Jin Cai Holdings Company Limited
金彩控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1250)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

FINANCIAL HIGHLIGHTS

- Revenue for the year ended 31 December 2013 decreased by approximately 6.3% to approximately RMB171.8 million as compared with that for the year ended 31 December 2012.
- Profit and total comprehensive income attributable to owners of the Company decreased by approximately 31.6% from approximately RMB31.0 million for the year ended 31 December 2012 to approximately RMB21.2 million for the year ended 31 December 2013.
- The Board has proposed a final dividend of HK6 cents per share for the year ended 31 December 2013.

The board of directors (individually, a "Director", or collectively, the "Board") of Jin Cai Holdings Company Limited (the "Company") is pleased to announce the audited consolidated results for the year ended 31 December 2013 of the Company and its subsidiaries (collectively, the "Group") together with the comparative figures for the year ended 31 December 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2013

	NOTES	**2013** **RMB'000**	2012 *RMB'000*
Revenue	*3*	**171,779**	183,347
Cost of sales		**(104,655)**	(116,274)
Gross profit		**67,124**	67,073
Other income and gains		**1,163**	225
Selling and distribution expenses		**(3,997)**	(3,098)
Administrative expenses		**(15,622)**	(9,858)
Listing expenses		**(10,443)**	(2,184)
Finance costs	*4*	**(1,975)**	(1,397)
Profit before taxation		**36,250**	50,761
Taxation	*5*	**(15,001)**	(15,203)
Profit and total comprehensive income for the year	*6*	**21,249**	35,558
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**21,249**	31,005
Non-controlling interests		**–**	4,553
		21,249	35,558
Earnings per share	*7*		
– Basic *(RMB)*		**0.08**	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013

	NOTES	2013 RMB'000	2012 RMB'000
Non-current assets			
Property, plant and equipment		**58,910**	53,261
Prepaid lease payments		**17,997**	18,408
Deposits for acquisition of property, plant and equipment		**230**	–
		77,137	71,669
Current assets			
Inventories		**14,676**	10,293
Prepaid lease payments		**411**	411
Trade and bills receivables	*9*	**98,892**	108,784
Other receivables, deposits and prepayments		**900**	2,440
Amount due from a director		**–**	223
Amount due from a former non-controlling shareholder of a subsidiary		**–**	3,842
Pledged bank deposits		**13,757**	–
Bank balances and cash		**102,088**	30,850
		230,724	156,843
Current liabilities			
Trade and bills payables	*10*	**64,972**	58,999
Other payables and accruals		**11,129**	8,827
Amount due to a director		**–**	2,397
Tax payable		**8,644**	7,450
Bank borrowings		**24,000**	29,600
		108,745	107,273
Net current assets		**121,979**	49,570
Total assets less current liabilities		**199,116**	121,239
Non-current liability			
Deferred taxation		**3,880**	1,576
		195,236	119,663
Capital and reserves			
Share capital		**2,550**	–
Reserves		**192,686**	119,663
		195,236	119,663

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (2007 Revision) Chapter 22 of the Cayman Islands on 29 November 2012. The registered office is located at Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY 1-1108, Cayman Islands, and the address of the principal place of business is No.21 Jianlong Street, Bao'an Community, Henggang Sub-district, Longgang District, Shenzhen City, Guangdong Province, the People's Republic of China (the "PRC" or "China"). The Company is an investment holding company. The principal activities of its subsidiaries are engaged in the design, printing and sale of cigarette packages in the PRC.

In preparing for the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the companies now comprising the Company and its subsidiaries (hereinafter collectively referred to as the "Group") underwent the corporate reorganisation (the "Corporate Reorganisation") to rationalise the group structure. As a result of the Corporate Reorganisation, the Company became the holding company of the Group on 24 May 2013. Details of the Corporate Reorganisation are more fully explained in the section headed "History, Corporate Reorganisation and Group Structure – Corporate Reorganisation" of the prospectus of the Company dated 24 June 2013 (the "Prospectus"). The Group resulting from the Corporate Reorganisation is regarded as a continuing entity. The consolidated statement of financial position as of 31 December 2012, and the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the Group for the year ended 31 December 2012 have been prepared on the basis as if the current group structure has been in existence as of that date or throughout the period.

The shares of the Company were listed on the Stock Exchange on 5 July 2013 (the "Listing"). Its ultimate controlling party is Ms. Huang Li.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company and its subsidiaries.

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

For the current year, the Group has applied, for the first time, the new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") that are mandatory effective for the current year.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the statement of comprehensive income has been renamed to reflect the changes.

Except as described above, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual improvement to HKFRSs 2010-2012 Cycle[4]
Amendments to HKFRSs	Annual improvement to HKFRSs 2011-2013 Cycle[2]
HKFRS 9	Financial Instruments[3]
HKFRS 14	Regulatory Deferral Accounts[5]
HK(IFRIC)-Int 21	Levies[1]

[1] *Effective for annual periods beginning on or after 1 January 2014*

[2] *Effective for annual periods beginning on or after 1 July 2014*

[3] *Available for application – the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised*

[4] *Effective for annual periods beginning on or after 1 July 2014, with limited exceptions*

[5] *Effective for first annual HKFRS financial statements beginning on or after 1 January 2016*

The directors of the Company anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising on sales of cigarette packages for the year.

HKFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (the chief executive officer of the Group) in order to allocate resources to the segment and to assess its performance.

For management purpose, the Group operates in one business unit based on its products, and has one operating segment: design, printing and sale of cigarette packages. The chief operating decision maker monitors the revenue, results, assets and liabilities of its business unit as a whole based on the monthly sales reports, monthly delivery reports and monthly management accounts, and considers the segment assets and segment liabilities of the Group included all assets and liabilities as stated in the consolidated statement of financial position respectively, and considers the segment revenue and segment results of the Group represented all revenue and profit before taxation as stated in the consolidated statement of profit or loss and other comprehensive income respectively. Accordingly, no analysis of this single reportable and operating segment is presented.

Geographical information

As all the Group's revenue is derived from customers located in the PRC and all the Group's identifiable non-current assets are principally located in the PRC, no geographical segment information is presented.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follow:

	2013	2012
	RMB'000	*RMB'000*
Customer A	**116,163**	123,477
Customer B	**36,671**	22,436
Customer C	**N/A***	25,067

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

4. FINANCE COSTS

	2013	2012
	RMB'000	*RMB'000*
Interest on bank borrowings wholly repayable within five years	**1,975**	1,397

5. TAXATION

	2013	2012
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("EIT")		
Current tax	**12,697**	13,627
Deferred tax	**2,304**	1,576
	15,001	15,203

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profit subject to Hong Kong Profits Tax during both years.

Under the Law of the PRC on EIT (the "New Tax Law") and Implementation Regulations of the Law, the standard tax rate of the PRC entities was 25% for the years ended 31 December 2013 and 2012.

Upon the New Tax Law and Implementation Regulations, PRC withholding income tax is applicable to dividends payable to investors that are "non-PRC tax resident enterprises", which do not have an establishment or place of business in the PRC, or which have such establishment or place of business but the relevant income is not effectively connected with the establishment or place of business, to the extent such dividends have their sources within the PRC. Under such circumstances, dividends distributed from the PRC subsidiaries to non-PRC tax resident group entities shall be subject to the withholding income tax at 10% or lower tax rate, as applicable. Under the relevant tax treaty, withholding tax rate on distribution to Hong Kong resident companies is 5%.

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

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**36,250**	50,761
Tax at the standard tax rate of 25%	**9,062**	12,690
Tax effect of expenses not deductible for tax purpose	**3,247**	742
Tax effect of income not taxable for tax purpose	**(2)**	–
Tax effect of tax losses not recognised	**399**	155
Deferred tax on undistributed earnings of PRC subsidiaries	**2,304**	1,576
Others	**(9)**	40
Tax charge for the year	**15,001**	15,203

6. PROFIT FOR THE YEAR

	2013	2012
	RMB'000	*RMB'000*
Profit for the year has been arrived at after charging:		
Staff costs:		
Directors' emoluments	**566**	208
Other staff costs		
Salaries and other benefits	**14,507**	12,540
Retirement benefits scheme contributions	**2,440**	1,354
	17,513	14,102
Auditor's remuneration	**1,232**	77
Net foreign exchange loss	**520**	–
Depreciation of property, plant and equipment	**5,839**	6,232
Release of prepaid lease payments	**411**	411
Operating lease rentals in respect of rented premises	**2,056**	1,727
Cost of inventories recognised as an expense	**103,193**	114,300
Recognition of write-down on obsolete inventories (included in cost of sales)	**2**	246
Loss on disposals of property, plant and equipment	**–**	59

7. EARNINGS PER SHARE

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

	2013	2012
	RMB'000	*RMB'000*
Earnings:		
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share	**21,249**	31,005

	2013	2012
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**279,452**	240,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2013 and 2012 has been retrospectively adjusted to reflect 999 shares issued pursuant to the Corporate Reorganisation on 24 May 2013 and 239,999,000 shares issued upon capitalisation on 5 July 2013.

No diluted earnings per share are presented as there is no potential dilutive shares in issue during both years.

8. DIVIDENDS

Prior to the corporate reorganisation, Shenzhen Oceania had declared dividends to its then equity owners as follows:

	2013	2012
	RMB'000	*RMB'000*
Asia Modern (Hong Kong) International Limited	**–**	30,452
Non-controlling interests	**–**	8,095
	–	38,547

A final dividend in respect of the year ended 31 December 2013 of HK6 cents (2012: Nil) per share, amounting to HK$19,200,000 (equivalent to approximately RMB15,202,000) (2012: Nil), has been proposed by the Board and is subject to approval by the shareholders in the forthcoming annual general meeting.

9. TRADE AND BILLS RECEIVABLES

	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**43,892**	57,784
Bills receivables	**55,000**	51,000
	98,892	108,784

The Group generally allows credit period of 90 days to its trade customers. For certain major customers, the Group accepts settlement of trade receivables by bank bills with maturity period from 90 days to 180 days.

The following is an aged analysis of trade receivables presented based on the date of delivery of goods, which approximated the date on which revenue was recognised.

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**42,944**	56,752
91 to 180 days	**948**	200
181 to 360 days	**–**	832
	43,892	57,784

The following is an aged analysis of bills receivables presented based on the date of issuance of bills at the end of reporting period:

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**50,200**	51,000
91 to 180 days	**4,800**	–
	55,000	51,000

Before accepting any new customers, the Group assesses the potential customer's credit quality and defines credit limits by each customer. Limits attributed to customers are reviewed once a year.

The trade and bill receivables that are neither past due nor impaired is mainly due from those customers which have long-term relationship with the Group and the repayment history of these customers were good.

Included in Group's trade receivables are receivables with the following carrying amounts which are past due as at the end of each reporting period for which the Group has not provided for impairment loss. Aging of trade and bills receivables which are past due but not impaired:

	2013	2012
	RMB'000	*RMB'000*
Over 90 days	**948**	1,032

The average age of these receivables is 110 days at 31 December 2013 (2012: 190 days). The Group does not hold any collateral over these balances.

10. TRADE AND BILLS PAYABLES

	2013	2012
	RMB'000	*RMB'000*
Trade payables	**37,458**	58,999
Bills payables	**27,514**	–
	64,972	58,999

The average credit period on purchases of goods is 90 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**34,824**	47,021
91 to 180 days	**1,718**	11,551
181 to 360 days	**707**	196
Over 360 days	**209**	231
	37,458	58,999

The following is an aged analysis of bills payables presented based on the date of issuance of bills at the end of reporting period:

	2013	2012
	RMB'000	*RMB'000*
0 to 90 days	**22,475**	–
91 to 180 days	**5,039**	–
	27,514	–

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Review

According to National Bureau of Statistics of the People's Republic of China, gross domestic product of the PRC grew by 7.7% in 2013. Good economic development together with increasing consumer expenditure and smoker population brought higher market demand on cigarette, thus further enhancing the development of the cigarette packaging industry.

According to the October 2013 edition of the World Economic Outlook published by the International Monetary Fund, the economic growth rate of China in 2014 is projected to fall to 7.25%. It is mainly because policy-makers are making great efforts in avoiding further stimulation of the economy, so that the targets of maintaining financial stability and accelerating a more balanced and sustainable economic growth could be achieved. According to the section headed "Industry Overview" in the Prospectus, the PRC possesses the largest smoking population in the world, which accounted for over one-third of the world's smoking population as in 2012. China is also the largest cigarette manufacturer, accounting for over 40% of the global production volume.

At the same time, the ongoing industry consolidation process is able to provide solid market opportunities for the major cigarette manufacturers in the PRC, which also becomes one of their future growth impetuses. Starting from 2010, the State Tobacco Monopoly Administration (中國國家煙草專賣局) (the "STMA") announced the "532" and "461" plans to further the consolidation process and enhance the business scale of top-tier cigarette brands. Being an approved supplier of these key cigarette brands, the Group is well-positioned to maintain and expand its business as a result of the consolidation of the cigarette industry in the PRC.

Business Review

Business Performance

The Group is principally engaged in the design, printing and sale of cigarette packages in the PRC. Products of the Group mainly include paper cigarette packages for four cigarette brands, two of which are among the 30 key cigarette brands across the national market (重點骨幹卷煙品牌) identified by the STMA in 2008. Products of the Group are primarily sold to provincial tobacco industrial companies (省級中煙工業公司) which are state-owned cigarette manufacturers in the PRC. Four of the sixteen state-owned provincial tobacco industrial companies in the PRC were the major customers of the Group and all of the Group's sales were made to customers in the PRC during the year ended 31 December 2013.

Sales and Marketing

During the year ended 31 December 2013, the Group employed 7 sales and marketing staff, who were primarily responsible for providing after-sales services to the Group's customers.

Production Capacity

During the year ended 31 December 2013, the Group carried out its cigarette package design and production activities solely at its production base located in Shenzhen, Guangdong Province, the PRC. For the year ended 31 December 2013, the production capacity of the Group was 300,000 cases per annum. Since 2012, the Group has commenced the construction of a new production base in Huizhou, Guangdong Province, the PRC (the "Huizhou Production Base"). The construction work and the relevant completion and acceptance procedures of phase I of the Huizhou Production Base, with a gross floor area of approximately 9,644.16 sq. m., have been completed by the first half year of 2013.

Quality Control

As at 31 December 2013, the Group had a total number of 105 quality control staff. The Group also imported a variety of quality control equipment from overseas to facilitate the quality control processes of the Group.

The Company was accredited with ISO9001:2008 by Universal Certification Service Co., Ltd. since 2009. The level of quality control of the Group is widely recoganised by our customers.

Financial Performance

Revenue

For the year ended 31 December 2013, the Group's revenue was approximately RMB171.8 million, which represented a decrease of approximately RMB11.6 million or 6.3% as compared with the same period in 2012.

The following table sets forth the breakdown of the Group's revenue for the year ended 31 December 2013 and 2012:

Cigarette brand

	For the year ended 31 December			
	2013		2012	
	RMB'000	***%***	*RMB'000*	*%*
Cigarette brand A	**116,163**	**67.6%**	123,477	67.3%
Cigarette brand B	**36,671**	**21.3%**	22,436	12.2%
Cigarette brand C	**7,309**	**4.3%**	25,067	13.7%
Cigarette brand D	**8,590**	**5.0%**	8,542	4.7%
Others	**3,046**	**1.8%**	3,825	2.1%
	171,779		183,347	

Revenue from Cigarette Brand A was approximately RMB116.2 million for the year ended 31 December 2013, representing approximately 67.6% of the total revenue which remained stable as compared with the year ended 31 December 2012. Revenue from Cigarette Brand B increased from approximately RMB22.4 million for the year ended 31 December 2012 to approximately RMB36.7 million for the year ended 31 December 2013. The increase was due to more orders for cigarette packages of Cigarette brand B were placed to the Group during the year ended 31 December 2013. Revenue from Cigarette Brand C decreased from approximately RMB25.1 million for the year ended 31 December 2012 to approximately RMB7.3 million for the year ended 31 December 2013. The decrease was due to the change of production plans of the customer. Revenue from Cigarette Brand D remained stable at approximately RMB8.6 million for the year ended 31 December 2013 as compared with approximately RMB8.5 million for the year ended 31 December 2012.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit of approximately RMB67.1 million for the year ended 31 December 2013, which was roughly equivalent to the gross profit recorded in year ended 31 December 2012. The overall gross profit margin increased by 2.5 percentage points from 36.6% for the year ended 31 December 2012 to 39.1% for the year ended 31 December 2013. The increase in gross profit margin of the Group was mainly because the Group actively enhanced the quality control measures to reduce the possibility of producing defective products, which lowered the production cost and thus increased the gross profit margin.

Other Income and Gains

Other income and gains mainly referred to income from sale of packaging materials, interest income and government grants. For the year ended 31 December 2013, other income and gains increased by approximately RMB0.9 million to approximately RMB1.2 million as compared with the same period in 2012. The increase of such relevant income was mainly attributable to the receipt of government grants amounting to RMB850,000 in support of Shenzhen Oceania Printing Company Limited ("Shenzhen Oceania"), an indirect wholly-owned subsidiary of the Company.

Selling and Distribution Expenses

Selling and distribution expenses of the Group increased by approximately RMB0.9 million or 29.0% from approximately RMB3.1 million for the year ended 31 December 2012 to approximately RMB4.0 million for the year ended 31 December 2013. The increase of the Group's selling and distribution expenses was mainly attributable to the increase of delivery expenses, travelling expenses and staff costs.

Administrative Expenses

Administrative expenses of the Group increased by approximately RMB5.7 million or 57.6% from approximately RMB9.9 million for the year ended 31 December 2012 to approximately RMB15.6 million for the year ended 31 December 2013. The increase of administrative expenses of the Group was mainly attributable to the increase in the Company's regulatory expenses, staff costs, utilities expenses, legal and professional fees and loss in foreign exchange.

Listing Expenses

The listing expenses of the Group increased by approximately RMB8.2 million or 372.7% from approximately RMB2.2 million for the ended 31 December 2012 to approximately RMB10.4 million for the year ended 31 December 2013, which were primarily professional fees in connection with the Listing.

Finance Costs

Finance costs increased by approximately RMB0.6 million or 42.9% to approximately RMB2.0 million for the year ended 31 December 2013 from approximately RMB1.4 million for the year ended 31 December 2012. The increase of finance costs was due to the increase of interest rate of the Group's bank loan during the year ended 31 December 2013. No interest was capitalised during the year ended 31 December 2013 (2012: Nil).

Taxation

The Group's income tax slightly decreased by approximately RMB0.2 million from approximately RMB15.2 million for the year ended 31 December 2012 to approximately RMB15.0 million for the year ended 31 December 2013.

The effective tax rate of the Group was approximately 41.4% for the year ended 31 December 2013, which increased by approximately 11.4 percentage points when compared with approximately 30.0% for year ended 31 December 2012. The increase was attributable to the decrease in profit before taxation of the Group for the year ended 31 December 2013 as profit before taxation of Shenzhen Oceania was off-set by losses incurred by other companies within the Group which have not yet commenced generating assessable profits.

Profit and Total Comprehensive Income Attributable to Owners of the Company

As a result of the foregoing, profit and total comprehensive income attributable to owners of the Company decreased by approximately 31.6% from approximately RMB31.0 million for the year ended 31 December 2012 to approximately RMB21.2 million for the year ended 31 December 2013.

Liquidity and Financial Resources

The Group recorded net current assets of approximately RMB122.0 million as at 31 December 2013, while the net current assets as at 31 December 2012 was approximately RMB49.6 million. The Group maintained a stable and healthy liquidity position during the year ended 31 December 2013. With the net proceeds of approximately RMB42.0 million raised from the Listing, the Group further strengthened its net current assets position. It is reasonable to foresee that the Group will have sufficient resources to repay its liabilities and commitments when they are due and the Group is able to sustain the existing business operation in the foreseeable future, having considered the cash position of the Group and that the Group has unutilised bank borrowing facilities of approximately RMB22.5 million as at 31 December 2013. The Group recorded current liabilities of approximately RMB108.7 million as at 31 December 2013 (2012: approximately RMB107.3 million).

As at 31 December 2013, the cash and cash equivalents of the Group amounted to approximately RMB102.1 million denominated in Hong Kong Dollars (“HK$”) and RMB, while this amount was approximately RMB30.9 million as at 31 December 2012. Such increase was mainly due to the net proceeds received from Listing.

For the year ended 31 December 2013, the Group’s net cash inflow from operating activities, net cash outflow used in investment activities and net cash inflow from financing activities amounted to approximately RMB46.0 million, RMB17.9 million and RMB43.6 million respectively. For the year ended 31 December 2012, the Group’s net cash inflow from operating activities, net cash outflow used in investment activities and net cash outflow used in financing activities amounted to approximately RMB48.7 million, RMB17.2 million and RMB27.2 million respectively.

Borrowings and Gearing Ratio

The total interest-bearing borrowings of the Group as at 31 December 2013 were RMB24.0 million (2012: RMB29.6 million) which were denominated in RMB with effective interest rate of 7.80% (2012: 6.94%) and repayable within one year. The Group’s gearing ratio (defined as total bank borrowings divided by the sum of total bank borrowings and total equity at end of the year multiplied by 100%) decreased from approximately 19.8% as at 31 December 2012 to approximately 10.9% as at 31 December 2013. The decrease of gearing ratio was mainly due to the increase in total equity of the Group.

Capital Expenditure

The Group’s total capital expenditure amounted to approximately RMB12.1 million for the year ended 31 December 2013, which were mainly attributable to the construction of the Huizhou Production Base and purchase of plant and machinery.

Capital Commitments

As at 31 December 2013, the Group had capital commitments of approximately RMB0.7 million (2012: approximately RMB7.2 million), for acquisition of property, plant and equipment and construction of the Huizhou Production Base.

Charge on Assets

As at 31 December 2013, the Group had pledged bank deposits of approximately RMB13.8 million (2012: Nil) to a bank in the PRC to secure banking facilities granted to the Group.

Significant Investments, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

In preparation for the Listing, the Company undertook the corporate reorganisation, the details of which were set out in the section headed "History, corporate reorganisation and group structure" in the Prospectus. On 24 May 2013, the Company completed the corporate reorganisation, pursuant to which the Company became the ultimate holding company of the Group.

Save as disclosed herein, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company during the year ended 31 December 2013.

Contingent Liabilities

As at 31 December 2013, the Group did not have any significant contingent liabilities (2012: Nil).

Foreign Exchange Risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Group, and the major receivables and payables are denominated in RMB. The Group's exposure to foreign currency risk related primarily to certain bank balances and cash, other receivables and other payables maintained in Hong Kong Dollars. The Group did not use derivative financial instruments to hedge against the volatility associated with foreign currency transactions and other financial assets and liabilities arising in the ordinary course of business during the year ended 31 December 2013.

Human Resources and Remuneration

As at 31 December 2013, the Group employed a total of 272 employees (2012: 298 employees) with total staff cost (including staff welfare expenses but excluding Directors' remuneration) amounted to approximately RMB14.5 million for the year ended 31 December 2013 (2012: approximately RMB12.5 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

The Company has adopted a share option scheme on 11 June 2013 as incentive to the Directors and eligible employees.

Future Outlook

Looking forward, the Group will spare no efforts to reinforce its position in the cigarette packaging industry of Jiangxi Province, the PRC, expand the sales network, diversify product mix and continue the construction work of the Huizhou Production Base, thus enhancing its competitive advantages in the long-term and maximizing the shareholders' value.

In order to expand business and increase income, the Group endeavors to leverage its existing approved supplier status to expand its product portfolio to other cigarette brands or sub-brands manufactured by the Group's existing customers. The Group intends to develop new business with existing customers for the supply of cigarette packages for more brands which the Group has not previously produced for. To cope with this business strategy, the Group proposes to set up sales offices in the cities where the Group's major customers are located (i.e. Nanchang, Jiangxi Province, Kunming, Yunnan Province, Wuhan, Hubei Province and Chengdu, Xichuan Province).

On the other hand, the Group is actively looking for opportunities to expand its product portfolio to paper packages for other products, such as medicine, wine, tea or other luxury goods, and paper cups, to fully utilize its specialized expertise and production capacity and thus increase our source of income.

FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has proposed a final dividend of HK6 cents per share (2012: Nil) for the year ended 31 December 2013. Subject to the approval by the shareholders of the Company at the forthcoming annual general meeting of the Company for the year ended 31 December 2013 (the "AGM"). If the resolution for the proposed final dividend is passed at the AGM, such dividend will be payable on or about 27 June 2014 to the shareholders of the Company whose names appear on the register of members on 13 June 2014.

For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed from Wednesday, 11 June 2014 to Friday, 13 June 2014, both days inclusive. The record date will be Friday, 13 June 2014. All transfers accompanied by the relevant share certificates must be lodged with Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 10 June 2014.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES

The shares of the Company were listed on the Main Board of the Stock Exchange on 5 July 2013 (the "Listing Date"). As the shares of the Company has not yet been listed on the Stock Exchange before the Listing Date, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities before the Listing Date during the year ended 31 December 2013.

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company throughout the period from the Listing Date up to 31 December 2013.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Group is committed to maintaining high standards of corporate governance practices to enhance shareholders value and safeguard shareholders' interests. The Group's corporate governance principles emphasize the importance of a quality Board, effective internal controls and accountability to all the shareholders of the Company. In the opinion of the Directors, the Company has complied with all the applicable code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the period from the Listing Date to 31 December 2013. The Company reviews its corporate governance practices regularly to ensure compliance with the CG Code.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the standard for securities transactions by Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code and its code of conduct regarding Directors' securities transactions from the Listing Date up to the date of this announcement.

REVIEW OF ANNUAL RESULTS

The Group's audited annual results for the year ended 31 December 2013 have been reviewed by the audit committee of the Company, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the Listing Rules and that adequate disclosures have been made.

AGM AND CLOSURE OF REGISTER OF MEMBERS

The AGM is scheduled to be held on Thursday, 5 June 2014. A notice convening the AGM will be issued and disseminated to shareholders of the Company in due course.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 3 June 2014 to Thursday, 5 June 2014, both days inclusive. In order to qualify for the right to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Friday, 30 May 2014.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2013 as set out in this announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this announcement.

ACKNOWLEDGEMENT

The chairman of the Board would like to thank the Board, the management and all of our staff for their hard work and dedication, as well as our the shareholders of the Company for their support to the Group.

On behalf of the Board
Jin Cai Holdings Company Limited
HUANG Li
Chairman

Hong Kong, 28 March 2014

As at the date of this announcement, the Board comprises six Directors, namely Ms. Huang Li and Mr. Zheng Hua as executive Directors; Mr. Huang Chao as non-executive Director; Mr. Zeng Shiquan, Mr. Tam Tak Kei Raymond and Professor Lam Sing Kwong Simon as independent non-executive Directors.