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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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Revenue increased by approximately 17.8% to approximately RMB234,709,000 (2012: approximately RMB199,290,000)
- Gross profit increased by approximately 1.6% to approximately RMB46,477,000 (2012: approximately RMB45,747,000)
- Profit attributable to owners of the Company increased by approximately 1.2% to approximately RMB19,066,000 (2012: approximately RMB18,838,000)
- Basic earnings per share increased by approximately 1.1% to approximately RMB9.5 cents (2012: approximately RMB9.4 cents)
- The Board does not recommend the payment of final dividend for the year ended 31 December 2013 (2012: Nil)

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 2013 together with the comparative figures for the year ended 31 December 2012 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	4	234,709	199,290
Cost of sales		(188,232)	(153,543)
Gross profit		46,477	45,747
Other income		1,318	1,801
Other gains and losses - net	5	844	(1,484)
Selling and distribution expenses		(11,134)	(9,582)
Administrative expenses		(11,022)	(10,634)
Other operating expenses		(183)	(287)
Profit from operations		26,300	25,561
Finance costs		(233)	(272)
Profit before tax		26,067	25,289
Income tax expense	6	(7,001)	(6,451)
Profit for the year	7	19,066	18,838
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences		(1,279)	(255)
Other comprehensive income for the year, net of tax		(1,279)	(255)
Total comprehensive income for the year		17,787	18,583
Profit for the year attributable to:			
Owners of the Company		19,066	18,838
Total comprehensive income for the year attributable to:			
Owners of the Company		17,787	18,583
		RMB cents	RMB cents
Earnings per share – basic and diluted	9	9.5	9.4

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		41,538	42,520
Prepaid lease payments		2,741	2,812
Deferred tax assets		448	329
		44,727	45,661
Current assets			
Inventories		10,462	10,665
Prepaid lease payments		71	71
Trade and other receivables	10	137,535	131,119
Current tax assets		-	2,363
Cash and bank balances		56,736	64,536
		204,804	208,754
Current liabilities			
Trade and other payables	11	34,558	39,287
Bank borrowings		2,000	2,000
Current tax liabilities		1,835	-
		38,393	41,287
Net current assets		166,411	167,467
Total assets less current liabilities		211,138	213,128
Non-current liabilities			
Deferred tax liabilities		-	600
Net assets		211,138	212,528
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital		1,632	1,632
Reserves		209,506	210,896
Total equity		211,138	212,528

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").

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 (i.e. Hong Kong dollars). 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 ("HKFRS")

The Group has applied for the first time in the current year the following new and revised HKFRS:

HKFRS 1 (Amendments)	Government Loans
HKFRS 7 (Amendments)	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 13	Fair Value Measurement
HKFRS 1 (Amendments)	Presentation of Items of Other Comprehensive Income
HKAS 19 (2011)	Employee Benefit
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures
HK(IFRIC) - Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

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 Hong Kong Institute of Certified Public Accountants (the "HKICPA") but are not yet effective, in the consolidated financial statements:

HKFRS 9	Financial Instruments[4]
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosure[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) (Amendments)	Investment Entities[1]
HKFRS 14	Regulatory Deferral Accounts[3]
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions[2]
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities[1]
HKAS 36 (Amendments)	Recoverable Amount Disclosures for Non-Financial Assets[1]
HKAS 39 (Amendments)	Novation of Derivatives and Continuation of Hedge Accounting[1]
HK(IFRIC) – Int 21	Levies[1]

[1] Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
[3] Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
[4] No mandatory effective date yet determined but is available for adoption.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compare with the requirement of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated at fair value through profit or loss using fair value option ("FVO"). For theses FVO liabilities, the amount of change in fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit-risk related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

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

Statement of compliance

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 (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 the 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 profit or loss and other 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

	2013 RMB'000	2012 RMB'000
Sales of packaging products and structural components	234,709	199,290

Information about major customers

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

	2013 RMB'000	2012 RMB'000
Customer A	63,673	73,060
Customer B	58,934	40,740
Customer C	39,569	37,279
Customer D	32,018	32,248
	194,194	183,327

5. OTHER GAINS AND LOSSES - NET

	2013 RMB'000	2012 RMB'000
Net losses on disposal of property, plant and equipment	(74)	(1,422)
Net foreign exchange gains/(losses)	918	(62)
	844	(1,484)

6. INCOME TAX EXPENSE

	2013 RMB'000	2012 RMB'000
Current tax:		
- PRC Enterprise Income Tax ("EIT")	7,268	7,135
(Over)/under provision in prior years		
- PRC EIT	(148)	28
Deferred tax	(119)	(712)
Total income tax recognized in profit and loss	7,001	6,451

Included in the PRC EIT of the Group is the withholding tax in relation to the dividends distributed from PRC subsidiaries amounting to approximately RMB490,000 (2012: approximately RMB674,000).

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 (2012: Nil).

Pursuant to relevant PRC tax laws and regulations and a written approval obtained from local tax authorities, 重慶光景包裝製品有限公司(Chongqing Guangjing Packing Materials Co. Ltd.*) is subject to the PRC EIT rate at 15% for both years.

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

* *English translation of the Chinese name of the PRC entity is for identification purpose only.*

7. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2013 RMB'000	2012 RMB'000
Depreciation of property, plant and equipment	8,347	7,705
Amortization of prepaid lease payments	71	71
Auditors' remuneration	368	374
Operating lease rentals in respect of premises	1,876	1,924
Cost of inventories recognized as an expense (including write-down recognized on inventories)	127,929	105,134
Write-down of inventories to net realizable value (included in cost of sales)	267	336
Directors' emoluments	1,139	1,040
Other employee salaries and benefits	23,749	19,848
Contributions to retirement benefits schemes, excluding those of Directors	3,358	1,429
Total employee benefits expense	28,246	22,317

8. DIVIDENDS

During the year ended 31 December 2013, an interim dividend of HK12.00 cents (equivalent to approximately RMB9.59 cents) per share (total dividend of approximately RMB19,177,000) was paid to the shareholders. During the year ended 31 December 2012, a final dividend of HK6.00 cents (equivalent to approximately RMB4.88 cents) per share (total dividend of approximately RMB9,777,000) in respect of the financial year ended 31 December 2011 was declared and was paid to the shareholders.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2013 (2012: Nil).

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:

	2013 RMB'000	2012 RMB'000
Earnings for the purpose of basic and diluted earnings per share	19,066	18,838
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	200,000,000	200,000,000

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

	2013 RMB'000	2012 RMB'000
Trade receivables	74,393	86,768
Note receivables *(Note)*	58,354	40,563
Prepayments, deposits and other receivables	4,788	3,788
	137,535	131,119

Note:

Note receivables are received from customers under the ordinary course of business. All of them are bank acceptance bills with a maturity period within six months.

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

The following is an aging 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:

	2013 RMB'000	2012 RMB'000
Within 90 days	59,452	74,499
91 – 180 days	14,941	12,180
181 – 365 days	-	73
Over 365 days	-	16
Total	74,393	86,768

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 aging 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

	2013 RMB'000	2012 RMB'000
Within 90 days	54	-
91 – 180 days	-	73
Over 365 days	-	16
Total	54	89

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 2013 (2012: Nil).

At 31 December 2013, there were no note receivables pledged as collaterals to secure note payables of the Group (2012: approximately RMB6,350,000).

11. TRADE AND OTHER PAYABLES

	2013 RMB'000	2012 RMB'000
Trade payables	31,560	29,687
Note payables	-	5,355
Receipts in advance	-	10
Accruals	971	1,707
Other taxes payable	1,364	1,258
Others	663	1,270
	34,558	39,287

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

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

	2013 RMB'000	2012 RMB'000
Within 90 days	30,336	28,548
91 – 180 days	322	830
181 – 365 days	791	107
Over 365 days	111	202
Total	31,560	29,687

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 2013, there was no note payables were secured by a charge over certain of the Group's assets (2012: approximately RMB10,391,000).

12. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in these consolidated financial statements, subsequent to the end of the reporting period, the Group has the following material events:

(i) On 20 December 2013, the Company entered into the sale and purchase agreement (the "S&P Agreement") with Grand Dynamic Developments Limited (the "Vendor") and Mr. Chao (the "Guarantor") for the sale and purchase of the entire issued share capital of View Sun Group Limited (the "Target Company"). Pursuant to the S&P Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the entire issued share capital of the Target Company at a consideration of RMB195,000,000 to be satisfied by the Company issuing to the Vendor (or its nominee) a promissory note on completion. On 12 February 2014, the Company, the Vendor and the Guarantor entered into the extension letter to extend the long stop date from 28 February 2014, as originally provided in the S&P Agreement, to 31 March 2014 or such other date as the Company and the Vendor may agree in writing. The extraordinary general meeting of the Company will be held on 18 March 2014 to consider and approve the acquisition and the transactions contemplated under the S&P Agreement. At the date of approval of these consolidated financial statements, the acquisition has not yet been completed.

(ii) Ms. Zhou Zheng Bin resigned her position as an executive director of the Company on 13 January 2014.

(iii) Mr. Guo Jian Zhong was appointed as an executive director of the Company on 26 February 2014.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In the year 2013, despite the slowdown of the PRC's macro-economic growth due to challenges such as economic restructuring and weak overseas demand, the overall consumption maintained solid growth. According to the statistics of the National Bureau of Statistics of China, the gross domestic product growth rate for the year 2013 reached 7.7%. In the year 2013, with the increasing income of urban and rural residents, the growth rate of consumption in the PRC picked up. Both the rapid development of the high-end consumer electrical appliance market and the demand of customers for product replacements and upgrades brought new growth momentum for the consumer electrical appliance industry. Furthermore, benefiting from the energy conservation subsidy policy, the PRC's consumer electrical appliance industry showed upward momentum during the year. Also, as end user demand drove the gradual improvement of the residential property market, the consumer electrical appliance industry showed the sign of recovery during the year.

BUSINESS REVIEW

During the year, the operating environment for manufacturing industries remained tough, even the revenue was recorded an increase in the year 2013, the Group still faced a challenge of increasing manufacturing overheads and direct labour costs. Although, the Group has been continuously controlling manufacturing overhead and general expenses, the operating cost kept rising. At the same time, due to the labour shortage in the PRC, the labour cost was still lifted during the year. In addition, with the efforts of worldwide government to provide liquidity, this eventually led to overheating, higher inflation rate and escalating raw material prices.

With the recovery of the consumer electrical appliance industry, the Group's revenue increased by approximately 17.8% to approximately RMB234,709,000. Even the revenue was increased, the gross profit ratio further decreased from 23.0% for the year ended 31 December 2012 to 19.8% for the year ended 31 December 2013. The profit attributable to owners of the Company only increased by approximately 1.2% to approximately RMB19,066,000.

Revenue

An analysis of revenue by products is as follows:

	Year ended 31 December			
	2013		2012	
	RMB'000	%	RMB'000	%
Packaging products				
Televisions	93,394	39.8	83,238	41.8
Air conditioners	47,847	20.4	40,526	20.3
Washing machines	17,746	7.5	20,977	10.5
Refrigerators	37,270	15.9	20,772	10.4
Water heaters	6,995	3.0	7,091	3.6
Information Technology products	11,655	5.0	930	0.5
Others	2,164	0.9	2,469	1.2
Structural components				
For air conditioners	17,638	7.5	23,287	11.7
Total	234,709	100.0	199,290	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 RMB158,879,000 or 67.7% of total revenue (2012: approximately RMB147,051,000 or 73.8% 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 2013. 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

In the coming year, the Group will continue to face a severe operating environment as the PRC's macro-economy enters into the adjustment phase, the overdraft of consumer demand by the consumer electrical appliance subsidy policy leading to the sluggish demand in the consumer electrical appliance industry in the following year, and, on the other hand, there is slow recovery and feeble growth of the international market, hence, the consumer electrical appliance industry will continue to face huge pressure.

The continuous increases in production cost in the PRC have eroded most of the Group's profit. With the view to improve the performance, the Group will continue its tight cost controls and improvements in operating efficiency and productivity. Should suitable business opportunities arise in the future, the Group will continue to explore and consider any such business opportunities, including acquisitions or realisations, which are in line with the Group's business strategies and may enhance the Group's future business development.

The management of the Group will remain cautious of the Group's business outlook. The Group believes that these 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 2013 amounted to approximately RMB234,709,000, representing an increase of approximately RMB35,419,000, or 17.8% as compared to approximately RMB199,290,000 in the year ended 31 December 2012. The increase in revenue was mainly caused by the increase in sales of packaging products of refrigerators and information technology products.

Cost of sales

For the year ended 31 December 2013, cost of sales for the Group amounted to approximately RMB188,232,000, increased by approximately RMB34,689,000 or 22.6% when compared to approximately RMB153,543,000 for the year ended 31 December 2012. Gross profit ratio further decreased from 23.0% for the year ended 31 December 2012 to 19.8% for the year ended 31 December 2013. 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			
	2013		2012	
	RMB'000	%	RMB'000	%
Raw materials	127,929	68.0	105,431	68.7
Direct labour costs	14,916	7.9	12,736	8.3
Manufacturing overhead	45,387	24.1	35,376	23.0
Staff costs	2,770	1.5	1,985	1.2
Depreciation	7,663	4.1	6,192	4.0
Utilities	27,150	14.4	20,719	13.5
Processing charges	6,061	3.2	4,925	3.2
Rental expenses	1,453	0.8	1,452	1.0
Others	290	0.1	103	0.1
Total	188,232	100.0	153,543	100.0

Other income

Other income mainly included interest income on bank deposits and others. For the year ended 31 December 2013, other income amounted to approximately RMB1,318,000, decreased by approximately RMB483,000 or 26.8% when compared to approximately RMB1,801,000 for the year ended 31 December 2012. The decrease was mainly due to the decrease in sales of unused ancillary parts.

Other gains and losses - net

Other gains and losses - net mainly comprised of net losses on disposal of property, plant and equipment and net foreign exchange gains/(losses). For the year ended 31 December 2013, other gains and losses - net amounted to net gains of approximately RMB844,000, increased by approximately RMB2,328,000 or 156.9% when compared to net losses of approximately RMB1,484,000 for the year ended 31 December 2012. The increase was mainly due to the net foreign exchange gains for the year ended 31 December 2013 while there were net foreign exchange losses for the year ended 31 December 2012.

Selling and distribution expenses

For the year ended 31 December 2013, selling and distribution expenses amounted to approximately RMB11,134,000, increased by approximately RMB1,552,000 or 16.2% when compared to approximately RMB9,582,000 for the year ended 31 December 2012. 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 2013, administrative expenses amounted to approximately RMB11,022,000, increased by approximately RMB388,000 or 3.6% when compared to approximately RMB10,634,000 for the year ended 31 December 2012. The increase was mainly due to the increase in legal and professional fees during the year.

Other operating expenses

For the year ended 31 December 2013, other operating expenses amounted to approximately RMB183,000, decreased by approximately RMB104,000 or 36.2% when compared to approximately RMB287,000 for the year ended 31 December 2012. The decrease was mainly due to the decrease in compensation paid to customers in respect of defective products.

Profit from operations

For the year ended 31 December 2013, profit from operations of the Group amounted to approximately RMB26,300,000, increased by approximately RMB739,000 or 2.9% when compared to approximately RMB25,561,000 for the year ended 31 December 2012. Increase in profit from operations was mainly due to the increase in revenue more than increase in cost of sales.

Finance costs

For the year ended 31 December 2013, finance costs amounted to approximately RMB233,000, decreased by approximately RMB39,000 or 14.3% when compared to approximately RMB272,000 for the year ended 31 December 2012. 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 2013, profit before tax for the Group amounted to approximately RMB26,067,000, increased by approximately RMB778,000 or 3.1% when compared to approximately RMB25,289,000 for the year ended 31 December 2012. Increase in profit before tax was mainly due to increase in revenue more than increase in cost of sales.

Income tax expense

For the year ended 31 December 2013, income tax expense for the Group amounted to approximately RMB7,001,000, increased by approximately RMB550,000 or 8.5% when compared to approximately RMB6,451,000 for the year ended 31 December 2012. This increase was mainly due to the movement of deferred tax credit from RMB712,000 for the year ended 31 December 2012 to RMB119,000 for the year ended 31 December 2013.

Profit for the year

For the year ended 31 December 2013, profit attributable to owners of the Company amounted to approximately RMB19,066,000, increased by approximately RMB228,000 or 1.2% when compared to approximately RMB18,838,000 for the year ended 31 December 2012.

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 2013 amounted to approximately RMB137,535,000, increased by approximately RMB6,416,000 or 4.9% when compared to trade and other receivables as at 31 December 2012 which amounted to approximately RMB131,119,000. Increase in trade and other receivables were mainly due to an income in note receivables as at 31 December 2013. As at 31 December 2013, note receivables of the Group amounted to approximately RMB58,354,000, representing an increase of approximately RMB17,791,000 or 43.9% when compared to note receivables of the Group as at 31 December 2012 amounted to approximately RMB40,563,000. Note receivables are received from customers under the ordinary course of business. All of them are bank acceptance bills with a maturity period within six months.

Inventories

As at 31 December 2013, inventories owned by the Group amounted to approximately RMB10,462,000, representing a decrease of approximately RMB203,000 or 1.9% when compared to inventories amounted to approximately RMB10,665,000 as at 31 December 2012. The inventory remains stable during the both years.

Property, plant and equipment

Property, plant 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 2013, the book value of property, plant and equipment owned by the Group amounted to approximately RMB41,538,000, showing a decrease of approximately RMB982,000 or 2.3% when compared to that of approximately RMB42,520,000 as at 31 December 2012. Decrease in property, plant and equipment was mainly due to total depreciation expenses more than the addition cost of property, plant and equipment during the year.

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 2013, trade and other payables of the Group amounted to approximately RMB34,558,000, showing a deduction of approximately RMB4,729,000 or 12.0% when compared to that of approximately RMB39,287,000 as at 31 December 2012. Decrease in trade and other payables were mainly due to no note payables as at 31 December 2013.

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of property, plant and equipment. For the year ended 31 December 2013, capital expenditure of the Group amounted to approximately RMB7,674,000 (2012: approximately RMB10,454,000).

Contingent liabilities

As at 31 December 2013, the Group had no material contingent liabilities.

Pledge of assets

As at 31 December 2013, the Group has pledged assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB3,816,000 (2012: the Group has pledged of assets of note receivables, buildings and prepaid lease payments to the bank in the amount of approximately RMB10,391,000).

Liquidity and financial resources

As of 31 December 2013, bank balances and cash of the Group amounted to approximately RMB56,736,000 of which approximately 6.3% was denominated in HK dollars (2012: approximately RMB64,536,000 of which approximately 2.5% was denominated in HK dollars).

As of 31 December 2013, 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 (2012: approximately RMB2,000,000). As of 31 December 2013 and 2012, 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 2013, there was no gearing ratio available as at 31 December 2013 (2012: 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 2013, the Group has 631 employees (2012: 621 employees). Total employee benefit expenses amounted to approximately RMB28,246,000 (2012: approximately RMB22,317,000). 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 2013, 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 2013, 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

Save as disclosed in this announcement, for the year ended 31 December 2013, there was no material acquisition, disposal or investment by the Group.

DIVIDENDS

During the year ended 31 December 2013, an interim dividend of HK12.00 cents (equivalent to approximately RMB9.59 cents) per share (total dividend of approximately RMB19,177,000) was paid to the shareholders. During the year ended 31 December 2012, a final dividend of HK6.00 cents (equivalent to approximately RMB4.88 cents) per share (total dividend of approximately RMB9,777,000) in respect of the financial year ended 31 December 2011 was declared and was paid to the shareholders.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2013 (2012: Nil).

MAJOR AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF VIEW SUN GROUP LIMITED

On 20 December 2013, the Company entered into a sale and purchase agreement (the "S&P Agreement") with Grand Dynamic Developments Limited (the "Vendor") and Mr. Chao Pang Ieng (the chairman and chief executive officer of the Company, an executive Director and a controlling shareholder of the Company) (the "Guarantor") in relation to the acquisition by the Company and the disposal by Vendor of the 10,001 shares of US$1.00 each in the share capital of View Sun Group Limited (the "Target Company") ("Sale Shares"), representing the entire issued share capital in the Target Company as at the date of the S&P Agreement and the date of completion of the S&P Agreement (the "Acquisition").

Pursuant to the S&P Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the Sale Shares at a consideration of RMB195,000,000 (the "Consideration"). The Consideration shall be satisfied by the Company issuing to the Vendor (or its nominee) the promissory note at completion of the S&P Agreement ("Completion"). The Consideration was determined after arm's length negotiations between the Vendor and the Company after taking into account a number of factors including the business nature and the business prospects of the Target Company, Full Link International (HK) Limited (the "HK Company"), 西安華朗達企業管理諮詢有限公司(Xi'an Hualangda Enterprise Management Consulting Company Limited*) (the "PRC Company 1"), 西安海豐匯新能源技術服務有限公司（Xi'an Haifenghui New Energy Technical Services Company Limited*) (the "PRC Company 2") and 西安新環能源有限公司（Xi'an Xinhuan Energy Company Limited*) (the "Project Company") (collectively referred to the "Target Group"), net assets value of the Project Company as at 31 August 2013, historical financial performance of the Project Company, the profit guarantee made by the Vendor and the Guarantor regarding the net profit after tax of the Project Company and the preliminary estimation of the fair value of the Project Company of RMB239,750,000 pursuant to the business valuation carried out by Asset Appraisal Limited, an independent valuer, under the market approach using the price-to-earnings ratios of comparable companies as at 30 November 2013.

The Project Company is a limited liability company (solely invested by corporation) established in the PRC, which is wholly owned by the PRC Company 2. The PRC Company 2 is a limited liability company (invested by wholly foreign owned enterprise) established in the PRC, which is wholly owned by the PRC Company 1. The PRC Company 1 is a limited liability company (solely invested by corporation in Taiwan, Hong Kong or Macau) established in the PRC, which is wholly owned by the HK Company. The HK Company is an investment holding company and was incorporated in Hong Kong, which is wholly owned by the Target Company. The Target Company is an investment holding company incorporated in the British Virgin Islands.

The Project Company is principally engaged in the research and development, design, fabrication, engineering, installation, sale and servicing of waste heat energy recovery (WHER) boilers in the PRC. With its extensive experiences and fabricating capability, it can design and produce WHER boilers according to clients' unique user requirement. Since June 2012, the Project Company has further expanded their shares in the WHER market and participates in the turnkey WHER projects (including WHER boilers, gas turbines and power generators). The Target Group is able to design, manufacture, install and maintain the entire WHER system for the customers with the aim to reduce energy cost.

The Acquisition constitutes a major transaction of the Company under Rule 14.06 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Besides, as the Vendor is wholly-owned by the Guarantor, Mr. Chao Pang Ieng, who is a controlling shareholder of the Company, the chairman and chief executive officer of the Company and an executive Director interested in 150,000,000 shares of the Company, representing 75% of the issued share capital of the Company, the Vendor is a connected person (as defined in the Listing Rules) to the Company, and the Acquisition also constitutes a connected transaction of the Company and is subject to the reporting, announcement and the independent shareholders' approval requirements under the Listing Rules.

On 12 February 2014, the Company, the Vendor and the Guarantor agreed in writing to extend the long stop date for parties to fulfill conditions in the S&P Agreement from 28 February 2014 to 31 March 2014 or such other date as the Company and the Vendor may agree in writing. The extraordinary general meeting of the Company will be held on 18 March 2014 to consider and approve the Acquisition and the transaction contemplated under the S&P Agreement.

Details of the Acquisition have been set out in the announcements dated 20 December 2013, 15 January 2014, 24 January 2014 and 10 February 2014 respectively and the circular dated 18 February 2014 published by the Company.

* *English translation of the Chinese names of the PRC entities are for identification purpose only.*

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). 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 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 2013.

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 2013.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2013, the Company has adopted the code provisions (the "Code Provision(s)") set out in the Corporate Governance Code (the "Code") contained in the 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. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2013, except for 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 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 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, 5 March 2014

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