which are dealt with in accordance with the accounting policies set out in note 2(r).

(v) Share-based payment reserve

Share-based payment reserve represents the fair value of services provided by parties other than employees to the Group in connection with the listing of the Company and the services were settled by equity instrument of the Company. The relevant services are recognised in accordance with IFRS 2, *Share-based payment*. As at 31 December 2014, share-based payment was vested pursuant to the listing of the Company on 16 July 2014. RMB13,672,000 (2013: Nil) has been transferred from the share-based reserve to the share premium account.

(e) Distributable reserve

At 31 December 2014, the aggregate amount of reserves available for distribution to the shareholders of the Company was HK$406,470,000 (2013: Nil).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities (excluding deferred tax liabilities) over its total assets, at 31 December 2014 were 33% (2013: 57%).

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables and deposits with banks. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

(i) Trade and other receivables

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 90 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2014, 14% of the total trade receivables were due from the Group's largest customer (2013: 11%), and 36% of the total trade receivables were due from the Group's five largest customers (2013: 32%).

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance. The Group does not provide financial guarantee which would expose the Group to credit risk.

As at 31 December 2014, the Group had endorsed certain bank acceptance bills with resource amounted to RMB9,500,000 (2013: Nil) and the respective receivables were derecognised upon endorsement. As the Group only accepts bank acceptance bills from major banks in the PRC, management considered that the credit risk of these bills is minimal.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 16.

(ii) Deposits with banks

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit rating. Given the high credit ratings of the banks, management does not expect any counterparty to fail to meet its obligations.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the management and directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining scheduled maturities at the end of the reporting period of the Group's and the Company's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	The Group				The Company		
	Contractual undiscounted cash flows				Contractual undiscounted cash flows		
	Within 1 year or on demand RMB'000	More than 1 year RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000	Within 1 year or on demand RMB'000	Total RMB'000	Balance sheet carrying amount RMB'000
As at 31 December 2014							
Bank borrowings	**360,059**	**–**	**360,059**	**345,000**	**–**	**–**	**–**
Trade and other payables	**244,677**	**–**	**244,677**	**244,677**	**209**	**209**	**209**
Amounts due to subsidiaries	**–**	**–**	**–**	**–**	**9,671**	**9,671**	**9,671**
	604,736	**–**	**604,736**	**589,677**	**9,880**	**9,880**	**9,880**
As at 31 December 2013							
Current liabilities							
Bank borrowings	370,890	–	370,890	357,000	–	–	–
Trade and other payables	248,560	–	248,560	248,560	–	–	–
Amounts due to the ultimate controlling party	–	129,175	129,175	129,175	–	–	–
Amount due to a subsidiary	–	–	–	–	9,629	9,629	9,629
	619,450	129,175	748,625	734,735	9,629	9,629	9,629

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profiles as monitored by management are set out below.

The following table details the interest rate profile of the Group's borrowings at the end of the reporting period:

	2014		2013	
	Effective interest rate	**Amount RMB'000**	Effective interest rate	Amount RMB'000
Fixed rate borrowings:				
Bank borrowings	**6.16%**	**345,000**	6.20%	357,000

Fair value interest rate risk arising from these bank loans is considered insignificant given these loans have short maturities.

(d) Currency risk

The currencies giving rise to the Group's currency risk are primarily Hong Kong Dollars and United States dollars.

(i) Exposure to currency risk

The following table details the Group's major exposure at the end of the reporting period to currency risk arising from recognised liabilities denominated in a currency other than the functional currency of the Group to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the end of the reporting period.

	Exposure to foreign currency *(expressed in Renminbi)*			
	2014		2013	
	Hong Kong Dollars RMB'000	**United States Dollars RMB'000**	Hong Kong Dollars RMB'000	United States Dollars RMB'000
Fixed deposits held at bank with original maturity over three months	**–**	**122,380**	–	–
Trade and other payables	**–**	**–**	–	(3,048)
Amount due to the ultimate controlling party	**–**	**–**	(129,175)	–
Net exposure currency risk	**–**	**122,380**	(129,175)	(3,048)

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of one percent in foreign exchange rates of USD against RMB, with all other variables held constant, would have increase the Group's profit after tax and retained profits by approximately RMB918,000 (2013: decrease by RMB1,322,000).

Results of the analysis above represent an aggregation of the instantaneous effects on the Group's profit after tax and retained profits measures in the respective functional currencies, translated into Renminbi at the exchange rate ruling as at the end of the reporting period for presentation purposes.

The sensitivity analysis above assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period. The analysis has been performed on the same basis in 2013.

(e) Fair value

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2013 and 2014.

Notes to the Financial Statements

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25 COMMITMENTS

(a) Capital commitments

Capital commitments of the Group in respect of construction in progress outstanding as at 31 December 2014 that were not provided for in the consolidated financial statements were as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Contracted for	**233,781**	234,398
Authorised but not contracted for	**24,048**	24,048
	257,829	258,446

(b) Operating leases

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2014	2013
	RMB'000	RMB'000
Within 1 year	**660**	–
After 1 year but within 2 years	**110**	–
	770	–

The Group leased one property under operating leases, which runs for an initial period for two years, at the end of which period all terms are renegotiated. None of the leases include contingent rentals.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

26 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions.

(a) Guarantee from related parties

At 31 December 2013, certain bank borrowings were guaranteed by Mr. Kwok Kin Sun, which is the ultimate controlling party and Ms. Wong Tung Yam, which is the spouse of Mr. Kwok Kin Sun.

All of the outstanding guarantees above have been released in the year ended 31 December 2014.

(b) Key management personnel compensation

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

	2014 RMB'000	2013 RMB'000
Short-term employee benefits	**5,516**	2,773
Contributions to retirement benefit scheme	**34**	18
	5,550	2,791

The above remuneration is included in "staff costs" (note 5(b)).

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

27 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 2. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Depreciation

Property, plant and equipment and investment properties are depreciated on a straight-line basis over the estimated useful lives. The Group reviews at the end of the reporting period the useful life of an asset and its residual value, if any, based on the Group's experience with similar assets and taking into account anticipated technology changes. The depreciation expenses for future periods are adjusted if there are significant changes from previous estimation.

(b) Impairments

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs to sell and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at the end of the reporting period.

(d) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of the reporting period.

Notes to the Financial Statements

(Expressed in Renminbi unless otherwise indicated)

28 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2014, the directors consider the immediate controlling party of the Group to be Everkept Limited, which is incorporated in the BVI, and the ultimate controlling party of the Company to be Mr. Kwok Kin Sun. Everkept Limited does not produce financial statements available for public use.

29 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements . These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position.

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

Four Years Summary

	2011 RMB'000	2012 RMB'000	2013 RMB'000	**2014** **RMB'000**
Turnover	818,477	1,108,977	1,452,811	**1,672,410**
Profit from operations	142,445	232,703	345,335	**411,299**
Finance costs	(21,579)	(26,055)	(24,749)	**(24,214)**
Profit before taxation	120,866	206,648	320,586	**387,085**
Income tax	(15,074)	(53,728)	(82,042)	**(116,451)**
Profit for the year	105,792	152,920	238,544	**270,634**
Earnings per share (RMB cents)				
Basic	29	42	66	**65**
Diluted	29	42	66	**65**
Assets and liabilities				
Non-current assets	743,616	721,839	579,492	**710,126**
Current assets	456,435	467,591	759,505	**1,164,730**
Current liabilities	885,206	718,778	627,422	**616,018**
Net current (liabilities)/assets	(428,771)	(251,187)	132,083	**548,712**
Total assets less current liabilities	314,845	470,652	711,575	**1,258,838**
Non-current liabilities	129,758	129,784	129,175	**14,240**
NET ASSETS	185,087	340,868	582,400	**1,244,598**
Capital and reserves				
Share Capital	11	11	11	**3,811**
Reserves	185,076	340,857	582,389	**1,240,787**
Total equity	185,087	340,868	582,400	**1,244,598**