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 2014

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 2014 together with the comparative figures for the year ended 31 December 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	3	**218,590**	234,709
Cost of sales		**(172,445)**	(188,232)
Gross profit		**46,145**	46,477
Other income		**1,211**	1,318
Other gains and losses — net	4	**(25)**	844
Selling and distribution expenses		**(12,745)**	(11,134)
Administrative expenses		**(12,111)**	(11,022)
Other operating expenses		**(281)**	(183)
Profit from operations		**22,194**	26,300
Finance costs		**(287)**	(233)
Profit before tax		**21,907**	26,067
Income tax expense	5	**(7,806)**	(7,001)
Profit for the year	6	**14,101**	19,066
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(87)**	(1,279)
Other comprehensive income for the year, net of tax		**(87)**	(1,279)
Total comprehensive income for the year		**14,014**	17,787
Profit for the year attributable to:			
Owners of the Company		**14,101**	19,066
Total comprehensive income for the year attributable to:			
Owners of the Company		**14,014**	17,787
		RMB cents	RMB cents
Earnings per share – basic and diluted	8	**7.05**	9.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**50,825**	41,538
Prepaid lease payments		**2,670**	2,741
Deferred tax assets		**483**	448
		53,978	44,727
Current assets			
Inventories		**10,224**	10,462
Prepaid lease payments		**71**	71
Trade and other receivables	*9*	**133,565**	137,535
Cash and bank balances		**37,006**	56,736
		180,866	204,804
Current liabilities			
Trade and other payables	*10*	**31,779**	34,558
Bank borrowings		**2,000**	2,000
Current tax liabilities		**2,497**	1,835
		36,276	38,393
Net current assets		**144,590**	166,411
Total assets less current liabilities		**198,568**	211,138
Non-current liabilities			
Deferred tax liabilities		**372**	–
Net assets		**198,196**	211,138
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital		**1,632**	1,632
Reserves		**196,564**	209,506
Total equity		**198,196**	211,138

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Jin Bao Bao Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands and its shares are 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 was Rich Gold International Limited ("**Rich Gold**"), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chao Pang Ieng until 27 January 2015. With effect from 27 January 2015, its parent and ultimate holding company is Trend Rich Enterprises Limited ("**Trend Rich**"), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Liu Liangjian.

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 ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

In current year, the Group has applied the following new and revised HKFRSs and HKASs issued by the Hong Kong Institute of Certified Public for the first time.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Interpretation 21	Levies

* *IFRIC represents the International Financial Reporting Interpretations Committee*

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

The Group has not early applied the following new and revised HKFRSs and HKASs that have been issued but are not yet effective:

Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions[2]
Annual Improvements Project	Annual Improvements 2010–2012 Cycle[1]
Annual Improvements Project	Annual Improvements 2011–2013 Cycle[2]
Annual Improvements Project	Annual Improvements 2012–2014 Cycle[3]
HKFRS 14	Regulatory Deferral Accounts[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
HKFRS 15	Revenue from Contracts with Customers[5]
HKFRS 9	Financial Instruments[6]

1 Effective for annual periods beginning on or after 1 July 2014, with limited exception. Early application is 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 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
6 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

HKFRS 15 *Revenue from Contracts with Customers*

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related Interpretations when it becomes effective. The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The Group is in the process of making an assessment of what the impact of the new or revised HKFRSs and HKASs 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. 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 organised 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 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

	2014	2013
	RMB'000	*RMB'000*
Sales of packaging products and structural components	**218,590**	234,709

Information about major customers

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

	2014	2013
	RMB'000	*RMB'000*
Customer A	**66,913**	63,673
Customer B	**59,474**	58,934
Customer C	**46,954**	39,569
Customer D	**N/A***	32,018
	173,341	194,194

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

4. OTHER GAINS AND LOSSES — NET

	2014	2013
	RMB'000	*RMB'000*
Net losses on disposal of property, plant and equipment	**(7)**	(74)
Net foreign exchange (losses)/gains	**(18)**	918
	(25)	844

5. INCOME TAX EXPENSE

	2014	2013
	RMB'000	*RMB'000*
Current tax:		
— PRC Enterprise Income Tax ("**EIT**")	**7,445**	7,268
Under/(over) provision in prior year:		
— PRC EIT	**24**	(148)
Deferred tax	**337**	(119)
Total income tax recognised in profit or loss	**7,806**	7,001

Included in the PRC EIT of the Group is the withholding tax paid in relation to the dividends distributed from certain PRC subsidiaries during the year amounting to approximately RMB1,649,000 which has not been provided in prior year (2013: RMB490,000).

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 (2013: 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 rate at 25% for both years.

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

The tax charges for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**21,907**	26,067
Tax at domestic tax rates applicable to profits of taxable entitles in the countries concerned	**5,129**	6,112
Tax effect of expenses not deductible for tax purpose	**1,605**	1,533
Tax effect of income not taxable for tax purpose	**(972)**	(986)
Tax effect of withholding tax at 5% on the distributable profit of the Group's subsidiaries	**2,020**	490
Under/(over) provision in prior year	**24**	(148)
Income tax expense for the year	**7,806**	7,001

6. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2014	2013
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**8,741**	8,347
Amortisation of prepaid lease payments	**71**	71
Auditors' remuneration	**348**	368
Operating lease rentals in respect of premises	**1,933**	1,876
Cost of inventories recognised as an expense (included write-down recognised on inventories)	**111,807**	127,929
Write-down of inventories to net realisable value (included in cost of sales)	**–**	267

	2014	2013
	RMB'000	*RMB'000*
Directors' emoluments	**1,002**	1,139
Other employee salaries and benefits	**27,863**	23,749
Contributions to retirement benefits schemes, excluding those of Directors	**3,936**	3,358
Total employee benefits expenses	**32,801**	28,246

7. DIVIDENDS

	2014	2013
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year		
2014 Interim, paid HK17.00 cents (equivalent to RMB13.48 cents) per share (2013 Interim: HK12.00 cents (equivalent to RMB9.59 cents) per share)	**26,956**	19,177

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2014 (2013: Nil).

8. EARNINGS PER SHARE

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

	2014	2013
	RMB'000	*RMB'000*
Earnings for the purpose of basic and diluted earnings per share	**14,101**	19,066

	2014	2013
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.

9. TRADE AND OTHER RECEIVABLES

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**71,413**	74,393
Note receivables *(Note)*	**60,089**	58,354
Prepayments, deposits and other receivables	**2,063**	4,788
Total	**133,565**	137,535

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 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:

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**60,871**	59,452
91–180 days	**10,439**	14,941
181–365 days	**103**	–
Total	**71,413**	74,393

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 recognised 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

	The Group	
	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**–**	54
91–180 days	**103**	–
Total	**103**	54

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 2014 (2013: Nil).

10. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**28,183**	31,560
Receipts in advance	**27**	–
Accruals	**1,055**	971
Other taxes payable	**1,744**	1,364
Others	**770**	663
Total	**31,779**	34,558

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:

	2014	2013
	RMB'000	*RMB'000*
Within 90 days	**25,273**	30,336
91–180 days	**968**	322
181–365 days	**1,811**	791
Over 365 days	**131**	111
Total	**28,183**	31,560

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.

11. 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) Mr. Chao Pang Ieng has resigned as the chairman, executive Director, chief executive officer and a member of the Remuneration Committee of the Company on 5 March 2015;

(ii) Ms. Chen Fen has resigned as the executive Director and a member of the Nomination Committee of the Company on 5 March 2015;

(iii) Mr. Zuo Ji Lin has resigned as the executive Director on 5 March 2015;

(iv) Mr. Chan Chun Chi has resigned as an independent non-executive Director, the chairman of the Audit Committee and the Review Committee, and a member of the Remuneration Committee of the Company on 5 March 2015;

(v) Mr. Yu Xi Chun has resigned as an independent non-executive Director, the chairman of the Nomination Committee, and a member of the Audit Committee and the Review Committee of the Company on 5 March 2015;

(vi) Mr. Wu Hao Tian has resigned as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of the Audit Committee, the Nomination Committee and the Review Committee of the Company on 5 March 2015;

(vii) Mr. Liu Liangjian has been appointed as the chairman, executive Director and chief executive officer of the Company on 5 March 2015;

(viii) Mr. He Xiaoming has been appointed as the vice chairman and executive Director of the Company on 5 March 2015;

(ix) Mr. Lee Chi Hwa, Joshua has been appointed as an independent non-executive Director, the chairman of the Audit Committee, the Nomination Committee and the Review Committee and a member of the Remuneration Committee of the Company on 5 March 2015;

(x) Mr. Lam Chi Wai has been appointed as an independent non-executive Director, the chairman of the Remuneration Committee, and a member of the Audit Committee, the Nomination Committee and the Review Committee of the Company on 5 March 2015; and

(xi) Mr. Chan Chun Kau has been appointed as an independent non-executive Director and a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Review Committee of the Company on 5 March 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

The global economy was relatively stable in the year of 2014, but the overall consumer market was still far from satisfactory. The consumer electrical appliance industry exhibited scarce domestic demand and weak growth due to the influence of factors such as the withdrawal of the state's policy for stimulation of consumption and the continued sluggish real estate market. Furthermore, tough operating environment in the PRC remains challenging for all manufacturing companies.

BUSINESS REVIEW

During the current year, the operating environment for manufacturing industries remained tough. The Group still faced a challenge of increasing manufacturing overheads and direct labour costs and was recorded a slightly decrease in revenue for the year ended 31 December 2014. In order to overcome the continuous rise in manufacturing overheads, the Group started acquiring, remodifying and upgrading of plant and machines and acquiring and remodifying of mould in October 2014. As a result, the gross profit margin rebound from 19.8% for the year ended 31 December 2013 to 21.1% for the year ended 31 December 2014. However, the increase in labour costs during the current year has inevitably affected the Group's performance.

Revenue

An analysis of revenue by products is as follows:

	Year ended 31 December			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
Packaging products				
Televisions	**79,416**	**36.3**	93,394	39.8
Air conditioners	**31,073**	**14.2**	47,847	20.4
Washing machines	**24,893**	**11.4**	17,746	7.5
Refrigerators	**35,831**	**16.4**	37,270	15.9
Water heaters	**9,583**	**4.4**	6,995	3.0
Information Technology products	**10,002**	**4.6**	11,655	5.0
Others	**1,457**	**0.6**	2,164	0.9
Structural components				
For air conditioners	**26,335**	**12.1**	17,638	7.5
Total	**218,590**	**100.0**	234,709	100.0

Revenue by product type remained relatively stable. During the current year, 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 RMB136,824,000 or 62.6% of total revenue (2013: RMB158,879,000 or 67.7% 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 expanded polystyrene and expanded polyolefin. 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 2014. 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

As disclosed in the joint announcement issued by Trend Rich Enterprises Limited ("**Trend Rich**") and the Company dated 21 January 2015, Trend Rich intended to continue the Group's existing business and in order to broaden its income source and to accelerate the Group's growth and future development, the Company will explore and consider any other investment and business opportunities, including but not limited to the property related business in the PRC, that may arise in the market from time to time that it considers value-enhancing to the shareholders of the Company (the "**Shareholders**") and/or otherwise in the best interests of the Group.

FINANCIAL REVIEW

Revenue

Revenue of the Group for the year ended 31 December 2014 amounted to approximately RMB218,590,000, representing the decrease of approximately RMB16,119,000, or 6.9% as compared to that of approximately RMB234,709,000 for the year ended 31 December 2013. The decrease in revenue was mainly caused by the decrease in sales of packaging products of televisions and air conditioners.

Cost of sales

For the year ended 31 December 2014, cost of sales for the Group amounted to approximately RMB172,445,000, decreased by approximately RMB15,787,000 or 8.4% when compared to that of approximately RMB188,232,000 for the year ended 31 December 2013. Gross profit margin increased from 19.8% for the year ended 31 December 2013 to 21.1% for the year ended 31 December 2014. The increase in gross profit margin is resulted from the decrease in raw material cost and utilities consumed by acquiring, remodifying and upgrading of plant and machines and mould.

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

	Year ended 31 December			
	2014		2013	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**111,807**	**64.8**	127,929	68.0
Direct labour costs	**17,622**	**10.2**	14,916	7.9
Manufacturing overhead	**43,016**	**25.0**	45,387	24.1
Staff costs	**3,023**	**1.8**	2,770	1.5
Depreciation	**6,421**	**3.7**	7,663	4.1
Utilities	**24,294**	**14.2**	27,150	14.4
Processing charges	**7,484**	**4.3**	6,061	3.2
Rental expenses	**1,453**	**0.8**	1,453	0.8
Others	**341**	**0.2**	290	0.1
Total	**172,445**	**100.0**	188,232	100.0

Other income

Other income mainly included interest income on bank deposits and others. For the year ended 31 December 2014, other income amounted to approximately RMB1,211,000, decreased by approximately RMB107,000 or 8.1% when compared to that of approximately RMB1,318,000 for the year ended 31 December 2013. The decrease was mainly due to the decrease 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 and net foreign exchange (losses)/gains. For the year ended 31 December 2014, other gains and losses — net amounted to net losses of approximately RMB25,000, decreased by approximately RMB869,000 or 103.0% when compared to that of net gains of approximately RMB844,000 for the year ended 31 December 2013. The decrease was mainly due to the net foreign exchange losses for the year ended 31 December 2014 while there were net foreign exchange gains for the year ended 31 December 2013.

Selling and distribution expenses

For the year ended 31 December 2014, selling and distribution expenses amounted to approximately RMB12,745,000, increased by approximately RMB1,611,000 or 14.5% when compared to that of approximately RMB11,134,000 for the year ended 31 December 2013. 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.

Other operating expenses

For the year ended 31 December 2014, other operating expenses amounted to approximately RMB281,000, increased by approximately RMB98,000 or 53.6% when compared to that of approximately RMB183,000 for the year ended 31 December 2013. The increase was mainly due to the increase in compensation paid to customers in respect of defective products.

Profit from operations

For the year ended 31 December 2014, profit from operations of the Group amounted to approximately RMB22,194,000, decreased by approximately RMB4,106,000 or 15.6% when compared to that of approximately RMB26,300,000 for the year ended 31 December 2013. The decrease in profit from operations was mainly due to the decrease in revenue but increase in selling and distribution expenses and administrative expenses.

Finance costs

For the year ended 31 December 2014, finance costs amounted to approximately RMB287,000, increased by approximately RMB54,000 or 23.2% when compared to that of approximately RMB233,000 for the year ended 31 December 2013. The increase was mainly due to the increase in expenses for the early redemptions of note receivables compared to last year.

Profit before tax

For the year ended 31 December 2014, profit before tax for the Group amounted to approximately RMB21,907,000, decreased by approximately RMB4,160,000 or 16.0% when compared to that of approximately RMB26,067,000 for the year ended 31 December 2013. The decrease in profit before tax was mainly due to the decrease in revenue but increase in selling and distribution expenses and administrative expenses.

Profit for the year

For the year ended 31 December 2014, profit attributable to owners of the Company amounted to approximately RMB14,101,000, decreased by approximately RMB4,965,000 or 26.0% when compared to that of approximately RMB19,066,000 for the year ended 31 December 2013.

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 2014, the book value of property, plant and equipment owned by the Group amounted to approximately RMB50,825,000, showing an increase of approximately RMB9,287,000 or 22.4% when compared to that of approximately RMB41,538,000 as at 31 December 2013. In October 2014, the Group changed the use of proceeds to upgrade its current production facilities, technology and supporting equipment for the purpose of increasing the Group's production efficiency by mean of acquiring, remodifying and upgrading of plant and machines and mould. Increase in property, plant and equipment was mainly due to the additions of plant and machinery, mould and construction-in-progress.

Trade and other payables

Trade and other payables of the Group mainly include trade payables, receipts in advance, accruals, other taxes payable and others. As at 31 December 2014, trade and other payables of the Group amounted to approximately RMB31,779,000, showing a deduction of approximately RMB2,779,000 or 8.0% when compared to that of approximately RMB34,558,000 as at 31 December 2013. Decrease in trade and other payables were mainly due to less purchase in raw materials made during the current year.

Liquidity and financial resources

As of 31 December 2014, bank balances and cash of the Group amounted to approximately RMB37,006,000 of which approximately 6.5% was denominated in Hong Kong dollars (2013: approximately RMB56,736,000 of which approximately 6.3% was denominated in Hong Kong dollars).

As of 31 December 2014, 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 (31 December 2013: RMB2,000,000). As of 31 December 2014 and 2013, none of the bank borrowings were denominated in HK dollars.

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of property, plant and equipment. For the year ended 31 December 2014, capital expenditure of the Group amounted to approximately RMB18,044,000 (2013: RMB7,674,000).

Contingent liabilities

As at 31 December 2014, the Group had no material contingent liabilities (31 December 2013: Nil).

Pledge of assets

As at 31 December 2014, the Group had pledged assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB3,859,000 (31 December 2013: RMB3,816,000).

Capital Structure

There was no change to the authorised and issued share capital of the Company for the year ended 31 December 2014. As at 31 December 2014, the total number of the issued ordinary shares with the par value of HK$0.01 each was 200,000,000 (31 December 2013: 200,000,000).

Segment Information

Details of segment information of the Group for the year ended 31 December 2014 are set out in Note 3.

Gearing ratio

As at 31 December 2014, the gearing ratio was 0.01 (2013: 0.01), which was measured on the basis of the Group's total borrowings divided by total equity.

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 2014, the Group has 628 employees (2013: 631 employees). Total employee benefit expenses amounted to approximately RMB32,801,000 (2013: RMB28,246,000). 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 approximately HK$2,700,000 had been used for the repayment of bank loan and approximately HK$2,900,000 had been used as general working capital. On 15 October 2014, the Board has resolved that the remaining net proceeds of approximately HK$38,900,000, which originally were intended to use in establishment of a factory in Wuhu City and necessary machines and equipment, was changed the purpose to acquiring, remodifying and upgrading of plant and machines amounting to approximately HK$29,000,000 and acquiring and remodifying of mould amounting to approximately HK$9,900,000. As 31 December 2014, approximately HK$2,278,000 was used for acquiring, remodifying and upgrading of plant and machines and approximately HK$1,879,000 was used for acquiring and remodifying of mould.

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

For the year ended 31 December 2014, 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 2014, there was no material acquisition, disposal or investment by the Group.

DIVIDENDS

For the year ended 31 December 2014, an interim dividend of HK17.00 cents (2013 interim: HK12.00 cents) per share was paid to the Shareholders.

The Board does not recommend the payment of any final dividend for the year ended 31 December 2014 (2013: Nil).

CHANGE IN CONTROL AND MANDATORY CASH OFFER

The sale and purchase agreement was entered into between Trend Rich and Rich Gold, a former controlling Shareholder who was interested in 150,000,000 Shares, representing 75% of the issued share capital of the Company (the "**Sale Share(s)**") on 15 January 2015, pursuant to which, among others, Trend Rich agreed to purchase and Rich Gold agreed to sell the Sale Shares for a total cash consideration of HK$560,000,000 (equivalent to approximately HK$3.733 per Sale Share). The completion of the sale and purchase agreement took place on 27 January 2015.

Upon the completion of the sale and purchase agreement, Trend Rich and parties acting in concert with it were interested in 150,000,000 Shares, representing 75% of the issued share capital of the Company on 27 January 2015, Trend Rich therefore was required to make a mandatory unconditional cash offer for all the issued shares not already owned or agreed to be acquired by it and parties acting in concert with it under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "**Offer**"). The Offer was closed on 4 March 2015.

Details of the mandatory unconditional cash offer have been disclosed in the Company's announcements dated 21 January 2015, 27 January 2015, 11 February 2015 and 4 March 2015 respectively and the Company's circular dated 11 February 2015.

LAPSE OF 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 as at the date of the S&P Agreement) (the "**Guarantor**") in relation to the acquisition by the Company and the disposal by the Vendor of the 10,001 shares of US$1.00 each in the share capital of View Sun Group Limited (the "**Target Company**"), representing the entire issued share capital in the Target Company as at the date of the S&P Agreement (the "**Acquisition**").

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 was wholly-owned by the Guarantor, Mr. Chao Pang Ieng, who was 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. On 31 March 2014, the Company, the Vendor and the Guarantor agreed in writing to further extend the long stop date for parties to fulfill conditions in the S&P Agreement from 31 March 2014 to 18 May 2014 or such other date as the Company and the Vendor may agree in writing.

As set out in the circular of the Company dated 18 February 2014, transactions contemplated under the S&P Agreement were conditional upon fulfillment of certain conditions as detailed in the circular on or before 18 May 2014 (the "**Extended Long Stop Date**"). As certain conditions had not been fulfilled as at the Extended Long Stop Date, and the Vendor and the Company had not agreed on any further extension of the Extended Long Stop Date, the S&P Agreement therefore lapsed on 18 May 2014 and the obligations of the parties to the S&P Agreement had ceased and terminated and neither party would have any claim under the S&P Agreement against the other save in respect of any rights already accrued.

The Board considered that the lapse of the S&P Agreement will not have any material adverse impact on the business, operation and financial position of the Group, and is in the best interests of the Company and the independent Shareholders as a whole.

Details of the Acquisition and poll results regarding the Acquisition have been set out in the announcements of the Company dated 20 December 2013, 15 January 2014, 24 January 2014, 10 February 2014, 12 February 2014, 18 March 2014, 1 April 2014 and 19 May 2014 respectively, and the circular dated 18 February 2014 published by the Company.

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. As at the date of this announcement, the Audit Committee consists of three independent non-executive Directors, namely, Mr. Lee Chi Hwa, Joshua (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. Lam Chi Wai and Mr. Chan Chun Kau. All of the members of the Audit Committee were appointed on 5 March 2015.

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 2014.

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 2014.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2014, the Company has adopted the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG 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 CG Code. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2014, 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 Pang Ieng, the former 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. Mr. Chao Pang Ieng has resigned and Mr. Liu Liangjian has been appointed as the chairman and chief executive officer on 5 March 2015.

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
Liu Liangjian
Executive Director and Chairman

Hong Kong, 30 March 2015

As at the date of this announcement, the Board comprises Mr. Liu Liangjian and Mr. He Xiaoming as Executive Directors; Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau as Independent non-executive Directors.

In the case of any inconsistency, the English text of this announcement shall prevail over the Chinese text.