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

Annual Report 2015

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Xie Yan *(Chairperson)*
(appointed on 22 January 2016)
Mr. He Xiaoming *(Vice Chairman)*
(appointed on 5 March 2015)
Mr. Liu Liangjian
(Chairman and Chief Executive Officer)
(appointed on 5 March 2015 and resigned on 22 January 2016)
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)*

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)*

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)*

CORPORATE INFORMATION

COMPANY SECRETARY
Ms. Choi Yee Man *(appointed on 1 June 2015)*
Mr. Chan Wing Fai *(resigned on 1 June 2015)*

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

PRINCIPAL BANKERS
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
PO Box 1350
Clifton House
75 Fort Street
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
PO Box 1350, Clifton House, 75 Fort Street
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

STOCK CODE
01239

COMPANY WEBSITE
www.jinbaobao.com.hk

CHAIRPERSON'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 am pleased to present all shareholders of the Company (the "**Shareholders**") the annual report of the Company for the year ended 31 December 2015.

BUSINESS REVIEW

The global economic environment was uncertain in the year of 2015 and the macroeconomic growth of the People's Republic of China (the "**PRC**") continued to slow down, 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.

During the current year, the operating environment for manufacturing industries in the PRC remained tough. The Group still faced a challenge of increasing manufacturing overheads and direct labour costs and was recorded a decrease in revenue for the year ended 31 December 2015. 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 from 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.

RESULTS OF THE YEAR

For the year ended 31 December 2015, the Group's revenue decreased by approximately RMB29,542,000 or 13.5% to approximately RMB189,048,000 when compared to that of approximately RMB218,590,000 for the year ended 31 December 2014. The gross profit margin increased slightly from approximately 21.1% for the year ended 31 December 2014 to approximately 21.4% for the year ended 31 December 2015. For the year ended 31 December 2015, the Group's loss attributable to owners of the Company was approximately RMB2,563,000, decreased by approximately RMB16,664,000 or 118.2% when compared to the profit attributable to owners of the Company amounting to approximately RMB14,101,000 for the year ended 31 December 2014. Basic and diluted loss per share of the Company for the year ended 31 December 2015 were RMB0.03 cents respectively (2014 (restated): basic and diluted earnings per share of RMB0.14 cents respectively).

OUTLOOK

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

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.

Xie Yan
Chairperson and Executive Director

Hong Kong, 24 March 2016

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 2015, the Company has adopted the code provisions (the "**Code Provision(s)**") set out in the Corporate Governance Code (the "**CG Code**") contained in the Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Board periodically reviews the corporate governance practices of the Company to ensure its continuous compliance with the CG Code. The Company was in compliance with the applicable Code Provisions for the year ended 31 December 2015, except for Code Provision A.1.8 and A.2.1.

Code Provision A.1.8 states that an issuer should arrange appropriate insurance covers in respect of legal action against its directors. There was no insurance covered on directors' and officers' liabilities of the Group for the period prior to 27 January 2015 since the insurance policy was terminated due to a substantial change in shareholding on 27 January 2015. Details of the change in shareholding are disclosed in the section of "Change in Control and Mandatory Cash Offer". The Company has arranged appropriate insurance covers in respect of any possible legal action against the Directors and officers of Group since 27 January 2015.

Code Provision A.2.1 states that the roles of chairman and chief executive should be separated and should not be performed by the same individual. On 5 March 2015, Mr. Chao Pang Ieng ("**Mr. Chao**"), the former chairman and the chief executive officer of the Company resigned, and Mr. Liu Liangjian ("**Mr. Liu**") was appointed to act as the chairman and the chief executive officer of the Company. Both Mr. Chao and Mr. Liu were responsible for the overall business strategy and development and management of the Group. The Board meets regularly to consider major matters affecting the operations of the Group. The Board considers that this structure does not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective executive Directors and senior management, who are in charge of different functions, complement the role of the chairman and the chief executive. The Board believes that this structure is conducive to strong and consistent leadership which enables the Group to operate efficiently.

The Company understands the importance to comply with the Code Provision A.2.1 and continues to consider the feasibility of appointing a separate chief executive. On 22 January 2016, Mr. Liu has resigned as the chairman, the executive Director and the chief executive officer of the Company and Ms. Xie Yan has been appointed as the chairperson and the executive Director of the Company. Since then, the Company is in compliance with the Code Provision A.2.1.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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. Xie Yan (Chairperson) 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 Directors are set out in the section headed "Directors and Senior Management" in this annual report. All Directors have the relevant experiences for effectively carrying out their respective duties.

In accordance with Rule 3.10 of the Listing Rules, the Company has already appointed three independent non-executive Directors and at least one of them has accounting expertise to assist the management in formulating development strategies of the Group, and to ensure that the preparation of the financial reports and other mandatory reports by the Board are in strict adherence to appropriate standards in order to protect the interests of the Shareholders and the Company. The Company has received annual 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 2015 and up to 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 and 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.

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 2015, the Board held 10 meetings.

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

Directors	Meetings attended/held
Executive Directors	
Mr. Liu Liangjian *(Chairman and Chief Executive Officer)* *(appointed on 5 March 2015 and resigned on 22 January 2016)*	8/8
Mr. He Xiaoming *(Vice Chairman) (appointed on 5 March 2015)*	7/8
Mr. Chao Pang Ieng *(resigned on 5 March 2015)*	2/2
Ms. Chen Fen *(resigned on 5 March 2015)*	2/2
Mr. Zuo Ji Lin *(resigned on 5 March 2015)*	1/2
Independent Non-Executive Directors	
Mr. Lee Chi Hwa, Joshua *(appointed on 5 March 2015)*	8/8
Mr. Lam Chi Wai *(appointed on 5 March 2015)*	8/8
Mr. Chan Chun Kau *(appointed on 5 March 2015)*	7/8
Mr. Chan Chun Chi *(resigned on 5 March 2015)*	1/2
Mr. Yu Xi Chun *(resigned on 5 March 2015)*	1/2
Mr. Wu Hao Tian *(resigned on 5 March 2015)*	1/2

In general, notices of meetings of the Board are sent to all Directors through email or 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 2015, the Board had reviewed and discussed the corporate governance policy of the Group and was satisfied with the effectiveness of the corporate governance policy of the Group.

DIRECTORS' TRAINING AND PROFESSIONAL DEVELOPMENT

Code Provision A.6.5 of the 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.

During the year, all Directors were provided with regular updates on the Group's business and operation and information which covered topics including but not limit to the CG Code, the disclosure and compliance of inside information, updates and changes in relation to legislative and regulatory requirements in which the Group conducts its business for their study and reference. During the year, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills pursuant to the CG Code. All Directors (being Mr. Liu Liangjian, Mr. He Xiaoming, Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau) received regular briefings and updates from the company secretary of the Company on the Group's business, operations and corporate governance matters, studied publications, books and other reading materials or attended seminars or workshops delivered by professionals, which are relevant to their duties and responsibilities.

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 2015, 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 2015 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 3 meetings for the year ended 31 December 2015.

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

Directors	Meetings attended/held
Mr. Lee Chi Hwa, Joshua *(Chairman) (appointed on 5 March 2015)*	3/3
Mr. Lam Chi Wai *(appointed on 5 March 2015)*	3/3
Mr. Chan Chun Kau *(appointed on 5 March 2015)*	3/3
Mr. Chan Chun Chi *(ceased to be member on 5 March 2015)*	N/A
Mr. Yu Xi Chun *(ceased to be member on 5 March 2015)*	N/A
Mr. Wu Hao Tian *(ceased to be member on 5 March 2015)*	N/A

The external auditors of the Company also attended 2 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 Directors 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 1 meeting for the year ended 31 December 2015.

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

Directors	Meeting attended/held
Mr. Lee Chi Hwa, Joshua *(Chairman) (appointed on 5 March 2015)*	1/1
Mr. Lam Chi Wai *(appointed on 5 March 2015)*	1/1
Mr. Chan Chun Kau *(appointed on 5 March 2015)*	1/1
Mr. Yu Xi Chun *(ceased to be member on 5 March 2015)*	N/A
Ms. Chen Fen *(ceased to be member on 5 March 2015)*	N/A
Mr. Wu Hao Tian *(ceased to be member on 5 March 2015)*	N/A

For the year ended 31 December 2015, the Nomination Committee had reviewed the structure, size and composition of the Board and the retirement and re-appointment arrangement of the Directors in the Company's forthcoming annual general meeting.

Board Diversity Policy

The Board has adopted a board diversity policy in accordance with the requirement set out in the CG Code (the "**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.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

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 1 meeting for the year ended 31 December 2015.

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

Directors	Meeting attended/held
Mr. Lam Chi Wai *(Chairman) (appointed on 5 March 2015)*	1/1
Mr. Lee Chi Hwa, Joshua *(appointed on 5 March 2015)*	1/1
Mr. Chan Chun Kau *(appointed on 5 March 2015)*	1/1
Mr. Wu Hao Tian *(ceased to be member on 5 March 2015)*	N/A
Mr. Chao Pang Ieng *(ceased to be member on 5 March 2015)*	N/A
Mr. Chan Chun Chi *(ceased to be member on 5 March 2015)*	N/A

For the year ended 31 December 2015, the Remuneration Committee reviewed the existing remuneration policies of the Company.

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 audited consolidated financial statements. As the members of the Board coincide with the members of the senior management of the Group and the remuneration of directors have been disclosed, no disclosure about the remuneration payable to members of senior management could be made.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of Mr. He Xiaoming, Mr. Lee Chi Hwa, Joshua, Mr. Lam Chi Wai and Mr. Chan Chun Kau was appointed for an initial term of one year commencing from 5 March 2015 and Ms. Xie Yan was appointed for an initial term of one year commencing from 22 January 2016. All of their appointments are 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 of the Articles of Association, 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. Ms. Xie Yan will retire from office as an Executive Director at the forthcoming annual general meeting of the Company and she, being eligible, will offer herself for re-election.

In accordance with Article 108(a) of the Articles of Association, at each annual general meeting, at least one-third of the Directors shall retire from office by rotation. Each director shall retire at least once every three years and such Directors shall include those who have been assumed the longest term of office since their last election or re-election. Mr. He Xiaoming and Mr. Lam Chi Wai will retire from office as executive Director and independent non-executive Director respectively by rotation at the forthcoming annual general meeting of the Company and both 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 2015. 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 2015. 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, Ms. Choi Yee Man ("**Ms. Choi**"), appointed on 1 June 2015, is responsible for facilitating the process of Board meetings, as well as communications among Board members, with Shareholders and the management of the Company. Ms. Choi is a fellow member of the HKICPA. She holds a bachelor's degree in Business Administration from The City University of Hong Kong. She possesses extensive experience in the area of accounting, finance, auditing and internal control.

During the year ended 31 December 2015, Ms. Choi undertook not less than 15 hours of professional training to update her skills and knowledge in compliance with Rule 3.29 of the Listing Rules.

AUDITORS' REMUNERATION

Remuneration to the auditors of the Company, HLB Hodgson Impey Cheng Limited, amounted to HK$440,000 for the provision of annual audit services for the year ended 31 December 2015.

INTERNAL CONTROL

The Board is responsible for maintaining a sound and effective internal control system of the Group. The Group's internal control system is designed to safeguard the shareholders' investment and the Group's assets against misappropriation and unauthorised disposition, to manage operational risks and to ensure strict compliance with relevant laws and regulations. During the year ended 31 December 2015, the Board through the Audit Committee has reviewed the effectiveness of internal control system covering all material controls in area of financial, operational and compliance controls and risk management functions. No material internal control aspects of any significant problems were identified. The Board and the Audit Committee considered that the key areas of the Group's internal control systems are reasonably implemented during the year, and will regularly review the effectiveness of internal control system.

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 2015, the Company held 2 general meetings, which were the annual general meeting (the "**2015 AGM**") held on 28 May 2015 and 1 extraordinary general meeting held on 3 June 2015.

The attendance record of the Directors at the general meetings during the year ended 31 December 2015 is set out below:

Directors	Meetings attended/held
Executive Directors	
Mr. Liu Liangjian *(Chairman and Chief Executive Officer)* *(appointed on 5 March 2015 and resigned on 22 January 2016)*	2/2
Mr. He Xiaoming *(Vice Chairman) (appointed on 5 March 2015)*	2/2
Mr. Chao Pang Ieng *(resigned on 5 March 2015)*	N/A
Ms. Chen Fen *(resigned on 5 March 2015)*	N/A
Mr. Zuo Ji Lin *(resigned on 5 March 2015)*	N/A
Independent Non-executive Directors	
Mr. Lee Chi Hwa, Joshua *(appointed on 5 March 2015)*	2/2
Mr. Lam Chi Wai *(appointed on 5 March 2015)*	2/2
Mr. Chan Chun Kau *(appointed on 5 March 2015)*	2/2
Mr. Chan Chun Chi *(resigned on 5 March 2015)*	N/A
Mr. Yu Xi Chun *(resigned on 5 March 2015)*	N/A
Mr. Wu Hao Tian *(resigned on 5 March 2015)*	N/A

The Company's external auditors also attended the 2015 AGM.

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

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

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 2015, there had been no significant change in the Company's constitutional documents.

DIRECTORS AND OFFICERS INSURANCE

The Company has arranged appropriate insurance covers in respect of any possible legal action against the Directors and officers of the Group since 27 January 2015 and the insurance coverage is reviewed on an annual basis.

BUSINESS REVIEW

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

Revenue

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

An analysis of revenue by products is as follows:

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

The revenue by product type remained relatively stable. During the current year, the revenue derived from the Group's products for televisions and air conditioners (including packaging products and structural components) made the largest and second largest contributions to the Group's total revenue, amounting approximately RMB99,541,000 or 52.7% of total revenue (2014: approximately RMB136,824,000 or 62.6% of total revenue).

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

Cost of sales

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

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

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

Supply of raw materials

The Group purchases raw materials and components necessary for the manufacturing of the Group's packaging products and structural components from independent third parties. The raw materials mainly include expanded polystyrene ("**EPS**") and expanded polyolefin ("**EPO**"). The Group retains a list of approved suppliers of raw materials and components and only makes purchases from the list. The Group has established long-term commercial relationships with its major suppliers for a stable supply and timely delivery of high quality raw materials and components. The Group had not experienced any major difficulties in procuring raw materials and components necessary for the manufacture of packaging products for the year ended 31 December 2015. The Group continues to diversify its suppliers of raw materials and components to avoid over reliance on a single supplier for any type of raw materials and components.

Production capacity

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

FUTURE OUTLOOK

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

FINANCIAL REVIEW

Financial results

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

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

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

Liquidity and financial resources

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

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

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

Capital expenditure

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

Capital commitment

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

Contingent liabilities

As at 31 December 2015, the Group had no material contingent liabilities (2014: Nil).

Pledge of assets

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

Capital Structure

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

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

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

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

Segment information

Details of segment information of the Group for the year ended 31 December 2015 are set out in Note 5.

Gearing ratio

As at 31 December 2015, the gearing ratio was 0.86 (2014: 0.01), which was measured on the basis of the Group's total borrowings divided by total equity.

Foreign exchange risk

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

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

Human resources and training

As at 31 December 2015, the Group has 604 employees (2014: 628 employees). Total employee benefit expenses amounted to approximately RMB33,769,000 (2014: approximately RMB32,801,000). The Group has a management team (including product design and development team) with extensive industry experience. The team comprises certain management personnel and technicians from various departments who have extensive experience in and knowledge of the manufacturing of packaging products and structural components. The Group has adopted an employee-focused management concept to involve the Group's staff in the management and development of the Group. The Group has implemented a strict selection process for hiring its employees and a number of initiatives to enhance the productivity of its employees. The Group conducts regular performance reviews for its employees. The remuneration, promotion and salary increments of the employees are assessed according to their performance, professional and working experience, and prevailing market practices. In addition, the Group has implemented training programs for employees in various positions.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Ms. Xie Yan (謝雁) ("Ms. Xie"), aged 33, is the Chairperson and an Executive Director of the Company since 22 January 2016. She holds a bachelor degree in Commerce in Accounting and Business Law from University of Sydney in Australia. She is a member of CPA Australia since 2006. She worked for PricewaterhouseCoopers in both Guangzhou and Australia for four years and she has over 8 years of experience in the field of management, property investment, finance, auditing, accounting and taxation.

Mr. He Xiaoming (何笑明) ("Mr. He"), aged 42, is the Vice Chairman and an Executive Director of the Company since 5 March 2015. Mr. He has extensive business management and hospitality experience. 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.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lee Chi Hwa, Joshua (李智華) ("Mr. Lee"), aged 43, is an Independent Non-Executive Director since 5 March 2015, and is the Chairman of the Audit Committee, the Nomination Committee and the Review Committee and a member of the Remuneration Committee of the Company. 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) and Focus Media Network Limited (stock code: 8112), all of which are listed on the Growth Enterprise Market of the Stock Exchange, and Hao Tian Development Group Limited (stock code: 474) and an executive director and company secretary of China Healthcare Enterprise Group Limited (formerly known as Telefield International (Holdings) Limited) (stock code: 1143), which are 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 China Minsheng Drawin Technology Group Limited (formerly known as South East Group Limited) (stock code: 726) from December 2013 to February 2015.

Mr. Lam Chi Wai (林智偉) ("Mr. Lam"), aged 38, is an Independent Non-Executive Director since 5 March 2015, and is the Chairman of the Remuneration Committee, and a member of the Audit Committee, the Nomination Committee and the Review Committee of the Company. 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. Lam is an independent non-executive director of Ngai Shun Holdings Limited (a company listed on the Stock Exchange with stock code: 1246) since 15 July 2015.

Mr. Chan Chun Kau (陳振球) ("Mr. Chan"), aged 41, is an Independent Non-Executive Director since 5 March 2015, and is a member of the Audit Committee, the Nomination Committee, the Remuneration Committee and the Review Committee of the Company. Mr. Chan graduated from Trinity College, Cambridge University of England with a bachelor degree in computer science and laws. He 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 the company secretary of China Energy Development Holdings Limited (stock code: 228) and TC Orient Lighting Holdings Limited (stock code: 515), both of which are listed on the Main Board of the Stock Exchange. Between 3 June 2013 and 13 January 2016, Mr. Chan was an independent non-executive director of Universal Technologies Holdings Limited (stock code: 1026), which is 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' REPORT

The Directors present the annual report and the audited consolidated financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the Company's subsidiaries as at 31 December 2015 are set out in Note 31 to the audited consolidated financial statements in this annual report.

BUSINESS REVIEW

Details of (i) business review and (ii) future development of the Group's business are set out respectively in the sections headed "Business review" and "Future outlook" under "Management Discussion and Analysis" of this annual report from pages 16 to 18.

Principal Risks and Uncertainties

There are various risks and uncertainties including business risks, operational risks, capital risks and financial risks, that may have different levels of impact on the Group's financial performance, operations, business as well as future prospects.

The Group is principally engaged in the design, manufacture and sale of packaging products and structural components in the PRC, and most of the Group's customers are leading consumer electrical appliance manufacturers in the PRC. The Group's financial and operational performances in term of short-term and long-term are adversely influenced by the uncertain global economic environment, slowdown of the PRC's macroeconomic growth, as well as scarce domestic demand in the consumer electrical appliance market. Furthermore, tough operating environment in the PRC, keen competitions in the manufacturing industry and increase in labor costs due to labor shortage in the PRC remains challenging for all manufacturing companies in the PRC.

The capital and financial risk management policies and practices of the Group are set out in Notes 32 and 33 to the audited consolidated financial statements respectively.

There may be other risks and uncertainties in addition to those mentioned above which are not known to the Group or which may not be material as at the date of this annual report but could turn out to be material in the future.

Environmental Policies and Performance

The Group is committed to the long term sustainability of the environment and communities in which it operates. As a responsible corporation, the Group has complied with all relevant laws and regulations regarding environmental protection, health and safety, workplace conditions and employment and has adopted effective measures to achieve efficient use of resources, energy saving and waste reduction.

Compliance with the Relevant Laws and Regulations

The Group recognises the importance of compliance with regulatory requirements and the risk of non-compliance with the applicable rules and regulations. To the best knowledge of the Directors, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2015. There was no material breach of or non-compliance with the applicable laws and regulations by the Group for the year ended 31 December 2015.

Relationship with Suppliers, Customers and other Stakeholders

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. During the year ended 31 December 2015, there were no material and significant dispute between the Group and its key stakeholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2015 and financial position of the Group as at 31 December 2015 are set out in the audited consolidated financial statements on pages 32 to 33 in this annual report.

The Directors do not recommend the payment of any dividends for the year ended 31 December 2015 (2014 interim: HK17.00 cents per share).

SUMMARY FINANCIAL INFORMATION

A summary of the published results, assets, liabilities and equity of the Group for the last five financial years, as extracted from the audited consolidated financial statements of the Company, is set out on page 76 of this annual report. This summary does not form part of the audited 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 and public offer (the "**Placing and Public Offer**").

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

PROPERTY, PLANT AND EQUIPMENT

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

RESERVES

Details of the movements of reserves of the Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity in page 34.

Movements in the distributable reserves of the Group and the Company during the year ended 31 December 2015 are set out in Notes 24 and 35 respectively to the audited consolidated financial statements.

As at 31 December 2015, the Company had distributable reserves of approximately RMB119,438,000.

DIRECTORS' REPORT

BANK BORROWINGS

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

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.

DIRECTORS AND SERVICE CONTRACTS

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

Executive Directors

Ms. Xie Yan *(Chairman) (appointed on 22 January 2016)*
Mr. He Xiaoming *(Vice Chairman) (appointed on 5 March 2015)*
Mr. Liu Liangjian *(Chairman and Chief Executive Officer)*
(appointed on 5 March 2015 and resigned on 22 January 2016)
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)*

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 2015, 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 27 to the audited consolidated financial statements fall under the definition of "connected transaction" or "continuing connected transaction" (as the case may be) in Chapter 14A of the Listing Rules but are exempt from any of the reporting, annual review, announcement or independent shareholders' approval requirements under the Listing Rules as they are the service contracts of the Directors.

COMPETING INTERESTS

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

The Board has established the Review Committee comprising all the independent non-executive Directors which was delegated with the authority to review on an annual basis the non-competition undertaking given by Mr. Chao Pang Ieng and Rich Gold International Limited ("**Rich Gold**") (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).

Pursuant to the Deeds of Non-competition, it shall be terminated upon (i) the Covenantors and his/its associates (jointly or severally) cease to hold in aggregate 30% or more of the entire issued share capital of the Company or otherwise cease to be a controlling shareholder of the Company; or (ii) the shares of the Company (the "**Share(s)**") cease to be listed and traded on the Stock Exchange due to any reason (except for temporary suspension of trading of our Shares on the Stock Exchange due to any reason). On 27 January 2015, Rich Gold disposed 150,000,000 Shares, representing 75% of the issued share capital of the Company, to Trend Rich Enterprises Limited ("**Trend Rich**"). The Covenantors ceased to be the controlling shareholder of the Company, and the Deeds of Non-competition terminated on 27 January 2015.

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 27 January 2015, 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 audited 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 26 to the audited consolidated financial statements in this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2015, the interests and short positions of each Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**"), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange, were as follows:

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. Liu Liangjian (Note)	Interest of controlled corporation	6,100,000,000	61%

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. Liu Liangjian (Note)	Trend Rich	Beneficial owner	100	100%

Note:

Mr. Liu Liangjian beneficially held the entire issued share capital of Trend Rich, which in turn, beneficially held 6,100,000,000 Shares. For the purposes of the SFO, Mr. Liu is deemed or taken to be interested in all the Shares held by Trend Rich. Mr. Liu is also the sole director of Trend Rich. Mr. Liu resigned his position as the Chairman, Chief Executive Officer and executive Director of the Company on 22 January 2016.

Save as disclosed above, as at 31 December 2015, 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 2015 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 2015, 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
Trend Rich (Note)	Beneficial owner	6,100,000,000	61%

Note: On 19 January 2016 and 22 January 2016, Trend Rich disposed of 1,900,000,000 Shares and 2,100,000,000 Shares, representing 19% and 21% of the issued share capital of the Company, respectively. Details of the aforesaid disposals have been disclosed in the Company's announcements dated 19 January 2016 and 22 January 2016 respectively.

Save as disclosed above, as at 31 December 2015, 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.

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 annual report was 200,000,000 Shares which represented 10% of the issued share capital of the Company as at the date of approval of the Scheme (as the total number of issued Shares were enlarged by the Share Subdivision). 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 2015, 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 of the Company, representing 75% of the issued share capital of the Company (the "**Sale Share(s)**") on 15 January 2015, pursuant to which, among others, Trend Rich agreed to purchase and Rich Gold agreed to sell the Sale Shares for a total cash consideration of HK$560,000,000 (equivalent to approximately HK$3.733 per Sale Share). The completion of the sale and purchase agreement took place on 27 January 2015.

Upon the completion of the sale and purchase agreement, Trend Rich and parties acting in concert with it were interested in 150,000,000 Shares, representing 75% of the issued share capital of the Company on 27 January 2015, Trend Rich therefore was required to make a mandatory unconditional cash offer for all the issued shares not already owned or agreed to be acquired by it and parties acting in concert with it under Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the "**Offer**"). The Offer was closed on 4 March 2015, and Trend Rich had received valid acceptances in respect of a total of 48,000 offer shares under the Offer. On 13 March 2015, Trend Rich disposed of 48,000 shares on the open market in order to assist the Company to restore its public float in compliance with the relevant requirement under the Listing Rules. Details of which has been disclosed in the Company's announcement dated 13 March 2015.

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

DIRECTORS' INTEREST IN CONTRACTS AND CONNECTED TRANSACTIONS

Save as disclosed in this annual report, 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 2015.

KEY CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, sales to the Group's five largest customers accounted for approximately 88.6% (2014: approximately 93.5%) of the annual revenue and the sales to the largest customer included therein accounted for approximately 28.6% (2014: approximately 30.6%). For the year ended 31 December 2015, purchases from the Group's five largest suppliers accounted for approximately 58.7% (2014: approximately 59.5%) of the annual purchases and the purchases from the largest supplier included therein accounted for approximately 24.1% (2014: approximately 22.2%).

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 2015.

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

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

ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

Save as disclosed in this annual report, for the year ended 31 December 2015, there was no material acquisition, disposal or significant 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

Save as disclosed in the section of "Change in Control and Mandatory Cash Offer" in this annual report, based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float as required under the Listing Rules throughout the year ended 31 December 2015 and as at the date of this annual report.

CORPORATE GOVERNANCE

The Company had adopted the Code Provisions set out in the CG Code in Appendix 14 to the Listing Rules. The Company has complied with the Code Provision of the CG Code for the year ended 31 December 2015, 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

Xie Yan
Chairperson and Executive Director

Hong Kong, 24 March 2016

INDEPENDENT AUDITORS' REPORT

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 32 to 75, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, 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. This report is made 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.

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance 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, 24 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	5	**189,048**	218,590
Cost of sales		**(148,607)**	(172,445)
Gross profit		**40,441**	46,145
Other income	6	**950**	1,211
Other gains and losses – net	7	**(1,398)**	(25)
Selling and distribution expenses		**(12,414)**	(12,745)
Administrative expenses		**(12,161)**	(12,111)
Other operating expenses		**(889)**	(281)
Profit from operations		**14,529**	22,194
Finance costs	8	**(12,240)**	(287)
Profit before tax		**2,289**	21,907
Income tax expense	9	**(4,852)**	(7,806)
(Loss)/Profit for the year	10	**(2,563)**	14,101
Other comprehensive income/(expense), net of income tax			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations		**111**	(87)
Other comprehensive income/(expense) for the year, net of tax		**111**	(87)
Total comprehensive (expense)/income for the year		**(2,452)**	14,014
(Loss)/Profit for the year attributable to:			
Owners of the Company		**(2,563)**	14,101
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		**(2,452)**	14,014
		RMB Cents	RMB Cents (Restated)
(Loss)/Earnings per share – basic and diluted	13	**(0.03)**	0.14

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment	14	**51,567**	50,825
Prepaid lease payments	15	**2,599**	2,670
Deferred tax assets	22	**340**	483
		54,506	53,978
Current assets			
Inventories	16	**7,934**	10,224
Prepaid lease payments	15	**71**	71
Trade and other receivables	17	**274,945**	133,565
Cash and bank balances	18	**65,667**	37,006
		348,617	180,866
Current liabilities			
Trade and other payables	19	**23,097**	31,779
Borrowings	20	**500**	2,000
Amount due to the ultimate holding company	21	**1,916**	–
Current tax liabilities		**898**	2,497
		26,411	36,276
Net current assets		**322,206**	144,590
Total assets less current liabilities		**376,712**	198,568
Non-current liabilities			
Other payables	19	**12,566**	–
Deferred tax liabilities	22	**856**	372
Borrowings	20	**167,546**	–
		180,968	372
Net assets		**195,744**	198,196
Capital and reserves			
Equity attributable to the owners of the Company			
Share capital	23	**7,958**	1,632
Reserves	24	**187,786**	196,564
Total equity		**195,744**	198,196

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 24 March 2016 and signed on its behalf by:

Ms. Xie Yan
Director

Mr. He Xiaoming
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Share capital RMB'000 *(Note 23)*	Share premium RMB'000	Special reserve RMB'000 *(Note 24(c))*	Foreign currency translation reserve RMB'000	PRC capital reserve RMB'000 *(Note 24(a))*	PRC statutory reserves RMB'000 *(Note 24(b))*	Shareholders' contributions RMB'000 *(Note 24(d))*	Retained profits RMB'000	Total RMB'000
Balance at 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 expense for the year	–	–	–	(87)	–	–	–	–	(87)
Total comprehensive (expense)/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 and 1 January 2015	1,632	102,490	(27,434)	(1,362)	(8)	30,222	10,296	82,360	198,196
Loss for the year	–	–	–	–	–	–	–	(2,563)	(2,563)
Other comprehensive income for the year	–	–	–	111	–	–	–	–	111
Total comprehensive income/ (expense) for the year	–	–	–	111	–	–	–	(2,563)	(2,452)
Issue of bonus shares *(Note 23(c))*	6,326	–	–	–	–	–	–	(6,326)	–
Balance at 31 December 2015	**7,958**	**102,490**	**(27,434)**	**(1,251)**	**(8)**	**30,222**	**10,296**	**73,471**	**195,744**

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Note	2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Profit before tax		**2,289**	21,907
Adjustments for:			
Finance costs		**12,240**	287
Interest income		**(482)**	(774)
Net losses on disposal of property, plant and equipment		**638**	7
Depreciation of property, plant and equipment		**8,838**	8,741
Amortisation of prepaid lease payments		**71**	71
		23,594	30,239
Movements in working capital			
Decrease in inventories		**2,290**	238
Decrease in trade and other receivables		**26,166**	3,970
Decrease in trade and other payables		**(8,682)**	(2,779)
Cash generated from operations		**43,368**	31,668
Interest paid		**(56)**	(142)
Interest received		**482**	774
Income taxes paid		**(5,824)**	(6,807)
Net cash generated by operating activities		**37,970**	25,493
Cash flows from investing activities			
Payments for property, plant and equipment		**(10,317)**	(18,044)
Refundable earnest money paid		**(160,927)**	–
Proceeds from disposal of property, plant and equipment		**100**	8
Net cash used in investing activities		**(171,144)**	(18,036)
Cash flows from financing activities			
Proceeds from borrowings		**161,427**	2,000
Repayment of borrowings		**(2,000)**	(2,000)
Dividend recognised as distribution		**–**	(26,956)
Increase in amount due to the ultimate holding company		**1,916**	–
Interest paid		**(115)**	(145)
Net cash generated by/(used in) financing activities		**161,228**	(27,101)
Net increase/(decrease) in cash and cash equivalents		**28,054**	(19,644)
Cash and cash equivalents at the beginning of year		**37,006**	56,736
Effect of foreign exchange rate changes, net		**607**	(86)
Cash and cash equivalents at the end of year represented by:			
Cash and bank balances	*18*	**65,667**	37,006

1. GENERAL INFORMATION AND BASIS OF PRESENTATION

Jin Bao Bao Holdings Limited was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law of the Cayman Islands on 4 January 2011 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") with effect from 18 November 2011. Until 27 January 2015, its parent and ultimate holding company was Rich Gold International Limited ("**Rich Gold**"), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Chao Pang Ieng. With effect from 27 January 2015, its parent and ultimate holding company is Trend Rich Enterprises Limited ("**Trend Rich**"), a company incorporated in the British Virgin Islands and wholly-owned by Mr. Liu Liangjian. With effect from 19 January 2016, Trend Rich ceased to be the parent and ultimate holding company of the Company.

The address of the Company's registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The address of the Company's principal place of business in Hong Kong is Unit No. 2118, 21st Floor, China Merchants Tower, Shun Tak Centre, Nos. 168-200 Connaught Road Central, Hong Kong. The Company is an investment holding company. The Group is principally engaged in the design, manufacture and sale of packaging products and structural components in the People's Republic of China (the "**PRC**"). Details of the principal activities of its subsidiaries are set out in Note 31 to the consolidated financial statements.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

The Group has applied the following amendments to HKFRS issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time in the current year:

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

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") *(Continued)*

The Group has not early applied the following new and revised HKFRS that have been issued by the HKICPA but are not yet effective, in the consolidated financial statements:

HKFRS 9	Financial instruments[1]
HKFRS 14	Regulatory deferral accounts[2]
HKFRS 15	Revenue from contracts with customers[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[3]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[3]
Amendments to HKAS 27	Equity method in separate financial statements[3]
Amendments to HKFRS	Annual improvements to HKFRS 2012 – 2014 Cycle[3]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2016
4 Effective for annual periods beginning on or after a date to be determined

HKFRS 15 *Revenue from Contracts with Customers*

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
- 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 cenarios. Furthermore, extensive disclosures are required by HKFRS 15.

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities 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 set out 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Basis of consolidation

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

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

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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.

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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currencies *(Continued)*

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;

- 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-settled employee benefits reserve.

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

When share options are exercised, the amount previously 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.

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 recognised 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.

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

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

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.

Interest income is recognised on an effective interest basis for debt instruments.

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. Subsequent to initial recognition, loans and receivables (including trade and other receivables and cash and bank balances) 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 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 to profit or loss. 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.

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

Financial liabilities (including trade and other payables, borrowings and amount due to the ultimate holding company) 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 asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to 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.

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);
- (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); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with 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.

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 judgement 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 judgements. 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.

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 2015, the carrying amounts of inventories were approximately RMB7,934,000 (2014: RMB10,224,000), after taking into account write-down recognised on inventories of approximately RMB47,000 (2014: Nil).

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

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

5. REVENUE AND SEGMENT INFORMATION *(Continued)*

Revenue

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

Information about major customers

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

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

6. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Interest income on bank deposits	**482**	774
Others	**468**	437
Total	**950**	1,211

7. OTHER GAINS AND LOSSES – NET

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

8. FINANCE COSTS

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

9. INCOME TAX EXPENSE

	2015 **RMB'000**	2014 RMB'000
Current tax:		
– PRC Enterprise Income Tax ("**EIT**")	**4,199**	7,445
Under provision in prior year:		
– PRC EIT	**26**	24
Deferred tax *(Note 22)*	**627**	337
Total income tax recognised in profit or loss	**4,852**	7,806

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

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

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group had no assessable profit subject to Hong Kong Profits Tax for the year (2014: Nil).

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

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

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:

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

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

10. (LOSS)/PROFIT FOR THE YEAR

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

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

	2015 RMB'000	2014 RMB'000
Directors' emoluments *(Note 11)*	**633**	1,002
Other employee salaries and benefits	**28,280**	27,863
Contributions to retirement benefits schemes, excluding those of the Directors	**4,856**	3,936
Total employee benefits expenses	**33,769**	32,801

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	Salaries, allowances and other benefits in kind	Contributions to retirement benefits schemes	Discretionary and performance related incentive payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015					
Executive directors					
Mr. Chao Pang Ieng *(Note (i))*	–	31	2	–	33
Ms. Chen Fen *(Note (ii)*	–	31	2	–	33
Mr. Zuo Ji Lin *(Note (iii))*	–	50	2	–	52
Mr. Liu Liangjian *(Note (vii))*	–	239	–	–	239
Mr. He Xiaoming *(Note (viii))*	–	–	–	–	–
Independent non-executive directors					
Mr. Chan Chun Chi *(Note (iv))*	17	–	–	–	17
Mr. Yu Xi Chun *(Note (v))*	11	–	–	–	11
Mr. Wu Hao Tian *(Note (vi))*	11	–	–	–	11
Ms. Lee Chi Hwa, Joshua *(Note (ix))*	79	–	–	–	79
Mr. Lam Chi Wai *(Note (x))*	79	–	–	–	79
Mr. Chan Chun Kau *(Note (xi))*	79	–	–	–	79
Total	276	351	6	–	633
Year ended 31 December 2014					
Executive directors					
Mr. Chao Pang Ieng *(Note (i))*	–	167	8	–	175
Ms. Chen Fen *(Note (ii))*	–	167	8	–	175
Mr. Zuo Ji Lin *(Note (iii))*	–	287	11	102	400
Ms. Zhou Zheng Bin *(Note (xii))*	–	6	–	–	6
Mr. Guo Jian Zhong *(Note (xiii))*	–	30	–	–	30
Independent non-executive directors					
Mr. Chan Chun Chi *(Note (iv))*	96	–	–	–	96
Mr. Yu Xi Chun *(Note (v))*	60	–	–	–	60
Mr. Wu Hao Tian *(Note (vi))*	60	–	–	–	60
Total	216	657	27	102	1,002

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

Directors' and the chief executive emoluments *(Continued)*

Notes

(i) Mr. Chao Pang Ieng resigned his position as an executive director of the Company on 5 March 2015.

(ii) Ms. Chen Fen resigned her position as an executive director of the Company on 5 March 2015.

(iii) Mr. Zuo Ji Lin resigned his position as an executive director of the Company on 5 March 2015.

(iv) Mr. Chan Chun Chi resigned his position as an independent non-executive director of the Company on 5 March 2015.

(v) Mr. Yu Xi Chun resigned his position as an independent non-executive director of the Company on 5 March 2015.

(vi) Mr. Wu Hao Tian resigned his position as an independent non-executive director of the Company on 5 March 2015.

(vii) Mr. Liu Liangjian was appointed as an executive director of the Company on 5 March 2015 and resigned his position as an executive director of the Company on 22 January 2016.

(viii) Mr. He Xiaoming was appointed as an executive director of the Company on 5 March 2015.

(ix) Mr. Lee Chi Hwa, Joshua was appointed as an independent non-executive director of the Company on 5 March 2015.

(x) Mr. Lam Chi Wai was appointed as an independent non-executive director of the Company on 5 March 2015.

(xi) Mr. Chan Chun Kau was appointed as an independent non-executive director of the Company on 5 March 2015.

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

(xiii) 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 2015 (2014: Nil). Mr Chao is the chief executive of the Company on or before 5 March 2015 and Mr. Liu is the chief executive of the Company after 5 March 2015. Their emoluments disclosed above included those for services rendered by them as the chief executive.

Employees' emoluments

	2015 Number of individuals	2014 Number of individuals
Director	**1**	1
Non-directors	**4**	4
5 highest-paid individuals	**5**	5

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

Employees' emoluments *(Continued)*

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

	2015 RMB'000	2014 RMB'000
Salaries and other benefits	**510**	723
Contributions to retirement benefits schemes	**33**	40
Discretionary and performance related incentive payments	**–**	530
Total emoluments	**543**	1,293

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. None of the Directors waived any emoluments during the year (2014: Nil).

12. DIVIDENDS

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

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

13. (LOSS)/EARNINGS PER SHARE

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

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicles	Moulds	Construction-in-progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost								
Balance at 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 and 1 January 2015	23,421	261	64,947	661	3,101	23,663	4,321	120,375
Additions	–	–	520	11	3	6,115	3,668	10,317
Disposals	–	–	(2,475)	(26)	(154)	(1,788)	–	(4,443)
Transfer	2,076	–	4,793	–	–	–	(6,869)	–
Effect of foreign currency exchange differences	–	15	–	2	–	–	–	17
Balance at 31 December 2015	**25,497**	**276**	**67,785**	**648**	**2,950**	**27,990**	**1,120**	**126,266**
Accumulated depreciation and impairment								
Balance at 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 and 1 January 2015	10,022	261	44,174	473	1,591	13,029	–	69,550
Depreciation charges	1,176	–	2,511	57	493	4,601	–	8,838
Eliminated on disposals	–	–	(2,225)	(23)	(136)	(1,321)	–	(3,705)
Effect of foreign currency exchange differences	–	15	–	1	–	–	–	16
Balance at 31 December 2015	**11,198**	**276**	**44,460**	**508**	**1,948**	**16,309**	**–**	**74,699**
Carrying amounts								
Balance at 31 December 2015	**14,299**	**–**	**23,325**	**140**	**1,002**	**11,681**	**1,120**	**51,567**
Balance at 31 December 2014	13,399	–	20,773	188	1,510	10,634	4,321	50,825

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%

At 31 December 2015, buildings with a carrying amounts of approximately RMB2,320,000 (2014: approximately RMB2,595,000) were pledged as collaterals to secure certain short-term bank loans (Note 20) of the Group.

15. PREPAID LEASE PAYMENTS

	2015 **RMB'000**	2014 RMB'000
Analysed for reporting purposes as:		
Current assets	**71**	71
Non-current assets	**2,599**	2,670
Total	**2,670**	2,741

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 2015, prepaid lease payments with carrying amounts of approximately RMB1,229,000 (2014: approximately RMB1,264,000) were pledged to secure certain short-term bank loans (Note 20) of the Group.

16. INVENTORIES

	2015 **RMB'000**	2014 RMB'000
Raw materials	**1,487**	2,770
Work-in-progress	**223**	262
Finished goods	**4,271**	5,304
Packaging materials and consumables	**1,953**	1,888
Total	**7,934**	10,224

17. TRADE AND OTHER RECEIVABLES

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

Notes:

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

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

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

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

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

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

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

17. TRADE AND OTHER RECEIVABLES *(Continued)*

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

Age of receivables that are past due but not impaired

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

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

There was no provision for impairment losses in respect of trade receivables from third party customers as at 31 December 2015 (2014: Nil).

18. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less which carry interest at market rates ranging from 0.01% to 1.35% per annum at 31 December 2015 (2014: from 0.01% to 1.35% per annum).

Certain of the Group's cash and bank balances with an aggregate amount of approximately RMB64,001,000 at 31 December 2015 (2014: approximately RMB34,602,000), 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.

19. TRADE AND OTHER PAYABLES

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

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

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

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

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

20. BORROWINGS

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

Notes:

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

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

21. AMOUNT DUE TO THE ULTIMATE HOLDING COMPANY

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

22. 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 2014	169	279	–	448
(Debit)/credit to profit or loss	(21)	56	(372)	(337)
Balance at 31 December 2014 and 1 January 2015	148	335	(372)	111
Credit/(debit) to profit or loss	11	(154)	(484)	(627)
Balance at 31 December 2015	**159**	**181**	**(856)**	**(516)**

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

	2015 RMB'000	2014 RMB'000
Deferred tax assets	**340**	483
Deferred tax liabilities	**(856)**	(372)
	(516)	111

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of the profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided in the consolidated financial statements in respect of temporary differences attributable to the profits earned by the PRC subsidiaries amounting to approximately RMB33,213,000 (2014: approximately RMB28,451,000) 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.

23. SHARE CAPITAL

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

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

Notes:

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

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

23. SHARE CAPITAL *(Continued)*

Notes: (Continued)

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

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

24. RESERVES

(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***"), 重慶光景包裝制品有限公司 ("**Chongqing Guangjing Packing Materials Co. Ltd***") and 四川景虹包裝制品有限公司 ("**Sichuan Jinghong Packing Materials Co. Ltd.***"), 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.*

(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.

25. 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.

26. 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 RMB4,848,000 for the year ended 31 December 2015 (2014: approximately RMB3,937,000), 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 RMB7,000 for the year ended 31 December 2015 (2014: RMB26,000), and represented contributions payable to these plans by the Group at rates specified in the rules of the plans.

27. RELATED PARTY DISCLOSURES

Saved as disclosed elsewhere in these consolidated financial statements, the Company did not enter into any other significant related party transactions during the years ended 31 December 2015 and 2014.

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.

28. 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):

	2015 **RMB'000**	2014 RMB'000
Buildings	**2,320**	2,595
Prepaid lease payments	**1,229**	1,264
Total pledged assets	**3,549**	3,859

Except for the above, other borrowing is secured by the share charge over the entire share capital of a wholly-owned subsidiary (Note 20(b)).

29. OPERATING LEASES

The Group as lessee

	2015 RMB'000	2014 RMB'000
Minimum lease payments paid under operating leases for premises	**1,911**	3,794

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:

	2015 RMB'000	2014 RMB'000
Within one year	**1,911**	1,905
In the second to fifth years inclusive	**–**	1,889
Total	**1,911**	3,794

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 (2014: one to three years). The Group does not have an option to purchase the leased asset at the expiry of the lease period.

30. CAPITAL COMMITMENTS

	2015 RMB'000	2014 RMB'000
Capital expenditure contracted but not provided for in the consolidated financial statements	**9,022**	–

31. PRINCIPAL SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2015 and 2014 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 2015	2014	Principal activities
Peace Bright Investment Trading Limited	British Virgin Islands	2 ordinary shares of US$1 each	**100% (direct)**	100% (indirect)	Investment holding
Cheng Hao International Limited ("**Cheng Hao**")	British Virgin Islands	2 ordinary shares of US$1 each	**100% (indirect)**	100% (direct)	Investment holding
Metro Master Limited ("**Metro Master**")	Hong Kong	HK$1	**100% (indirect)**	100% (indirect)	Investment holding
Chuzhou Chuangce	PRC	Registered capital of RMB25,000,000	**100% (indirect)**	100% (indirect)	Design, manufacture and sale of packaging products and structural components
Chongqing Guangjing	PRC	Registered capital of US$3,300,000	**100% (indirect)**	100% (indirect)	Design, manufacture and sale of packaging products and structural components
Sichuan Jinghong	PRC	Registered capital of RMB40,880,000	**100% (indirect)**	100% (indirect)	Design, manufacture and sale of packaging products and structural components
四川和景包裝製品有限公司 ("**Sichuan Hejing Packing Materials Co.Ltd.***")	PRC	Registered capital of RMB18,720,240	**100% (indirect)**	–	Design, manufacture and sale of packaging products and structural components

All PRC subsidiaries are wholly owned foreign enterprises.

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

32. 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 2014.

The capital structure of the Group consists of net debt (which includes trade and other payables, amount due to the ultimate holding company and 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 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:

	2015 **RMB'000**	2014 RMB'000
Debt	**205,625**	33,779
Cash and cash equivalents	**(65,667)**	(37,006)
Net debt	**139,958**	(3,227)
Equity	**195,744**	198,196
Net debt-to-equity ratio	**71.50%**	N/A

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2015 RMB'000	2014 RMB'000
Financial assets		
Loans and receivables		
Financial assets included in trade and other receivables	**268,631**	131,999
Cash and bank balances	**65,667**	37,006
Total	**334,298**	169,005
Financial liabilities		
Financial liabilities at amortised cost		
Financial liabilities included in trade and other payables	**34,022**	30,035
Borrowings	**168,046**	2,000
Amount due to the ultimate holding company	**1,916**	–
Total	**203,984**	32,035

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and bank balances, trade and other payables, borrowings and amount due to the ultimate holding company. 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.

33. 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 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 other borrowing. The cash flow interest rate risk of the Group relates to variable-rate bank borrowings and cash and bank balances. 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.

As the Group is not exposed to significant interest rate risk, the Directors consider that the presentation of sensitivity analysis is unnecessary.

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 2015 and 2014, 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% (2014: 89%) of the carrying amounts of trade receivables at 31 December 2015. 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 consider that the credit risk of the Group is significantly reduced.

In addition to credit risk on trade receivables, the Group is also exposed to credit risk through its refundable earnest money paid to the Vendors of HK$200,000,000 (equivalent to approximately RMB167,546,000). The refundable earnest money is secured by a share mortgage over the entire issued share capital of the Target Company to be created by the Vendors in favour of the Company.

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

33. FINANCIAL INSTRUMENTS *(Continued)*

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

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group'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 2015, the Group has available unutilised short-term bank loan facilities of approximately RMB 6,000,000 (2014: RMB8,000,000).

The following table details the Group'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 can be required to pay. The table includes both contractual interest and principal cash flows.

Liquidity table

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 2015					
Trade and other payables	–	21,456	12,566	34,022	34,022
Amount due to the ultimate holding company	–	1,916	–	1,916	1,916
Borrowings	10.00	546	209,433	209,979	168,046
Total		23,952	209,433	233,385	191,452
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

33. 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 statement 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 2015 and 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

34. 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. Liu Liangjian resigned his position as the Chairman, Executive Director, the Chief Executive Officer and the Authorised Representative of the Company on 22 January 2016.

(ii) Ms. Xie Yan was appointed as the Chairman, Executive Director and the Authorised Representative of the Company on 22 January 2016.

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2015 RMB'000	2014 RMB'000
Non-current assets		
Investments in subsidiaries	**130,017**	128,897
Current assets		
Prepayments, deposits and other receivables	**167,619**	115
Cash and bank balances	**91**	527
	167,710	642
Current liabilities		
Amount due to a subsidiary	**167,536**	–
Amount due to the ultimate holding company	**1,916**	–
Accrued expenses	**879**	–
	170,331	–
Net current (liabilities)/assets	**(2,621)**	642
Net assets	**127,396**	129,539
Capital and reserves		
Equity attributable to the owners of the Company		
Share capital	**7,958**	1,632
Reserves	**119,438**	127,907
Total equity	**127,396**	129,539

The Company's statement of financial position was approved and authorised for issue by the Board of Directors on 24 March 2016 and signed on its behalf by:

Ms. Xie Yan
Director

Mr. He Xiaoming
Director

35. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

(Continued)

Movement in the Company's reserves

	Share premium RMB'000	Foreign currency translation reserve RMB'000	Shareholders' contributions RMB'000 (Note24(d))	(Accumulated loss)/ retained profits RMB'000	Total RMB'000
Balance at 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	(26,956)	–	–	–	(26,956)
Balance at 31 December 2014 and 1 January 2015	102,490	(8,595)	10,296	23,716	127,907
Loss for the year	–	–	–	(3,169)	(3,169)
Other comprehensive income for the year	–	1,026	–	–	1,026
Total comprehensive income/(expense) for the year	–	1,026	–	(3,169)	(2,143)
Issue of bonus shares *(Note 23(c))*	–	–	–	(6,326)	(6,326)
Balance at 31 December 2015	**102,490**	**(7,569)**	**10,296**	**14,221**	**119,438**

FIVE YEARS FINANCIAL SUMMARY

	Year ended 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
Revenue	**189,048**	218,590	234,709	199,290	212,834
Gross profit	**40,441**	46,145	46,477	45,747	61,393
Profit before tax	**2,289**	21,907	26,067	25,289	35,457
Income tax expense	**(4,852)**	(7,806)	(7,001)	(6,451)	(5,551)
(Loss)/profit for the year (owners of the Company)	**(2,563)**	14,101	19,066	18,838	29,906

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
ASSETS, LIABILITIES AND EQUITY					
Total assets	**403,123**	234,844	249,531	254,415	255,614
Total liabilities	**207,379**	36,648	38,393	41,887	51,892
Total equity	**195,744**	198,196	211,138	212,528	203,722