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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 2015

The board (the "Board") of directors (the "Director(s)") 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 2015 together with the comparative figures for the year ended 31 December 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	**2015** **RMB'000**	2014 *RMB'000*
Revenue	*3*	**189,048**	218,590
Cost of sales		**(148,607)**	(172,445)
Gross profit		**40,441**	46,145
Other income		**950**	1,211
Other gains and losses – net	*4*	**(1,398)**	(25)
Selling and distribution expenses		**(12,414)**	(12,745)
Administrative expenses		**(12,161)**	(12,111)
Other operating expenses		**(889)**	(281)
Profit from operations		**14,529**	22,194
Finance costs	*5*	**(12,240)**	(287)
Profit before tax		**2,289**	21,907
Income tax expense	*6*	**(4,852)**	(7,806)
(Loss)/Profit for the year	*7*	**(2,563)**	14,101
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**111**	(87)
Other comprehensive income/(expense) for the year, net of tax		**111**	(87)
Total comprehensive (expense)/income for the year		**(2,452)**	14,014
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(2,563)**	14,101
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(2,452)**	14,014
		RMB Cents	*RMB Cents* (Restated)
(Loss)/Earnings per share – basic and diluted	*9*	**(0.03)**	0.14

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**51,567**	50,825
Prepaid lease payments		**2,599**	2,670
Deferred tax assets		**340**	483
		54,506	53,978
Current assets			
Inventories		**7,934**	10,224
Prepaid lease payments		**71**	71
Trade and other receivables	*10*	**274,945**	133,565
Cash and bank balances		**65,667**	37,006
		348,617	180,866
Current liabilities			
Trade and other payables	*11*	**23,097**	31,779
Borrowings	*12*	**500**	2,000
Amount due to the ultimate holding company	*13*	**1,916**	–
Current tax liabilities		**898**	2,497
		26,411	36,276
Net current assets		**322,206**	144,590
Total assets less current liabilities		**376,712**	198,568
Non-current liabilities			
Other payables	*11*	**12,566**	–
Deferred tax liabilities		**856**	372
Borrowings	*12*	**167,546**	–
		180,968	372
Net assets		**195,744**	198,196
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	*14*	**7,958**	1,632
Reserves		**187,786**	196,564
Total equity		**195,744**	198,196

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Jin Bao Bao Holdings Limited 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 are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 18 November 2011. Until 27 January 2015, 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. 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. With effect from 19 January 2016, Trend Rich ceased to be the parent and ultimate holding company of the Company.

The address of the Company's registered office is P.O. Box 1350, Clifton House, 75 Fort Street, 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 ("HK$")). 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 the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRS	Annual Improvements to HKFRS 2010 – 2012 Cycle
Amendments to HKFRS	Annual Improvements to HKFRS 2011 – 2013 Cycle

The adoption of the new and revised HKFRS 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 HKFRS that have been issued by the HKICPA but are not yet effective, in the consolidated financial statements:

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure Initiative[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[3]
Amendments to HKFRS	Annual improvements to HKFRS 2012 – 2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

3 Effective for annual periods beginning on or after 1 January 2016

4 Effective for annual periods beginning on or after a date to be determined

The Group is in the process of making an assessment on 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. 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 the 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 the 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

	2015	2014
	RMB'000	*RMB'000*
Sales of packaging products and structural components	**189,048**	218,590

Information about major customers

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

	2015	2014
	RMB'000	*RMB'000*
Customer A	**54,141**	66,913
Customer B	**49,170**	59,474
Customer C	**36,111**	46,954
Total	**139,422**	173,341

4. OTHER GAINS AND LOSSES - NET

	2015	2014
	RMB'000	*RMB'000*
Net losses on disposal of property, plant and equipment	**(638)**	(7)
Net foreign exchange losses	**(760)**	(18)
Total	**(1,398)**	(25)

5. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on bank borrowings	**115**	145
Interest on other borrowing	**12,069**	–
Finance costs arising on early redemption of note receivables	**56**	142
Total	**12,240**	287

6. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprise Income Tax ("EIT")	**4,199**	7,445
Under provision in prior year:		
– PRC EIT	**26**	24
Deferred tax	**627**	337
Total income tax recognised in profit or loss	**4,852**	7,806

No withholding tax in relation to the dividends distributed from PRC subsidiaries is included in the PRC EIT of the Group during the year (2014: approximately RMB1,649,000).

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 (2014: 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.

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:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**2,289**	21,907
Tax at domestic tax rates applicable to profits of taxable entitles in the countries concerned	**1,348**	5,129
Tax effect of expenses not deductible for tax purpose	**3,303**	1,605
Tax effect of income not taxable for tax purpose	**(309)**	(972)
Tax effect of withholding tax at 5% on the distributable profit of the Group's subsidiaries	**484**	2,020
Under provision in prior year	**26**	24
Income tax expense for the year	**4,852**	7,806

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

7. (LOSS)/PROFIT FOR THE YEAR

(Loss)/profit for the year has been arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**8,838**	8,741
Amortisation of prepaid lease payments	**71**	71
Auditors' remuneration	**388**	348
Operating lease rentals in respect of premises	**1,945**	1,933
Cost of inventories recognised as an expense (included write-down recognised on inventories)	**92,589**	111,807
Write-down of inventories to net realisable value (included in cost of sales)	**47**	–

	2015	2014
	RMB'000	*RMB'000*
Directors' emoluments	**633**	1,002
Other employee salaries and benefits	**28,280**	27,863
Contributions to retirement benefits schemes, excluding those of the Directors	**4,856**	3,936
Total employee benefits expenses	**33,769**	32,801

8. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year 2015 Interim: Nil (2014 Interim: HK17.00 cents (equivalent to RMB13.48 cents) per share)	**–**	26,956

The Directors do not recommend the payment of any final dividend for the year ended 31 December 2015 (2014: Nil).

9. (LOSS)/EARNINGS PER SHARE

The calculation of basis (loss)/earnings per share is based on the loss attributable to the owners of the Company of approximately RMB2,563,000 (2014: profit attributable to the owners of the Company of approximately RMB14,101,000) and the weighted average number of 10,000,000,000 ordinary shares (2014 (restated): 10,000,000,000 ordinary shares) in issue during the year.

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

10. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**68,067**	71,413
Note receivables *(Note a)*	**31,814**	60,089
Prepayments, deposits and other receivables	**7,518**	2,063
Refundable earnest money paid *(Note b)*	**167,546**	–
Total	**274,945**	133,565

Notes:

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

b. On 31 March 2015, the Company entered into the memorandum of understanding (the "MOU") with Wise Up Holdings Limited and Green Kingdom Group Limited (collectively, the "Vendors") in relation to a possible acquisition of 100% of the issued share capital of Golden Phone Investments Limited (the "Target Company"). The refundable earnest money of HK$200,000,000 (equivalent to approximately RMB167,546,000) was paid to the Vendors in cash upon signing of the MOU. The refundable earnest money is secured by a share mortgage over the entire issued share capital of the Target Company.

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:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**55,964**	60,871
91–180 days	**11,834**	10,439
181–365 days	**269**	103
Total	**68,067**	71,413

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

	2015	2014
	RMB'000	*RMB'000*
91–180 days	**269**	103

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 as at 31 December 2015 (2014: Nil).

11. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Current liabilities		
Trade payables	**18,727**	28,183
Receipts in advance	**34**	27
Accruals	**1,321**	1,055
Other taxes payable	**1,607**	1,744
Others	**1,408**	770
	23,097	31,779
Non-current liabilities		
Interest payable	**12,566**	–
Total	**35,663**	31,779

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:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**17,171**	25,273
91–180 days	**407**	968
181–365 days	**125**	1,811
Over 365 days	**1,024**	131
Total	**18,727**	28,183

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.

12. BORROWINGS

	2015	2014
	RMB'000	*RMB'000*
Current liabilities		
Bank loan – secured *(note a)*	**500**	2,000
Non-current liabilities		
Other borrowing – secured *(note b)*	**167,546**	–
Total	**168,046**	2,000
Carrying amount repayable:		
Within one year	**500**	2,000
More than one year, but not exceeding two years	**167,546**	–
Total	**168,046**	2,000

Notes:

a. As at 31 December 2015, bank loan was secured by a charge over certain of the Group's assets and bear interest at 5.62% per annum (2014: 7.20% per annum). The bank loan is denominated in RMB.

b. Other borrowing was secured by the share charge over the entire share capital of a wholly-owned subsidiary of the Company and bear interest at 10.00% per annum. The aforesaid borrowing is denominated in HK$.

13. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

The amount due to the ultimate holding company is interest-free, unsecured and has no fixed terms of repayment.

14. SHARE CAPITAL

	Number of shares *'000*	Share capital *HK$'000*
Authorised		
Ordinary shares of HK$0.01 each at 1 January 2014, 31 December 2014 and 1 January 2015	**1,000,000**	**10,000**
Share subdivision *(Note a)*	**9,000,000**	**–**
Increase in authorised share capital *(Note b)*	**190,000,000**	**190,000**
Ordinary share of HK$0.001 each at 31 December 2015	**200,000,000**	**200,000**
Issued and fully paid		
Ordinary shares of HK$0.01 each at 1 January 2014, 31 December 2014 and 1 January 2015	**200,000**	**2,000**
Share subdivision *(Note a)*	**1,800,000**	**–**
Bonus issue *(Note c)*	**8,000,000**	**8,000**
Ordinary share of HK$0.001 each at 31 December 2015	**10,000,000**	**10,000**

	2015 *RMB'000*	2014 *RMB'000*
Shown on the consolidated and the Company's statement of financial position at 31 December	**7,958**	1,632

Notes:

a. As disclosed in the circular of the Company dated 18 May 2015, a share subdivision on the basis that each issued and unissued share with the par value of HK$0.01 each in the share capital of the Company had been subdivided into 10 subdivided shares with the par value of HK$0.001 each with effect from 4 June 2015. Prior to the effective date of share subdivision, there were 200,000,000 issued shares, after the share subdivision, the number of issued shares changed to 2,000,000,000.

b. Pursuant to an ordinary resolution passed at the Company's extraordinary general meeting held on 3 June 2015, the Company's authorised share capital was increased from HK$10,000,000 divided into 1,000,000,000 ordinary shares of HK$0.01 each to HK$200,000,000 divided into 200,000,000,000 subdivided shares of HK$0.001 each upon the share subdivision becoming effective. Details of the increase in authorised share capital were set out in the circular of the Company dated 18 May 2015.

c. On 3 June 2015, the shareholders of the Company (the "Shareholders") approved by way of poll the bonus issue on the basis of 4 bonus shares for every 1 subdivided share held on the record date of 10 June 2015. 8,000,000,000 bonus shares with the par value of HK$0.001 each were allotted and issued on 17 June 2015 by way of capitalisation of part of the Company's retained profits. Details of the bonus issue were set out in the circular of the Company dated 18 May 2015.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company listed securities during the year.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company, and through its subsidiaries, is principally engaged in the design, manufacture and sale of packaging products and structural components in the PRC.

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.

An analysis of revenue by products is as follows:

	Year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Packaging products				
Televisions	**60,730**	**32.1**	79,416	36.3
Air conditioners	**29,983**	**15.9**	31,073	14.2
Washing machines	**28,707**	**15.2**	24,893	11.4
Refrigerators	**31,086**	**16.4**	35,831	16.4
Water heaters	**10,613**	**5.6**	9,583	4.4
Information technology products	**18,824**	**10.0**	10,002	4.6
Others	**277**	**0.1**	1,457	0.6
Structural components				
For air conditioners	**8,828**	**4.7**	26,335	12.1
Total	**189,048**	**100.0**	218,590	100.0

The revenue by product type remained relatively stable. During the current year, the 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 RMB99,541,000 or 52.7% of total revenue (2014: approximately RMB136,824,000 or 62.6% of total revenue).

The global economic environment was uncertain in the year of 2015. The further slowing down of the PRC's macroeconomic growth intensified competition. Facing the tough operating environment for manufacturing industries in the PRC, there was a decrease in the Group's revenue by approximately RMB29,542,000 or 13.5% from approximately RMB218,590,000 for the year ended 31 December 2014 to approximately RMB189,048,000 for the year ended 31 December 2015, which was mainly due to the decrease in purchase orders related to televisions and air conditioners placed by the Group's customers.

Cost of sales

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

	Year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
Raw materials	**92,517**	**62.3**	111,807	64.8
Direct labour costs	**17,367**	**11.7**	17,622	10.2
Manufacturing overhead	**38,723**	**26.0**	43,016	25.0
Staff costs	**3,874**	**2.6**	3,023	1.8
Depreciation	**6,181**	**4.2**	6,421	3.7
Utilities	**20,102**	**13.5**	24,294	14.2
Processing charges	**6,780**	**4.5**	7,484	4.3
Rental expenses	**1,453**	**1.0**	1,453	0.8
Others	**333**	**0.2**	341	0.2
Total	**148,607**	**100.0**	172,445	100.0

For the year ended 31 December 2015, the Group's cost of sales amounted to approximately RMB148,607,000, decreased by approximately RMB23,838,000 or 13.8% when compared to that of approximately RMB172,445,000 for the year ended 31 December 2014. The decrease in cost of sales was in line with the decrease in revenue. The gross profit margin increased slightly from approximately 21.1% for the year ended 31 December 2014 to approximately 21.4% for the year ended 31 December 2015, as a result of the decrease in raw material cost and utilities consumed by acquiring, remodifying and upgrading of plant and machines and mould since October 2014.

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 ("EPS") and expanded polyolefin ("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 its major suppliers for a stable supply and timely delivery of high quality raw materials and components. The Group had not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of packaging products for the year ended 31 December 2015. The Group continues to diversify its suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

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

FUTURE OUTLOOK

As the business and financial performance of the existing business of the Group has been adversely affected by the uncertain global economic environment in 2015 and the tough operating environment for manufacturing industries in the PRC, the Company will therefore from time to time seek for attractive investment opportunities, including but not limited to the property development business and health care related business, to broaden and diversify its income source and to accelerate the Group's business and earnings growth and long-term development. In order to capture any investment opportunities in a timely manner, the Company will continue to explore fund raising opportunities that may arise in the market to raise sufficient funds to achieve such purpose.

FINANCIAL REVIEW

Financial results

For the year ended 31 December 2015, the Group recorded the revenue of approximately RMB189,048,000, representing a decrease of approximately RMB29,542,000 or 13.5% as compared to that of approximately RMB218,590,000 for the year ended 31 December 2014.

Loss attributable to owners of the Company was approximately RMB2,563,000 for the year ended 31 December 2015, decreased by approximately RMB16,664,000 or 118.2% when compared to profit of approximately RMB14,101,000 for the year ended 31 December 2014.

Basic and diluted loss per share were RMB0.03 cents respectively (2014 (restated): basic and diluted earnings per share of RMB0.14 cents respectively).

Liquidity and financial resources

As at 31 December 2015, bank balances and cash of the Group amounted to approximately RMB65,667,000 of which approximately 2.5% was denominated in Hong Kong dollars and the rest was denominated in RMB (2014: approximately RMB37,006,000 of which approximately 6.5% was denominated in HK$ and the rest was denominated in RMB).

As at 31 December 2015, the Group's bank borrowing of approximately RMB500,000 had variable interest rates and was repayable within one year, which was secured by the Group's buildings and prepaid lease payments (2014: approximately RMB2,000,000). As at 31 December 2015 and 2014, all of the bank borrowings were denominated in RMB.

As at 31 December 2015, the Group's other borrowing of approximately RMB167,546,000 (2014: Nil) has fixed interest rate at 10% per annum and was repayable more than one year but not exceeding two years, which was secured by the share charge over the entire share capital of a wholly-owned subsidiary of the Company. The aforesaid borrowing was denominated in HK$.

Capital Structure

On 6 May 2015, the Company announced the share subdivision on the basis that each issued and unissued share with the par value of HK$0.01 each in the share capital of the Company will be subdivided into 10 subdivided shares with the par value of HK$0.001 each (the "Share Subdivision"). Prior to the effective date of Share Subdivision, the authorised share capital of the Company is HK$10,000,000 divided into 1,000,000,000 shares with the par value of HK$0.01 each, of 200,000,000 issued shares. Upon the Share Subdivision being effective on 4 June 2015, the number of the Company's authorised and issued shares changed to 10,000,000,000 and 2,000,000,000 respectively with the par value of HK$0.001.

With effect from 4 June 2015, after the approval from the Shareholders obtained at the extraordinary general meeting of the Company on 3 June 2015, the authorised share capital of the Company increased from HK$10,000,000 divided into 1,000,000,000 shares of HK$0.01 each to HK$200,000,000 divided into 200,000,000,000 subdivided shares of HK$0.001 each upon the Share Subdivision becoming effective (the "Increase in Authorised Share Capital").

After the approval from the Shareholders obtained at the extraordinary general meeting of the Company on 3 June 2015, the bonus issue was made on the basis of 4 bonus shares for every 1 subdivided share held on the record date of 10 June 2015 (the "Bonus Issue"). On the basis of 2,000,000,000 subdivided shares after the Share Subdivision becoming effective, 8,000,000,000 bonus shares with the par value of HK$0.001 each were allotted and issued on 17 June 2015. There are 10,000,000,000 issued shares in total with the par value of HK$0.001 each as at 17 June 2015 and the date of this announcement (2014: 200,000,000 issued Shares with the par value of HK$0.01 each).

Details of the Share Subdivision, the Increase in Authorised Share Capital and the Bonus Issue have been disclosed in the circular of the Company dated 18 May 2015.

Acquisitions, disposals and significant investment

Save as disclosed in this announcement, for the year ended 31 December 2015, there was no material acquisition, disposal or significant investment by the Group.

Capital expenditure

Capital expenditure of the Group mainly includes the purchase of property, plant and equipment. For the year ended 31 December 2015, capital expenditure of the Group amounted to approximately RMB10,317,000 (2014: approximately RMB18,044,000).

Pledge of assets

As at 31 December 2015, the Group had pledged (i) assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB3,550,000 (2014: approximately RMB3,859,000); and (ii) the entire share capital of a wholly-owned subsidiary of the Company to the lender (2014: Nil).

Segment information

Details of segment information of the Group for the year ended 31 December 2015 are set out in Note 3.

Human resources and training

As at 31 December 2015, the Group has 604 employees (2014: 628 employees). Total employee benefit expenses amounted to approximately RMB33,769,000 (2014: approximately RMB32,801,000). 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. The remuneration, promotion and salary increments of the employees are assessed according to their performance, professional and working experience, and prevailing market practices. In addition, the Group has implemented training programs for employees in various positions.

Gearing ratio

As at 31 December 2015, the gearing ratio was 0.86 (2014: 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 Group's management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital commitment

As at 31 December 2015, the Group had capital commitment of approximately RMB9,022,000 (2014: Nil).

Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities (2014: 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 of the Company, 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, and Trend Rich had received valid acceptances in respect of a total of 48,000 offer shares under the Offer. On 13 March 2015, Trend Rich disposed of 48,000 shares on the open market in order to assist the Company to restore its public float in compliance with the relevant requirement under the Listing Rules. Details of which has been disclosed in the Company's announcement dated 13 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.

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 and public offer (the "Placing and Public Offer").

The proceeds received by the Company from the Placing and Public Offer, after deducting the relevant costs of the Placing and Public Offer, amounted to approximately HK$44,500,000 in total. As at 31 December 2015, the Group had used net proceeds of approximately HK$21,185,000, of which (i) approximately HK$2,700,000 had been used for the repayment of bank loan; (ii) approximately HK$2,900,000 had been used as general working capital; (iii) approximately HK$7,591,000 was used for acquiring, remodifying and upgrading of plant and machines; and (iv) approximately HK$7,994,000 was used for acquiring and remodifying of mould. The remaining net proceeds to be used for acquiring, remodifying and upgrading of plant and machines amounting to approximately HK$21,409,000 and acquiring and remodifying of mould amounting to approximately HK$1,906,000 have been deposited into banks.

DIVIDENDS

No dividend for the year ended 31 December 2015 is recommended by the Board (2014 interim: HK17.00 cents per share paid).

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

For the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

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 CG 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 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 2015.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted terms as contained in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as the Company's code of conduct regarding securities transactions land dealings by the Directors. Upon specific enquiries of all existing Directors, each of them confirmed that they have complied with the Model Code during the year ended 31 December 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the year ended 31 December 2015, 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 2015, 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. On 5 March 2015, Mr. Chao Pang Ieng ("Mr. Chao"), the former chairman and the chief executive officer of the Company resigned, and Mr. Liu Liangjian ("Mr. Liu") was appointed to act as the chairman and the chief executive officer of the Company. Both Mr. Chao and Mr. Liu were 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 continue to consider the feasibility of appointing a separate chief executive. On 22 January 2016, Mr. Liu has resigned as the chairman, the executive Director and the chief executive officer of the Company and Ms. Xie Yan has been appointed as the chairperson and the executive Director of the Company. Since then, the Company is in compliance with the Code Provision A.2.1.

By Order of the Board
Jin Bao Bao Holdings Limited
Xie Yan
Chairperson and Executive Director

Hong Kong, 24 March 2016

As at the date of this announcement, the Board comprises Ms. Xie Yan 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.