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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2012

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately 6.4% to approximately RMB199,290,000 (2011: approximately RMB212,834,000)
- Gross profit decreased by approximately 25.5% to approximately RMB45,747,000 (2011: approximately RMB61,393,000)
- Profit attributable to owners of the Company decreased by approximately 37.0% to approximately RMB18,838,000 (2011: approximately RMB29,906,000)
- Basic earnings per share decreased by approximately 51.0% to approximately RMB9.4 cents (2011: approximately RMB19.2 cents)
- The Board does not recommend the payment of any dividend for the year ended 31 December 2012 (2011: proposed final dividend HK6.00 cents per share, equivalent to approximately RMB4.88 cents per share).

The board (the "Board") of directors (the "Directors") of Jin Bao Bao Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2012 together with the comparative figures for the year ended 31 December 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Revenue	4	199,290	212,834
Cost of sales		(153,543)	(151,441)
Gross profit		45,747	61,393
Other income		1,801	598
Other gains and losses - net	5	(1,484)	(1,309)
Selling and distribution expenses		(9,582)	(9,109)
Administrative expenses		(10,634)	(8,554)
Other operating expenses		(287)	(562)
Other expenses		-	(5,926)
Profit from operations		25,561	36,531
Finance costs		(272)	(1,074)
Profit before tax		25,289	35,457
Income tax expense	6	(6,451)	(5,551)
Profit for the year	7	18,838	29,906
Other comprehensive income for the year			
Exchange differences on translating foreign operations		(255)	259
Total comprehensive income for the year		18,583	30,165
Profit attributable to:			
Owners of the Company		18,838	29,906
Total comprehensive income for the year attributable to:			
Owners of the Company		18,583	30,165
		RMB cents	RMB cents
Earnings per share – basic and diluted	9	9.4	19.2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2012

	Notes	2012 RMB'000	2011 RMB'000
Non-current assets			
Property, plant and equipment		42,520	41,699
Prepaid lease payments		2,812	2,883
Deferred tax assets		329	79
		45,661	44,661
Current assets			
Inventories		10,665	9,896
Prepaid lease payments		71	71
Trade and other receivables	10	131,119	117,406
Current tax assets		2,363	3,208
Pledged bank deposits		-	231
Cash and bank balances		64,536	80,141
		208,754	210,953
Current liabilities			
Trade and other payables	11	39,287	47,538
Bank borrowings		2,000	3,292
		41,287	50,830
Net current assets		167,467	160,123
Total assets less current liabilities		213,128	204,784
Non-current liabilities			
Deferred tax liabilities		600	1,062
Net assets		212,528	203,722
Capital and reserves			
Share capital		1,632	1,632
Reserves		210,896	202,090
Total equity		212,528	203,722

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

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 Group is principally engaged in the design, manufacture and sale of packaging products and structural components in the People's Republic of China (the "PRC").

Prior to the corporate reorganization undertaken in preparation for the listing of the Company's shares on the Stock Exchange (the "Corporate Reorganization"), the group entities were under the control of Mr. Chao. Through the Corporate Reorganization, the Company became the holding company of the companies now comprising the Group on 9 March 2011. Accordingly, for the purpose of the preparation of the consolidated financial statements of the Group, the Company has been considered as the holding company of the companies now comprising the Group throughout the years presented. The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganization is regarded as a continuing entity. The Group was under the control of Mr. Chao both before and after the Corporate Reorganization.

The consolidated financial statements have been prepared as if the Company had been the holding company of the Group throughout the year ended 31 December 2011 in accordance with Accounting Guideline 5 *Merger Accounting for Common Control Combinations* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows which include the results, changes in equity and cash flows of the companies comprising the Group have been prepared as if the current group structure had been in existence throughout the year ended 31 December 2011, or since their respective dates of incorporation/establishment where it is a shorter period.

Prior to the Corporate Reorganization, 四川景虹包裝製品有限公司 (Sichuan Jinghong Packing Materials Co. Ltd.*) ("Sichuan Jinghong"), 滁州創策包裝材料有限公司 (Chuzhou Chuangce Packaging Materials Company Limited*) ("Chuzhou Chuangce") and 重慶光景包裝製品有限公司 (Chongqing Guangjing Packing Materials Co. Ltd.*) ("Chongqing Guangjing") were wholly owned by Conca Investments Limited ("Conca Investments"), an investment holding company controlled by Mr. Chao. As part of the Corporate Reorganization, Metro Master Limited ("Metro Master"), an indirect wholly–owned subsidiary of the Company, entered into respective equity transfer agreements with Conca Investments, pursuant to which Conca Investments transferred the entire equity interests in Chuzhou Chuangce, Chongqing Guangjing and Sichuan Jinghong at an aggregated consideration of RMB119,790,000. The aforesaid equity transfer transactions were completed in March 2011 and the Company became the holding company of the Group.

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 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.

* *English translation names are for identification purpose only.*

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In the current year, the Company has applied all of the new and revised standards, amendments and interpretations (the "new and revised HKFRS") issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012.

HKFRS 1 (Amendment)	Severe Hyperinflation and Removal of Fixed Date for First-time Adopters
HKFRS 7 (Amendment)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendment)	Deferred Tax: Recovery of Underlying Assets

The adoption of the new and revised of HKFRS has no material effect in the consolidated financial statements of the Group for the current and prior years.

The Group has not early applied the following new and revised HKFRS, that have been issued by the HKICPA but are not yet effective, in the consolidated financial statements:

HKFRS 1 (Amendment)	Government Loans[2]
HKFRS 7 (Amendments)	Disclosures – Offsetting financial assets and financial Liabilities[2]
HKFRS 9 and HKFRS 7 (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]
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements Disclosure of Interests in Other Entities: Transition Guidance[2]
HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[3]
HKAS 1 (Amendments)	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements[2]
HKAS 28 (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]
Annual Improvements Project	Annual Improvements 2009-2011 Cycle[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.

HKFRS 9 ***Financial Instruments***

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- 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.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' 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.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. HK (SIC)-Int 12 *Consolidation – Special Purpose Entities* will be withdrawn upon the effective date of HKFRS 10. Under HKRFS 10, there is only one basis for consideration, that is, control. In additional, 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 11 replaces HKAS 31 *Interests in Joint Ventures.* HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. HK (SIC)-Int 13 *Jointly Controlled Entities - Non-monetary Contributions by Venturers* will be withdrawn upon the effective date of HKFRS 11. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate consolidation.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

In July 2012, the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 were issued to clarify certain transitional guidance on the application of these five HKFRS for the first time.

These five standards, together with the amendments relating to the transitional guidance, are effective for annual periods beginning on or after 1 January 2013, with earlier application permitted provided all of these standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 January 2013. The application of these five standards 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 *Fair Value Measurement*

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 HKFRS 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 consolidated financial statements have been prepared in accordance with the HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

4. REVENUE AND SEGMENT INFORMATION

The Directors 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 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 assess the performance of the sole operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total net segment income is equivalent to total comprehensive income for the year as shown in the 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 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 year are attributable to customers located in the PRC. Substantially all the assets of the Group are located in the PRC.

Revenue	2012 RMB'000	2011 RMB'000
Sales of packaging products and structural components	199,290	212,834

Information about major customers

Revenue from customers contributing over 10% of total revenue of the Group during the year is as follows:

	2012 RMB'000	2011 RMB'000
Customer A	73,060	87,124
Customer B	40,740	52,808
Customer C	37,279	33,826
Customer D	32,248	N/A[1]
	183,327	173,758

[1] The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. OTHER GAINS AND LOSSES - NET

	2012 RMB'000	2011 RMB'000
Net losses on disposal of property, plant and equipment	1,422	67
Net losses arising on changes in fair value of held-for-trading investments	-	1,241
Net foreign exchange losses	62	1
	1,484	1,309

6. INCOME TAX EXPENSE

	2012 RMB'000	2011 RMB'000
Current tax:		
- PRC Enterprise Income Tax ("EIT")	7,135	8,732
Under / (over) provision in prior years:		
- PRC EIT	28	(3,545)
Deferred tax	(712)	364
Total income tax recognized in profit and loss	6,451	5,551

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for the year (2011: Nil).

Pursuant to relevant PRC tax laws and regulations and a written approval obtained from local tax authorities, Chongqing Guangjing is subject to EIT rate at 15% for both years.

Other PRC subsidiaries are subject to the PRC EIT at 25% for both years.

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2012 RMB'000	2011 RMB'000
Depreciation of property, plant and equipment	7,705	7,198
Amortization of prepaid lease payments	71	71
Auditors' remuneration	374	411
Operating lease rentals in respect of premises	1,924	2,335
Cost of inventories recognized as an expense (including write-down recognized on inventories)	105,134	105,181
Write-down of inventories to net realizable value (included in cost of sales)	336	312
Other expenses *(Note)*	-	5,926

Note: Other expenses mainly included listing expenses.

	2012 RMB'000	2011 RMB'000
Directors' emoluments	1,040	652
Other employee salaries and benefits	19,848	17,699
Contributions to retirement benefits schemes, excluding those of Directors	1,429	2,225
Total employee benefits expense	22,317	20,576

8. DIVIDENDS

	2012 RMB'000	2011 RMB'000
Prior to the Corporate Reorganization		
Dividends paid by the following companies:		
Chuzhou Chuangce	-	5,124
Chongqing Guangjing	-	3,573
Sichuan Jinghong	-	25,649
	-	34,346

The amounts represented the dividends paid by respective companies to their then equity holders prior to the Corporation Reorganization. Accordingly, the rate of dividend and the number of shares ranking for the above dividends have not been presented as such information is not meaningful.

After the Corporate Reorganization

The Board does not recommend the payment of any dividend for the year ended 31 December 2012 (2011: proposed final divided HK6.00 cents per share, equivalent to approximately RMB4.88 cents per share).

9. EARNINGS PER SHARE

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

	2012 RMB'000	2011 RMB'000
Earnings for the purpose of basic and diluted earnings per share	18,838	29,906
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	200,000,000	156,027,397

For the year ended 31 December 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 ordinary shares (adjusted retrospectively for 2 shares in issue and 149,999,998 shares issued under the capitalization issue). In addition, the effect of 50,000,000 shares issued under placing and public offering.

The diluted earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares in issue during both years.

10. TRADE AND OTHER RECEIVABLES

	2012 RMB'000	2011 RMB'000
Trade receivables	86,768	78,369
Note receivables	40,563	37,883
Prepayments, deposits and other receivables	3,788	1,154
	131,119	117,406

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:

	2012 RMB'000	2011 RMB'000
Within 90 days	74,499	70,001
91 – 180 days	12,180	8,048
181 – 365 days	73	86
Over 365 days	16	234
Total	86,768	78,369

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

	2012 RMB'000	2011 RMB'000
91 – 180 days	73	86
Over 365 days	16	234
Total	89	320

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 31 December 2012 (2011: Nil).

At 31 December 2012, there was no note receivable pledged as collaterals to secure certain short-term bank loans of the Group (2011: RMB1,292,000).

At 31 December 2012, note receivables with carrying amounts of approximately RMB6,350,000 (2011: Nil) were pledged as collaterals to secure certain note payables of the Group.

11. TRADE AND OTHER PAYABLES

	2012 RMB'000	2011 RMB'000
Trade payables	29,687	29,758
Note payables	5,355	231
Receipts in advance	10	11,637
Accruals	1,707	2,130
Other taxes payable	1,258	2,518
Others	1,270	1,264
	39,287	47,538

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:

	2012 RMB'000	2011 RMB'000
Within 90 days	28,548	28,623
91 – 180 days	830	818
181 – 365 days	107	246
Over 365 days	202	71
Total	29,687	29,758

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 31 December 2012 and 2011, note payables were secured by a charge over certain of the Group's assets.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

With the sluggish global economy in 2012, the financial crisis continued to have a material impact on the pace of economic development in various regions. Although governments of countries around the world continued to take measures to stimulate the economy, consumers' sentiment has not been improved. Furthermore, in the PRC, the gradual withdrawal of the "Rural Area Subsidized Electrical Appliances Purchase Policy", the "Home Appliances Replacement Policy" and the "Energy Efficient Product Subsidy Policy" led to a slowdown in demand in the consumer electrical appliance industry. Therefore, the revenue of the Group dropped.

BUSINESS REVIEW

During the year ended 31 December 2012, the consumer electrical appliance industry remained sluggish which in turn weakened the demand for the Group's products. Also, the Group faced a challenge of increasing manufacturing overheads and direct labour costs. To mitigate the negative impact of rising costs, the Group continues to implement a series of measures to improve its production efficiency in order to remain competitive amongst the leading expanded polystyrene ("EPS") and expanded polyolefin ("EPO") providers.

In light of the declining demand for the Group's products, the Group's revenue decreased to approximately RMB199,290,000 for the year ended 31 December 2012, representing a decrease of approximately 6.4% as compared to the revenue of approximately RMB212,834,000 for the year ended 31 December 2011.

Revenue

An analysis of revenue by products is as follows:

	Year ended 31 December			
	2012		2011	
	RMB'000	%	RMB'000	%
Packaging products				
Televisions	83,238	41.8	80,634	37.9
Air conditioners	40,526	20.3	46,866	22.0
Washing machines	20,977	10.5	24,191	11.4
Refrigerators	20,772	10.4	28,301	13.3
Water heaters	7,091	3.6	2,917	1.4
Others	3,399	1.7	1,468	0.6
Structural components				
For air conditioners	23,287	11.7	28,457	13.4
Total	199,290	100.0	212,834	100.0

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 approximately RMB147,051,000 or 73.8% of total revenue. (2011: approximately RMB155,957,000 or 73.3% 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 the Group's packaging products and structural components from independent third parties. The raw materials mainly include EPS and EPO. The Group retains a list of approved suppliers of raw materials and components and only makes purchases from the list. The Group has established long-term commercial relationships with major suppliers for a stable supply and on time 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 packaging products for the year ended 31 December 2012. The Group continues to diversify the Group's 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 strengthen the Group's market position.

FUTURE OUTLOOK

Given the slower-than-expected global economic recovery and the continuous downturn in businesses in connection with the consumer electrical appliance industry, the domestic consumer electrical appliance industry is expected to be volatile and challenging in the coming year. The management of the Group will remain cautious of the Group's business outlook.

The continuous increase in production costs in the PRC has eroded most of the Group's profit. Therefore, the Group will continue to put more efforts on research and development to improve product quality, broaden product mix and also continue to diversify the revenue mix through strengthening existing businesses, offering a wider variety of products, broadening customer base and exploring new business opportunities, which in return can stabilize the production costs and ensure a sustainable growth of the Group.

The Group believes that these forward-looking efforts will consolidate the leading position of the Group and pave the foundation of the Group's future development.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the year ended 31 December 2012 amounted to approximately RMB199,290,000, representing a decrease of approximately RMB13,544,000, or 6.4% as compared to approximately RMB212,834,000 in the year ended 31 December 2011. The decrease in revenue was mainly caused by the decrease in sales of refrigerators and air conditioners' structural components and packaging products.

Cost of sales

For the year ended 31 December 2012, cost of sales for the Group amounted to approximately RMB153,543,000, increased by approximately RMB2,102,000 or 1.4% when compared to approximately RMB151,441,000 for the year ended 31 December 2011. Gross profit ratio further decreased from 28.8% for the year ended 31 December 2011 to 23.0% for the year ended 31 December 2012. The drop in gross profit margin was due to the increase in raw material costs, direct labour costs and other production overheads, as a result of the increase in commodities prices, the increase in average level of wages and general inflation in the PRC during the year.

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

	Year ended 31 December			
	2012		2011	
	RMB'000	%	RMB'000	%
Raw materials	105,431	68.7	105,181	69.4
Direct labour costs	12,736	8.3	11,304	7.5
Manufacturing overhead	35,376	23.0	34,956	23.1
Staff costs	1,985	1.2	1,809	1.2
Depreciation	6,192	4.0	5,050	3.3
Utilities	20,719	13.5	21,831	14.4
Processing charges	4,925	3.2	4,738	3.1
Rental expenses	1,452	1.0	1,452	1.0
Others	103	0.1	76	0.1
Total	153,543	100.0	151,441	100.0

Other income

Other income mainly included interest income on bank deposits and others. For the year ended 31 December 2012, other income amounted to approximately RMB1,801,000, increased by approximately RMB1,203,000 or 201.2% when compared to approximately RMB598,000 for the year ended 31 December 2011. The increase was mainly due to the increase in interest income on bank deposits.

Other gains and losses - net

Other gains and losses - net mainly comprised of net losses on disposal of property, plant and equipment, net losses arising on changes in fair value of held-for-trading investments and net foreign exchange losses. For the year ended 31 December 2012, other gains and losses - net amounted to net losses of approximately RMB1,484,000, increased by approximately RMB175,000 or 13.4% when compared to net losses of approximately RMB1,309,000 for the year ended 31 December 2011. The increase was mainly caused by an increase in net losses on disposal of moulds.

Selling and distribution expenses

For the year ended 31 December 2012, selling and distribution expenses amounted to approximately RMB9,582,000, increased by approximately RMB473,000 or 5.2% when compared to approximately RMB9,109,000 for the year ended 31 December 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 year ended 31 December 2012, administrative expenses amounted to approximately RMB10,634,000, increased by approximately RMB2,080,000 or 24.3% when compared to approximately RMB8,554,000 for the year ended 31 December 2011. The increase was mainly due to increase in legal and professional fees during the year.

Other operating expenses

For the year ended 31 December 2012, other operating expenses amounted to approximately RMB287,000, decreased by approximately RMB275,000 or 48.9% when compared to approximately RMB562,000 for the year ended 31 December 2011. The decrease was mainly due to decrease in compensation paid to customers in respect of defective products.

Other expenses

For the year ended 31 December 2012, no other expenses were incurred. For the year ended 31 December 2011, other expenses were amounted to approximately RMB5,926,000. Other expenses were incurred in relation to the listing of the Company in the year 2011 which were recognized in profit and loss in the year 2011.

Profit from operations

For the year ended 31 December 2012, profit from operations of the Group amounted to approximately RMB25,561,000, decreased by approximately RMB10,970,000 or 30.0% when compared to approximately RMB36,531,000 for the year ended 31 December 2011. Decrease in profit from operations was mainly due to decrease in revenue while there was an increase in cost of sales.

Finance costs

For the year ended 31 December 2012, finance costs amounted to approximately RMB272,000, decreased by approximately RMB802,000 or 74.7% when compared to approximately RMB1,074,000 for the year ended 31 December 2011. The decrease was mainly due to the decrease in early redemption of note receivables compared to last year.

Profit before tax

For the year ended 31 December 2012, profit before tax for the Group amounted to approximately RMB25,289,000, decreased by approximately RMB10,168,000 or 28.7% when compared to approximately RMB35,457,000 for the year ended 31 December 2011. Decrease in profit before tax was mainly due to decrease in revenue while there was an increase in cost of sales.

Income tax expense

For the year ended 31 December 2012, income tax expense for the Group amounted to approximately RMB6,451,000, increased by approximately RMB900,000 or 16.2% when compared to approximately RMB5,551,000 for the year ended 31 December 2011. This increase was mainly due to an over-provision of the EIT expense in the prior year which amounted to approximately RMB3,545,000 in the year ended 31 December 2011 whereas an under-provision of EIT expense in the prior year amounted to approximately RMB28,000 for the year ended 31 December 2012.

Profit for the year

For the year ended 31 December 2012, profit attributable to owners of the Company amounted to approximately RMB18,838,000, decreased by approximately RMB11,068,000 or 37.0% when compared to approximately RMB29,906,000 for the year ended 31 December 2011.

Trade and other receivables

Trade receivables of the Group include credit sales that the Group's customers should pay for the Group's products. Other receivables of the Group include note receivables and prepayments, deposits and other receivables. Trade and other receivables of the Group as at 31 December 2012 amounted to approximately RMB131,119,000, increased by approximately RMB13,713,000 or 11.7% when compared to trade and other receivables as at 31 December 2011 which amounted to approximately RMB117,406,000. Increase in trade and other receivables were mainly due to an increase in credit sales with certain customers that have a good co-operation relationship with the Group. As at 31 December 2012, trade receivables of the Group amounted to approximately RMB86,768,000, representing an increase of approximately RMB8,399,000 or 10.7% when compared to trade receivables of the Group as at 31 December 2011 amounted to approximately RMB78,369,000.

Inventories

As at 31 December 2012, inventories owned by the Group amounted to approximately RMB10,665,000, representing an increase of approximately RMB769,000 or 7.8% when compared to inventories amounted to approximately RMB9,896,000 as at 31 December 2011. The increase in inventories was mainly due to decrease in purchase orders placed by the Group's customers.

Properties, plant and equipment

Properties, plants and equipment owned by the Group include buildings, leasehold improvements, plant and machinery, office equipment, motor vehicles, moulds and construction in progress. As at 31 December 2012, the book value of properties, plants and equipment owned by the Group amounted to approximately RMB42,520,000, showing an increase of approximately RMB821,000 or 2.0% when compared to that of approximately RMB41,699,000 as at 31 December 2011. Increase in properties, plants and equipment was mainly due to addition of plant and machinery and moulds.

Trade and other payables

Trade and other payables of the Group mainly include trade and note payables, receipts in advance, accruals, other taxes payable and others. As at 31 December 2012, trade and other payables of the Group amounted to approximately RMB39,287,000, showing a deduction of approximately RMB8,251,000 or 17.4% when compared to that of approximately RMB47,538,000 as at 31 December 2011. Decrease in trade and other payables was mainly due to decrease in receipts in advance from customers which decreased from approximately RMB11,637,000 as at 31 December 2011 to approximately RMB10,000 as at 31 December 2012.

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of properties, plants and equipment. For the year ended 31 December 2012, capital expenditure of the Group amounted to approximately RMB10,454,000 (2011: approximately RMB8,033,000).

Contingent liabilities

As at 31 December 2012, the Group had no material contingent liabilities.

Pledge of assets

As at 31 December 2012, the Group has pledged assets of note receivables, buildings and prepaid lease payments to the bank in the amount of approximately RMB10,391,000 (2011: the Group has pledged assets of note receivables, buildings, prepaid lease payments and bank deposits to the bank in the amount of approximately RMB5,693,000).

Liquidity and financial resources

As of 31 December 2012, bank balances and cash of the Group amounted to approximately RMB64,536,000 of which approximately 2.5% was denominated in HK dollars (2011: approximately RMB80,141,000 of which approximately 44.0% was denominated in HK dollars).

As of 31 December 2012, the Group's bank borrowings of approximately RMB2,000,000 had variable interest rates and were repayable within one year, which were secured by the Group's buildings and prepaid lease payments. (2011: approximately RMB3,292,000 which were secured by the Group's bank notes, buildings and prepaid lease payments and bank deposits). As of 31 December 2012 and 2011, none of the bank borrowings were denominated in HK dollars.

Gearing ratio

The calculation of gearing ratio is net debt (i.e. debt minus cash and cash equivalents) divided by equity. As the Group was not in the position of net debt as at 31 December 2012, there was no gearing ratio available as at 31 December 2012 (2011: N/A).

Foreign exchange risk

Substantially all the Group's sales and purchases are denominated in the functional currency of the operating units making the sales (i.e. RMB), and substantially all the costs are denominated in the units' functional currency. Accordingly, the Directors consider that the Group is not exposed to significant foreign currency risk.

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Human resources and training

As at 31 December 2012, the Group has 621 employees (2011: 587 employees). Total employee benefit expenses amounted to approximately RMB22,317,000 (2011: approximately RMB20,576,000). The Group has a management team (including product design and development team) with extensive industry experience. The team comprises certain management personnel and technicians from various departments who have extensive experience in and knowledge of the manufacturing of packaging products and structural components. The Group has adopted an employee-focused management concept to involve the Group's staff in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the productivity of its employees. The Group conducts regular performance reviews for its employees, and adjusts their salaries and bonuses accordingly. In addition, the Group has implemented training programs for employees in various positions.

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 by way of placing (the "Placing") and public offer (the "Public Offer") of a total of 50,000,000 shares in the Company at an offer price of HK$1.25 per share.

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 31 December 2012, the Group had used net proceeds of approximately HK$5,600,000, of which HK$2,700,000 had been used for the repayment of bank loan and HK$2,900,000 had been used as general working capital. The remaining net proceeds to be used for the establishment of a factory in Wuhu City have been deposited into banks. At the Board meeting held on 28 February 2013, it was resolved that the plan of establishment of a factory in Wuhu City will be postponed to the second half of 2015 due to the weak economy in the PRC.

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

For the year ended 31 December 2012, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

For the year ended 31 December 2012, there was no material acquisition, disposal or investment by the Group.

DIVIDENDS

The Board does not recommend the payment of any dividend for year ended 31 December 2012 (2011: proposed final dividend HK6.00 cents per share, equivalent to approximately RMB4.88 cents per share).

AUDIT COMMITTEE

The Company established the audit committee (the "Audit Committee") on 10 June 2011 with written terms of reference in compliance with the Code Provisions (as defined below) of the Code (as defined below). On 16 March 2012, the Company adopted the revised terms of reference of the Audit Committee in compliance with the Revised Code Provisions (as defined below) of the Revised Code (as defined below). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Chan Chun Chi (an independent non-executive director with the appropriate professional qualifications as required under rule 3.10(2) of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") who serves as chairman of the Audit Committee), Mr. Yu Xi Chun and Mr. Wu Hao Tian.

The Audit Committee 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 annual results for the year ended 31 December 2012.

CHANGE OF CHAIRMAN OF REMUNERATION COMMITTEE AND CHAIRMAN OF NOMINATION COMMITTEE

In order to comply with the amended Listing Rules with effect from 1 April 2012, Mr. Wu Hao Tian was appointed to replace Mr. Chao Peng Ieng as the chairman of the remuneration committee of the Company (the "Remuneration Committee") with effect from 16 March 2012 with the members of the Remuneration Committee remained unchanged, and Mr. Yu Xi Chun was appointed to replace Ms. Chen Fen as the chairperson of the nomination committee (the "Nomination Committee") with effect from 16 March 2012 with the members of the Nomination Committee remained unchanged.

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 for the year ended 31 December 2012.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

During the period from 1 January 2012 to 31 March 2012, the Company had adopted the code provisions (the "Code Provision(s)") set out in the Code on Corporate Governance Practices (the "Code") effective before 1 April 2012 and as set out in the former Appendix 14 to the Listing Rules.

During the period from 1 April 2012 to 31 December 2012, the Company has adopted the code provisions (the "Revised Code Provision(s)") set out in the revised Corporate Governance Code (the "Revised Code") effective from 1 April 2012 and as set out in the revised Appendix 14 to the Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code and the Revised Code. The Company was in compliance with the applicable Code Provisions and Revised Code Provisions for the year ended 31 December 2012, except for Code Provision A.2.1 and Revised Code Provision A.2.1, which state 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 responsible for the overall business strategy and development and management of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does 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 Revised 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, 28 February 2013

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.