Jin Bao Bao Holdings Limited

金寶寶控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1239

2014

ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Liangjian
(Chairman and Chief Executive Officer)
(appointed on 5 March 2015)
Mr. He Xiaoming
(Vice Chairman) (appointed on 5 March 2015)
Mr. Chao Pang Ieng *(resigned on 5 March 2015)*
Ms. Chen Fen *(resigned on 5 March 2015)*
Mr. Zuo Ji Lin *(resigned on 5 March 2015)*
Mr. Guo Jian Zhong
(appointed on 26 February 2014 and resigned on 3 June 2014)

Independent Non-Executive Directors

Mr. Lee Chi Hwa, Joshua
(appointed on 5 March 2015)
Mr. Lam Chi Wai *(appointed on 5 March 2015)*
Mr. Chan Chun Kau *(appointed on 5 March 2015)*
Mr. Chan Chun Chi *(resigned on 5 March 2015)*
Mr. Yu Xi Chun *(resigned on 5 March 2015)*
Mr. Wu Hao Tian *(resigned on 5 March 2015)*

COMPANY SECRETARY

Mr. Chan Wing Fai *(appointed 12 September 2014)*
Mr. Tsoi Ka Shing *(resigned on 12 September 2014)*

AUDIT COMMITTEE (THE "AUDIT COMMITTEE")

Mr. Lee Chi Hwa, Joshua
(Chairman) (appointed on 5 March 2015)
Mr. Lam Chi Wai *(appointed on 5 March 2015)*
Mr. Chan Chun Kau *(appointed on 5 March 2015)*
Mr. Chan Chun Chi *(resigned on 5 March 2015)*
Mr. Yu Xi Chun *(resigned on 5 March 2015)*
Mr. Wu Hao Tian *(resigned on 5 March 2015)*

REMUNERATION COMMITTEE (THE "REMUNERATION COMMITTEE")

Mr. Lam Chi Wai
(Chairman) (appointed on 5 March 2015)
Mr. Lee Chi Hwa, Joshua
(appointed on 5 March 2015)
Mr. Chan Chun Kau *(appointed on 5 March 2015)*
Mr. Wu Hao Tian *(resigned on 5 March 2015)*
Mr. Chao Pang Ieng *(resigned on 5 March 2015)*
Mr. Chan Chun Chi *(resigned on 5 March 2015)*

NOMINATION COMMITTEE (THE "NOMINATION COMMITTEE")

Mr. Lee Chi Hwa, Joshua
(Chairman) (appointed on 5 March 2015)
Mr. Lam Chi Wai *(appointed on 5 March 2015)*
Mr. Chan Chun Kau *(appointed on 5 March 2015)*
Mr. Yu Xi Chun *(resigned on 5 March 2015)*
Ms. Chen Fen *(resigned on 5 March 2015)*
Mr. Wu Hao Tian *(resigned on 5 March 2015)*

REVIEW COMMITTEE (THE "REVIEW COMMITTEE")

Mr. Lee Chi Hwa, Joshua
(Chairman) (appointed on 5 March 2015)
Mr. Lam Chi Wai *(appointed on 5 March 2015)*
Mr. Chan Chun Kau *(appointed on 5 March 2015)*
Mr. Chan Chun Chi *(resigned on 5 March 2015)*
Mr. Yu Xi Chun *(resigned on 5 March 2015)*
Mr. Wu Hao Tian *(resigned on 5 March 2015)*

STOCK CODE

01239

CORPORATE INFORMATION

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 2014.

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

RESULTS OF THE YEAR

For the year ended 31 December 2014, the Group's turnover decreased by approximately 6.9% to approximately RMB218,590,000 when compared to that of approximately RMB234,709,000 for the year ended 31 December 2013. The gross profit margin increased from approximately 19.8% for the year ended 31 December 2013 to approximately 21.1% for the year ended 31 December 2014. For the year ended 31 December 2014, the Group's profit attributable to owners of the Company was approximately RMB14,101,000, decreased by approximately RMB4,965,000 or 26.0% when compared to that of approximately RMB19,066,000 for the year ended 31 December 2013. Earnings per share (basic and diluted) of the Company for the year ended 31 December 2014 were approximately RMB7.05 cents (2013: approximately RMB9.53 cents).

BUSINESS REVIEW

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

EXPLORING OTHER BUSINESS OPPORTUNITIES

On 31 March 2015, the Company (as the purchaser) entered into the memorandum of understanding (the "**MOU**") with Wise Up Holdings Limited and Green Kingdom Group Limited (the "**Vendors**") and Goocoo Group Limited (the "**Guarantor**") in relation to the possible acquisition by the Company of 100% of the issued share capital of Golden Phone Investments Limited (the "**Target Company**") (the "**Proposed Acquisition**"). A refundable earnest money of HK$200,000,000 has been paid by the Company to the Vendors in cash upon signing of the MOU. The Proposed Acquisition represents a promising business opportunity for the Group to broaden its income source and to accelerate its growth and future development. The Company will, as and when appropriate, comply with all relevant requirements, and where necessary, make further announcement(s) in accordance with the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the Securities and Futures Ordinance (the "**SFO**") if the Proposed Acquisition is materialized.

CHAIRMAN'S STATEMENT

OUTLOOK

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

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.

Liu Liangjian
Executive Director and Chairman

Hong Kong, 30 March 2015

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company recognises 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 2014, the Company has adopted the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") contained in the Appendix 14 to the Listing Rules.

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the CG Code. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2014, except for Code Provision A.2.1, which states that the roles of chairman and chief executive should be separated and should not be performed by the same individual. Mr. Chao Pang Ieng, the former Chairman and the Chief Executive Officer of the Company, is responsible for the overall business strategy and development and management of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and the chief executive. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently. Mr. Chao Pang Ieng has resigned and Mr. Liu Liangjian has been appointed as the Chairman and Chief Executive Officer on 5 March 2015 respectively.

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. Upon specific enquiries of all Directors, each of them confirmed that they have complied with the required standards set out in the Model Code for the year ended 31 December 2014.

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. Liu Liangjian (Chairman and Chief Executive Officer) and Mr. He Xiaoming (Vice Chairman); and (ii) independent non-executive Directors, Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau.

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.

CORPORATE GOVERNANCE REPORT

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 2014 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.

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.

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.

CORPORATE GOVERNANCE REPORT

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

During the year ended 31 December 2014, the Board held 14 meetings.

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

Directors	Meetings attended/held
Executive Directors	
Mr. Chao Pang Ieng *(Chairman and Chief Executive Officer) (resigned on 5 March 2015)*	14/14
Ms. Zhou Zheng Bin *(resigned on 13 January 2014)*	1/1
Ms. Chen Fen *(resigned on 5 March 2015)*	14/14
Mr. Zuo Ji Lin *(resigned on 5 March 2015)*	14/14
Mr. Guo Jian Zhong *(Appointed on 26 February 2014 and resigned on 3 June 2014)*	6/6
Independent Non-executive Directors	
Mr. Chan Chun Chi *(resigned on 5 March 2015)*	14/14
Mr. Yu Xi Chun *(resigned on 5 March 2015)*	14/14
Mr. Wu Hao Tian *(resigned on 5 March 2015)*	14/14

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 all 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 2014, 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.

CORPORATE GOVERNANCE REPORT

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Code Provision A.6.5 of the CG 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 CG Code regarding directors' training. All Directors have participated in a workshop organised by the Company, during the year ended 31 December 2014, and provided a record of relevant training they received for the year ended 31 December 2014 to the Company.

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 CG 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. Lee Chi Hwa, Joshua (an independent non-executive director with the appropriate professional qualifications as required under rule 3.10(2) of the Listing Rules who serves as Chairman of the Audit Committee), Mr. Lam Chi Wai and Mr. Chan Chun Kau (appointed on 5 March 2015 respectively). Mr. Chan Chun Chi, Mr. Yu Xi Chun and Mr. Wu Hao Tian had ceased to be members of the Audit Committee since their resignations as independent non-executive Directors on 5 March 2015.

The written terms of reference of the Audit Committee are in line with the Code Provisions of the CG 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 2014, 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 2014 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 three meetings for the year ended 31 December 2014.

CORPORATE GOVERNANCE REPORT

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 *(Chairman) (ceased to be member on 5 March 2015)*	3/3
Mr. Yu Xi Chun *(ceased to be member on 5 March 2015)*	3/3
Mr. Wu Hao Tian *(ceased to be member on 5 March 2015)*	3/3

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

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 three independent non-executive Directors, namely, Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau (appointed on 5 March 2015 respectively). Mr. Lee Chi Hwa, Joshua is the Chairman of the Nomination Committee. Mr. Yu Xi Chun, Mr. Wu Hao Tian and Ms. Chen Fen had ceased to be members of the Nomination Committee since their resignations as independent non-executive Director and executive Director respectively on 5 March 2015.

The written terms of reference of the Nomination Committee are in line with the Code Provisions of the CG 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 2014.

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 *(Chairman) (ceased to be member on 5 March 2015)*	1/1
Ms. Chen Fen *(ceased to be member on 5 March 2015)*	1/1
Mr. Wu Hao Tian *(ceased to be member on 5 March 2015)*	1/1

For the year ended 31 December 2014, 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.

CORPORATE GOVERNANCE REPORT

Board Diversity Policy

The Board has adopted a board diversity policy and discussed all measurable objectives set for implementing the policy. The Company recognises 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.

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 CG 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 three independent non-executive Directors, namely Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau (appointed on 5 March 2015 respectively). Mr. Lam Chi Wai is the Chairman of the Remuneration Committee. Mr. Chan Chun Chi, Mr. Wu Hao Tian and Mr. Chao Pang Ieng had ceased to be members of the Remuneration Committee since their resignations as independent non-executive Directors and executive Director respectively on 5 March 2015.

The written terms of reference of the Remuneration Committee adopted by the Board are in line with the Code Provisions of the CG 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 2014.

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 *(Chairman) (ceased to be member on 5 March 2015)*	1/1
Mr. Chao Pang Ieng *(ceased to be member on 5 March 2015)*	1/1
Mr. Chan Chun Chi *(ceased to be member on 5 March 2015)*	1/1

For the year ended 31 December 2014, the Remuneration Committee reviewed the existing remuneration policies of the Company.

CORPORATE GOVERNANCE REPORT

The remuneration of the members of the senior management by band for the year ended 31 December 2014 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.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the Directors was appointed for an initial term of one year commencing from 5 March 2015 renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointed and subject to termination by either party upon giving not less than 3 months' prior written notice to the other party.

In accordance with Article 112, any Director appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Mr. Liu Liangjian and Mr. He Xiaoming will retire from office as an executive Director and Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau will retire from office as an independent non-executive Director 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 2014. 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 2014. 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. Chan Wing Fai, appointed on 12 September 2014, 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. Chan's biography is set out in the "Directors and Senior Management" section of this annual report. During the year ended 31 December 2014, Mr. Chan 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.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

Remuneration to the auditors of the Company, HLB Hodgson Impey Cheng Limited ("**HLB**"), amounted to HK$400,000 and HK$600,000 for the provision of annual audit services and other audit services for the year ended 31 December 2014. The Group also committed HK$100,000 to HLB for other non-audit services for the year ended 31 December 2014.

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 2014 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.

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.

During the year ended 31 December 2014, the Company held three general meetings, which were the annual general meeting (the "**2014 AGM**") held on 16 May 2014 and two extraordinary general meetings held on 18 March 2014. The attendance record of the Directors at the general meetings during the year ended 31 December 2014 is set out below:

Directors	Meetings attended/held
Executive Directors	
Mr. Chao Pang Ieng *(Chairman and Chief Executive Officer) (resigned on 5 March 2015)*	3/3
Ms. Chen Fen *(resigned on 5 March 2015)*	3/3
Mr. Zuo Ji Lin *(resigned on 5 March 2015)*	3/3
Mr. Guo Jian Zhong *(appointed on 26 February 2014 and resigned on 3 June 2014)*	3/3
Independent Non-executive Directors	
Mr. Chan Chun Chi *(resigned on 5 March 2015)*	3/3
Mr. Yu Xi Chun *(resigned on 5 March 2015)*	3/3
Mr. Wu Hao Tian *(resigned on 5 March 2015)*	3/3

The Company's external auditors also attended the 2014 AGM.

CORPORATE GOVERNANCE REPORT

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.

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 2014, 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

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

BUSINESS REVIEW

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

Revenue

An analysis of revenue by products is as follows:

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

Revenue by product type remained relatively stable. During the current year, revenue derived from the Group's products for televisions and air conditioners (including packaging products and structural components) made the largest and second largest contributions to the Group's total revenue, amounting approximately RMB136,824,000 or 62.6% of total revenue (2013: RMB158,879,000 or 67.7% of total revenue).

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

MANAGEMENT DISCUSSION AND ANALYSIS

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of the Group's packaging products and structural components from independent third parties. The raw materials mainly include expanded polystyrene and expanded polyolefin. The Group retains a list of approved suppliers of raw materials and components and only makes purchases from the list. The Group has established long-term commercial relationships with major suppliers for a stable supply and on time delivery of high quality raw materials and components. The Group had not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of packaging products for the year ended 31 December 2014. The Group continues to diversify the Group's suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

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

FUTURE OUTLOOK

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

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

Other income

Other income mainly included interest income on bank deposits and others. For the year ended 31 December 2014, other income amounted to approximately RMB1,211,000, decreased by approximately RMB107,000 or 8.1% when compared to that of approximately RMB1,318,000 for the year ended 31 December 2013. The decrease was mainly due to the decrease in interest income on bank deposits.

Other gains and losses — net

Other gains and losses — net mainly comprised of net losses on disposal of property, plant and equipment and net foreign exchange (losses)/gains. For the year ended 31 December 2014, other gains and losses — net amounted to net losses of approximately RMB25,000, decreased by approximately RMB869,000 or 103.0% when compared to that of net gains of approximately RMB844,000 for the year ended 31 December 2013. The decrease was mainly due to the net foreign exchange losses for the year ended 31 December 2014 while there were net foreign exchange gains for the year ended 31 December 2013.

Selling and distribution expenses

For the year ended 31 December 2014, selling and distribution expenses amounted to approximately RMB12,745,000, increased by approximately RMB1,611,000 or 14.5% when compared to that of approximately RMB11,134,000 for the year ended 31 December 2013. The increase was mainly due to an increase in salary expenses for sales and marketing staff and transportation costs in relation to delivery of products to the Group's customers.

Other operating expenses

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

MANAGEMENT DISCUSSION AND ANALYSIS

Profit from operations

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

Finance costs

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

Profit before tax

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

Profit for the year

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

Property, plant and equipment

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

Trade and other payables

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

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and financial resources

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

As of 31 December 2014, the Group's bank borrowings of approximately RMB2,000,000 had variable interest rates and were repayable within one year, which were secured by the Group's buildings and prepaid lease payments (31 December 2013: RMB2,000,000). As of 31 December 2014 and 2013, none of the bank borrowings were denominated in HK dollars.

Capital expenditure

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

Contingent liabilities

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

Pledge of assets

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

Capital Structure

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

Segment Information

Details of segment information of the Group for the year ended 31 December 2014 are set out in Note 5.

Gearing ratio

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

Foreign exchange risk

Substantially all the Group's sales and purchases are denominated in the functional currency of the operating units making the sales (i.e. Renminbi ("**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.

MANAGEMENT DISCUSSION AND ANALYSIS

Human resources and training

As at 31 December 2014, the Group has 628 employees (2013: 631 employees). Total employee benefit expenses amounted to approximately RMB32,801,000 (2013: RMB28,246,000). The Group has a management team (including product design and development team) with extensive industry experience. The team comprises certain management personnel and technicians from various departments who have extensive experience in and knowledge of the manufacturing of packaging products and structural components. The Group has adopted an employee-focused management concept to involve the Group's staff in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the productivity of its employees. The Group conducts regular performance reviews for its employees, and adjusts their salaries and bonuses accordingly. In addition, the Group has implemented training programs for employees in various positions.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Liu Liangjian (劉良建), aged 39, was appointed as the Chairman, Executive Director and Chief Executive Officer of the Company on 5 March 2015. He is also the director of a subsidiary of the Company. Mr. Liu is the chairman of 安徽金邦商業運營管理有限公司 (Anhui Jinbang Business Management Co. Ltd.*) and vice chairman of 安徽金邦控股集團有限公司 (Anhui Jinbang Holding Co., Ltd.*), which are based in Anhui Province, the PRC and are principally engaged in business management, project management, hospitality industry, real estate management, advertising planning and hardware and metal industries. Mr. Liu has extensive experience in business management, investment and planning, in particular in the area of property management and investment. He is the vice president of 合肥市五金商會 (Hefei Hardware and Metal Association*). Mr. Liu is the sole director and sole shareholder of Trend Rich, which is a controlling shareholder (as defined under the Listing Rules) of the Company.

Mr. He Xiaoming (何笑明), aged 41, was appointed as the Vice Chairman and executive Director of the Company on 5 March 2015. Mr. He is the chairman of 北京朗逸國際投資有限公司 (Beijing Langyi International Investment Co., Ltd.*), which is principally engaged in development and management of hotels and other real estate assets. Mr. He has extensive business management and hospitality experience.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Chi Hwa, Joshua (李智華), aged 42, is an independent non-executive Director, the Chairman of the Audit Committee, the Nomination Committee and the Review Committee and a member of the Remuneration Committee. Mr. Lee joined the Group as an independent non-executive Director on 5 March 2015. Mr. Lee is a fellow member of the Association of Chartered Certified Accountants and a member of Hong Kong Institute of Certified Public Accountants. Mr. Lee has extensive experience in the fields of auditing, accounting and finance. Mr. Lee currently serves as an independent non-executive director of China Fortune Investments (Holding) Limited (stock code: 8116) and Code Agriculture (Holdings) Limited (stock code: 8153), both of which are listed on the Growth Enterprise Market of the Stock Exchange, and Hao Tian Development Group Limited (stock code: 474), which is listed on Main Board of the Stock Exchange. He was an independent non-executive director of King Stone Energy Group Limited (stock code: 663) from January 2012 to April 2013 and South East Group Limited (stock code: 726) from December 2013 to February 2015.

Mr. Lam Chi Wai (林智偉), aged 37, is an independent non-executive Director, the Chairman of the Remuneration Committee, and a member of the Audit Committee, the Nomination Committee and the Review Committee. Mr. Lam joined the Group as an independent non-executive Director on 5 March 2015. Mr. Lam holds a Master of Science in Accountancy from the Hong Kong Polytechnic University. Mr. Lam had years of experience in the field of business accounting, auditing and corporate secretarial services. He is a member of Association of Chartered Certified Accountants.

Mr. Chan Chun Kau (陳振球), aged 40, is an independent non-executive Director, a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Review Committee. Mr. Chan joined the Group as an independent non-executive Director on 5 March 2015. Mr. Chan graduated from Trinity College, Cambridge University of England with a bachelor degree in computer science and laws. Mr. Chan is a solicitor in Hong Kong and is a partner of two law firms in Hong Kong, namely Cheung and Choy, Solicitors and J.S. Gale & Co., and the sole proprietor of Lawrence Chan & Co. His main practice area is commercial, corporate finance and capital markets. Mr. Chan is also an independent non-executive director of Universal Technologies Holdings Limited (stock code: 1026) and the company secretary of China Energy Development Holdings Limited (stock code: 228), both of which are listed on the Main Board of the Stock Exchange.

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

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Jiang Xian Geng (江獻庚), aged 43, is the production director of the Group and the deputy general manager of 重慶光景包裝製品有限公司 (Chongqing Guangjing Packing Materials Co. Ltd.* ("**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 滁州創策包裝材料有限公司 (Chuzhou Chuangce Packaging Materials Company Limited* ("**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 47, is the technical director of the Group and the general manager of 四川景虹包裝製品有限公司 (Sichuan Jinghong Packing Materials Co. Ltd.* ("**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. Chan Wing Fai (陳永輝), aged 37, is the company secretary of the Group. He was appointed as the company secretary of the Group on 12 September 2014. Mr. Chan obtained a bachelor of Business from Lingnan University in 2001. He is also a member of the Association of Chartered Certified Accountants, Hong Kong Institute of Certified Public Accountants and an associate member of the Taxation Institute of Hong Kong.

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

DIRECTORS' REPORT

The Directors are pleased to present the annual report for the year ended 31 December 2014 together with the audited consolidated financial statements to the Shareholders.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the Company's subsidiaries as at 31 December 2014 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 78 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 of in the Company at an offer price of HK$1.25 per share.

The proceeds received by the Company from the Placing and Public Offer, after deducting the relevant costs of the Placing and the Public Offer, amounted to approximately HK$44,500,000 in total. As at 31 December 2013, the Group had used net proceeds of approximately HK$5,600,000, of which approximately HK$2,700,000 had been used for the repayment of bank loan and approximately HK$2,900,000 had been used as general working capital. On 15 October 2014, the Board has resolved that the remaining net proceeds of approximately HK$38,900,000, which originally were intended to use in establishment of a factory in Wuhu City and necessary machines and equipment, was changed the purpose to acquiring, remodifying and upgrading of plant and machines amounting to approximately HK$29,000,000 and acquiring and remodifying of mould amounting to approximately HK$9,900,000. As 31 December 2014, approximately HK$2,278,000 was used for acquiring, remodifying and upgrading of plant and machines and approximately HK$1,879,000 was used for acquiring and remodifying of mould.

DIRECTORS' REPORT

RESULTS AND DIVIDEND

The Group's profit for the year ended 31 December 2014 and the state of affairs of the Group at that date are set out in the consolidated financial statements on pages 34 to 35 in this annual report.

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

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

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.

RESERVES

Details of the movements of reserves of the Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity in page 37.

Movements in the distributable reserves of the Group and the Company during the year ended 31 December 2014 are set out in Note 23 to the accompanying consolidated financial statements.

As at 31 December 2014, the Company had distributable reserves of approximately RMB127,907,000.

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. Liu Liangjian *(Chairman and Chief Executive Officer) (appointed on 5 March 2015)*
Mr. He Xiaoming *(Vice Chairman) (appointed on 5 March 2015)*
Mr. Chao Pang Ieng *(resigned on 5 March 2015)*
Ms. Chen Fen *(resigned on 5 March 2015)*
Mr. Zuo Ji Lin *(resigned on 5 March 2015)*
Mr. Guo Jian Zhong *(appointed on 26 February 2014 and resigned on 3 June 2014)*

Independent Non-Executive Directors

Mr. Lee Chi Hwa, Joshua *(appointed on 5 March 2015)*
Mr. Lam Chi Wai *(appointed on 5 March 2015)*
Mr. Chan Chun Kau *(appointed on 5 March 2015)*
Mr. Chan Chun Chi *(resigned on 5 March 2015)*
Mr. Yu Xi Chun *(resigned on 5 March 2015)*
Mr. Wu Hao Tian *(resigned on 5 March 2015*

As at 31 December 2014, none of the Directors 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.

DIRECTORS' REPORT

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 Ieng 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 2014, 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.

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' 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 2014, 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 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:

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 Ieng (Note 1)	Interest of controlled corporation	150,000,000	75%
Ms. Zhou Zheng Bin (Note 2)	Interest of spouse	150,000,000	75%

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

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

Notes:

1. Mr. Chao Pang Ieng beneficially held the entire issued share capital of Rich Gold, which in turn, beneficially held 150,000,000 shares of the Company. For the purposes of the SFO, Mr. Chao Pang Ieng is deemed or taken to be interested in all the shares of the Company held by Rich Gold. Mr. Chao Pang Ieng was also the sole director of Rich Gold. Mr. Chao Pang Ieng resigned his position as the Chairman, Chief Executive Officer and executive Director of the Company on 5 March 2015.

2. Ms. Zhou Zheng Bin is the spouse of Mr. Chao Pang Ieng. For the purposes of the SFO, Ms. Zhou is deemed or taken to be interested in all the Shares and the share in Rich Gold in which Mr. Chao Pang Ieng is interested. Ms. Zhou Zheng Bin resigned her position as an executive Director on 13 January 2014.

DIRECTORS' REPORT

Save as disclosed above, as at 31 December 2014, 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' 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 2014 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 2014, 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 (Note)	Beneficial owner	150,000,000	75%

Note: On 27 January 2015, Rich Gold disposed and Trend Rich acquired 150,000,000 Shares, representing 75% of the issued share capital of the Company. Details of the change in shareholding are disclosed in the section of "Change in Control and Mandatory Cash Offer".

Save as disclosed above, as at 31 December 2014, 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 2014, no option has been granted by the Company under the Scheme.

CHANGE IN CONTROL AND MANDATORY CASH OFFER

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

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

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

DIRECTORS' REPORT

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

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

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

On 12 February 2014, the Company, the Vendor and the Guarantor agreed in writing to extend the long stop date for parties to fulfill conditions in the S&P Agreement from 28 February 2014 to 31 March 2014 or such other date as the Company and the Vendor may agree in writing. On 31 March 2014, the Company, the Vendor and the Guarantor agreed in writing to further extend the long stop date for parties to fulfill conditions in the S&P Agreement from 31 March 2014 to 18 May 2014 or such other date as the Company and the Vendor may agree in writing.

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

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

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

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS

Save as disclosed in the paragraph headed "Lapse of 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 2014.

DIRECTORS' REPORT

KEY CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2014, sales to the Group's five largest customers accounted for approximately 93.5% (2013: approximately 90.7%) of the total sales for the year and sales to the largest customer included therein accounted for approximately 30.6% (2013: approximately 27.1%). Purchases from the Group's five largest suppliers accounted for approximately 59.5% (2013: approximately 60.6%) of the total purchases for the year and purchases from the largest supplier included therein accounted for approximately 22.2% (2013: approximately 20.5%).

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 2014.

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

For the year ended 31 December 2014, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this report, for the year ended 31 December 2014, 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.

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 2014, save for the exceptions explained in the Corporate Governance Report in this annual report.

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

Liu Liangjian
Executive Director and Chairman

Hong Kong, 30 March 2015

INDEPENDENT AUDITORS' REPORT

HLB 國衛會計師事務所有限公司
Hodgson Impey Cheng Limited

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 34 to 77, which comprise the consolidated and company statements of financial position as at 31 December 2014, 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' judgement, 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 2014, 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, 30 March 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	5	**218,590**	234,709
Cost of sales		**(172,445)**	(188,232)
Gross profit		**46,145**	46,477
Other income	6	**1,211**	1,318
Other gains and losses — net	7	**(25)**	844
Selling and distribution expenses		**(12,745)**	(11,134)
Administrative expenses		**(12,111)**	(11,022)
Other operating expenses		**(281)**	(183)
Profit from operations		**22,194**	26,300
Finance costs	8	**(287)**	(233)
Profit before tax		**21,907**	26,067
Income tax expense	9	**(7,806)**	(7,001)
Profit for the year	10	**14,101**	19,066
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**(87)**	(1,279)
Other comprehensive income for the year, net of tax		**(87)**	(1,279)
Total comprehensive income for the year		**14,014**	17,787
Profit for the year attributable to:			
Owners of the Company		**14,101**	19,066
Total comprehensive income for the year attributable to:			
Owners of the Company		**14,014**	17,787
		RMB cents	RMB cents
Earnings per share – basic and diluted	13	**7.05**	9.53

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment	14	50,825	41,538
Prepaid lease payments	15	2,670	2,741
Deferred tax assets	21	483	448
		53,978	44,727
Current assets			
Inventories	16	10,224	10,462
Prepaid lease payments	15	71	71
Trade and other receivables	17	133,565	137,535
Cash and bank balances	18	37,006	56,736
		180,866	204,804
Current liabilities			
Trade and other payables	19	31,779	34,558
Bank borrowings	20	2,000	2,000
Current tax liabilities		2,497	1,835
		36,276	38,393
Net current assets		144,590	166,411
Total assets less current liabilities		198,568	211,138
Non-current liabilities			
Deferred tax liabilities	21	372	–
Net assets		198,196	211,138
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	22	1,632	1,632
Reserves		196,564	209,506
Total equity		198,196	211,138

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 30 March 2015 and signed on its behalf by:

Director *Director*

STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	**2014 RMB'000**	2013 RMB'000
Non-current assets			
Investments in subsidiaries	29	**128,897**	–
Current assets			
Amounts due from subsidiaries	29	**–**	130,023
Prepayments, deposits and other receivables	17	**115**	172
Cash and bank balances	18	**527**	2,235
		642	132,430
Current liabilities			
Amounts due to subsidiaries	29	**–**	106
		–	106
Net current assets		**642**	132,324
Net assets		**129,539**	132,324
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	22	**1,632**	1,632
Reserves	23	**127,907**	130,692
Total equity		**129,539**	132,324

Director *Director*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2014

	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 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 recognised as distribution (Note 12)	–	(19,177)	–	–	–	–	–	–	(19,177)
Balance at 31 December 2013 and 1 January 2014	1,632	129,446	(27,434)	(1,275)	(8)	26,557	10,296	71,924	211,138
Profit for the year	–	–	–	–	–	–	–	14,101	14,101
Other comprehensive income for the year	–	–	–	(87)	–	–	–	–	(87)
Total comprehensive income for the year	–	–	–	(87)	–	–	–	14,101	14,014
Transfer to reserves	–	–	–	–	–	3,665	–	(3,665)	–
Dividend recognised as distribution (Note 12)	–	(26,956)	–	–	–	–	–	–	(26,956)
Balance at 31 December 2014	**1,632**	**102,490**	**(27,434)**	**(1,362)**	**(8)**	**30,222**	**10,296**	**82,360**	**198,196**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Cash flows from operating activities			
Profit before tax		**21,907**	26,067
Adjustments for:			
Finance costs		**287**	233
Interest income		**(774)**	(1,134)
Net losses on disposal of property, plant and equipment		**7**	74
Depreciation of property, plant and equipment		**8,741**	8,347
Amortisation of prepaid lease payments		**71**	71
		30,239	33,658
Movements in working capital			
Decrease in inventories		**238**	203
Decrease/(increase) in trade and other receivables		**3,970**	(6,416)
Decrease in trade and other payables		**(2,779)**	(4,729)
Cash generated from operations		**31,668**	22,716
Interest paid		**(142)**	(94)
Interest received		**774**	1,134
Income taxes paid		**(6,807)**	(3,522)
Net cash generated by operating activities		**25,493**	20,234
Cash flows from investing activities			
Payments for property, plant and equipment		**(18,044)**	(7,674)
Proceeds from disposal of property, plant and equipment		**8**	225
Net cash used in investing activities		**(18,036)**	(7,449)
Cash flows from financing activities			
Proceeds from bank borrowings		**2,000**	2,000
Repayment of bank borrowings		**(2,000)**	(2,000)
Dividend recognised as distribution		**(26,956)**	(19,177)
Interest paid		**(145)**	(139)
Net cash used in financing activities		**(27,101)**	(19,316)
Net decrease in cash and cash equivalents		**(19,644)**	(6,531)
Cash and cash equivalents at the beginning of year		**56,736**	64,536
Effect of foreign exchange rate changes, net		**(86)**	(1,269)
Cash and cash equivalents at the end of year represented by:			
Cash and bank balances	18	**37,006**	56,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Jin Bao Bao Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange with effect from 18 November 2011. Until 27 January 2015, its parent and ultimate holding company was Rich Gold, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chao Pang Ieng. With effect from 27 January 2015, its parent and ultimate holding company is Trend Rich, a company incorporated in the British Virgin Islands and wholly-owned by Mr. Liu Liangjian.

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

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

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

* IFRIC represents the International Financial Reporting Interpretations Committee

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

(Continued)

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

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

1 Effective for annual periods beginning on or after 1 July 2014, with limited exception. Early application is permitted.

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

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

4 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016, with earlier application permitted.

5 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

6 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") AND HONG KONG ACCOUNTING STANDARDS ("HKASs")

(Continued)

HKFRS 15 *Revenue from Contracts with Customers*

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, 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 realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation *(Continued)*

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 component 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.

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 recognised when the goods are delivered and titles have passed.

Interest income from a financial asset is recognised 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 recognised 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 recognised 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 recognised as a liability. The aggregate benefit of incentives is recognised 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, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. 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 amortised 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.

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 recognised 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 recognised 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;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

- 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 recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes 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 recognised 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 recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

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

Share-based payment arrangements

Share-based payment transactions of the Company

Equity-settled share-based payments to employees and other providing similar services are measured at the fair value of the equity instruments at the grant date.

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

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 recognised 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 recognised in share options reserve will be transferred to retained earnings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 recognised 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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 recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realised, 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 recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

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 recognised 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 recognised 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 derecognised 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 recognised in profit or loss.

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 of disposal 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 as 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 recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provisions

Provisions are recognised 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 recognised 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 recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments. 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 recognised 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 recognised and derecognised 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 amortised 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 recognised on an effective interest basis for debt instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial assets *(Continued)*

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, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

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

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 investment 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-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised 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. 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. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised 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 recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 a Group entity are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

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

Effective interest method

The effective interest method is a method of calculating the amortised 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 recognised on an effective interest basis.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial assets 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 recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised 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 recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises 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 derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 2014

4. CRITICAL ACCOUNTING JUDGEMENTS 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 judgements, 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 recognised 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 judgements in applying accounting policies

The following are the critical judgements, 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 recognised 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 judgements 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 year.

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 amortisation 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 2014

4. CRITICAL ACCOUNTING JUDGEMENTS 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 realisable 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 realisable value.

The identification of impairment of inventories requires the use of judgement and estimate of expected net realisable value. Where the net realisable value is lower than the cost, a material write-down may arise. As at 31 December 2014, the carrying amounts of inventories were approximately RMB10,224,000 (2013: RMB10,462,000), after taking into account write-down recognised on inventories of Nil (2013: RMB267,000).

5. REVENUE AND SEGMENT INFORMATION

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue

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

Information about major customers

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

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

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

6. OTHER INCOME

	2014 RMB'000	2013 RMB'000
Interest income on bank deposits	**774**	1,134
Others	**437**	184
Total	**1,211**	1,318

7. OTHER GAINS AND LOSSES — NET

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

8. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest on bank borrowings wholly repayable within five years	**145**	139
Finance costs arising on early redemption of note receivables	**142**	94
Total	**287**	233

9. INCOME TAX EXPENSE

	2014 RMB'000	2013 RMB'000
Current tax:		
— PRC Enterprise Income Tax ("**EIT**")	**7,445**	7,268
Under/(over) provision in prior year:		
— PRC EIT	**24**	(148)
Deferred tax *(Note 21)*	**337**	(119)
Total income tax recognised in profit or loss	**7,806**	7,001

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

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

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for the year (2013: Nil).

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

9. INCOME TAX EXPENSE *(Continued)*

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

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

10. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Directors' and the chief executive emoluments

The emoluments paid or payable to the Directors and the 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 2014					
Executive directors					
Mr. Chao Pang Ieng *(Note 32(i))*	–	167	8	–	175
Ms. Zhou Zheng Bin *(Note (i))*	–	6	–	–	6
Ms. Chen Fen *(Note 32(ii))*	–	167	8	–	175
Mr. Zuo Ji Lin *(Note 32 (iii))*	–	287	11	102	400
Mr. Guo Jian Zhong *(Note (ii))*	–	30	–	–	30
Independent non-executive directors					
Mr. Chan Chun Chi *(Note 32(iv))*	96	–	–	–	96
Mr. Yu Xi Chun *(Note 32(v))*	60	–	–	–	60
Mr. Wu Hao Tian *(Note 32(vi))*	60	–	–	–	60
	216	657	27	102	1,002
Year ended 31 December 2013					
Executive directors					
Mr. Chao Pang Ieng *(Note 32(i))*	–	168	8	–	176
Ms. Zhou Zheng Bin *(Note (i))*	–	168	8	–	176
Ms. Chen Fen *(Note 32(ii))*	–	168	8	–	176
Mr. Zuo Ji Lin *(Note 32(iii))*	–	287	6	101	394
Independent non-executive directors					
Mr. Chan Chun Chi *(Note 32(iv))*	97	–	–	–	97
Mr. Yu Xi Chun *(Note 32(v))*	60	–	–	–	60
Mr. Wu Hao Tian *(Note 32(vi))*	60	–	–	–	60
	217	791	30	101	1,139

Notes

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

(ii) Mr. Guo Jian Zhong was appointed as an executive director of the Company on 26 February 2014 and resigned his position as an executive director of the Company on 3 June 2014.

Neither the chief executive nor any of the Directors waived any emoluments for the year ended 31 December 2014 (2013: Nil). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

11. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS *(Continued)*

Employees' emoluments

	2014 Number of individuals	2013 Number of individuals
Directors	**1**	1
Non-directors	**4**	4
5 highest-paid individuals	**5**	5

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

	2014 RMB'000	2013 RMB'000
Salaries and other benefits	**723**	856
Contributions to retirement benefits schemes	**40**	41
Discretionary and performance related incentive payments	**530**	566
Total emoluments	**1,293**	1,463

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 Directors 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

12. DIVIDENDS

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

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

13. EARNINGS PER SHARE

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

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

	2014	2013
Number of Shares Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**200,000,000**	200,000,000

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

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For the year ended 31 December 2014

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 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 and 1 January 2014	23,149	259	56,461	638	2,856	18,269	852	102,484
Additions	272	–	5,094	23	400	5,394	6,861	18,044
Disposals	–	–	–	–	(155)	–	–	(155)
Transfer	–	–	3,392	–	–	–	(3,392)	–
Effect of foreign currency exchange differences	–	2	–	–	–	–	–	2
Balance at 31 December 2014	**23,421**	**261**	**64,947**	**661**	**3,101**	**23,663**	**4,321**	**120,375**
Accumulated depreciation and impairment								
Balance at 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 and 1 January 2014	8,918	250	40,785	407	1,309	9,277	–	60,946
Depreciation charges	1,104	9	3,389	66	421	3,752	–	8,741
Eliminated on disposals	–	–	–	–	(139)	–	–	(139)
Effect of foreign currency exchange differences	–	2	–	–	–	–	–	2
Balance at 31 December 2014	**10,022**	**261**	**44,174**	**473**	**1,591**	**13,029**	**–**	**69,550**
Carrying amounts								
Balance at 31 December 2014	**13,399**	**–**	**20,773**	**188**	**1,510**	**10,634**	**4,321**	**50,825**
Balance at 31 December 2013	14,231	9	15,676	231	1,547	8,992	852	41,538

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For the year ended 31 December 2014

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:

	2014 RMB'000	2013 RMB'000
Situated on leasehold land in the PRC under medium-term lease	**13,399**	14,231

At 31 December 2014, buildings with a carrying amounts of approximately RMB2,595,000 (2013: approximately RMB2,518,000) 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:

	2014 RMB'000	2013 RMB'000
Leasehold land in the PRC under medium-term lease	**2,741**	2,812
Analysed for reporting purposes as:		
Current assets	**71**	71
Non-current assets	**2,670**	2,741
Total	**2,741**	2,812

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

At 31 December 2014, prepaid lease payments with carrying amounts of approximately RMB1,264,000 (2013: approximately RMB1,298,000) 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 2014

16. INVENTORIES

	2014 **RMB'000**	2013 RMB'000
Raw materials	**2,770**	3,835
Work-in-progress	**262**	111
Finished goods	**5,304**	4,522
Packaging materials and consumables	**1,888**	1,994
Total	**10,224**	10,462

17. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2014 **RMB'000**	2013 RMB'000	**2014** **RMB'000**	2013 RMB'000
Trade receivables	**71,413**	74,393	**–**	–
Note receivables *(Note)*	**60,089**	58,354	**–**	–
Prepayments, deposits and other receivables	**2,063**	4,788	**115**	172
Total	**133,565**	137,535	**115**	172

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. TRADE AND OTHER RECEIVABLES *(Continued)*

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

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

Age of receivables that are past due but not impaired

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

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

There was no provision for impairment losses in respect of trade receivables from third party customers at 31 December 2014 (2013: Nil).

18. CASH AND BANK BALANCES/PLEDGED BANK DEPOSITS

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 1.35% per annum at 31 December 2014 (2013: from 0.01% to 2.60% per annum).

Certain of the Group's cash and bank balances with an aggregate amount of approximately RMB34,602,000 at 31 December 2014 (2013: approximately RMB53,143,000), 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 2014

19. TRADE AND OTHER PAYABLES

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

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

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

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

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

20. BANK BORROWINGS

	2014 RMB'000	2013 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 2014, bank loans were secured by a charge over certain of the Group's assets (Note 27) and bear interest at 7.20% per annum (2013: 7.20% per annum).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

21. DEFERRED TAXATION

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

	Write-down of inventories RMB'000	Provision for unrealised profits RMB'000	Withholding tax RMB'000	Total RMB'000
Balance at 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 and 1 January 2014	169	279	–	448
(Debit)/credit to profit or loss	(21)	56	(372)	(337)
Balance at 31 December 2014	**148**	**335**	**(372)**	**111**

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

	2014 RMB'000	2013 RMB'000
Deferred tax assets	**483**	448
Deferred tax liabilities	**(372)**	–
	111	448

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 RMB28,451,000 (2013: approximately RMB53,401,000) 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

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22. SHARE CAPITAL

	Number of shares	Share capital HK$
Authorised		
Ordinary shares of HK$0.01 each at 31 December 2013 and 2014	**1,000,000,000**	**10,000,000**
Issued and fully paid		
Ordinary shares of HK$0.01 each at 31 December 2013 and 2014	**200,000,000**	**2,000,000**

	RMB'000
Shown on the consolidated and the company statement of financial position at 31 December 2013 and 2014	**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 recognised 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 capitalisation issue. The enterprise expansion fund is used for expanding the capital base of the PRC subsidiaries by means of capitalisation 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 Reorganisation undertaken during the year ended 31 December 2011.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 (Note23(d))	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
Balance at 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 recognised as distribution *(Note 12)*	(19,177)	–	–	–	(19,177)
Balance at 31 December 2013 and 1 January 2014	129,446	(8,942)	10,296	(108)	130,692
Profit for the year	–	–	–	23,824	23,824
Other comprehensive income for the year	–	347	–	–	347
Total comprehensive income for the year	–	347	–	23,824	24,171
Dividend recognised as distribution *(Note 12)*	(26,956)	–	–	–	(26,956)
Balance at 31 December 2014	**102,490**	**(8,595)**	**10,296**	**23,716**	**127,907**

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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 recognised in the consolidated statement of profit or loss and other comprehensive income amounted to approximately RMB3,937,000 for the year ended 31 December 2014 (2013: approximately RMB3,346,000), 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 recognised in the consolidated statement of profit or loss and other comprehensive income amounted to RMB26,000 for the year ended 31 December 2014 (2013: RMB36,000), 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 2014

26. RELATED PARTY DISCLOSURES

Saved as disclosed elsewhere in these financial statements, the Company did not enter into any other significant related party transactions during the year ended 31 December 2014 and 2013.

Compensation of key management personnel

The emoluments of the 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 (Note 20):

	2014 RMB'000	2013 RMB'000
Buildings	**2,595**	2,518
Prepaid lease payments	**1,264**	1,298
Total pledged assets	**3,859**	3,816

28. OPERATING LEASES

The Group as lessee

	2014 RMB'000	2013 RMB'000
Minimum lease payments paid under operating leases for premises	**3,794**	2,649

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:

	2014 RMB'000	2013 RMB'000
Within one year	**1,905**	1,860
In the second to fifth years inclusive	**1,889**	789
	3,794	2,649

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 (2013: one to three years). The Group does not have an option to purchase the leased asset at the expiry of the lease period.

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29. INVESTMENTS IN SUBSIDIARIES

	The Company 2014 RMB'000	2013 RMB'000
Investments in subsidiaries		
Unlisted investment in a directly owned subsidiary	**128,897**	–

Details of the Company's subsidiaries as at 31 December 2014 and 2013 are set out as follows:

Name of subsidiary	Place of incorporation/ registration	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	HK$1	100% (indirect)	Investment holding
Peace Bright Investment Trading Limited	British Virgin Islands	1 ordinary share of US$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.

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29. INVESTMENTS IN SUBSIDIARIES *(Continued)*

Amounts due from subsidiaries

	The Company	
	2014	2013
	RMB'000	RMB'000
Name of subsidiary		
Cheng Hao	–	82
Metro Master	–	129,941
Total	–	130,023

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.

Amounts due to subsidiaries

	The Company	
	2014	2013
	RMB'000	RMB'000
Name of subsidiary		
Chuzhou Chuangce	–	18
Sichuan Jinghong	–	51
Chongqing Guangjing	–	37
Total	–	106

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.

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For the year ended 31 December 2014

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 maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2013.

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:

	2014 **RMB'000**	2013 RMB'000
Debt	**33,779**	36,558
Cash and cash equivalents	**(37,006)**	(56,736)
Net debt	**(3,227)**	(20,178)
Equity	**198,196**	211,138
Net debt-to-equity ratio	**N/A**	N/A

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For the year ended 31 December 2014

31. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Loans and receivables				
Financial assets included in trade and other receivables	**131,999**	135,289	**–**	–
Amounts due from subsidiaries	**–**	–	**–**	130,023
Cash and bank balances	**37,006**	56,736	**527**	2,235
Total	**169,005**	192,025	**527**	132,258
Financial liabilities				
Financial liabilities at amortised cost				
Financial liabilities included in trade and other payables	**30,035**	33,194	**–**	–
Amounts due to subsidiaries	**–**	–	**–**	106
Bank borrowings	**2,000**	2,000	**–**	–
Total	**32,035**	35,194	**–**	106

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and bank balances, pledged bank deposits, 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 other 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.

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For the year ended 31 December 2014

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 the restricted bank deposits and 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 2014 and 2013, 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 recognised 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 89% (2013: 69%) of the carrying amounts of trade receivables at 31 December 2014. In order to minimise 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

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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 utilisation of borrowings and ensures compliance with loan covenants.

At 31 December 2014, the Group has available unutilised short-term bank loan facilities of approximately RMB8,000,000 (2013: RMB8,000,000).

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 2014					
Trade and other payables	–	30,035	–	30,035	30,035
Bank borrowings	7.20	2,125	–	2,125	2,000
Total		32,160	–	32,160	32,035
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
Total		35,323	–	35,323	35,194

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 2014					
Amounts due to subsidiaries	–	–	–	–	–
As at 31 December 2013					
Amounts due to subsidiaries	–	106	–	106	106

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For the year ended 31 December 2014

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 recognised 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 2014 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) Mr. Chao Pang Ieng has resigned as the chairman, executive Director, Chief Executive Officer and a member of the Remuneration Committee of the Company on 5 March 2015;

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

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

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

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

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

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For the year ended 31 December 2014

32. EVENTS AFTER THE REPORTING PERIOD *(Continued)*

(vii) Mr. Liu Liangjian has been appointed as the Chairman, Executive Director and Chief Executive Officer of the Company on 5 March 2015;

(viii) Mr. He Xiaoming has been appointed as the Vice Chairman and Executive Director of the Company on 5 March 2015;

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

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

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

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**218,590**	234,709	199,290	212,834	66,079
Gross profit	**46,145**	46,477	45,747	61,393	53,593
Profit before tax	**21,907**	26,067	25,289	35,457	40,389
Income tax expense	**(7,806)**	(7,001)	(6,451)	(5,551)	(3,963)
Profit for the year (owners of the Company)	**14,101**	19,066	18,838	29,906	35,725

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS, LIABILITIES AND EQUITY					
Total assets	**234,844**	249,531	254,415	255,614	194,468
Total liabilities	**36,648**	38,393	41,887	51,892	36,856
Total equity	**198,196**	211,138	212,528	203,722	157,612