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Jin Bao Bao Holdings Limited
金寶寶控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 01239)

**ANNOUNCEMENT OF INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2012**

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 15.1% to approximately RMB85,343,000 (30 June 2011: approximately RMB100,559,000)
- Gross profit decreased by approximately 36.3% to approximately RMB19,172,000 (30 June 2011: approximately RMB30,097,000)
- Profit attributable to owners of the Company decreased by approximately 65.0% to approximately RMB7,111,000 (30 June 2011: approximately RMB20,291,000)
- Basic earnings per share decreased by approximately 73.3% to approximately RMB3.6 cents (30 June 2011: approximately RMB13.5 cents)

The board (the “Board”) of directors (the “Directors”) of Jin Bao Bao Holdings Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2012 (the “Period”) together with the comparative figures for the six months ended 30 June 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012 (unaudited) RMB'000	2011 (audited) RMB'000
	Notes		
Revenue	4	85,343	100,559
Cost of sales		(66,171)	(70,462)
Gross profit		19,172	30,097
Other income		570	301
Other gains and losses - net	5	(172)	(1,238)
Selling and distribution expenses		(4,399)	(3,935)
Administrative expenses		(5,310)	(3,360)
Other operating expenses		(126)	(55)
Profit from operations		9,735	21,810
Finance costs	6	(328)	(432)
Profit before tax		9,407	21,378
Income tax expense	7	(2,296)	(1,087)
Profit for the period	8	7,111	20,291
Other comprehensive income for the period			
Exchange differences on translating foreign operations		137	2
Total comprehensive income for the period		7,248	20,293
Profit attributable to:			
Owners of the Company		7,111	20,291
Total comprehensive income attributable to:			
Owners of the Company		7,248	20,293
		RMB cents	RMB cents
Earnings per share – basic and diluted	9	3.6	13.5

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012

	Notes	30 June 2012 (unaudited) RMB'000	31 December 2011 (audited) RMB'000
Non-current assets			
Property, plant and equipment		42,924	41,699
Prepaid lease payments		3,004	2,883
Deferred tax assets		1,141	79
		<u>47,069</u>	<u>44,661</u>
Current assets			
Inventories		10,940	9,896
Prepaid lease payments		74	71
Trade and other receivables	10	105,558	117,406
Current tax assets		3,407	3,208
Pledged bank deposits		-	231
Cash and bank balances		72,917	80,141
		<u>192,896</u>	<u>210,953</u>
Current liabilities			
Trade and other payables	11	26,765	47,538
Bank borrowings		2,000	3,292
		<u>28,765</u>	<u>50,830</u>
Net current assets		<u>164,131</u>	<u>160,123</u>
Total assets less current liabilities		<u>211,200</u>	<u>204,784</u>
Non-current liabilities			
Deferred tax liabilities		230	1,062
Net assets		<u>210,970</u>	<u>203,722</u>
Capital and reserves			
Share capital		1,632	1,632
Reserves		209,338	202,090
Total equity		<u>210,970</u>	<u>203,722</u>

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Jin Bao Bao Holdings Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 4 January 2011 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 18 November 2011. Its parent and ultimate holding company is Rich Gold International Limited (“Rich Gold”), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chao Pang Ieng (“Mr. Chao”).

The address of the Company’s registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company’s principal place of business in Hong Kong is Unit No. 2118, 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the design, manufacture and sale of packaging products and structural components in the People’s Republic of China (the “PRC”).

Items included in the financial statements of each of the Group’s subsidiaries are measured using the currency of the primary economic environment in which the respective entity operates (the “functional currency”). The functional currencies of the Group’s operating subsidiaries are Renminbi (“RMB”). The condensed consolidated financial statements are presented in RMB, which is different from the functional currency of the Company. The choice of presentation currency is to better reflect the currency that mainly determines economic effects of transactions, events and conditions of the Group.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

This unaudited condensed consolidated financial information for the six months ended 30 June 2012 has been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) the collective term of which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The condensed consolidated financial information should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2011.

Except as for the adoption of new and revised HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning 1 January 2012, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements. The Directors anticipate that the application of these new and revised HKFRSs will not have material impact on the condensed consolidated financial information of the Group.

The Group has not early applied the following new and revised standards, amendments or interpretations, that have been issued by the HKICPA but are not yet effective.

HKFRS 7 (Amendments)	Disclosures — Offsetting Financial Assets and Financial Liabilities ²
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income ¹
HKAS 19 (Amendments)	Employee Benefits ²
HKAS 27 (revised 2011)	Separate Financial Statements ²
HKAS 28 (revised 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ³
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 July 2012.

² Effective for annual periods beginning on or after 1 January 2013.

³ Effective for annual periods beginning on or after 1 January 2014.

⁴ Effective for annual periods beginning on or after 1 January 2015.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognized financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent reporting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.
- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. Regarding the Group's financial assets, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements and HK (SIC)-Int 12 *Consolidation – Special Purpose Entities*. HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights' to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 10 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided that HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (revised 2011) and HKAS 28 (revised 2011) are applied early at the same time.

The Directors anticipate that HKFRS 10 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of HKFRS 10 may have significant impact on amounts reported in the consolidated financial statements. However, the directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRS require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosures requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 *Financial Instruments: Disclosures* will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

The Group is in the process of making an assessment of what the impact of the other new or revised standards, amendments 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.

3. SIGNIFICANT ACCOUNTING POLICIES

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

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

4. REVENUE AND SEGMENT INFORMATION

The Directors of the Company review the Group’s internal financial reporting and other information and also obtain other relevant external information in order to assess performance and allocate resources. Operating segment is identified with reference to these.

The Directors of the Company consider that the business of the Group is organized in one operating segment which is the design, manufacture and sale of packaging products and structural components in the PRC. Additional disclosure in relation to segment information is not presented as the Directors of the Company assess the performance of the sole operating segment identified based on the consistent information as disclosed in the condensed consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the six months ended 30 June 2012 as shown in the condensed consolidated statement of comprehensive income and the total segment non-current assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the condensed consolidated statement of financial position.

The Company is domiciled in the Cayman Islands with the Group’s major operations in the PRC. All external revenues of the Group during the six months ended 30 June 2012 are attributable to customers located in the PRC. Substantially all the assets of the Group are located in the PRC.

	Six months ended 30 June	
	2012	2011
	(unaudited)	(audited)
	RMB’000	RMB’000
Revenue		
Sales of packaging products and structural components	<u>85,343</u>	<u>100,559</u>

5. OTHER GAINS AND LOSSES - NET

	Six months ended 30 June	
	2012 (unaudited) RMB'000	2011 (audited) RMB'000
Net losses (gains) on disposal of property, plant and equipment	90	(3)
Net losses arising on changes in fair value of held-for-trading investments	-	1,241
Foreign exchange loss	82	-
	<u>172</u>	<u>1,238</u>

6. FINANCE COSTS

	Six months ended 30 June	
	2012 (unaudited) RMB'000	2011 (audited) RMB'000
Interest on bank borrowings wholly repayable within five years	98	111
Finance costs arising on early redemption of note receivable	230	321
	<u>328</u>	<u>432</u>

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012 (unaudited) RMB'000	2011 (audited) RMB'000
Current tax:		
- PRC Enterprise Income Tax ("EIT")	1,707	4,435
Under/ (over) provision in prior years:		
- PRC EIT	12	(3,544)
Deferred tax	577	196
	<u>2,296</u>	<u>1,087</u>
Total income tax recognized in profit and loss		

(i) **Hong Kong**

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for the six months ended 30 June 2012 (30 June 2011: Nil).

(ii) **PRC**

Sichuan Jinghong

The tax concessions applicable to Sichuan Jinghong had expired in 2010 and it is subject to the statutory EIT rate at 25% from 2011 onwards.

Chongqing Guangjing

Pursuant to relevant PRC tax laws and regulations and a written approval obtained from local tax authorities, Chongqing Guangjing is subject to EIT rate of 15% for the six months ended 30 June 2012 and 30 June 2011.

Chuzhou Chuangce

Chuzhou Chuangce is subject to EIT rate at 25% for the six months ended 30 June 2012 and 30 June 2011.

8. PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2012 (unaudited) RMB'000	2011 (audited) RMB'000
Depreciation of property, plant and equipment	4,145	3,467
Amortization of prepaid lease payments	37	36
Auditors' remuneration	24	12
Operating lease rentals in respect of premises	930	869
Cost of inventories recognized as an expense (including write-down recognized on inventories)	42,414	48,609
Write-down of inventories to net realizable value (included in cost of sales)	-	76
Directors' emoluments	524	124
Other employee salaries and benefits	9,180	8,344
Contributions to retirement benefits schemes, excluding those of Directors	1,371	972
Total employee benefits expense	11,075	9,440

9. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2012 (unaudited) RMB'000	2011 (audited) RMB'000
Earnings for the purpose of basic and diluted earnings per share	<u>7,111</u>	<u>20,291</u>
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>200,000,000</u>	<u>150,000,000</u>

For the period ended 30 June 2012, the calculation of the basic earnings per share attributable to owners of the Company is based on the profit attributable to owners of the Company; and the weighted average number of 200,000,000 ordinary shares.

For the period ended 30 June 2011, the calculation of the basic earnings per share attributable to owners of the Company is based on (i) the profit attributable to owners of the Company; and (ii) the weighted average number of 150,000,000 shares (comprising 2 shares in issue and 149,999,998 shares issued under the capitalization issue) as if these 150,000,000 shares were outstanding before the Corporate Reorganization.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during the six months ended 30 June 2012 and 2011.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2012 (unaudited) RMB'000	At 31 December 2011 (audited) RMB'000
Trade receivables	62,476	78,369
Note receivables	38,987	37,883
Prepayments, deposits and other receivables	<u>4,095</u>	<u>1,154</u>
	<u>105,558</u>	<u>117,406</u>

The above trade and other receivables are denominated in the functional currencies of the relevant group entities.

The following is an aged analysis of the Group's trade receivables (net of allowance for doubtful debts) at the end of the reporting period, presented based on the invoice date:

	At 30 June 2012 (unaudited) RMB'000	At 31 December 2011 (audited) RMB'000
Within 90 days	56,102	70,001
91 – 180 days	6,358	8,048
181 – 365 days	-	86
Over 365 days	16	234
Total	<u>62,476</u>	<u>78,369</u>

The Group normally allows a credit period ranging from 30 days to 180 days, to its trade customers with trading history, or otherwise sales on cash terms are required.

Before accepting any new customers, the Group assesses the potential customers' credit quality and defines credit limits by customers.

Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the end of the reporting period for which the Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Age of receivables that are past due but not impaired

	At 30 June 2012 (unaudited) RMB'000	At 31 December 2011 (audited) RMB'000
Within 90 days	16	-
91 – 180 days	-	86
181 – 365 days	-	-
Over 365 days	-	234
Total	<u>16</u>	<u>320</u>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

There was no provision for impairment losses in respect of trade receivables from third party customers at 30 June 2012 (31 December 2011: Nil).

At 30 June 2012, none of note receivables were pledged as collaterals to secure certain short-term bank loans of the Group (31 December 2011: approximately RMB1,292,000).

11. TRADE AND OTHER PAYABLES

	At 30 June 2012 (unaudited) RMB'000	At 31 December 2011 (audited) RMB'000
Trade payables	22,597	29,758
Note payables	-	231
Receipts in advance	-	11,637
Accruals	1,822	2,130
Other taxes payable	1,818	2,518
Others	528	1,264
	<u>26,765</u>	<u>47,538</u>

The above trade and other payables are denominated in the functional currencies of the relevant group entities.

The following is an aged analysis of the Group's trade payables at the end of the reporting period, presented based on the invoice date:

	At 30 June 2012 (unaudited) RMB'000	At 31 December 2011 (audited) RMB'000
Within 90 days	17,099	28,623
91 – 180 days	4,933	818
181 – 365 days	386	246
Over 365 days	179	71
Total	<u>22,597</u>	<u>29,758</u>

The average credit period on purchases of certain goods is ranging from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

At 30 June 2012, none of note payables were secured by a charge over certain of the Group's assets (31 December 2011: approximately RMB231,000).

12. DIVIDENDS

A final dividend of HK6.00 cents per share in respect of the year ended 31 December 2011 was declared and paid to the owners of the Company on 6 July 2012 (31 December 2010: N/A).

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2012 (30 June 2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

Market conditions during the first half of this financial year were more difficult than that of last year. This is mainly due to the sluggishness of the economy of the United States. At the same time, European economic conditions were even worse where the European sovereign debt crisis was deepening. Furthermore, the demand in the PRC market was restrained by the tightening of the real estate policies, causing a lack of growth drivers in the PRC market. As a result, the consumer confidence and demand for the consumer electrical appliances industry were weakened and in turn affecting demand for the products of the Group.

BUSINESS REVIEW

The PRC Government's gradual withdrawal of the policies of "Rural Area Subsidized Electrical Appliances Purchase Policy" (for certain provinces and cities), "Home Appliances Replacement Subsidy" and "Energy Efficient Product Subsidy Policy", rendered corporate development a challenging task. As a consequence, the Group's revenue amounted to approximately RMB85,343,000 for the six months ended 30 June 2012, representing a decrease of approximately 15.1% as compared to the revenue of approximately RMB100,559,000 for the six months ended 30 June 2011.

Revenue

An analysis of revenue by products is as follows:

	Six months ended 30 June			
	2012		2011	
	RMB'000	%	RMB'000	%
<i>Packaging products</i>				
Televisions	27,010	31.7	32,701	32.5
Air conditioners	20,325	23.8	25,524	25.4
Washing machines	8,853	10.4	9,060	9.0
Refrigerators	10,486	12.3	16,229	16.2
Water heater	3,112	3.6	1,102	1.1
Others	2,254	2.6	546	0.5
<i>Structural components</i>				
For air conditioners	13,303	15.6	15,397	15.3
Total	85,343	100.0	100,559	100.0

The revenue by product type remained relatively stable. Revenue derived from the Group's products for televisions and air conditioners (including packaging products and structural components) made the largest and second largest contributions to the Group's total revenue, amounting to approximately RMB60,638,000 or 71.1% of total revenue (30 June 2011: approximately RMB73,622,000 or 73.2% of total revenue).

Most of the Group's customers are leading consumer electrical appliance manufacturers in the PRC. All of the Group's revenue was derived from the sale of the Group's packaging products and structural components to the Group's customers in the PRC.

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of its packaging products and structural components from independent third parties. The raw materials mainly include expanded polystyrene (“EPS”) and expanded polyolefin (“EPO”). The Group retains a list of approved suppliers of raw materials and components and only make its purchases from the list. The Group has established long-term commercial relationships with its major suppliers for stable supply and timely delivery of high quality raw materials and components. The Group had not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of its packaging products for the six months ended 30 June 2012. The Group continues to diversify its suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

The Group’s three factories are capable of a maximum annual manufacturing capacity, in aggregate, of 15,100 tonnes of packaging products and structural components. The current production capacity enables the Group to promptly respond to market demand and expand its market position.

FUTURE OUTLOOK

It is believed that the sustained weakness in the economy of the United States and the outcome of the European sovereign debt crisis will cloud worldwide economic prospects. This doubt will in return dampen the consumer’s confidence and demand. In the PRC, challenges will also persist in the operating environment for the manufacturing sectors with increases in raw material prices and increase in costs like manpower costs, logistic and selling costs. The management will remain cautious about the Group’s business outlook.

To overcome the challenges ahead, the Group will continue to allocate more resources to technology innovation and equipment expansion and renovation in the coming period. Through streamlining the Group’s production processes, improving its production techniques, replacing old machines with energy-efficient ones and renovating mould designs, the Group will be able to enhance its production effectiveness and qualified rate, while reducing water and energy consumption and production costs. At the same time, the Group will continue to seek opportunities for quality improvements, raw-material application developments and new customers to enhance the Group’s product portfolio. These strategies expected to strengthen the Group’s competitive edge in securing orders and cost reduction.

The Group believed these prudent and proactive approaches will reinforce its top-tier position at all times in the economic cycle.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the six months ended 30 June 2012 amounted to approximately RMB85,343,000, representing a decrease of approximately RMB15,216,000, or 15.1% as compared to approximately RMB100,559,000 in the six month ended 30 June 2011. The decrease was primarily due to an overall decrease in purchase orders placed by the Group’s customers and in particular, the decrease in the sales of air conditioners (including packaging products and structural components).

Cost of sales

For the six months ended 30 June 2012, cost of sales for the Group amounted to approximately RMB66,171,000, decreased by approximately RMB4,291,000 or 6.1% when compared to approximately RMB70,462,000 for the six months ended 30 June 2011. The decrease in cost of sales is consistent with the decrease in revenue. Gross profit ratio decreased from 29.9% for the six months ended 30 June 2011 to 22.5% for the six months ended 30 June 2012. The decrease in the gross profit margins was due to the increase in wages of direct labour and the increase in manufacturing overhead in particular, cost of utilities on the back of the increase in consumption of utility and rates of utility contributed.

The following table sets out a breakdown of the Group's cost of sales for the periods stated:

	Six months ended 30 June 2012		Six months ended 30 June 2011	
	RMB'000	%	RMB'000	%
Raw materials	42,786	64.7	49,494	70.2
Direct labour costs	5,591	8.5	5,404	7.7
Manufacturing overhead	17,794	26.8	15,564	22.1
Staff costs	1,142	1.7	746	1.0
Depreciation	3,563	5.4	2,092	3.0
Utilities	10,189	15.4	9,617	13.6
Processing charges	2,150	3.2	2,334	3.3
Rental expenses	690	1.0	754	1.1
Others	60	0.1	21	0.1
Total	<u>66,171</u>	<u>100.0</u>	<u>70,462</u>	<u>100.0</u>

Other income

Other income mainly included interest income on bank deposits and others. For the six months ended 30 June 2012, other income amounted to approximately RMB570,000, increased by approximately RMB269,000 or 89.4% when compared to approximately RMB301,000 for the six months ended 30 June 2011. The increase was mainly due to the increase in sales of unused ancillary parts.

Other gains and losses - net

Other gains and losses - net mainly comprised net losses/gains on disposal of property, plant and equipment, net losses arising from changes in fair value of held-for-trading investments and foreign exchange losses. For the six month ended 30 June 2012, other gains and losses - net amounted to approximately RMB172,000, decreased by approximately RMB1,066,000 or 86.1% when compared to approximately RMB1,238,000 for the six months ended 30 June 2011. The decrease was mainly due to the disposal of all held-for-trading investments in the year 2011.

Selling and distribution expenses

For the six months ended 30 June 2012, selling and distribution costs amounted to approximately RMB4,399,000, increased by approximately RMB464,000 or 11.8% when compared to approximately RMB3,935,000 for the six months ended 30 June 2011. The increase was mainly due to an increase in salary expenses for sales and marketing staff and transportation costs in relation to delivery of products to the Group's customers.

Administrative expenses

For the six months ended 30 June 2012, administrative expenses amounted to approximately RMB5,310,000, increased by approximately RMB1,950,000 or 58.0% when compared to approximately RMB3,360,000 for the six months ended 30 June 2011. The increase was mainly due to an increase in office maintenance expenses, legal and professional fees and employee benefits expense during the Period.

Other operating expenses

For the six months ended 30 June 2012, other operating expenses amounted to approximately RMB126,000, increased by approximately RMB71,000 or 129.1% when compared to approximately RMB55,000 for the six months ended 30 June 2011. The increase was mainly due to more compensation paid to customers in respect of defective products.

Profit from operations

For the six months ended 30 June 2012, profit from operations of the Group amounted to approximately RMB9,735,000, decreased by approximately RMB12,075,000 or 55.4% when compared to approximately RMB21,810,000 for the six months ended 30 June 2011. Decrease in profit from operations were mainly due to an overall decrease in purchase orders placed by the Group's customers and an increase in office maintenance expenses, legal and professional fees and employee benefits expense during the Period.

Finance costs

For the six months ended 30 June 2012, finance costs amounted to approximately RMB328,000, decreased by approximately RMB104,000 or 24.1% when compared to approximately RMB432,000 for the six months ended 30 June 2011. The decrease was mainly due to the decrease in finance costs arising from early redemption of note receivables.

Profit before tax

For the six months ended 30 June 2012, profit before tax for the Group amounted to approximately RMB9,407,000, decreased by approximately RMB11,971,000 or 56.0% when compared to approximately RMB21,378,000 for the six months ended 30 June 2011. Decrease in profit before taxation were mainly due to an overall decrease in purchase orders placed by the Group's customers and an increase in office maintenance expenses, legal and professional fees and employee benefits expense during the period ended 30 June 2012.

Income tax expense

For the six months ended 30 June 2012, income tax expense for the Group amounted to approximately RMB2,296,000, increased by approximately RMB1,209,000 or 111.2% when compared to approximately RMB1,087,000 for the six months ended 30 June 2011. This increase was mainly due to refund of an over provision of RMB3,544,000 of income tax during the period ended 30 June 2011. No over provision was incurred in the Period.

Profit for the period

For the six months ended 30 June 2012, profit attributable to owners of the Company amounted to approximately RMB7,111,000, decreased by approximately RMB13,180,000 or 65.0% when compared to approximately RMB20,291,000 for the six months ended 30 June 2011. The decrease in the profit for the period is mainly due to (i) overall decline in economic growth in the PRC causing the decrease in the demand for consumer electrical appliances which in turn weakened the demand for the Group's products; and (ii) significant increase in administrative expenses.

Capital expenditure

Capital expenditure of the Group mainly included the purchase of properties, plants and equipment. During the Period, capital expenditure of the Group amounted to approximately RMB5,282,000 (31 December 2011: approximately RMB8,033,000).

Contingent liabilities

As at 30 June 2012, the Group had no material contingent liabilities.

Pledge of Assets

As at 30 June 2012, the Group has pledged assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB4,679,000 (31 December 2011: the Group has pledged assets of bank notes, buildings, prepaid lease payments and bank deposits to the bank in the amount of approximately RMB5,693,000).

Liquidity and Financial Resources

As of 30 June 2012, bank balances and cash of the Group amounted to approximately RMB72,917,000 (31 December 2011: approximately RMB80,141,000).

As of 30 June 2012, the Group had bank borrowings of approximately RMB2,000,000, which were secured by the Group's buildings and prepaid lease payments. (31 December 2011: approximately RMB3,292,000 which were secured by the Group's bank notes, buildings and prepaid lease payments and bank deposits).

USE OF PROCEEDS FROM THE PLACING AND PUBLIC OFFER

The Company was successfully listed on the Main Board of the Stock Exchange on 18 November 2011 (the "Listing Date") by way of placing (the "Placing") and public offer (the "Public Offer") of a total of 50,000,000 shares in the Company (the "Shares") at the offer price of HK\$1.25 per Share (the "Listing").

The proceeds received by the Company from the Placing and Public Offer, after deducting the relevant costs of the Placing and the Public Offer, amounted to approximately HK\$44,500,000 in total. As at 30 June 2012, the Group had used net proceeds of approximately HK\$5,600,000, of which HK\$2,700,000 has been used for the repayment of the bank loan and HK\$2,900,000 had been used for as general working capital. The remaining net proceeds have been deposited into banks which are intended to be applied in accordance with the proposed application set forth in the Company's prospectus dated 8 November 2011.

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

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities throughout the Period.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

During the six months ended 30 June 2012, there was no material acquisition, disposal or investment by the Group.

DIVIDENDS

A final dividend of HK6.00 cents per share in respect of the year ended 31 December 2011 was declared and paid to the owners of the Company on 6 July 2012 (31 December 2010: N/A).

The Board did not recommend the payment of interim dividend for the six months ended 30 June 2012 (30 June 2011: Nil).

AUDIT COMMITTEE

The interim results for the Period are unaudited and have not been reviewed by the auditor of the Company. The audit committee of the Company (comprised all the independent non-executive Directors) has reviewed the accounting principles, accounting standards and methods adopted by the Company together with the management, discussed the matters concerning the internal controls, as well as reviewed the Group's unaudited condensed consolidated interim financial statements for the Period and this announcement.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

CORPORATE GOVERNANCE

During the period from 1 January 2012 to 31 March 2012, the Company has applied the principles of the Code on Corporate Governance Practices (the “Code”) (which had been amended and had taken effect from 1 April 2012 (the “Revised Code”)) and complied with all the code provisions (the “Code Provisions”) and certain recommended best practices set out in the Code, save for the deviation from Code Provision A.2.1, which states that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. During the period from 1 April 2012 to 30 June 2012, the Company has complied with all the Code Provisions of the Revised Code, save for the deviation from Code Provision A.2.1, which states that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Chao, who acts as the chairman and the chief executive officer of the Company, is also responsible for the overall business strategy and development and management of the Group. The Board will meet regularly to consider major matters affecting the operations of the Group. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and the chief executive. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Company understands the importance to comply with the Code Provision A.2.1 and will continue to consider the feasibility of appointing a separate chief executive.

By Order of the Board
Jin Bao Bao Holdings Limited
Chao Pang Ieng
Chairman

Hong Kong, 17 August 2012

As at the date of this announcement, the Board comprises Mr. Chao Pang Ieng, Ms. Zhou Zheng Bin, Ms. Chen Fen and Mr. Zuo Ji Lin as executive Directors; Mr. Chan Chun Chi, Mr. Yu Xi Chun and Mr. Wu Hao Tian as independent non-executive Directors.