



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*

Annual Report 2013

Contents

Corporate Information	2
Chairman's Statement	3
Corporate Governance Report	5
Management Discussion and Analysis	14
Directors and Senior Management	20
Directors' Report	23
Independent Auditors' Report	33
Consolidated Statement of Profit or Loss and Other Comprehensive Income	35
Consolidated Statement of Financial Position	36
Statement of Financial Position	37
Consolidated Statement of Changes in Equity	38
Consolidated Statement of Cash Flows	39
Notes to the Consolidated Financial Statements	40
Five Years Financial Summary	76

Corporate Information

Board of Directors

Executive Directors

Mr. Chao Pang leng
(chairman and chief executive officer)
 Ms. Zhou Zheng Bin *(resigned on 13 January 2014)*
 Ms. Chen Fen
 Mr. Zuo Ji Lin
 Mr. Guo Jian Zhong *(appointed on 26 February 2014)*

Independent Non-Executive Directors

Mr. Chan Chun Chi
 Mr. Yu Xi Chun
 Mr. Wu Hao Tian

Company Secretary

Mr. Tsoi Ka Shing

Audit Committee (The "Audit Committee")

Mr. Chan Chun Chi *(chairman)*
 Mr. Yu Xi Chun
 Mr. Wu Hao Tian

Remuneration Committee (The "Remuneration Committee")

Mr. Wu Hao Tian *(chairman)*
 Mr. Chao Pang leng
 Mr. Chan Chun Chi

Nomination Committee (The "Nomination Committee")

Mr. Yu Xi Chun *(chairman)*
 Ms. Chen Fen
 Mr. Wu Hao Tian

Review Committee (The "Review Committee")

Mr. Chan Chun Chi *(chairman)*
 Mr. Yu Xi Chun
 Mr. Wu Hao Tian

Legal Adviser to the Company

Loong & Yeung
 Suites 2001–2005, 20th Floor, Jardine House
 1 Connaught Place, Central, Hong Kong

Stock Code

01239

Auditors

HLB Hodgson Impey Cheng Limited
 Certified Public Accountants
 31st Floor, Gloucester Tower
 The Landmark, 11 Pedder Street
 Central, Hong Kong

Principal Banker

The Bank of East Asia, Limited
 Standard Chartered Bank (Hong Kong) Limited
 Bank of China Limited
 China Construction Bank Corporation
 Bank of Communications Co., Ltd. Hong Kong Branch

Principal Share Registrar and Transfer Office in Cayman Islands

Appleby Trust (Cayman) Ltd
 Clifton House
 75 Fort Street
 PO Box 1350
 Grand Cayman KY1-1108
 Cayman Islands

Hong Kong Branch Share Registrar And Transfer Office

Tricor Investor Services Limited
 Level 22, Hopewell Centre
 183 Queen's Road East
 Hong Kong

Registered Office

Clifton House, 75 Fort Street
 PO Box 1350, Grand Cayman KY1-1108
 Cayman Islands

Headquarter and Principal Place of Business in Hong Kong

Unit No. 2118, 21st Floor
 China Merchants Tower
 Shun Tak Centre
 Nos. 168–200 Connaught Road Central
 Hong Kong

Company Website

www.jinbaobao.com.hk

Chairman's Statement

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Jin Bao Bao Holdings Limited (the "Company", together with its subsidiaries, the "Group"), I herewith present all shareholders of the Company (the "Shareholders") the annual report of the Company for the year ended 31 December 2013.

It was a challenging year for many players in the manufacturing industry during the year. Despite the slowdown of the macro-economic growth in the People's Republic of China (the "PRC") due to challenges such as economic restructuring and weak overseas demand, the overall consumption maintained solid growth. With the help of increasing income of urban and rural residents, energy conservation subsidy policy and end user demand drove the gradual improvement of the residential property market, the consumer electrical appliance industry showed the sign of recovery during the year.

Results of the Year

For the year ended 31 December 2013, the Group's turnover increased by approximately 17.8% to approximately RMB234,709,000 when compared to approximately RMB199,290,000 for the year ended 31 December 2012. The gross profit margin further decreased from approximately 23.0% for the year ended 31 December 2012 to approximately 19.8% for the year ended 31 December 2013. For the year ended 31 December 2013, the Group's profit attributable to owners of the Company was approximately RMB19,066,000, increased by approximately RMB228,000 or approximately 1.2% when compared to approximately RMB18,838,000 for the year ended 31 December 2012. Earnings per share (basic and diluted) of the Company for the year ended 31 December 2013 were approximately RMB9.5 cents (2012: approximately RMB9.4 cents).

Business Review

In the year 2013, even the revenue was recorded an increase in the year, the Group still faced a challenge of increasing manufacturing overheads and direct labour costs. Although, the Group has been continuously controlling manufacturing overhead and general expenses, the operating cost kept rising. High manufacturing overhead and continuous rising labour cost keep eroding the Group's profit margin. As a result, the Group's profitability was affected by these cost increments.

Exploring Other Business Opportunities

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 leng (the chairman and chief executive officer of the Company, an executive Director and a controlling shareholder of the Company) (the "Guarantor") in relation to the acquisition by the Company and the disposal by Vendor of the 10,001 shares of US\$1.00 each in the share capital of View Sun Group Limited (the "Target Company"), representing the entire issued share capital in the Target Company as at the date of the S&P Agreement and the date of completion of the S&P Agreement (the "Acquisition"). The Acquisition represented a valuable opportunity for the Group to diversify its revenue mix and bring new business opportunities and customers to the Group. As at the date of this annual report, the Acquisition has not yet been completed.

Chairman's Statement

Outlook

Real recovery of the global economy is yet to be in sight, tough operating environment in the PRC remains challenges for all manufacturing industries. In the coming year, the Group will continue its tight cost control and improvements in operating efficiency and productivity. Should suitable business opportunities arise in the future, the Group will continue to explore and consider any such business opportunities, including acquisitions or realisations, which are in line with the Group's business strategies and may enhance the Group's future business development.

The management of the Group will remain cautious of the Group's business outlook. The Group believes that these efforts will consolidate the leading position of the Group and pave the foundation of the Group's future development.

Appreciation

Lastly, on behalf of the Board, I would like to take this opportunity to extend my gratitude to our Board members, business partners, management team and all our staff.

Chao Pang Ieng

Chairman, executive Director and chief executive officer

Hong Kong, 5 March 2014

Corporate Governance Report

Corporate Governance Practices

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance, transparency and accountability and to earn the confidence of Shareholders and the public. The Board strives to adhere to the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards by focusing on areas such as internal control, fair disclosure and accountability to all Shareholders.

For the year ended 31 December 2013, the Company has adopted the code provisions (the "Code Provision(s)") set out in the Corporate Governance Code (the "Code") contained in Appendix 14 to the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the Code. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2013, except for the Code Provision A.2.1, which states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Chao Pang leng 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.

The Model Code for Securities Transactions by Directors

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. In response to the specific enquiries by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code for the year ended 31 December 2013.

Board of Directors

Members of the Board of Directors

As at the date of this annual report, the Board comprised the following Directors, (i) executive Directors, Mr. Chao Pang leng (Chairman and Chief Executive Officer), Ms. Chen Fen, Mr. Zuo Ji Lin and Mr. Guo Jian Zhong; and (ii) independent non-executive Directors, Mr. Chan Chun Chi, Mr. Yu Xi Chun and Mr. Wu Hao Tian.

The biographies of all the Directors are set out in the section headed "Directors and Senior Management" in this annual report. All Directors have the relevant experiences for effectively carrying out their respective duties.

In accordance with Rule 3.10 of the Listing Rules, the Company has already appointed three independent non-executive Directors and at least one of them has accounting expertise to assist the management in formulating development strategies of the Group, and to ensure that the preparation of the financial reports and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the Shareholders and the Company. The Company has received confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules, and believes that, for the year ended 31 December 2013 and up till the date of this annual report, they were independent to the Company in accordance with the relevant requirements of the Listing Rules.

Corporate Governance Report

Responsibilities of Directors

All newly appointed Directors received comprehensive, formal training on the first occasion of their appointments and were ensured to have a proper understanding of the businesses and development of the Group and that they were fully aware of their responsibilities under the statute and common law, the Listing Rules, applicable legal requirements and other regulatory requirements and the business and corporate governance policies of the Company.

To facilitate the Directors to discharge their responsibilities, they are continuously updated with regulatory developments, business and market changes and the strategic development of the Group. There was no change in the composition of the Board during the year ended 31 December 2013.

Supply of and Access to Information

In respect of regular Board meetings, and so far as practicable in all other cases, an agenda accompanied by the relevant Board papers are sent to all Directors in a timely manner and at least 3 days before the intended date of a Board meeting.

All Directors are entitled to have access to Board papers, minutes and related materials.

The Operation of the Board

The Board supervises the management of the business and affairs of the Company. The Board's primary duty is to ensure the viability of the Company and to ensure that it is managed in the best interests of the Shareholders as a whole while taking into account the interests of other stakeholders. The Group has adopted internal guidelines in setting forth matters that require the Board's approval. Apart from its statutory responsibilities, the Board is also responsible for formulating the development targets and objectives, material acquisitions and disposals, material capital investment, dividend policies, the appointment and removal of directors and senior management, remuneration policies and other major operation and financial issues of the Company. The powers and duties of the Board include convening Shareholders' meetings and reporting the Board's work at Shareholders' meetings, implementing resolutions passed at Shareholders' meetings, determining business plans and investment plans, formulating annual budget and final accounts, formulating proposals for profit distributions and for the increase or reduction of registered capital as well as exercising other powers, functions and duties as conferred by the memorandum and articles of association of the Company (the "Articles of Association"). Daily business operations and administrative functions of the Group are delegated to the management.

Delegation by the Board

The management, consisting of executive Directors along with other senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Code Provision A.1.1 of the Code stipulates that the Board shall convene meetings regularly and convene at least four board meetings every year (approximately once a quarter).

Corporate Governance Report

During the year ended 31 December 2013, the Board held seven meetings.

The attendance of the Directors at the Board meetings is as follows:

Directors	Meetings attended/held
Executive Directors	
Mr. Chao Pang leng (<i>Chairman and Chief Executive Officer</i>)	7/7
Ms. Zhou Zheng Bin (Resigned on 13 January 2014)	7/7
Ms. Chen Fen	7/7
Mr. Zuo Ji Lin	7/7
Independent Non-executive Directors	
Mr. Chan Chun Chi	7/7
Mr. Yu Xi Chun	7/7
Mr. Wu Hao Tian	7/7

In general, notices of meetings of the Board are sent to all Directors through email and fax before the dates of meetings. In order to enable the Directors to consider the issues to be approved in the meetings with adequate time, the notices of regular Board meetings are sent to all Directors 14 days prior to the convening of the meeting while prior notification of the convening of ad hoc board meetings are made to Directors in due course. In order to provide all Directors with a full picture of the latest operating conditions of the Company, the management representatives of the Company will report the latest operating conditions of the Company and the implementation of the issues resolved in the last Board meeting to all the Directors before the convening of the meeting.

Corporate Governance Duties

The Board is responsible for performing the corporate governance duties as set out in the Code Provision D.3.1. During the year ended 31 December 2013, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

Directors' Training and Professional Development

Code Provision A.6.5 of the Code provides that Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

The Directors are committed to comply with the Code regarding directors' training. All Directors, namely Mr. Chao Pang leng, Ms. Zhou Zheng Bin (resigned on 13 January 2014), Mr. Zuo Ji Lin, Ms. Chen Fen, Mr. Chan Chun Chi, Mr. Yu Xi Chun and Mr. Wu Hao Tian, have participated in a workshop organized by Messrs. Loong & Yeung, the legal adviser to the Company, during the year ended 31 December 2013, and provided a record of relevant training they received for the year ended 31 December 2013 to the Company.

Corporate Governance Report

Committees under the Board

The Audit Committee, the Remuneration Committee and the Nomination Committee were established under the Board. These committees perform supervision and control of the Company based on their written terms of reference. For details of the Review Committee established under the Board, please refer to the paragraph headed “Competing Interests” in this annual report.

Audit Committee

The Company established the Audit Committee on 10 June 2011 with written terms of reference in compliance with the Code Provisions of the Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control procedures of the Group. The Audit Committee consists of three independent non-executive Directors, namely, Mr. Chan Chun Chi (an independent non-executive Director with the appropriate professional qualifications as required under Rule 3.10(2) of the Listing Rules, who serves as chairman of the Audit Committee), Mr. Yu Xi Chun and Mr. Wu Hao Tian. The Audit Committee shall meet at least twice a year.

The written terms of reference of the Audit Committee are in line with the Code Provisions of the Code and the latest version of such terms of reference are available upon request, on the Company’s website and the Stock Exchange’s website.

For the year ended 31 December 2013, the Audit Committee had considered, reviewed and discussed areas of concerns during the audit process, the compliance of company policy, the internal control procedures and the corporate governance of the Group and had approved the annual audited financial statements and the interim financial statements, respectively. There is no disagreement between the Directors and the Audit Committee regarding the selection and appointment of the external auditors.

The accounts for the year ended 31 December 2013 were audited by HLB Hodgson Impey Cheng Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that HLB Hodgson Impey Cheng Limited be re-appointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

The Audit Committee had held two meetings for the year ended 31 December 2013.

The attendance of the members of the Audit Committee at the Audit Committee meeting is as follows:

Directors	Meetings attended/held
Mr. Chan Chun Chi (<i>Chairman</i>)	2/2
Mr. Yu Xi Chun	2/2
Mr. Wu Hao Tian	2/2

The Audit Committee also attended two meetings during the year under review with the external auditors of the Company to discuss audit preparation and timetable and the final results of the Group.

Corporate Governance Report

Nomination Committee

The Company established the Nomination Committee pursuant to a resolution of the Directors passed on 10 June 2011. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of Directors and management of the Board's succession, and to ensure that the candidates to be nominated as Directors are experienced and high caliber individuals. The Nomination Committee consists of two independent non-executive Directors, namely, Mr. Yu Xi Chun and Mr. Wu Hao Tian and one executive Director, namely, Ms. Chen Fen. Mr. Yu Xi Chun is the chairman of the Nomination Committee.

The written terms of reference of the Nomination Committee are in line with the Code Provisions of the Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website.

The Nomination Committee shall meet at least once every year for reviewing the structure, size and composition of the Board, assessing the independence of the independent non-executive Directors and other related matters.

The Nomination Committee had held one meeting for the year ended 31 December 2013.

The attendance of the members of the Nomination Committee at the Nomination Committee meeting is as follows:

Directors	Meeting attended/held
Mr. Yu Xi Chun (<i>Chairman</i>)	1/1
Ms. Chen Fen	1/1
Mr. Wu Hao Tian	1/1

For the year ended 31 December 2013, the Nomination Committee had reviewed the structure, size and composition of the Board of Directors and the retirement and re-appointment arrangement of the Directors in the Company's forthcoming annual general meeting.

Board Diversity Policy

The Board has adopted a board diversity policy and discussed all measurable objectives set for implementing the policy. The Company recognizes and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

Corporate Governance Report

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of the Directors passed on 10 June 2011 in compliance with the Code Provisions of the Code. The Company has adopted the Code Provisions to make recommendations to the Board to determine the remuneration packages of individual executive Directors and the members of senior management. The primary duties of the Remuneration Committee mainly include: (i) reviewing the terms of the remuneration package of each Director and member of senior management, and making recommendations to the Board regarding any adjustment thereof; and (ii) reviewing and evaluating the performance of individual executive Directors for determining the amount of bonus (if any) payable to them. The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Chan Chun Chi and Mr. Wu Hao Tian and one executive Director, namely, Mr. Chao Pang Ieng. Mr. Wu Hao Tian is the chairman of the Remuneration Committee.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the Code Provisions of the Code and the latest version of such terms of reference are available upon request, on the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once every year for reviewing the remuneration policies.

The Remuneration Committee had held one meeting for the year ended 31 December 2013.

The attendance of the members of the Remuneration Committee at the Remuneration Committee meeting is as follows:

Directors	Meeting attended/held
Mr. Wu Hao Tian (<i>Chairman</i>)	1/1
Mr. Chao Pang Ieng	1/1
Mr. Chan Chun Chi	1/1

For the year ended 31 December 2013, the Remuneration Committee reviewed the existing remuneration policies of the Company.

The remuneration of the members of the senior management by band for the year ended 31 December 2013 is set out below:

Remuneration bands	Number of persons
HK\$1,000,000 or below	3

Further particulars regarding Directors', chief executive's remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in Note 11 to the consolidated financial statements.

Corporate Governance Report

Appointment, Re-election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company for an initial term of 3 years commencing from 10 June 2011 and subject to termination by either party upon giving not less than 3 months' prior written notice to the other party.

Each of the independent non-executive Directors has entered into a service contract with the Company for an initial term of 2 years commencing from 10 June 2011 and renewed on 9 June 2013 and subject to termination by either party upon giving with not less than 3 months' prior written notice to the other party.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one-third of the Directors shall retire from office by rotation. Each director shall retire at least once every three years and such Directors shall include those who have been assumed the longest term of office since their last election or reelection. Ms. Chen Fen will retire from office as an executive Director and Mr. Chan Chun Chi and Mr. Yu Xi Chun will retire from office as independent non-executive Directors by rotation at the forthcoming annual general meeting of the Company and all of them, being eligible, will offer themselves for re-election.

Directors' and Auditors' Responsibility for the Consolidated Financial Statements

All Directors acknowledge their responsibility for preparing the accounts and the consolidated financial statements of the Company for the year ended 31 December 2013. The auditors to the Company acknowledge their reporting responsibilities in the independent auditors' report on the consolidated financial statements for the year ended 31 December 2013. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

Company Secretary

The company secretary of the Company, Mr. Tsoi Ka Shing, appointed on 10 June 2011, is responsible for facilitating the process of Board meetings, as well as communications among Board members, with Shareholders and the management of the Company. Mr. Tsoi's biography is set out in the "Directors and Senior Management" section of this annual report. During the year ended 31 December 2013, Mr. Tsoi undertook not less than 15 hours of professional training to update his skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

Auditors' Remuneration

Remuneration to the auditors of the Company and provision of other audit services, HLB Hodgson Impey Cheng Limited, amounted to HK\$430,000 and HK\$200,000 respectively for the year ended 31 December 2013.

Internal Control

The Board is responsible for maintaining an effective internal control system of the Group. The Board has reviewed during the year ended 31 December 2013 and will regularly review the effectiveness of all material controls, including financial operation, compliance controls and risk management functions of the Group.

Communication with Shareholders

The Company endeavors to maintain an on-going dialogue with the Shareholders and in particular, through annual general meetings or other general meetings to communicate with the Shareholders and encourage their participation.

The Company will ensure that there are separate resolutions for separate issues proposed at the general meetings.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

Corporate Governance Report

General Meetings with Shareholders

The Company's annual general meeting provides a useful platform for direct communication between the Board and Shareholders. Separate resolutions are proposed on each substantially separate issue at the general meetings.

The 2013 annual general meeting (the "2013 AGM") was held on 29 April 2013. The attendance record of the Directors at the 2013 AGM is set out below:

Directors	Meeting attended/held
Executive Directors	
Mr. Chao Pang leng (<i>Chairman and Chief Executive Officer</i>)	1/1
Ms. Zhou Zheng Bin (<i>resigned on 13 January 2014</i>)	1/1
Ms. Chen Fen	1/1
Mr. Zuo Ji Lin	1/1
Independent Non-executive Directors	
Mr. Chan Chun Chi	1/1
Mr. Yu Xi Chun	1/1
Mr. Wu Hao Tian	1/1

The Company's external auditors also attended the 2013 AGM.

Shareholders' Rights

Convening an extraordinary general meeting

Pursuant to article 64 of the Articles of Association, extraordinary general meetings of the Company (the "EGM(s)") shall be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the company secretary of the Company for the purpose of requiring an EGM to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board to convene the EGM(s), shall be reimbursed to the requisitionist(s) by the Company.

Corporate Governance Report

Putting enquiries to the Board

To ensure effective communication between the Board and the Shareholders, the Company has adopted a Shareholders' communication policy (the "Policy") on 16 March 2012. Under the Policy, the Company's information shall be communicated to the Shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim reports and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit No. 2118, 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.

Putting forward proposals at Shareholders' meeting

The number of Shareholders necessary for putting forward a proposal at a Shareholders' meeting shall be any number of Shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request. Any such proposals shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Unit No. 2118, 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong.

Investor Relations

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meeting, the annual and interim reports, notices, announcements and circulars and the Company's website at www.jinbaobao.com.hk.

During the year ended 31 December 2013, there had been no significant change in the Company's constitutional documents.

Directors and Officers Insurance

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

Management Discussion and Analysis

Overview

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

Business Review

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

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

Revenue

An analysis of revenue by products is as follows:

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

Management Discussion and Analysis

Revenue by product type remained relatively stable. Revenue derived from the Group's products for televisions and air conditioners (including packaging products and structural components) made the largest and second largest contributions to the Group's total revenue, amounting approximately RMB158,879,000 or 67.7% of total revenue (2012: approximately RMB147,051,000 or 73.8% of total revenue).

Most of the Group's customers are leading consumer electrical appliance manufacturers in the PRC. All of the Group's revenue was derived from the sale of the Group's packaging products and structural components to the Group's customers in the PRC.

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of the Group's packaging products and structural components from independent third parties. The raw materials mainly include 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 2013. The Group continues to diversify the Group's suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

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

Future Outlook

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

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

The management of the Group will remain cautious of the Group's business outlook. The Group believes that these efforts will consolidate the leading position of the Group and pave the foundation of the Group's future development.

Management Discussion and Analysis

Financial Review Revenue

Revenue of the Group for the year ended 31 December 2013 amounted to approximately RMB234,709,000, representing an increase of approximately RMB35,419,000, or 17.8% as compared to approximately RMB199,290,000 in the year ended 31 December 2012. The increase in revenue was mainly caused by the increase in sales of packaging products of refrigerators and information technology products.

Cost of sales

For the year ended 31 December 2013, cost of sales for the Group amounted to approximately RMB188,232,000, increased by approximately RMB34,689,000 or 22.6% when compared to approximately RMB153,543,000 for the year ended 31 December 2012. Gross profit ratio further decreased from 23.0% for the year ended 31 December 2012 to 19.8% for the year ended 31 December 2013. The drop in gross profit margin was due to the increase in raw material costs, direct labour costs and other production overheads, as a result of the increase in commodities prices, the increase in average level of wages and general inflation in the PRC during the year.

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

	Year ended 31 December			
	2013		2012	
	RMB'000	%	RMB'000	%
Raw materials	127,929	68.0	105,431	68.7
Direct labour costs	14,916	7.9	12,736	8.3
Manufacturing overhead	45,387	24.1	35,376	23.0
Staff costs	2,770	1.5	1,985	1.2
Depreciation	7,663	4.1	6,192	4.0
Utilities	27,150	14.4	20,719	13.5
Processing charges	6,061	3.2	4,925	3.2
Rental expenses	1,453	0.8	1,452	1.0
Others	290	0.1	103	0.1
Total	188,232	100.0	153,543	100.0

Other income

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

Other gains and losses — net

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

Management Discussion and Analysis

Selling and distribution expenses

For the year ended 31 December 2013, selling and distribution expenses amounted to approximately RMB11,134,000, increased by approximately RMB1,552,000 or 16.2% when compared to approximately RMB9,582,000 for the year ended 31 December 2012. The increase was mainly due to an increase in salary expenses for sales and marketing staff and transportation costs in relation to delivery of products to the Group's customers.

Administrative expenses

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

Other operating expenses

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

Profit from operations

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

Finance costs

For the year ended 31 December 2013, finance costs amounted to approximately RMB233,000, decreased by approximately RMB39,000 or 14.3% when compared to approximately RMB272,000 for the year ended 31 December 2012. The decrease was mainly due to the decrease in early redemption of note receivables compared to last year.

Profit before tax

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

Income tax expense

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

Profit for the year

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

Management Discussion and Analysis

Trade and other receivables

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

Inventories

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

Property, plant and equipment

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

Trade and other payables

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

Capital expenditure

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

Contingent liabilities

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

Pledge of assets

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

Management Discussion and Analysis

Liquidity and financial resources

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

As of 31 December 2013, the Group's bank borrowings of approximately RMB2,000,000 had variable interest rates and were repayable within one year, which were secured by the Group's buildings and prepaid lease payments (2012: approximately RMB2,000,000). As of 31 December 2013 and 2012, all of the bank borrowings were denominated in RMB.

Gearing ratio

The calculation of gearing ratio is net debt (i.e. debt minus cash and cash equivalents) divided by equity. As the Group was not in the position of net debt as at 31 December 2013, there was no gearing ratio available as at 31 December 2013 (2012: N/A).

Foreign exchange risk

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

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

Human resources and training

As at 31 December 2013, the Group has 631 employees (2012: 621 employees). Total employee benefit expenses amounted to approximately RMB28,246,000 (2012: approximately RMB22,317,000). The Group has a management team (including product design and development team) with extensive industry experience. The team comprises certain management personnel and technicians from various departments who have extensive experience in and knowledge of the manufacturing of packaging products and structural components. The Group has adopted an employee-focused management concept to involve the Group's staff in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the productivity of its employees. The Group conducts regular performance reviews for its employees, and adjusts their salaries and bonuses accordingly. In addition, the Group has implemented training programs for employees in various positions.

Directors and Senior Management

Executive Directors

Mr. Chao Pang leng (周鵬鷹), aged 50, is the chairman of the Company, an executive Director and one of the founders of the Group. Mr. Chao was appointed as a Director on 4 January 2011 and redesignated as an executive Director on 10 June 2011. Mr. Chao is also the chief executive officer of the Company and a member of the Remuneration Committee. Mr. Chao has more than nineteen years of experience in packaging materials business. He is a director of all the subsidiaries of the Company. Relying on his working experience in packaging materials industry, Mr. Chao is primarily responsible for the overall strategic planning and business development of the Group. Mr. Chao is the sole director and sole shareholder of Rich Gold International Limited, which is a controlling shareholder (as defined under the Listing Rules) of the Company.

Ms. Chen Fen (陳蕢), aged 46, was appointed as an executive Director on 10 June 2011. She is also a member of the Nomination Committee. Ms. Chen obtained a bachelor of economics majoring in financial accounting from Shenzhen University (深圳大學) in June 1989. She was accredited as an assistant accountant by the Ministry of Finance, the PRC in December 1992, and then obtained a certificate of accounting professional issued by Ministry of Finance in Nan Shan District, Shenzhen in May 2005. She was a director of Sichuan Jinghong from September 2005 to August 2008. Prior to joining the Group in September 2005, she had been the finance manager of Shenzhen Li Da Silk Garment Company Limited (深圳利達絲綢服裝有限公司) from July 1989 to October 1997. Relying on her academic and professional qualification in accounting and finance, Ms. Chen is primarily responsible for the financial management and operation of the Group.

Mr. Zuo Ji Lin (左際林), aged 47, was appointed as an executive Director on 10 June 2011. Mr. Zuo is also the marketing director of the Group and the general manager of Chongqing Guangjing and Chuzhou Chuangce. Mr. Zuo graduated from Zhuzhou Metallurgical Industrial School (株州冶金工業學校), majoring in financial accounting of industrial enterprises in July 1992. He was a director of Sichuan Jinghong from September 2005 to August 2008. Prior to joining the Group in April 2001 as the general manager of Chuzhou Chuangce, Mr. Zuo had been the finance manager of Shenzhen Chuangce Investment Development Company Limited (深圳市創策投資發展有限公司) from June 1999 to June 2000, and had been the general manager of Mu Dan Jiang Hua Sheng Packaging Company Limited (牡丹江華升包裝有限公司) from June 2000 to April 2001. Relying on his academic qualification in relation to financial accounting and his working experience in packaging materials industry, Mr. Zuo is primarily responsible for the marketing management and operation of the Group.

Mr. Guo Jian Zhong (郭建中), aged 61, was appointed as an executive Director on 26 February 2014. Mr. Guo had worked at Shaanxi Longmen Iron & Steel (Group) Co., Ltd. (陝西龍門鋼鐵(集團)有限公司) from 1968 to 2007. During that period, Mr. Guo had served as its miner, blast furnace operator, salesman, department head of sales, the deputy general manager (responsible for the construction and operation of waste heat power stations) and the deputy chairman of the labour union. Mr. Guo has left his position in 2007 as he reached the age of retirement.

Directors and Senior Management

Independent Non-Executive Directors

Mr. Chan Chun Chi (陳駿志), aged 35, is an independent non-executive Director, the chairman of the Audit Committee, a member of the Remuneration Committee and the chairman of the Review Committee. Mr. Chan joined the Group as an independent non-executive Director on 10 June 2011. Mr. Chan obtained a degree of bachelor of arts in accounting from The Hong Kong Polytechnic University in November 2004 and is a member of The Hong Kong Institute of Certified Public Accountants. Since August 2010, Mr. Chan has been serving as an accounting manager of a company whose shares are listed and traded on the Main Board of the Stock Exchange. Prior to this, Mr. Chan worked at several accounting firms, namely, K.S. Li & Company from August 2004 to March 2005, T.K. Lo & Company from March 2005 to April 2006, C. W. Leung & Co. from April 2006 to August 2007, and CCIF CPA Limited from August 2007 to July 2010, and was responsible for, among other things, audit works and preparation of financial statements for listed companies and tax related matters for clients.

Mr. Yu Xi Chun (虞熙春), aged 51, is an independent non-executive Director, a member of the Audit Committee, the chairman of the Nomination Committee and a member of the Review Committee. Mr. Yu joined the Group as an independent non-executive Director on 10 June 2011. Mr. Yu has been a certified accountant in the PRC since October 1994. Mr. Yu joined Shenzhen Yida Certified Public Accountants Co., Ltd (深圳市義達會計師事務所) in December 2011 and currently serves as partner thereof, responsible mainly for management and audit related works. For the period between August 2005 and November 2011, Mr. Yu served in Shenzhen CCTY Certified Public Accountants (深圳正大華明會計師事務所) as a certified accountant. For the period between August 2004 and August 2005, Mr. Yu served in Shenzhen You Xin Certified Accountants (深圳友信會計師事務所) as a certified accountant. For the period between November 1994 to July 2004, Mr. Yu worked in Shenzhen Yong Ming Certified Public Accountants Company Limited (深圳市永明會計師事務所有限公司) as audit manager, chief auditor and partner, respectively. On 1 March 1999, Mr. Yu obtained the qualification of registered tax agent from State Administration of Taxation of the PRC. Since November 2008, Mr. Yu has been an independent director in Shenzhen Deren Electronic Company Limited (深圳市得潤電子股份有限公司), a company listed on the Shenzhen Stock Exchange.

In December 1989, Mr. Yu graduated from a telecourse in accounting from Anhui Finance and Trade College (安徽財貿學院). In addition, Mr. Yu had received forty hours of training in respect of independent director of public listed companies jointly organized by the China Securities Regulatory Commission and the School of Management of Fudan University, the PRC for the period between 14 January 2002 and 18 January 2002.

Mr. Wu Hao Tian (吳昊天), aged 48, is an independent non-executive Director and a member of the Audit Committee, the chairman of the Remuneration Committee, a member of the Nomination Committee and a member of the Review Committee. Mr. Wu joined the Group as an independent non-executive Director on 10 June 2011. Mr. Wu holds a bachelor's degree in finance (金融系) awarded by the Hunan College of Finance (湖南財經學院) in July 1986 and a master's degree in Economics awarded by Finance Institute of the People's Bank of China (中國人民銀行總行金融研究) in April 1989. Since November 2009, Mr. Wu has been the general manager in Shenzhen City Jin Li Chuang Xin Investment Company Limited (深圳市金立創新投資有限公司). For the period between August 2006 and May 2008, Mr. Wu had been the general manager in Shenzhen City Chuang Xin Investment Guarantee Company (深圳市創新投資擔保公司). For the period between November 2004 and December 2005, Mr. Wu had been the chief executive officer of Credit Orienwise Group Ltd. (中國中科智擔保集團股份有限公司). In addition, for the period between August 2007 and August 2010, Mr. Wu was a director in Shenzhen World Union Properties Consultant Co., Ltd. (深圳世聯地產顧問股份有限公司) and since March 2009, Mr. Wu has been a supervisor in Xiamen Savings Environmental Co., Ltd. (廈門三維絲環保股份有限公司), both companies are listed on the Shenzhen Stock Exchange.

Directors and Senior Management

Senior Management

Mr. Jiang Xian Geng (江獻庚), aged 42, is the production director of the Group and the deputy general manager of Chongqing Guangjing. He was appointed as the production director of the Group on 10 June 2011. Mr. Jiang graduated from Hunan University (湖南大學), majoring in industrial management engineering, in June 1996, and from State-run Jiangnan Machinery Factory Middle Technical School (國營江南機器廠中等專業學校), majoring in machinery production, in July 1992. He was accredited as a business administration and economics specialist by the Ministry of Personnel, the PRC in November 2002. From October 2004 to July 2008, he served as the head of office of Chuzhou Chuangce. He has been the deputy general manager of Chongqing Guangjing since July 2008. Relying on his academic qualification in relation to production operations and machinery management, Mr. Jiang is primarily responsible for the production management of our Group.

Mr. Xia Hui Sheng (夏會生), aged 46, is the technical director of the Group and the general manager of Sichuan Jinghong. He was appointed as the technical director of the Group on 10 June 2011. Mr. Xia graduated from Chongqing Architectural Engineering Institute (重慶建築工程學院), majoring in applied computer technology, in July 1991. Mr. Xia served as the head of human resources department of Bo Xi Yang Refrigeration Company Limited (博西揚製冷有限公司) from June 1997 to March 2001. He then served as the head of office in Chuzhou Chuangce from April 2001 to June 2002. From June 2002 to October 2004, he served as the deputy general manager of Mu Dan Jiang Hua Sheng Packaging Company Limited (牡丹江華升包裝有限公司) and the deputy general manager of Chongqing Guangjing from November 2004 to August 2005. He has been the general manager of Sichuan Jinghong since August 2005. Relying on his working experience in packaging materials business, Mr. Xia is primarily responsible for the technical management of our Group.

Mr. Tsoi Ka Shing (蔡嘉誠), aged 33, is the company secretary and financial controller of the Group. He was appointed as the company secretary and financial controller of the Group on 10 June 2011. Mr. Tsoi obtained a bachelor of business from University of Technology, Sydney in July 2005. He was accredited as a Certified Practicing Accountant by CPA Australia and the Hong Kong Institute of Certified Public Accountants in November 2009 and May 2011, respectively. Prior to joining the Group in 2010 as the company secretary and financial controller, Mr. Tsoi had been a senior accountant and an assistant audit manager in SHINEWING (HK) CPA Limited from August 2009 to November 2010, an auditor in Deloitte Touche Tohmatsu, CCIF CPA Limited and Yau and Wong, CPA from July 2005 to August 2009.

Directors' Report

The Directors are pleased to present the annual report for the year ended 31 December 2013 together with the audited consolidated financial statements to the Shareholders.

Corporate Reorganization

The Company was incorporated in the Cayman Islands under the Companies Law, Cap 22 of the Cayman Islands as an exempted company with limited liability on 4 January 2011.

Pursuant to the group reorganization (the "Reorganization") in preparation of the listing of the shares of the Company (the "Shares") on the Main Board of the Stock Exchange, the Company became the holding company of the Group formed after completion of the Reorganization.

Details of the Reorganization are set out in the paragraph headed "Corporate Reorganization" in Appendix V "Statutory and General Information" to the prospectus of the Company (the "Prospectus") dated 8 November 2011.

The Shares were listed on the Main Board of the Stock Exchange on 18 November 2011.

Subsidiaries

Details of the Company's subsidiaries as at 31 December 2013 are set out in Note 29 to the consolidated financial statements in this annual report.

Principal Business

The principal activity of the Company is investment holding. The principal activities and other particulars of the Company's subsidiaries are set out in Note 29 to the consolidated financial statements in this annual report.

Summary Financial Information

A summary of the published results and assets, liabilities and equity of the Group for the last five financial years, as extracted from the consolidated financial statements of the Company, is set out on page 76 of this report. This summary does not form part of the consolidated financial statements in this annual report.

Use of Proceeds from the Placing and the 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 31 December 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 Board meeting held on 28 February 2013, it was resolved that the plan of establishment of a factory in Wuhu City will be postponed to the second half of 2015 due to the weak economy in the PRC.

Directors' Report

Results and Dividend

The Group's profit for the year ended 31 December 2013 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 35 to 36 in this annual report.

The Board does not recommend the payment of any dividend for the year ended 31 December 2013.

Property, Plant and Equipment

Details of the movements in property, plant and equipment of the Group are set out in Note 14 to the consolidated financial statements in this annual report.

Closure of Register of members

The forthcoming annual general meeting (the "AGM") is scheduled to be held on 16 May 2014. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from 14 May 2014 to 16 May 2014 (both dates inclusive), during which period no transfer of Shares will be effected. In order to be eligible to attend and vote at the AGM, all transfers of Shares, accompanied by the relevant share certificates, must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on 13 May 2014.

Reserves

Profit attributable to owners of the Company of RMB19,066,000 (2012: RMB18,838,000) have been transferred to reserves. Details of the movements of reserves of the Company and the Group during the year ended 31 December 2013 are set out in Note 23 to the consolidated financial statements in this annual report.

As at 31 December 2013, the Company had distributable reserves of approximately RMB130,692,000.

Biographies of Directors and Senior Management

The biographies of Directors and senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

Bank Borrowings

Details of bank borrowings of the Group are set out in Note 20 to the consolidated financial statements in this annual report.

Directors' Report

Directors and Service Contracts

The Directors up to the date of this report are as follows:

Executive Directors

Mr. Chao Pang leng (*Chairman and Chief Executive Officer*)

Ms. Zhou Zheng Bin (*resigned on 13 January 2014*)

Ms. Chen Fen

Mr. Zuo Ji Lin

Mr. Guo Jian Zhong (*appointed on 26 February 2014*)

Independent Non-Executive Directors

Mr. Chan Chun Chi

Mr. Yu Xi Chun

Mr. Wu Hao Tian

Each Director has entered into a service contract with the Company. The service term of each executive Director (except Mr. Guo Jian Zhong) is from 10 June 2011 to 9 June 2014 whereas the service term of each independent non-executive Director is from 10 June 2011 to 9 June 2013 and renewed on 10 June 2013 for a term of 2 years. The service term of Mr. Guo Jian Zhong is from 26 February 2014 to 25 February 2015. These service contracts may be terminated by either party giving not less than three months' prior notice in writing. As at 31 December 2013, none of the Directors of the Company has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

The Directors consider that those related party transactions disclosed in note 26 to the consolidated financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules but are exempt from any of the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules as they are the service contracts of the Directors.

Competing Interests

None of the Directors, and the substantial Shareholders had any interest in any business, which competed with or might compete with the business of the Group.

The Board has established the Review Committee comprising all the independent non-executive Directors which was delegated with the authority to review on an annual basis the non-competition undertaking given by Mr. Chao Pang leng and Rich Gold International Limited (collectively, the "Covenantors") in the deeds of non-competition (the "Deeds of Non-competition") entered into by, among others, the Covenantors dated 10 June 2011 (an extract of the material terms of the Deeds of Non-competition had been set out in the Prospectus). The Covenantors confirmed that (a) they have provided all information necessary for the enforcement of the Deeds of Non-competition as requested by the Review Committee from time to time; and (b) from the effective date (10 June 2011) of the Deeds of Non-competition and up to 31 December 2013, they had complied with the Deeds of Non-competition. The Review Committee also confirmed that they were not aware of any non-compliance with the Deeds of Non-competition by the Covenantors during the same period.

Directors' Report

Confirmation of Independence of Independent Non-Executive Directors

The Board confirmed that it has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and based on the confirmations received, the Company considers that the independent non-executive Directors remain to be independent.

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 year under review. For details of the share option scheme, please refer to the paragraph headed "Share Option Scheme" in this annual report.

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.

Details of the remuneration of Directors and chief executive are set out in Note 11 to the consolidated financial statements in this annual report.

Retirement Schemes

The Group participates in defined contribution retirement plans which cover the Group's eligible employees in the PRC and a Mandatory Provident Fund Scheme for the employee(s) in Hong Kong. Particulars of these retirement plans are set out in Note 25 to the consolidated financial statements in this annual report.

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 31 December 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 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 to be notified to the Company and the Stock Exchange, were as follows:

Directors' Report

1. Long Positions in the Ordinary Shares of the Company:

Name of Directors	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of the Company's total issued share capital
Mr. Chao Pang leng (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 leng (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:

- Mr. Chao Pang leng 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 leng is deemed or taken to be interested in all the Shares held by Rich Gold. Mr. Chao Pang leng is also the chairman and chief executive officer of the Company, an executive Director and the sole director of Rich Gold.
- Ms. Zhou Zheng Bin is the spouse of Mr. Chao Pang leng. 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 leng is interested. Ms. Zhou Zheng Bin resigned her position as an executive Director on 13 January 2014.

Save as disclosed above, as at 31 December 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.

Directors' Report

Directors' Rights to acquire Shares or Debentures

Save as disclosed in the section of "Directors' and Chief Executive's Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company or any Associated Corporation" above, at no time during the year ended 31 December 2013 was the Company, any of its holding companies, or any of its subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

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

So far as is known to the Directors, as at 31 December 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 31 December 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

As to attract and retain the eligible persons, to provide additional incentive to them and to promote the success of the business of the Group, the Company conditionally adopted a share option scheme (the "Scheme") on 10 June 2011 whereby the Board are authorised, at their absolute discretion and subject to the terms of the Scheme, to grant options to subscribe the Shares to, inter alia, any employees (full-time or part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group. The Scheme became unconditional on 18 November 2011 and shall be valid and effective for a period of ten years commencing on 10 June 2011, subject to the early termination provisions contained in the Scheme.

Directors' Report

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Scheme does not exceed 10% of the Shares in issue on the Listing Date. The Company may at any time refresh such limit, subject to the Shareholders' approval and issue of a circular in compliance with the Listing Rules. In any event, the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company shall not exceed 30% of the Shares in issue from time to time.

The total number of securities available for issue under the Scheme as at the date of this report was 20,000,000 Shares which represented 10% of the issued share capital of the Company as at the date of this report. The total number of Shares issued and to be issued upon exercise of options granted to any grantee (including both exercised and outstanding options) under the Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

During the period between the date of the listing of Shares on the Main Board of the Stock Exchange and 31 December 2013, no option has been granted by the Company under the Scheme.

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 leng (the chairman and chief executive officer of the Company, an executive Director and a controlling shareholder of the Company) (the "Guarantor") in relation to the acquisition by the Company and the disposal by Vendor of the 10,001 shares of US\$1.00 each in the share capital of View Sun Group Limited (the "Target Company") ("Sale Shares"), representing the entire issued share capital in the Target Company as at the date of the S&P Agreement (the "Acquisition").

Directors' Report

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

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

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

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

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

Directors' Report

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.

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 and 10 February 2014, respectively and the circular dated 18 February 2014 published by the Company.

Directors' Interest in Contracts and Connected Transactions

Save as disclosed in the paragraph headed "Major and Connected Transaction in Relation to the Acquisition of View Sun Group Limited" above, none of the Directors had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2013.

Key Customers and Suppliers

For the year ended 31 December 2013, sales to the Group's five largest customers accounted for approximately 90.7% (2012: approximately 96.4%) of the total sales for the year and sales to the largest customer included therein accounted for approximately 27.1% (2012: approximately 36.9%). Purchases from the Group's five largest suppliers accounted for approximately 60.6% (2012: approximately 70.5%) of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 20.5% (2012: approximately 20.6%).

None of the Directors or any of their associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or five largest suppliers during the year ended 31 December 2013.

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

For the year ended 31 December 2013, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of its listed securities.

Acquisitions, Disposals and Significant Investment

Save as disclosed in the paragraph headed "Major and Connected Transaction in Relation to the Acquisition of View Sun Group Limited" in this annual report, for the year ended 31 December 2013, there was no material acquisition, disposal or investment by the Group.

Pre-Emptive Rights

There are no relevant provisions for pre-emptive rights under the Articles of Association or the laws of Cayman Islands, and therefore the Company is not obliged to offer new shares on a pro-rata basis to existing Shareholders.

Directors' Report

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

Corporate Governance

The Company had adopted the Code Provisions set out in the Code in Appendix 14 to the Listing Rules. The Company has complied with the Code Provision of the Code for the year ended 31 December 2013, save for the exceptions explained in the Corporate Governance Report in this annual report.

Future Development of the Group

The Group proactively adjusts its policy according to the external environment. Internally, the Group will continue to tighten cost control and seek further improvement in operational efficiency to minimize the adverse impact on profit margins. The Group will also continue to implement the plans for diversifying its product mix to the non-consumer electrical appliance industry in order to broaden the customer base. The Group considers that the above strategies are able to ensure the health and favourable development of the Group. The Group's will continue to implement the well-established business strategies as well as explore other business opportunities in order to enhance the Company's value and to bring outstanding return to Shareholders.

Auditors

HLB Hodgson Impey Cheng Limited, the auditors of the Company, will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting.

On behalf of the Board

Chao Pang Ieng

Chairman

Hong Kong, 5 March 2014

Independent Auditors' Report



31/F, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

TO THE SHAREHOLDERS OF JIN BAO BAO HOLDINGS LIMITED

(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Jin Bao Bao Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 35 to 75, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

HLB Hodgson Impey Cheng Limited

Certified Public Accountants

Hui Chun Keung, David

Practising Certificate Number: P05447

Hong Kong, 5 March 2014

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	5	234,709	199,290
Cost of sales		(188,232)	(153,543)
Gross profit		46,477	45,747
Other income	6	1,318	1,801
Other gains and losses — net	7	844	(1,484)
Selling and distribution expenses		(11,134)	(9,582)
Administrative expenses		(11,022)	(10,634)
Other operating expenses		(183)	(287)
Profit from operations		26,300	25,561
Finance costs	8	(233)	(272)
Profit before tax		26,067	25,289
Income tax expense	9	(7,001)	(6,451)
Profit for the year	10	19,066	18,838
Other comprehensive income, net of income tax <i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(1,279)	(255)
Other comprehensive income for the year, net of tax		(1,279)	(255)
Total comprehensive income for the year		17,787	18,583
Profit for the year attributable to:			
Owners of the Company		19,066	18,838
Total comprehensive income for the year attributable to:			
Owners of the Company		17,787	18,583
		RMB cents	RMB cents
Earnings per share — basic and diluted	13	9.5	9.4

Details of dividends are disclosed in Note 12 to the consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment	14	41,538	42,520
Prepaid lease payments	15	2,741	2,812
Deferred tax assets	21	448	329
		44,727	45,661
Current assets			
Inventories	16	10,462	10,665
Prepaid lease payments	15	71	71
Trade and other receivables	17	137,535	131,119
Current tax assets		–	2,363
Cash and bank balances	18	56,736	64,536
		204,804	208,754
Current liabilities			
Trade and other payables	19	34,558	39,287
Bank borrowings	20	2,000	2,000
Current tax liabilities		1,835	–
		38,393	41,287
Net current assets			
		166,411	167,467
Total assets less current liabilities			
		211,138	213,128
Non-current liabilities			
Deferred tax liabilities	21	–	600
Net assets			
		211,138	212,528
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	22	1,632	1,632
Reserves		209,506	210,896
Total equity			
		211,138	212,528

The consolidated financial statements were approved and authorized for issue by the Board of Directors on 5 March 2014 and are signed on its behalf by:

Director

Director

Statement of Financial Position

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Non-current assets			
Investments in subsidiaries	29	–	–
Current assets			
Amounts due from subsidiaries	29	130,023	157,948
Prepayments, deposits and other receivables	17	172	118
Cash and bank balances	18	2,235	838
		132,430	158,904
Current liabilities			
Amounts due to subsidiaries	29	106	38
		106	38
Net current assets		132,324	158,866
Net assets		132,324	158,866
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	22	1,632	1,632
Reserves	23	130,692	157,234
Total equity		132,324	158,866

Director

Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital RMB'000 (Note 22)	Share premium RMB'000	Special reserve RMB'000 (Note 23(c))	Foreign currency translation reserve RMB'000	PRC capital reserve RMB'000 (Note 23(a))	PRC statutory reserves RMB'000 (Note 23(b))	Shareholders' contributions RMB'000 (Note 23(d))	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2012	1,632	158,400	(27,434)	259	(8)	20,861	10,296	39,716	203,722
Profit for the year	-	-	-	-	-	-	-	18,838	18,838
Other comprehensive income for the year	-	-	-	(255)	-	-	-	-	(255)
Total comprehensive income for the year	-	-	-	(255)	-	-	-	18,838	18,583
Transfer to reserves	-	-	-	-	-	3,408	-	(3,408)	-
Dividend recognized as distribution (Note 12)	-	(9,777)	-	-	-	-	-	-	(9,777)
Balance at 31 December 2012 and 1 January 2013	1,632	148,623	(27,434)	4	(8)	24,269	10,296	55,146	212,528
Profit for the year	-	-	-	-	-	-	-	19,066	19,066
Other comprehensive income for the year	-	-	-	(1,279)	-	-	-	-	(1,279)
Total comprehensive income for the year	-	-	-	(1,279)	-	-	-	19,066	17,787
Transfer to reserves	-	-	-	-	-	2,288	-	(2,288)	-
Dividend recognized as distribution (Note 12)	-	(19,177)	-	-	-	-	-	-	(19,177)
Balance at 31 December 2013	1,632	129,446	(27,434)	(1,275)	(8)	26,557	10,296	71,924	211,138

Consolidated Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 RMB'000	2012 RMB'000
Cash flows from operating activities			
Profit before tax		26,067	25,289
Adjustments for:			
Finance costs		233	272
Interest income		(1,134)	(924)
Net losses on disposal of property, plant and equipment		74	1,422
Depreciation of property, plant and equipment		8,347	7,705
Amortization of prepaid lease payments		71	71
		33,658	33,835
Movements in working capital			
Decrease/(increase) in inventories		203	(769)
Increase in trade and other receivables		(6,416)	(13,713)
Decrease in trade and other payables		(4,729)	(8,251)
		22,716	11,102
Cash generated from operations		22,716	11,102
Interest paid		(94)	(116)
Interest received		1,134	924
Income taxes paid		(3,522)	(6,318)
		20,234	5,592
Cash flows from investing activities			
Decrease in pledged bank deposits		–	231
Payments for property, plant and equipment		(7,674)	(10,454)
Proceeds from disposal of property, plant and equipment		225	504
		(7,449)	(9,719)
Cash flows from financing activities			
Proceeds from bank borrowings		2,000	2,000
Repayment of bank borrowings		(2,000)	(3,292)
Dividend recognized as distribution		(19,177)	(9,777)
Interest paid		(139)	(156)
		(19,316)	(11,225)
		(6,531)	(15,352)
Net decrease in cash and cash equivalents		(6,531)	(15,352)
Cash and cash equivalents at the beginning of year		64,536	80,141
Effect of foreign exchange rate changes, net		(1,269)	(253)
Cash and cash equivalents at the end of year represented by:			
Cash and bank balances	18	56,736	64,536

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

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 on 4 January 2011 and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 18 November 2011. Its parent and ultimate holding company is Rich Gold International Limited ("Rich Gold"), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chao Pang Ieng ("Mr. Chao").

The address of the Company's registered office is Clifton House, 75 Fort Street, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit No. 2118, 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong. The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, manufacture and sale of packaging products and structural components in the People's Republic of China (the "PRC").

The principal activities of its subsidiaries are described in Note 29.

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRS")

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRS”) (Continued)

The Group has not early applied the following new and revised HKFRS that have been issued by Hong Kong Institute of Certified Public Accountants (the “HKICPA”) but are not yet effective, in the consolidated financial statements:

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

¹ Effective for annual periods beginning on or after 1 January 2014, with earlier application permitted.

² Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

³ Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

⁴ No mandatory effective date yet determined but is available for adoption.

HKFRS 9 *Financial Instruments*

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRS”) (Continued)

HKFRS 9 Financial Instruments (Continued)

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

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

The Group is in the process of making an assessment of what the impact of the other new or revised HKFRS is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group’s results of operations and financial position.

3. Significant Accounting Policies

Statement of compliance

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

Basis of preparation

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in HKAS 2 or value in use in HKAS 36.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Basis of preparation *(Continued)*

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies (Continued)

Investment in a subsidiary

Investment in a subsidiary is stated at cost less any identified impairment loss on the statement of financial position of the Company.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, rebates and discounts.

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessee

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Leasehold land for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortized over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies (Continued)

Share-based payment arrangements

Share-based payment transactions of the Company

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognized in share options reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to retained earnings.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Taxation *(Continued)*

Deferred tax *(Continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current or deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes (other than construction-in-progress), are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets (other than construction-in-progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Construction-in-progress includes property, plant and equipment in the course of construction for its own use purposes. Construction-in-progress is carried at cost, less any recognized impairment loss. Construction-in-progress is classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other items of property, plant and equipment, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)* **Financial instruments**

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

The Group's financial assets are mainly classified as "loans and receivables". The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables and cash and bank balances) are measured at amortized cost using the effective interest method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial assets at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities (including trade and other payables and bank borrowings) are subsequently measured at amortized cost using the effective interest method.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognized on an effective interest basis.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognize the asset to the extent of its continuing involvement and recognizes an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

3. Significant Accounting Policies *(Continued)*

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts, if any, which are repayable on demand and form an integral part of the Group's cash management.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in Note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying accounting policies

The following are the critical judgments, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements.

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes from the distribution of dividends from subsidiaries in the PRC according to the relevant tax jurisdictions is subject to judgment on the timing of the payment of the dividend, where the Group considers that if it is probable that the profits of the subsidiaries in the PRC will not be distributed in the foreseeable future, then no withholding taxes are provided.

Key sources of estimation uncertainty

The following are the key assumption concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial.

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account their estimated residual value. The Group assesses annually the residual value and the useful lives of the property, plant and equipment. If the expectation differs from the original estimate, such difference will impact the depreciation and the amortization charged in the year in which such estimate is changed.

Impairment of trade and other receivables

The Group estimates the provisions for impairment of trade and other receivables by assessing their recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgments. Provisions are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amount of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the provisions at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

4. Critical Accounting Judgments and Key Sources of Estimation Uncertainty *(Continued)* Key sources of estimation uncertainty *(Continued)*

Write-down of inventories

Inventories are valued at the lower of cost and net realizable value. Also, the Group regularly inspects and reviews its inventories to identify slow-moving and obsolete inventories. The amount of the impairment loss is measured as the difference between inventories' cost and net realizable value.

The identification of impairment of inventories requires the use of judgment and estimate of expected net realizable value. Where the net realizable value is lower than the cost, a material write-down may arise. As at 31 December 2013, the carrying amounts of inventories were approximately RMB10,462,000 (2012: approximately RMB10,665,000), after taking into account write-down recognized on inventories of approximately RMB267,000 (2012: approximately RMB336,000).

5. Revenue and Segment Information

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

The total net segment income is equivalent to total comprehensive income for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment non-current assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

Details of interest income, depreciation and amortization in relation to the sole operating segment are disclosed in Notes 6 and 10, respectively.

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

Revenue

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

5. Revenue and Segment Information *(Continued)* Information about major customers

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

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

6. Other Income

	2013 RMB'000	2012 RMB'000
Interest income on bank deposits	1,134	924
Others	184	877
	1,318	1,801

7. Other Gains and Losses — Net

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

8. Finance Costs

	2013 RMB'000	2012 RMB'000
Interest on bank borrowings wholly repayable within five years	139	156
Finance costs arising on early redemption of note receivables	94	116
	233	272

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

9. Income Tax Expense

	2013 RMB'000	2012 RMB'000
Current tax:		
— PRC Enterprise Income Tax ("EIT")	7,268	7,135
(Over)/under provision in prior years		
— PRC EIT	(148)	28
Deferred tax (<i>Note 21</i>)	(119)	(712)
Total income tax recognized in profit and loss	7,001	6,451

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

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

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for the year (2012: Nil).

Pursuant to relevant PRC tax laws and regulations and a written approval obtained from local tax authorities, Chongqing Guangjing (as defined in Note 23(c)) 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:

	2013 RMB'000	2012 RMB'000
Profit before tax	26,067	25,289
Tax at domestic tax rates applicable to profits of taxable entities in the countries concerned	6,112	5,755
Tax effect of expenses not deductible for tax purpose	1,533	876
Tax effect of income not taxable for tax purpose	(986)	(415)
Tax effect of withholding tax at 5% on the distributable profit of the Group's subsidiaries	490	207
(Over)/under provision in prior years	(148)	28
Income tax expense for the year	7,001	6,451

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

10. Profit for the Year

Profit for the year has been arrived at after charging:

	2013 RMB'000	2012 RMB'000
Depreciation of property, plant and equipment	8,347	7,705
Amortization of prepaid lease payments	71	71
Auditors' remuneration	368	374
Operating lease rentals in respect of premises	1,876	1,924
Cost of inventories recognized as an expense (included write-down recognized on inventories)	127,929	105,134
Write-down of inventories to net realizable value (include in cost of sales)	267	336

	2013 RMB'000	2012 RMB'000
Directors' emoluments (<i>Note 11</i>)	1,139	1,040
Other employee salaries and benefits	23,749	19,848
Contributions to retirement benefits schemes, excluding those of directors	3,358	1,429
Total employee benefits expense	28,246	22,317

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

11. Directors', Chief Executive's and Employees' Emoluments Directors' and the chief executive's emoluments

The emoluments paid or payable to the directors and chief executive of the Company were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Contributions to retirement benefits schemes RMB'000	Discretionary and performance related incentive payments RMB'000	Total RMB'000
Year ended 31 December 2013					
Executive directors					
Mr. Chao	–	168	8	–	176
Ms. Zhou Zheng Bin (Note 32(ii))	–	168	8	–	176
Ms. Chen Fen	–	168	8	–	176
Mr. Zuo Ji Lin	–	287	6	101	394
Independent non-executive directors					
Mr. Chan Chun Chi	97	–	–	–	97
Mr. Yu Xi Chun	60	–	–	–	60
Mr. Wu Hao Tian	60	–	–	–	60
	217	791	30	101	1,139
Year ended 31 December 2012					
Executive directors					
Mr. Chao	–	168	8	–	176
Ms. Zhou Zheng Bin (Note 32(ii))	–	168	8	–	176
Ms. Chen Fen	–	168	8	–	176
Mr. Zuo Ji Lin	–	287	6	–	293
Independent non-executive directors					
Mr. Chan Chun Chi	99	–	–	–	99
Mr. Yu Xi Chun	60	–	–	–	60
Mr. Wu Hao Tian	60	–	–	–	60
	219	791	30	–	1,040

Mr. Chao is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the chief executive.

Employees' emoluments

	2013 Number of individuals	2012 Number of individuals
Directors	1	1
Non-directors	4	4
5 highest-paid individuals	5	5

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

11. Directors', Chief Executive's and Employees' Emoluments (Continued) Employees' emoluments (Continued)

The emoluments of the above non-directors, highest paid individuals were as follows:

	2013 RMB'000	2012 RMB'000
Salaries and other benefits	856	960
Contributions to retirement benefits schemes	41	28
Discretionary and performance related incentive payments	566	468
Total emoluments	1,463	1,456

The emoluments of each of the above non-directors, highest paid individuals were below HK\$1,000,000.

During the year, no emoluments were paid by the Group to any of the Company's directors, or chief executive, or the five highest paid individuals of the Group (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the Company's directors or chief executive waived any emoluments during the year (2012: Nil).

12. Dividends

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

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

13. Earnings per Share

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

14. Property, Plant and Equipment

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Moulds RMB'000	Construction- in-progress RMB'000	Total RMB'000
Cost								
Balance at								
1 January 2012	21,577	269	54,868	481	2,451	16,520	27	96,193
Additions	331	-	3,713	63	858	3,709	1,780	10,454
Disposals	-	-	(3,906)	(24)	(427)	(4,880)	-	(9,237)
Transfer	460	-	-	9	-	-	(469)	-
Effect of foreign currency exchange differences	-	(1)	-	(1)	-	-	-	(2)
Balance at								
31 December 2012 and 1 January 2013	22,368	268	54,675	528	2,882	15,349	1,338	97,408
Additions	663	-	860	113	280	4,293	1,465	7,674
Disposals	-	-	(906)	(2)	(307)	(1,373)	-	(2,588)
Transfer	118	-	1,832	-	1	-	(1,951)	-
Effect of foreign currency exchange differences	-	(9)	-	(1)	-	-	-	(10)
Balance at 31 December 2013	23,149	259	56,461	638	2,856	18,269	852	102,484
Accumulated depreciation and impairment								
Balance at								
1 January 2012	6,747	29	38,109	321	1,139	8,149	-	54,494
Depreciation charges	1,109	115	3,243	51	328	2,859	-	7,705
Eliminated on disposals	-	-	(3,346)	(22)	(245)	(3,698)	-	(7,311)
Balance at								
31 December 2012 and 1 January 2013	7,856	144	38,006	350	1,222	7,310	-	54,888
Depreciation charges	1,062	106	3,588	59	363	3,169	-	8,347
Eliminated on disposals	-	-	(809)	(2)	(276)	(1,202)	-	(2,289)
Balance at 31 December 2013	8,918	250	40,785	407	1,309	9,277	-	60,946
Carrying amounts								
Balance at								
31 December 2013	14,231	9	15,676	231	1,547	8,992	852	41,538
Balance at								
31 December 2012	14,512	124	16,669	178	1,660	8,039	1,338	42,520

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

14. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment other than construction-in-progress are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the term of the leases, or 20 years whichever is the shorter
Leasehold improvements	20% or over the relevant lease terms whichever is shorter
Plant and machinery	10%–20%
Office equipment	20%
Motor vehicles	20%–40%
Moulds	20%

The carrying amounts of buildings shown above comprise:

	2013 RMB'000	2012 RMB'000
Situated on leasehold land in the PRC under medium-term lease	14,231	14,512

At 31 December 2013, buildings with a carrying amounts of approximately RMB2,518,000 (2012: approximately RMB2,708,000) were pledged as collaterals to secure certain short-term bank loans (Note 20) of the Group.

15. Prepaid Lease Payments

The Group's prepaid lease payments comprise:

	2013 RMB'000	2012 RMB'000
Leasehold land in the PRC under medium-term lease	2,812	2,883
Analyzed for reporting purposes as:		
Current assets	71	71
Non-current assets	2,741	2,812
	2,812	2,883

The Group's prepaid lease payments are amortized on a straight-line basis over the term of the leases of the land use rights.

At 31 December 2013, prepaid lease payments with carrying amounts of approximately RMB1,298,000 (2012: approximately RMB1,333,000) were pledged to secure certain short-term bank loans (Note 20) of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

16. Inventories

	2013 RMB'000	2012 RMB'000
Raw materials	3,835	2,811
Work-in-progress	111	185
Finished goods	4,522	5,890
Packaging materials and consumables	1,994	1,779
	10,462	10,665

17. Trade and Other Receivables

	The Group		The Company	
	2013 RMB'000	2012 RMB'000	2013 RMB'000	2012 RMB'000
Trade receivables	74,393	86,768	–	–
Note receivables (Note)	58,354	40,563	–	–
Prepayments, deposits and other receivables	4,788	3,788	172	118
	137,535	131,119	172	118

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:

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

The Group normally allows a credit period ranging from 30 days to 180 days, to its trade customers with trading history, or otherwise sales on cash terms are required.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

17. Trade and Other Receivables (Continued)

Before accepting any new customers, the Group assesses the potential customers' credit quality and defines credit limits of customers.

Trade receivables disclosed above include amounts (see below for aging analysis) which are past due at the end of the reporting period for which the Group has not recognized an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

Age of receivables that are past due but not impaired

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

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period.

There was no provision for impairment losses in respect of trade receivables from third party customers at 31 December 2013 (2012: Nil).

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

18. Cash and Bank Balances

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less which carry interest at market rates ranging from 0.01% to 2.60% per annum at 31 December 2013 (2012: from 0.3% to 1.2% per annum).

Certain of the Group's cash and bank balances with an aggregate amount of approximately RMB53,143,000 at 31 December 2013 (2012: approximately RMB62,948,000), were denominated in RMB which is not a freely convertible currency in the international market. The government of the PRC has implemented foreign exchange control and the remittance of these funds out of the PRC is subject to exchange restrictions imposed by the government of the PRC.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

19. Trade and Other Payables

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

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

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

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

The average credit period on purchases of certain goods is ranging from 30 days to 90 days. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

At 31 December 2013, there was no note payables were secured by a charge over certain of the Group's assets (2012: approximately RMB5,355,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

20. Bank Borrowings

	2013 RMB'000	2012 RMB'000
Bank loans — secured	2,000	2,000
Carrying amount repayable:		
Amounts due on demand or within one year shown under current liabilities	2,000	2,000

At 31 December 2013, bank loans were secured by a charge over certain of the Group's assets (Note 27) and bear interest at 7.20% per annum (2012: 7.24% per annum).

21. Deferred Taxation

The following are the major deferred tax assets/(liabilities) recognized and movements thereon during the year:

	Write-down of inventories RMB'000	Provision for unrealized profits RMB'000	Withholding tax RMB'000	Total RMB'000
Balance at 1 January 2012	79	(255)	(807)	(983)
Credit to profit or loss	40	465	207	712
Balance at t 31 December 2012 and 1 January 2013	119	210	(600)	(271)
Credit to profit or loss	50	69	—	119
Transfer to current taxation	—	—	600	600
Balance at 31 December 2013	169	279	—	448

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2013 RMB'000	2012 RMB'000
Deferred tax assets	448	329
Deferred tax liabilities	—	(600)
	448	(271)

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of the profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately RMB53,401,000 (2012: approximately RMB23,985,000) as the Group is able to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reserve in the foreseeable future.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

22. Share Capital

	Number of shares	Share capital HK\$
Authorized		
Ordinary shares of HK\$0.01 each at 31 December 2012 and 2013	1,000,000,000	10,000,000
Issued and fully paid		
Ordinary shares of HK\$0.01 each at 31 December 2012 and 2013	200,000,000	2,000,000

	RMB'000
Shown on the consolidated and the company statements of financial position at 31 December 2012 and 2013	1,632

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

23. Reserves

The Group

(a) PRC capital reserve

Exchange differences relating to the translation of the capital contributions by the equity owner of the Group's PRC subsidiaries from foreign currency to RMB are recognized directly in the PRC capital reserve.

(b) PRC statutory reserves

As stipulated by the relevant laws and regulations for foreign investment enterprises in the PRC, the Company's PRC subsidiaries are required to maintain two statutory reserves, being an enterprise expansion fund and a statutory surplus reserve fund which are non-distributable. Appropriations to such reserves are made out of net profit after taxation reported in the statutory financial statements of the PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually but must not be less than 10% of the net profit after tax, until such reserves reach 50% of the registered capital of the relevant subsidiaries. The statutory surplus reserve fund can be used to make up their prior year losses, if any, and can be applied in conversion into capital by means of capitalization issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalization issue.

(c) Special reserve

Special reserve of the Group represents the difference between the aggregate amount of considerations paid by the Group for the acquisition of 滁州創策包裝材料有限公司 (Chuzhou Chuangce Packaging Materials Company Limited*) ("Chuzhou Chuangce"), 重慶光景包裝製品有限公司 (Chongqing Guangjing Packing Materials Co. Ltd.*) ("Chongqing Guangjing") and 四川景虹包裝製品有限公司 (Sichuan Jinghong Packing Materials Co. Ltd.*) ("Sichuan Jinghong"), and the aggregate amount of paid-in capital of the aforesaid subsidiaries acquired pursuant to the corporate reorganization undertaken during the year ended 31 December 2011.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

23. Reserves (Continued)

(d) Shareholders' contributions

On 24 October 2011, Rich Gold executed a deed of release in favor of the Company, pursuant to which Rich Gold unconditionally and irrevocably released and discharged the repayment of a shareholder's loan from Rich Gold to the Company in the amount of HK\$12,500,000 (equivalent to approximately RMB10,296,000) and any claim regarding such repayment. Such amount was recorded in shareholders' contributions in equity.

(e) The Company

	Share premium RMB'000	Foreign currency translation reserve RMB'000	Shareholders' contributions RMB'000 (Note 23(d))	(Accumulated losses)/ retained earning RMB'000	Total RMB'000
Balance at 1 January 2012	158,400	(3,215)	10,296	(5,896)	159,585
Profit for the year	–	–	–	8,292	8,292
Other comprehensive income for the year	–	(866)	–	–	(866)
Total comprehensive income for the year	–	(866)	–	8,292	7,426
Dividend recognized as distribution (Note 12)	(9,777)	–	–	–	(9,777)
Balance at 31 December 2012 and 1 January 2013	148,623	(4,081)	10,296	2,396	157,234
Loss for the year	–	–	–	(2,504)	(2,504)
Other comprehensive income for the year	–	(4,861)	–	–	(4,861)
Total comprehensive income for the year	–	(4,861)	–	(2,504)	(7,365)
Dividend recognized as distribution (Note 12)	(19,177)	–	–	–	(19,177)
Balance at 31 December 2013	129,446	(8,942)	10,296	(108)	130,692

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

24. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the directors, employees, consultants, advisors, distributors, contractors, suppliers, agents, customers, business partners or service providers of the Group, and any substantial shareholder of any member of the Group. The Scheme became effective on 10 June 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 7 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five business days immediately preceding the date of grant of the share options.

Since the date of adoption of the Scheme, no share option has been granted by the Company under the Scheme.

25. Retirement Benefit Plans

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions. The total expenses recognized in the consolidated statement of profit or loss and other comprehensive income amounted to approximately RMB3,346,000 for the year ended 31 December 2013 (2012: approximately RMB1,418,000), and represented contributions payable to these plans by the Group at rates specified in the rules of plans.

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the plans are held separately from those of the Group in funds under the control of trustees. The total expenses recognized in the consolidated statement of profit or loss and other comprehensive income amounted to RMB36,000 for the year ended 31 December 2013 (2012: approximately RMB41,000), and represented contributions payable to these plans by the Group at rates specified in the rules of the plans.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

26. Related Party Disclosures

Saved as disclosed elsewhere in these consolidated financial statements, the Company did not enter into any other significant related party transactions during the years ended 31 December 2013 and 2012.

Compensation of key management personnel

The emoluments of the Company's directors, who are also identified as members of key management of the Group, are set out in Note 11.

27. Pledge of Assets

Assets with the following carrying amounts have been pledged to secure general banking facilities granted to the Group or borrowings of the Group (Notes 19 and 20):

	2013 RMB'000	2012 RMB'000
Notes receivables	–	6,350
Buildings	2,518	2,708
Prepaid lease payments	1,298	1,333
Total pledged assets	3,816	10,391

28. Operating Leases The Group as lessee

	2013 RMB'000	2012 RMB'000
Minimum lease payments paid under operating leases for premises	2,649	1,980

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 RMB'000	2012 RMB'000
Within one year	1,860	1,878
In the second to fifth years inclusive	789	102
	2,649	1,980

Operating lease payments represent rentals payable by the Group for warehouse and office premises. Leases are negotiated and rentals are fixed for terms ranging from one to three years (2012: one to two years). The Group does not have an option to purchase the leased asset at the expiry of the lease period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

29. Investments in Subsidiaries

	The Company	
	2013 RMB'000	2012 RMB'000
Investments in subsidiaries		
Unlisted investment in a directly owned subsidiary	–	–

Details of the Company's subsidiaries as at 31 December 2012 and 2013 are set out as follows:

Name of subsidiary	Place of incorporation/ registration/ operations	Issued and fully paid share capital/ paid-up registered capital	Proportion ownership interest held by the Company	Principal activities
Cheng Hao International Limited ("Cheng Hao")	British Virgin Islands	1 ordinary share of US\$1	100% (direct)	Investment holding
Metro Master Limited ("Metro Master")	Hong Kong	1 ordinary share of HK\$1	100% (indirect)	Investment holding
Chuzhou Chuangce	PRC	Registered capital of RMB25,000,000	100% (indirect)	Design, manufacture and sale of packaging products and structural components
Chongqing Guangjing	PRC	Registered capital of US\$3,300,000	100% (indirect)	Design, manufacture and sale of packaging products and structural components
Sichuan Jinghong	PRC	Registered capital of RMB40,880,000	100% (indirect)	Design, manufacture and sale of packaging products and structural components

All PRC subsidiaries are wholly owned foreign enterprises.

Amounts due from subsidiaries

Name of subsidiary	The Company	
	2013 RMB'000	2012 RMB'000
Cheng Hao	82	85
Metro Master	129,941	150,283
Chongqing Guangjing	–	7,580
	130,023	157,948

The amounts due from the above subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The above balances are denominated in the functional currencies of the relevant group entities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

29. Investments in Subsidiaries *(Continued)* Amounts due to subsidiaries

	The Company	
	2013 RMB'000	2012 RMB'000
Name of subsidiary		
Chuzhou Chuangce	18	12
Sichuan Jinghong	51	26
Chongqing Guangjing	37	–
	106	38

The amounts due to the above subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

The above balances are denominated in the functional currencies of the relevant group entities.

30. Capital Risk Management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged from 2012.

The capital structure of the Group consists of net debt (which includes trade and other payables and bank borrowings, net of cash and cash equivalents) and equity attributable to owners of the Company (comprising issued share capital and reserves).

The Group is not subject to any externally imposed capital requirements.

Net debt-to-equity ratio

The directors of the Company review the capital structure regularly. As part of this review, the directors consider the cost of capital and the risks associated with each class of the capital. The Group seeks to balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt or the redemption of existing debt.

The net debt-to-equity ratio at the end of the reporting period was as follows:

	2013 RMB'000	2012 RMB'000
Debt	36,558	41,287
Cash and cash equivalents	(56,736)	(64,536)
Net debt	(20,178)	(23,249)
Equity	211,138	212,528
Net debt-to-equity ratio	N/A	N/A

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

31. Financial Instruments

(a) Categories of financial instruments

	The Group		The Company	
	2013	2012	2013	2012
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
<i>Loans and receivables</i>				
Financial assets included in trade and other receivables	135,289	130,456	–	–
Amounts due from subsidiaries	–	–	130,023	157,948
Cash and bank balances	56,736	64,536	2,235	838
	192,025	194,992	132,258	158,786
Financial liabilities				
<i>Financial liabilities at amortized cost</i>				
Financial liabilities included in trade and other payables	33,194	38,029	–	–
Amounts due to subsidiaries	–	–	106	38
Bank borrowings	2,000	2,000	–	–
	35,194	40,029	106	38

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and bank balances, trade and other payables, and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with certain of these financial instruments include market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no significant change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks during both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

31. Financial Instruments *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

Foreign currency risk management

Transactional currency exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. 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 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.

Interest rate risk management

The Group's fair value interest rate risk relates primarily to its fixed-rate bank borrowings. The cash flow interest rate risk of the Group relates primarily to bank balances and cash. The Group currently does not have an interest rate hedging policy. However, management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Equity price risk management

As the Group has no significant investments in financial instruments at fair values at 31 December 2013 and 2012, the Group is not exposed to significant equity price risk.

Credit risk management

At the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statement of financial position.

There is significant concentration of credit risk as the top five largest customers account over approximately 69% (2012: 96%) of the carrying amounts of trade receivables at 31 December 2013. In order to minimize the credit risk, the management of the Group generally grants credit terms only to customers with good credit history and also closely monitors overdue trade debt. The recoverable amount of each individual trade debt is reviewed at the end of the reporting period and adequate impairment for doubtful debts has been made for irrecoverable amounts. In this regard, the directors of the Company consider that the credit risk of the Group is significantly reduced.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

31. Financial Instruments (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk management

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilization of borrowings and ensures compliance with loan covenants.

At 31 December 2013, the Group has available unutilized short-term bank loan facilities of RMB8,000,000 (2012: RMB6,000,000).

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both contractual interest and principal cash flows.

Liquidity table

The Group

Non-derivative financial liabilities	Weighted average interest rate %	On demand or less than 1 year RMB'000	More than 1 year RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2013					
Trade and other payables	–	33,194	–	33,194	33,194
Bank borrowings	7.20%	2,129	–	2,129	2,000
		35,323	–	35,323	35,194
As at 31 December 2012					
Trade and other payables	–	38,029	–	38,029	38,029
Bank borrowings	7.24%	2,134	–	2,134	2,000
		40,163	–	40,163	40,029

The Company

Non-derivative financial liabilities	Weighted average interest rate %	On demand or less than 1 year RMB'000	More than 1 year RMB'000	Total undiscounted cash flows RMB'000	Total carrying amount RMB'000
As at 31 December 2013					
Amounts due to subsidiaries	–	106	–	106	106
As at 31 December 2012					
Amounts due to subsidiaries	–	38	–	38	38

Notes to the Consolidated Financial Statements

For the year ended 31 December 2013

31. Financial Instruments *(Continued)*

(c) Fair values of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active markets are determined with reference to quoted market bid and ask prices respectively.
- The fair values of other financial assets and financial liabilities (excluding those described above) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Fair value measurements recognized in the consolidated and company statements of financial position

At the end of the reporting period, the Group did not have any assets and liabilities that were measured at the above fair value measurements hierarchy.

During the years ended 31 December 2012 and 2013, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

32. Events after the Reporting Period

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

- (i) On 20 December 2013, the Company entered into the sale and purchase agreement (the "S&P Agreement") with Grand Dynamic Developments Limited (the "Vendor") and Mr. Chao (the "Guarantor") for the sale and purchase of the entire issued share capital of View Sun Group Limited (the "Target Company"). Pursuant to the S&P Agreement, the Vendor has conditionally agreed to sell and the Company has conditionally agreed to purchase the entire issued share capital of the Target Company at a consideration of RMB195,000,000. On 12 February 2014, the Company, the Vendor and the Guarantor entered into the extension letter to extend the long stop date from 28 February 2014, as originally provided in the S&P Agreement, to 31 March 2014 or such other date as the Company and the Vendor may agree in writing. The extraordinary general meeting of the Company to be held on 18 March 2014 to consider and approve the acquisition and the transactions contemplated under the S&P Agreement. At the date of approval of these consolidated financial statements, the acquisition has not yet been completed.
- (ii) Ms. Zhou Zheng Bin resigned her position as an executive director of the Company on 13 January 2014.
- (iii) Mr. Guo Jian Zhong was appointed as an executive director of the Company on 26 February 2014.

Five Years Financial Summary

	Year ended 31 December				
	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
RESULTS					
Revenue	234,709	199,290	212,834	66,079	121,880
Gross profit	46,477	45,747	61,393	53,593	34,883
Profit before tax	26,067	25,289	35,457	40,389	25,534
Income tax expense	(7,001)	(6,451)	(5,551)	(3,963)	(1,310)
Profit for the year (owners of the Company)	19,066	18,838	29,906	35,725	23,596
	As at 31 December				
	2013 RMB'000	2012 RMB'000	2011 RMB'000	2010 RMB'000	2009 RMB'000
ASSETS, LIABILITIES AND EQUITY					
Total assets	249,531	254,415	255,614	194,468	185,338
Total liabilities	38,393	41,887	51,892	36,856	39,517
Total equity	211,138	212,528	203,722	157,612	145,821