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

A provider of PACKAGING PRODUCTS *and* STRUCTURAL COMPONENTS *in the PRC*

Interim Report 2013

Contents

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

In the first half of 2013, despite the gradual recoveries in the economies of the United States and Europe, the uncertainties surrounding the scaling back of the quantitative easing policy in the United States inflicted volatilities in the capital markets. The world economy remained complicated and vulnerable to changes. Meanwhile the PRC's economic growth of the People's Republic of China (the "PRC") experienced persistent slowdown with the market becoming wary of abundance of liquidity of funds, impacting sentiments in both the capital and consumer markets. Furthermore, the ongoing stringent real estate policies continuously suppress the demand on the domestic consumer electrical appliance market.

Business Review

Facing such a challenging business environment, the experienced management team of Jin Bao Bao Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") reacted promptly to changes in the market to tap new business opportunities. With stringent controls over capital expenditure and operating costs, the Group's management continued to emphasize on improving operating efficiency. With the dedicated support from the employees, the Group's revenue increased by approximately 30.1% to approximately RMB111,036,000 and profit attributable to owners of the Company increased by approximately 7.5% to approximately RMB7,641,000.

Revenue

An analysis of revenue by products is as follows:

	Six months ended 30 June			
	2013		2012	
	RMB'000	**%**	RMB'000	%
Packaging products				
Televisions	**39,476**	**35.6**	27,010	31.7
Air conditioners	**25,627**	**23.1**	20,325	23.8
Washing machines	**7,598**	**6.8**	8,853	10.4
Refrigerators	**21,137**	**19.0**	10,486	12.3
Water heaters	**2,927**	**2.7**	3,112	3.6
Information Technology products	**5,473**	**4.9**	388	0.5
Others	**1,429**	**1.3**	1,866	2.1
Structural components				
For air conditioners	**7,369**	**6.6**	13,303	15.6
Total	**111,036**	**100.0**	85,343	100.0

The revenue by product type remained relatively stable. Revenue derived from the Group's products for televisions and air conditioners (including packaging products and structural components) made the largest and second largest contributions to the Group's total revenue, amounting to approximately RMB72,472,000 or 65.3% of total revenue (30 June 2012: approximately RMB60,638,000 or 71.1% 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of its packaging products and structural components from independent third parties. The raw materials mainly include expanded polystyrene ("EPS") and expanded polyolefin ("EPO"). The Group retains a list of approved suppliers of raw materials and components and only makes its purchases from the list. The Group has established long-term commercial relationships with its major suppliers for stable supply and timely delivery of high quality raw materials and components. The Group had not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of its packaging products for the six months ended 30 June 2013. The Group continues to diversify its suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

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

Future Outlook

Though the global economy remains challenging and most manufactures are burdened with rising production and labour costs, the Group's management is still cautiously optimistic about the prospects of the Group's business.

The management will continue to adopt the formulated business strategy, keep abreast of the market requirements and actively seize opportunities related to the packaging products and structural components of the domestic consumer electrical appliance market. The Group will maintain its advantages in advanced technology and craftsmanship and flexible and effective integration of production deploying to increase the Group's profit. In addition, the Group will be committed to maintaining a healthy financial position and continue to strengthen good relationship with the customers.

The Group believes that those efforts can maintain the Group's position as the market leader and set a solid foundation for the Group's future development.

Financial Review

Revenue

Revenue of the Group for the six months ended 30 June 2013 (the "Period") amounted to approximately RMB111,036,000, representing an increase of approximately RMB25,693,000 or 30.1% as compared to approximately RMB85,343,000 in the six month ended 30 June 2012. The increase was primarily due to an overall increase in purchase orders placed by the Group's customers and in particular, the increase in the sales of the Group's products for televisions and refrigerators.

Cost of sales

For the six months ended 30 June 2013, cost of sales for the Group amounted to approximately RMB90,554,000, increased by approximately RMB24,383,000 or 36.9% when compared to approximately RMB66,171,000 for the six months ended 30 June 2012. The increase in cost of sales is consistent with the increase in revenue. Gross profit margin decreased from approximately 22.5% for the six months ended 30 June 2012 to approximately 18.4% for the six months ended 30 June 2013. The decrease in the gross profit margin was due to the increase in cost of raw materials and the increase in manufacturing overhead, in particular, cost of utilities on the back of the increase in consumption of utility and rates of utility contributed.

MANAGEMENT DISCUSSION AND ANALYSIS

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

	Six months ended 30 June			
	2013		2012	
	RMB'000	%	RMB'000	%
Raw materials	**61,197**	**67.6**	42,786	64.7
Direct labour costs	**7,156**	**7.9**	5,591	8.5
Manufacturing overhead	**22,201**	**24.5**	17,794	26.8
Staff costs	**1,004**	**1.1**	1,142	1.7
Depreciation	**4,038**	**4.5**	3,563	5.4
Utilities	**13,697**	**15.1**	10,189	15.4
Processing charges	**2,647**	**2.9**	2,150	3.2
Rental expenses	**741**	**0.8**	690	1.0
Others	**74**	**0.1**	60	0.1
Total	**90,554**	**100.0**	66,171	100.0

Other income

Other income mainly included interest income on bank deposits and others. For the six months ended 30 June 2013, other income amounted to approximately RMB811,000, increased by approximately RMB241,000 or 42.3% when compared to approximately RMB570,000 for the six months ended 30 June 2012. The increase was mainly due to the increase in sales of unused ancillary parts.

Other gains and losses — net

Other gains and losses — net mainly comprised net losses on disposal of property, plant and equipment, and foreign exchange gains or losses. For the six month ended 30 June 2013, other gains and losses — net gain amounted to approximately RMB461,000, increased by approximately RMB633,000 or 368.0% when compared to net losses of approximately RMB172,000 for the six months ended 30 June 2012. The increase was mainly due to the increase in gain on foreign exchange.

Selling and distribution expenses

For the six months ended 30 June 2013, selling and distribution expenses amounted to approximately RMB5,303,000, increased by approximately RMB904,000 or 20.6% when compared to approximately RMB4,399,000 for the six months ended 30 June 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 six months ended 30 June 2013, administrative expenses amounted to approximately RMB5,687,000, increased by approximately RMB377,000 or 7.1% when compared to approximately RMB5,310,000 for the six months ended 30 June 2012. The increase was mainly due to an increase in office maintenance expenses and employee benefit expenses for the Period.

Other operating expenses

For the six months ended 30 June 2013, other operating expenses amounted to approximately RMB35,000, decreased by approximately RMB91,000 or 72.2% when compared to approximately RMB126,000 for the six months ended 30 June 2012. The decrease was mainly due to less compensation paid to customers in respect of defective products.

Profit from operations

For the six months ended 30 June 2013, profit from operations of the Group amounted to approximately RMB10,729,000, increased by approximately RMB994,000 or 10.2% when compared to approximately RMB9,735,000 for the six months ended 30 June 2012. Increase in profit from operations was mainly due to an overall increase in purchase orders placed by the Group's customers.

Finance costs

For the six months ended 30 June 2013, finance costs amounted to approximately RMB120,000, decreased by approximately RMB208,000 or 63.4% when compared to approximately RMB328,000 for the six months ended 30 June 2012. The decrease was mainly due to the decrease in finance costs arising from early redemption of note receivables.

Profit before tax

For the six months ended 30 June 2013, profit before tax for the Group amounted to approximately RMB10,609,000, increased by approximately RMB1,202,000 or 12.8% when compared to approximately RMB9,407,000 for the six months ended 30 June 2012. Increase in profit before tax was mainly due to an overall increase in purchase orders placed by the Group's customers.

Income tax expense

For the six months ended 30 June 2013, income tax expense for the Group amounted to approximately RMB2,968,000, increased by approximately RMB672,000 or 29.3% when compared to approximately RMB2,296,000 for the six months ended 30 June 2012. This increase was mainly due to an increase in profit of the PRC subsidiaries of the Company which led to an increase in income tax expense for the Period.

Profit for the period

For the six months ended 30 June 2013, profit attributable to owners of the Company amounted to approximately RMB7,641,000, increased by approximately RMB530,000 or 7.5% when compared to approximately RMB7,111,000 for the six months ended 30 June 2012. The increase in the profit for the period was mainly due to an overall increase in purchase orders placed by the Group's customers.

Capital expenditure

Capital expenditure of the Group mainly included the purchase of properties, plants and equipment. During the Period, capital expenditure of the Group amounted to approximately RMB2,990,000 (31 December 2012: approximately RMB10,454,000).

Contingent liabilities

As at 30 June 2013, the Group had no material contingent liabilities.

Pledge of assets

As at 30 June 2013, the Group has pledged assets of buildings and prepaid lease payments to the bank in the amount of approximately RMB2,922,000 (31 December 2012: the Group has pledged assets of note receivables, buildings, prepaid lease payments to the bank in the amount of approximately RMB10,391,000).

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

As at 30 June 2013, bank balances and cash of the Group amounted to approximately RMB56,845,000 of which approximately 1.7% was denominated in HK dollars (31 December 2012: approximately RMB64,536,000 of which approximately 2.5% was denominated in HK dollars).

As at 30 June 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. (31 December 2012: 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). As at 30 June 2013 and 31 December 2012, none of 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 30 June 2013, there was no gearing ratio available as at 30 June 2013 (31 December 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 of the Company (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 will continues to monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Human resources and training

As at 30 June 2013, the Group has a number of 622 employees (30 June 2012: 601 employees). Total employee benefit expenses amounted to approximately RMB13,013,000 (30 June 2012: RMB11,075,000). 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 adopted a human-oriented management concept to involve the 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 periodic 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.

Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation

As at 30 June 2013, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange, to be notified to the Company and the Stock Exchange, were as follows:

1. Long Positions in the Ordinary Shares of the Company (the "Shares"):

Name of Directors	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Mr. Chao Pang Ieng (Note 1)	Interest of controlled corporation	150,000,000	75%
Ms. Zhou Zheng Bin (Note 2)	Interest of spouse	150,000,000	75%

2. Long Positions in the Ordinary Shares of the Associated Corporation

Name of Directors	Name of associated corporation	Capacity/ Nature of Interest	Number of shares held	Approximate percentage of interests in the associated corporation
Mr. Chao Pang Ieng (Note 1)	Rich Gold International Limited ("Rich Gold")	Beneficial owner	1	100%
Ms. Zhou Zheng Bin (Note 2)	Rich Gold	Interest of spouse	1	100%

Notes:

1. Mr. Chao Pang Ieng beneficially held the entire issued share capital of Rich Gold, which in turn, beneficially held 150,000,000 Shares. For the purposes of the SFO, Mr. Chao Pang Ieng is deemed or taken to be interested in all the Shares held by Rich Gold. Mr. Chao Pang Ieng is also the chairman and chief executive officer of the Company, an executive Director and the sole director of Rich Gold.

2. Ms. Zhou Zheng Bin is the spouse of Mr. Chao Pang Ieng. For the purposes of the SFO, Ms. Zhou is deemed or taken to be interested in all the Shares and the share in Rich Gold in which Mr. Chao Pang Ieng is interested. Ms. Zhou Zheng Bin is an executive Director.

OTHER INFORMATION

Save as disclosed above, as at 30 June 2013, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Long Positions in the Shares and Underlying Shares of the Company

So far as is known to the Directors, as at 30 June 2013, as recorded in the register required to be kept by the Company under Section 336 of the SFO, the following persons (except the Directors and chief executives of the Company) had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Positions in Shares and Underlying Shares

Name of Shareholder	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Rich Gold	Beneficial owner	150,000,000	75%

Save as disclosed above, as at 30 June 2013, the Directors were not aware of any interests or short positions in the Shares and underlying Shares, which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO, except those held by Directors or chief executives of the Company.

Share Option Scheme

During the six months ended 30 June 2013, the Company had not granted any share options.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Compliance with the Model Code for Securities Transactions

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code throughout the Period.

OTHER INFORMATION

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 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 30 June 2013, the Group had used net proceeds of approximately HK$5,600,000, of which HK$2,700,000 has been used for the repayment of 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 meeting of the board of Directors (the "Board") 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.

Acquisitions, Disposals and Significant Investment

During the six months ended 30 June 2013, there was no material acquisition, disposal or investment by the Group.

Dividends

Subsequent to 30 June 2013, the Board has resolved to declare an interim dividend of HK12 cents per share totalling not less than HK$24,000,000 for the six months ended 30 June 2013 (30 June 2012: Nil). The interim dividend is payable on or around 4 October 2013 to the shareholders of the Company whose names appear on the Company's register of members on 23 September 2013.

Closure of Register of Members

The Register of Members will be closed from 19 September 2013 to 23 September 2013 (both dates inclusive) for the purpose of determining the entitlements of the members of the Company to the interim dividend. No transfer of shares may be registered during the said period. In order to qualify for the interim dividend, all transfers, accompanied by the relevant share certificates, should be lodged with the Company's share registrars in Hong Kong, Tricor Investor Services Limited, 26/F., Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:30 p.m. on 18 September 2013.

Audit Committee

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

OTHER INFORMATION

Corporate Governance

During the six months ended 30 June 2013, the Company has adopted the code provisions (the "Code Provision(s)") set out in the Corporate Governance Code (the "Code") contained in 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 six months ended 30 June 2013, except for the details set out below.

Code Provision A.2.1 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, 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.

Amendment to the Terms of Reference of the Nomination Committee of the Company

The terms of reference of the Nomination Committee of the Company was amended on 27 August 2013 to include the review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy as one of its duties.

Remuneration Policy

The Group determines its employee salaries with reference to the prevailing market salary rate of respective locations, experience as well as performance of such employees. In order to motivate the Group's employees and retain talent, the Group has adopted the employee incentives, which include the share option scheme and bonus sharing arrangement. The employee incentives are available to the Group's employees who are considered qualified for such incentives by the management members of the Group based on their performances in the period under review.

The Directors and senior management of the Company receive compensation in the form of fees, salaries, allowances, benefits in kind or discretionary bonuses relating to the performance of the Group. The Group also reimburses the Directors and senior management of the Company for expenses which are necessarily and reasonably incurred for providing services to the Group or discharging their duties in relation to the operations of the Group. When reviewing and determining the specific remuneration packages for the executive Directors and senior management, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors, employment elsewhere in the Group and desirability of performance-based remuneration.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2013

		Six months ended 30 June	
		2013	2012
		(unaudited)	(unaudited)
	Notes	**RMB'000**	RMB'000
Revenue	4	**111,036**	85,343
Cost of sales		**(90,554)**	(66,171)
Gross profit		**20,482**	19,172
Other income		**811**	570
Other gains and losses — net	5	**461**	(172)
Selling and distribution expenses		**(5,303)**	(4,399)
Administrative expenses		**(5,687)**	(5,310)
Other operating expenses		**(35)**	(126)
Profit from operations		**10,729**	9,735
Finance costs	6	**(120)**	(328)
Profit before tax		**10,609**	9,407
Income tax expense	7	**(2,968)**	(2,296)
Profit for the period	8	**7,641**	7,111
Other comprehensive income for the period			
Exchange differences on translating foreign operations		**(983)**	137
Total comprehensive income for the period		**6,658**	7,248
Profit attributable to:			
Owners of the Company		**7,641**	7,111
Total comprehensive income attributable to:			
Owners of the Company		**6,658**	7,248
		RMB cents	RMB cents
Earnings per share — basic and diluted	9	**3.8**	3.6

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	Notes	30 June 2013 (unaudited) RMB'000	31 December 2012 (audited) RMB'000
Non-current assets			
Property, plant and equipment		**41,449**	42,520
Prepaid lease payments		**2,775**	2,812
Deferred tax assets		**830**	329
		45,054	45,661
Current assets			
Inventories		**12,190**	10,665
Prepaid lease payments		**71**	71
Trade and other receivables	10	**140,713**	131,119
Current tax assets		**160**	2,363
Cash and bank balances		**56,845**	64,536
		209,979	208,754
Current liabilities			
Trade and other payables	11	**33,161**	39,287
Bank borrowings		**2,000**	2,000
		35,161	41,287
Net current assets		**174,818**	167,467
Total assets less current liabilities		**219,872**	213,128
Non-current liabilities			
Deferred tax liabilities		**686**	600
Net assets		**219,186**	212,528
Capital and reserves			
Share capital		**1,632**	1,632
Reserves		**217,554**	210,896
Total equity		**219,186**	212,528

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Share capital RMB'000	Share premium RMB'000	Special reserve RMB'000	Foreign currency translation reserve RMB'000	PRC capital reserve RMB'000	PRC statutory reserves RMB'000	Shareholders' contributions RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2012	1,632	158,400	(27,434)	259	(8)	20,861	10,296	39,716	203,722
Profit for the period	–	–	–	–	–	–	–	7,111	7,111
Other comprehensive income for the period	–	–	–	137	–	–	–	–	137
Total comprehensive income for the period	–	–	–	137	–	–	–	7,111	7,248
Transfer to reserves	–	–	–	–	–	2,310	–	(2,310)	–
At 30 June 2012	1,632	158,400	(27,434)	396	(8)	23,171	10,296	44,517	210,970

	Share capital RMB'000	**Share premium RMB'000**	**Special reserve RMB'000**	**Foreign currency translation reserve RMB'000**	**PRC capital reserve RMB'000**	**PRC statutory reserves RMB'000**	**Shareholders' contributions RMB'000**	**Retained profits RMB'000**	**Total RMB'000**
At 1 January 2013	**1,632**	**148,623**	**(27,434)**	**4**	**(8)**	**24,269**	**10,296**	**55,146**	**212,528**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**7,641**	**7,641**
Other comprehensive income for the period	**–**	**–**	**–**	**(983)**	**–**	**–**	**–**	**–**	**(983)**
Total comprehensive income for the period	**–**	**–**	**–**	**(983)**	**–**	**–**	**–**	**7,641**	**6,658**
At 30 June 2013	**1,632**	**148,623**	**(27,434)**	**(979)**	**(8)**	**24,269**	**10,296**	**62,787**	**219,186**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net cash used in operating activities	**(3,656)**	(761)
Net cash used in investing activities	**(2,982)**	(5,212)
Net cash used in financing activities	**(72)**	(1,390)
Net decrease in cash and cash equivalents	**(6,710)**	(7,363)
Cash and cash equivalents at the beginning of the period	**64,536**	80,141
Effect of foreign exchange rate changes, net	**(981)**	139
Cash and cash equivalents at the end of the period represents by:		
Cash and bank balances	**56,845**	72,917

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. General Information

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 with effect from 18 November 2011. Its parent and ultimate holding company is Rich Gold, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chao Pang Ieng.

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 are principally engaged in the design, manufacture and sale of packaging products and structural components in the PRC.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards

This condensed consolidated financial information for the six months ended 30 June 2013 has been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), the collective term of which includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated financial information should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2012.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2012, as described in those annual financial statements.

(a) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

2. Application of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

(b) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 January 2013.

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

The application of the above new or revised HKFRSs has had no material effect on the Group's results and financial position.

(c) New Standards, amendments to standards and interpretation that have been issued but are not yet effective.

The following amendments to standards and interpretation have been issued but are not yet effective for the financial year beginning on 1 January 2013 and have not been early adopted by the Group:

		Effective for the accounting period beginning on or after
HKAS 32 (Amendment)	Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 9	Financial Instruments	1 January 2015
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities	1 January 2014
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
HK (IFRIC)-Int 21	Levies	1 January 2014

2. Application of New and Revised Hong Kong Financial Reporting Standards *(Continued)*

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

3. Significant Accounting Policies

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

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

4. Revenue and Segment Information

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

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

The total net segment income is equivalent to total comprehensive income for the six months ended 30 June 2013 as shown in the condensed consolidated statement of comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the condensed consolidated statement of financial position.

The Company is domiciled in the Cayman Islands with the Group's major operations in the PRC. All external revenues of the Group during the six months ended 30 June 2013 are attributable to customers located in the PRC. Substantially all the assets of the Group are located in the PRC.

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Revenue		
Sales of packaging products and structural components	**111,036**	85,343

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. Other Gains and Losses — Net

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Net losses on disposal of property, plant and equipment	**46**	90
Foreign exchange (gain)/loss	**(507)**	82
	(461)	172

6. Finance Costs

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Interest on bank borrowings wholly repayable within five years	**72**	98
Finance costs arising on early redemption of note receivables	**48**	230
	120	328

7. Income Tax Expense

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Current tax:		
— PRC Enterprise Income Tax ("EIT")	**3,370**	1,707
Under provision in prior years:		
— PRC EIT	**13**	12
Deferred tax	**(415)**	577
Total income tax recognized in profit and loss	**2,968**	2,296

(i) Hong Kong

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for the six months ended 30 June 2013 (30 June 2012: Nil).

(ii) PRC

Pursuant to relevant PRC tax laws and regulations and a written approval obtained from local tax authorities, Chongqing Guangjing Packing Materials Co., Ltd. is subject to EIT rate at 15% for the six months ended 30 June 2013 and 30 June 2012.

Other PRC subsidiaries are subject to PRC EIT at 25% for the six months ended 30 June 2013 and 30 June 2012.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

8. Profit for the Period

Profit for the period has been arrived at after charging:

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Depreciation of property, plant and equipment	**3,921**	4,145
Amortization of prepaid lease payments	**37**	37
Auditors' remuneration	**25**	24
Operating lease rentals in respect of premises	**942**	930
Cost of inventories recognized as an expense (including write-down recognized on inventories)	**61,197**	42,414
Directors' emoluments	**529**	524
Other employee salaries and benefits	**11,292**	9,180
Contributions to retirement benefits schemes, excluding those of Directors	**1,192**	1,371
Total employee benefits expense	**13,013**	11,075

9. Earnings Per Share — Basic and Diluted

The calculation of the basic and diluted earnings per share attributable to owners of the Company for the six months ended 30 June 2013 and 30 June 2012 is based on the following data:

	Six months ended 30 June	
	2013	2012
	(unaudited)	(unaudited)
	RMB'000	RMB'000
Earnings for the purpose of basic and diluted earnings per share	**7,641**	7,111
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

For the six months ended 30 June 2013 and 30 June 2012, the calculation of the basic earnings per Share attributable to owners of the Company is based on the profit attributable to owners of the Company and the weighted average number of 200,000,000 ordinary Shares.

The diluted earnings per Share is equal to the basic earnings per Share as there were no dilutive potential ordinary Shares in issue during the six months ended 30 June 2013 and 30 June 2012.

10. Trade and Other Receivables

	At 30 June 2013 (unaudited) RMB'000	At 31 December 2012 (audited) RMB'000
Trade receivables	**82,751**	86,768
Note receivables	**56,658**	40,563
Prepayments, deposits and other receivables	**1,304**	3,788
	140,713	131,119

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

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

	At 30 June 2013 (unaudited) RMB'000	At 31 December 2012 (audited) RMB'000
Within 90 days	**76,097**	74,499
91–180 days	**6,568**	12,180
181–365 days	**–**	73
Over 365 days	**86**	16
Total	**82,751**	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 aged analysis) which are past due at the end of the reporting period for which the Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

10. Trade and Other Receivables *(Continued)*

Age of receivables that are past due but not impaired

	At 30 June 2013 (unaudited) RMB'000	At 31 December 2012 (audited) RMB'000
181–365 days	**–**	73
Over 365 days	**86**	16
Total	**86**	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 30 June 2013 (31 December 2012: Nil).

At 30 June 2013, none of note receivables were pledged as collaterals to secure certain short-term bank loans of the Group (31 December 2012: Nil).

At 30 June 2013, none of note receivables were pledged as collaterals to secure certain note payables of the Group (31 December 2012: approximately RMB6,350,000).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

11. Trade and Other Payables

	At 30 June 2013 (unaudited) RMB'000	At 31 December 2012 (audited) RMB'000
Trade payables	**24,314**	29,687
Note payables	**3,643**	5,355
Receipts in advance	**–**	10
Accruals	**2,090**	1,707
Other taxes payable	**1,753**	1,258
Others	**1,361**	1,270
	33,161	39,287

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

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

	At 30 June 2013 (unaudited) RMB'000	At 31 December 2012 (audited) RMB'000
Within 90 days	**24,017**	28,548
91–180 days	**112**	830
181–365 days	**95**	107
Over 365 days	**90**	202
Total	**24,314**	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 30 June 2013, none of note payables were secured by a charge over the Group's assets (31 December 2012: Nil).

12. Dividends

Subsequent to 30 June 2013, the Board has resolved to declare an interim dividend of HK12 cents per Share totalling not less than HK$24,000,000 for the six months ended 30 June 2013 (30 June 2012: Nil). The interim dividend is payable on or around 4 October 2013 to the shareholders of the Company whose names appear on the Company's register of members on 23 September 2013.