Jin Cai Holdings Company Limited
金 彩 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1250

Interim Report 2013

Contents

Financial Highlights

The shares of Jin Cai Holdings Company Limited (the "Company") were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 5 July 2013.

The board of directors (individually, a "Director", or collectively, the "Board") of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2013 together with the comparative figures for the corresponding period in 2012.

- Revenue for the six months ended 30 June 2013 decreased by approximately 1.2% to approximately RMB69.1 million as compared with the same period in 2012.
- Gross profit for the six months ended 30 June 2013 increased by approximately 3.5% to approximately RMB26.7 million as compared with the same period in 2012.
- Gross profit margin for the six months ended 30 June 2013 increased by approximately 1.7 percentage points to approximately 38.6% as compared with the same period in 2012.
- Profit and total comprehensive income attributable to owners of the Company decreased by approximately 30.8% from approximately RMB11.5 million for the six months ended 30 June 2012 to approximately RMB8.0 million for the six months ended 30 June 2013.
- Total trade and bill receivables turnover days increased from approximately 178.1 days for the year ended 31 December 2012 to approximately 229.3 days for the six months ended 30 June 2013.
- Trade payables turnover days increased from approximately 147.2 days for the year ended 31 December 2012 to approximately 188.2 days for the six months ended 30 June 2013.
- Average inventories turnover days decreased from approximately 53.3 days for the year ended 31 December 2012 to approximately 38.4 days for the six months ended 30 June 2013.

Notes:

(i) Total trade and bills receivables turnover days were derived from dividing the average of the opening and ending balances of total trade and bills receivables of the Group for the year/period by the revenue for the year/period and multiplied by the number of days for the year/period (366 days for the year ended 31 December 2012 and 181 days for six months ended 30 June 2013).

(ii) Trade payables turnover days were derived from dividing the average of the opening and ending balances of total trade and bills payables of the Group for the year/period by the cost of sales for the year/period and multiplied by the number of days for the year/period (366 days for the year ended 31 December 2012 and 181 days for six months ended 30 June 2013).

(iii) Average inventories turnover days were derived from dividing the average of the opening and ending balances of inventories of the Group for the year/period by the cost of sales for the year/period and multiplied by the number of days for the year/period (366 days for the year ended 31 December 2012 and 181 days for six months ended 30 June 2013).

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Huang Li
Mr. Zheng Hua

Non-executive Director

Mr. Huang Chao

Independent non-executive Directors

Mr. Zeng Shiquan
Professor Lam Sing Kwong Simon
Mr. Tam Tak Kei Raymond

COMPANY SECRETARY

Ms. Lam Kit Yan FCPA

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No.21 Jianlong Street, Bao'an Community
Henggang Sub-district, Longgang District
Shenzhen City, Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2312, Tower One, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

AUDIT COMMITTEE

Mr. Tam Tak Kei Raymond *(Chairman)*
Mr. Huang Chao
Professor Lam Sing Kwong Simon

REMUNERATION COMMITTEE

Professor Lam Sing Kwong Simon *(Chairman)*
Mr. Huang Chao
Mr. Zeng Shiquan

NOMINATION COMMITTEE

Ms. Huang Li *(Chairman)*
Mr. Tam Tak Kei Raymond
Mr. Zeng Shiquan

CORPORATE WEBSITE ADDRESS

www.jincaiholding.com

AUTHORISED REPRESENTATIVES

Ms. Huang Li
Ms. Lam Kit Yan

COMPLIANCE ADVISER

First Shanghai Capital Limited
19th Floor
Wing On House
71 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKERS

Ping An Bank Company Ltd.
China Construction Bank Corporation
China Merchants Bank

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER AS TO HONG KONG LAWS

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

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants
35th Floor, One Pacific Place
88 Queensway
Hong Kong

Chairman's Statement

Dear shareholders:

On behalf of the Board of Jin Cai Holdings Company Limited and its subsidiaries, I present the first interim report of the Group since the listing of the shares of the Company on the Stock Exchange on 5 July, 2013 (the "Listing").

The Listing marked a major milestone for the Group. The net proceeds from the Listing amounted to approximately HK$52.4 million (without taking into account the listing expenses already incurred during the six months ended 30 June 2013). The Listing further strengthened the capital base of the Group and established a platform for the Group to expand our business. For the six month ended 30 June 2013, the Group's turnover amounted to approximately RMB69.1 million. The gross profit amounted to approximately RMB26.7 million, as compared with the same period in 2012, increased by approximately RMB0.9 million, while gross profit margin increased by 1.7 percentage points to approximately 38.6%. Mainly due to the impact of the one-off listing expenses incurred during the six months ended 30 June 2013, profits and total comprehensive income attributable to owners of the Company decreased by approximately RMB3.5 million to approximately RMB8.0 million from approximately RMB11.5 million for the same period in 2012. Basic earnings per share attributable to the owners of the Company was approximately RMB0.03 for the period. The Board did not recommend the payment of any interim dividend for the period under review.

The stable growth of the PRC's economy has secured the development of the cigarette industry. At the same time, the cigarette industry has benefited as a whole from the steady economic growth, increasing consumption expenditures, as well as the growing residents' purchasing power. With the substantial development of cigarette industry and our own advantages, the Group was able to achieve a solid result during the first half of 2013. During the period under review, the four largest customers of the Group were provincial tobacco industrial companies in the PRC and revenue from them aggregately represented approximately 97.9% of the total revenue of the Group.

In order to expand the Group's production capacity, the Group has commenced the construction of the Huizhou Production Base since 2012, which has three planned phases with an estimated aggregate gross floor area of approximately 60,658 sq.m. As at 30 June 2013, 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. Related relocation plans will be executed during the second to the third quarters of 2014. After the completion of the first phase of the relocation with the machinery being installed thereon, the total production capacity of the Group is expected to increase from approximately 300,000 cases to approximately 400,000 cases per annum. The construction of phase II of the Huizhou Production Base will be started in the fourth quarter of 2013. It is expected that the construction work of phase II of the Huizhou Production Base will take about one year.

Looking ahead, it is expected that the cigarette industry will continue to develop sustainably given the PRC's stable economic growth. In order to seize the market opportunities, the Group will continue to implement the business strategies as follows: 1. strengthen sales and marketing efforts to enhance relationship with existing customers and develop business with potential customers; 2. expand production capacity, and construct the Huizhou Production Base according to the scheduled timetable; 3. strategically explore value-enhancing vertical integration opportunities, such as the expansion of operation to cover the manufacture of transfer paper; 4. diversify product mix and expand its product portfolio to paper packages for products such as medicine, wine, tea or other luxury goods, and paper cups; 5. continue to enhance design and development capabilities. We have full confidence on the future development of the Group, and believe in that the Group will accomplish splendid results in the future.

On behalf of the Board, I present sincere thanks to all the shareholders, investors and clients' continuous supports. Our management team and all staff members will persist in striving for better results for the Group and bringing munificent returns to our shareholders.

HUANG LI
Chairman

Hong Kong, 28 August 2013

Management Discussion and Analysis

INDUSTRY REVIEW

The economy in the PRC continued to grow steadily in the first half of 2013. Good economic development together with increasing consumer expenditure and smoker population brought higher market demand on cigarette, thus further enhanced the development of the cigarette packaging industry. According to the October 2012 edition of the World Economic Outlook published by the International Monetary Fund, the real gross domestic product of the PRC was projected to expand at a compound annual growth rate of approximately 8.5% from 2012 to 2016. On the other hand, the PRC had the largest smoking population in the world, accounting for over one-third of the global smoking population in 2012. The PRC was also the largest cigarette manufacturer, which accounted for over 40% of the global production volume in 2012.

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

The Group is principally engaged in the design, printing and sale of cigarette packages in the PRC with a leading position in Jiangxi Province, 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 period under review.

During the period under review, 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 six months ended 30 June 2013, the production capacity of the Group was approximately 300,000 cases of cigarette packages per year. Since 2012, the Group has commenced the construction of a new production base in Huizhou, Guangdong Province, the PRC (the "Huizhou Production Base"). As at 30 June 2013, 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 square meters have been completed.

The Group places strong emphasis on the quality of its products. As at 30 June 2013, the Group had a total number of 113 quality control staff and the Group has also imported a variety of quality control equipment from overseas to facilitate the quality control processes of the Group. The level of quality control is widely recognized and Universal Certification Service Co., Ltd. has accredited 深圳大洋洲印務有限公司 Shenzhen Oceania Printing Company Limited ("Shenzhen Oceania"), a wholly-owned subsidiary of the Company, with ISO9001:2008 since 2009.

FINANCIAL PERFORMANCE

Revenue

For the six months ended 30 June 2013, the Group's revenue was approximately RMB69.1 million, which represented a decrease of approximately RMB0.8 million or 1.2% as compared with the same period in 2012.

The following table sets forth the breakdown of the Group's revenue for the six months ended 30 June 2013 and 2012:

Cigarette brand	Six months ended 30 June			
	2013 (unaudited) RMB'000	**%**	2012 (unaudited) RMB'000	%
Cigarette Brand A	**47,621**	**68.9%**	49,119	70.3%
Cigarette Brand B	**10,622**	**15.4%**	7,676	11.0%
Cigarette Brand C	**3,999**	**5.8%**	7,643	10.9%
Cigarette Brand D	**5,410**	**7.8%**	2,917	4.2%
Others	**1,416**	**2.1%**	2,548	3.6%
	69,068		69,903	

Note: Cigarette Brand A, B, C and D are cigarette brands manufactured by four of the Group's provincial tobacco industrial company customers respectively.

Revenue from Cigarette Brand A was approximately RMB47.6 million for the six months ended 30 June 2013, representing approximately 68.9% of the total revenue which remained stable as compared with the six months ended 30 June 2012. Revenue from Cigarette Brand B increased from approximately RMB7.7 million for the six months ended 30 June 2012 to approximately RMB10.6 million for the six months ended 30 June 2013. The increase was due to relatively less sales orders placed during the six months ended 30 June 2012 as the customer gradually outsourced the manufacturing of a sub-brand of Cigarette Brand B to external parties and the procurement of relevant package products for such sub-brand was reduced accordingly. Revenue from Cigarette Brand C decreased from approximately RMB7.6 million for the six months ended 30 June 2012 to approximately RMB4.0 million for the six months ended 30 June 2013. The decrease was resulted from the change of production plans of the customer. Revenue from Cigarette Brand D recorded a growth of approximately 85.5% from approximately RMB2.9 million for the six months ended 30 June 2012 to approximately RMB5.4 million for the six month ended 30 June 2013 as a result of increase in sales orders.

Gross profit and gross profit margin

Gross profit of the Group increased by approximately 3.5% from approximately RMB25.8 million for the six months ended 30 June 2012 to approximately RMB26.7 million for the six months ended 30 June 2013. The Group's gross profit margin was approximately 38.6% for the six months ended 30 June 2013, representing an increase of approximately 1.7 percentage points when compared to 36.9% for the same period in 2012. The increase in gross profit margin of the Group was mainly attributable to the change in product mix where the Group sold a higher proportion of products with higher gross profit margin during the six months ended 30 June 2013.

Other income and gains

Other income and gains mainly referred to gains from sale of scrap materials, interest income and government grants. For the six months ended 30 June 2013, such income increased by approximately RMB541,000 to approximately RMB694,000 as compared with the same period in 2012. The increase in other income and gains of the Group was mainly attributable to a government grant of RMB600,000 obtained by Shenzhen Oceania.

Selling and distribution expenses

Selling and distribution expenses of the Group increased by approximately RMB0.2 million or 14.0% from approximately RMB1.6 million for the six months ended 30 June 2012 to approximately RMB1.8 million for the six months ended 30 June 2013. The increase in selling and distribution expenses of the Group was mainly attributable to the increase in travelling expenses.

Administrative expenses

Administrative expenses of the Group increased by approximately RMB1.5 million or approximately 36.3% from approximately RMB4.0 million for the six months ended 30 June 2012 to approximately RMB5.5 million for the six months ended 30 June 2013. The increase was primarily attributable to the increase in (i) staff costs; (ii) operating expenses such as rental and utilities incurred by non-PRC subsidiaries of the Group; and (iii) the maintaining expenses such as utilities and security incurred by the Huizhou Production Base.

Listing expenses

During the six months ended 30 June 2013, the Group incurred listing expenses of approximately RMB5.6 million, which were primarily professional fees in connection with the Listing. There were no such fees during the six months ended 30 June 2012.

Finance costs

Finance costs of the Group increased from approximately RMB473,000 for the six months ended 30 June 2012 to approximately RMB884,000 for the six months ended 30 June 2013. The increase was the result of the increase in bank borrowings of the Group during the period under review.

Taxation

The Group's income tax increased by approximately RMB0.5 million from approximately RMB5.1 million for the six months ended 30 June 2012 to approximately RMB5.6 million for the six months ended 30 June 2013. The increase in income tax of the Group was mainly due to the inclusion of deferred tax on undistributed earnings of Shenzhen Oceania. The effective tax rate of the Group was approximately 41.2% for the six months ended 30 June 2013, which increased by approximately 15.7 percentage points when compared with approximately 25.5% for the six months ended 30 June 2012. The increase was attributable to the decrease in profit before taxation of the Group for the six month ended 30 June 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 30.8% from approximately RMB11.5 million for the six months ended 30 June 2012 to approximately RMB8.0 million for the six months ended 30 June 2013.

LIQUIDITY AND FINANCIAL RESOURCES

The Group recorded net current assets of approximately RMB60.0 million as at 30 June 2013, compared with net current assets of approximately RMB50.0 million as at 31 December 2012. The Group maintained a healthy liquidity position during the period under review. With the subsequent successful listing of the shares of the Company on the Main Board of the Stock Exchange which raised a net proceeds of approximately HK$52.4 million in July 2013 (without taking into account the listing expenses already incurred during the six months ended 30 June 2013), the Group further strengthened its net current assets position. The Group's operations were principally financed by internal resources and bank borrowings during the period under review.

As at 30 June 2013, the cash and cash equivalents of the Group amounted to approximately RMB58.7 million, compared with approximately RMB30.9 million as at 31 December 2012. Such increase was mainly due to the cash inflow from operating activities.

For the six months ended 30 June 2013, the Group's net cash from operating activities, net cash from investment activities and net cash from financing activities amounted to approximately RMB22.4 million, RMB2.9 million and RMB2.6 million respectively. For the six months ended 30 June 2012, the Group's net cash from operating activities, net cash used in investment activities and net cash used in financing activities amounted to approximately RMB9.5 million, RMB2.1 million and RMB0.7 million respectively.

Borrowings and gearing ratio

Total interest-bearing borrowings of the Group as at 30 June 2013 were RMB30 million, which were repayable within one year. The Group's gearing ratio, derived by dividing total amount of debt by the sum of total debt and total equity as at the end of the year/period and multiplied by 100%, decreased from approximately 19.8% as at 31 December 2012 to approximately 18.3% as at 30 June 2013. The decrease in gearing ratio was due to the increase in total equity of the Group. As at 30 June 2013, the Group had unutilised banking facilities of RMB50.0 million.

Capital expenditure

During the six months ended 30 June 2013, the Group's total capital expenditure amounted to approximately RMB7.7 million (six months ended 30 June 2012: approximately RMB4.2 million), which was mainly used in the construction of the Huizhou Production Base.

Charge on assets

As at 30 June 2013, no assets were pledged to banks in respect of banking facilities granted to the Group (31 December 2012: Nil).

Material acquisitions

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

Contingent liabilities

As at 30 June 2013, the Group did not have any significant contingent liabilities (31 December 2012: Nil).

HUMAN RESOURCES AND REMUNERATION

As at 30 June 2013, the Group employed 290 employees (as compared with 273 employees as at 30 June 2012) with total staff cost of approximately RMB7.7 million incurred for the six months ended 30 June 2013 (as compared with approximately RMB6.2 million for the same period of 2012). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

FUTURE OUTLOOK

Looking forward, the Group will maximize its shareholders' value by enhancing its leading position in the cigarette packaging industry in existing markets and explore business opportunities with potential customers by expanding sales network, diversifying product mix and continuing the construction work of the Huizhou Production Base.

In order to expand business, the Group endeavours 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. For example, the Group intends to develop new business with a subsidiary of a major customer of the Group for the supply of cigarette packages for more brands which the Group has not previously produced. To cope with such business strategy, the Group proposes to set up sales offices in the cities where our major customers are located.

On the other hand, the Group is actively looking for opportunities to expand its product portfolio to paper packages for 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.

The Directors intend to apply the net proceeds from the Listing to finance the Group's capital expenditure and business expansion, strengthen its capital base and improve the overall financial position of the Group. The Directors intend to apply such net proceeds from the Listing in (i) procurement and installation of additional equipment and machinery at phase I of the Huizhou Production Base and reserve for the construction of phase II of the Huizhou Production Base which is expected to commence in the fourth quarter of 2013; (ii) the expansion of the sales and marketing network of the Group; (iii) the enhancement of the design and development capabilities of the Group; (iv) potential vertical integration; and (v) general working capital purposes.

SUBSEQUENT EVENT

The shares of the Company were listed on the Main Board of the Stock Exchange on 5 July 2013, under which a total of 80,000,000 shares were issued at the offer price of HK$0.82 per share.

INTERIM DIVIDEND

The Directors proposed not to declare any interim dividend for the six months ended 30 June 2013.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF THE ASSOCIATED CORPORATIONS

As the shares of the Company were not listed on the Stock Exchange as at 30 June 2013, Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (the "SFO") and section 352 of the SFO were not applicable to the Directors as at 30 June 2013.

As at 5 July 2013, being the date (the "Listing Date") on which the shares of the Company were listed on the Main Board of the Stock Exchange, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company or any of the associated corporations (within the meaning of Part XV of the SFO) which required notification to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange, in each case once the shares of the Company are listed on the Stock Exchange, were as follows:

(i) Long positions in the shares of the Company

Name of Director	Capacity/Nature	No. of shares held	Percentage of interest
Ms. Huang Li[(1)]	Interest of controlled corporation	240,000,000	75%

(ii) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Capacity/Nature	No. of shares held	Percentage of interest
Ms. Huang Li[(1)]	Ocean Ahead International Limited ("Ocean Ahead")	Beneficial owner	100	100%

Note:

(1) Ms. Huang Li beneficially owns the entire issued share capital of Ocean Ahead. Therefore, Ms. Huang Li is deemed or taken to be interested in all the shares of the Company held by Ocean Ahead for the purposes of the SFO. Ms. Huang Li is the sole director of Ocean Ahead.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as is known to the Directors, as at the Listing Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in shares or underlying shares of the Company which fell to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Long positions in the shares of the Company

Name of shareholder	Capacity/Nature	No. of shares held	Percentage of shareholding
Ocean Ahead	Beneficial owner	240,000,000	75%

Save as disclosed above, as at the Listing Date, the Company had not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which fell to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SHARE OPTION SCHEMES

The Company adopted a share option scheme (the "Share Option Scheme") on 11 June 2013. No options were granted, exercised, cancelled or lapsed and there were no outstanding options under the Share Option Scheme from the date of its adoption to the date of this report. A summary of the principal terms and conditions of the Share Option Scheme is set out in Appendix V to the prospectus of the Company dated 24 June 2013.

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

The shares of the Company were listed on the Main Board of the Stock Exchange on 5 July 2013. As the shares of the Company had not yet been listed on the Stock Exchange as at 30 June 2013, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities after the Listing Date and up to the date of this report.

AMENDMENT TO THE TERMS OF REFERENCE OF NOMINATION COMMITTEE

The terms of reference of the nomination committee of the Company was amended on 28 August 2013 to include the review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy as one of its duty.

CORPORATE GOVERNANCE CODE

As the Company was listed on 5 July 2013, the Company was not required to comply with the requirements under the code provisions set out in Appendix 14 – Corporate Governance Code (the "Code") to the Listing Rules or the continuing obligations requirements of a listed issuer pursuant to the Listing Rules for the six months ended 30 June 2013. Having said that, the Directors consider that since the Listing Date and up to the date of this report, the Company has complied with all the applicable code provisions set out in the Code.

UPDATE ON DIRECTOR'S INFORMATION

Mr. Tam Tak Kei Raymond, an independent non-executive Director, has resigned as an independent non-executive director of Sun Innovation Holdings Limited, shares of which are listed on the Main Board of the Stock Exchange (stock code: 00547), with effect from 9 August 2013.

Save for the information disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the disclosure made in the prospectus of the Company dated 24 June 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the code of conduct and the required standard set out in the Model Code regarding directors' securities transactions from the Listing Date up to the date of this report.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Company has an audit committee (the "Audit Committee") with terms of reference aligned with the provision of the Code as set out in Appendix 14 to the Listing Rules for the purpose of reviewing and providing supervision on the financial reporting process and internal controls of the Group. The Audit Committee comprises three members, Mr. Huang Chao, a non-executive Director; Mr. Tam Tak Kei Raymond and Professor Lam Sing Kwong Simon, each an independent non-executive Director.

The interim financial results of the Group for the six months ended 30 June 2013 is unaudited but have been reviewed by the Audit Committee, 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. The audit committee has also reviewed this report.

The results for the current interim period have been reviewed by our auditor, Messrs. Deloitte Touche Tohmatsu, Certified Public Accountants in Hong Kong, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Report on Review of Condensed Consolidated Financial Statements

Deloitte.
德勤

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF JIN CAI HOLDINGS COMPANY LIMITED
金彩控股有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the condensed consolidated financial statements of Jin Cai Holdings Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 14 to 28, which comprise the condensed consolidated statement of financial position as of 30 June 2013, and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 30 June 2012 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 August 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2013

		Six months ended 30 June	
	NOTES	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Revenue	4	**69,068**	69,903
Cost of sales		**(42,406)**	(44,145)
Gross profit		**26,662**	25,758
Other income and gains		**694**	153
Selling and distribution expenses		**(1,800)**	(1,579)
Administrative expenses		**(5,489)**	(4,027)
Listing expenses		**(5,609)**	–
Finance costs		**(884)**	(473)
Profit before taxation		**13,574**	19,832
Taxation	5	**(5,591)**	(5,058)
Profit and total comprehensive income for the period	6	**7,983**	14,774
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**7,983**	11,539
Non-controlling interests		**–**	3,235
		7,983	14,774
Earnings per share			
— Basic (RMB)	8	**0.03**	0.05

Condensed Consolidated Statement of Financial Position

As at 30 June 2013

	NOTES	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Non-current assets			
Property, plant and equipment	9	**58,050**	53,261
Prepaid lease payments		**18,202**	18,408
		76,252	71,669
Current assets			
Inventories		**7,682**	10,293
Prepaid lease payments		**411**	411
Trade and bills receivables	10	**66,237**	108,784
Other receivables, deposits and prepayments		**2,491**	2,440
Amounts due from directors	11	**–**	223
Amount due from a former non-controlling shareholder of a subsidiary	12	**–**	3,842
Bank balances and cash		**58,722**	30,850
		135,543	156,843
Current liabilities			
Trade payables	13	**29,180**	58,999
Other payables and accruals		**13,589**	8,827
Amount due to a director	11	**–**	2,397
Tax payable		**2,818**	7,450
Bank borrowings	14	**30,000**	29,600
		75,587	107,273
Net current assets		**59,956**	49,570
Total assets less current liabilities		**136,208**	121,239
Non-current liability			
Deferred taxation		**2,305**	1,576
		133,903	119,663
Capital and reserves			
Share capital	15	**–**	–
Reserves		**133,903**	119,663
		133,903	119,663

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

	Attributable to owners of the Company						
	Share capital RMB'000	Statutory surplus reserve RMB'000 (Note a)	Special reserves RMB'000 (Note b)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2012	48,000	24,385	39	24,471	96,895	25,757	122,652
Profit and total comprehensive income for the period	–	–	–	11,539	11,539	3,235	14,774
At 30 June 2012 (unaudited)	48,000	24,385	39	36,010	108,434	28,992	137,426
At 1 January 2013	–	24,385	70,254	25,024	119,663	–	119,663
Profit and total comprehensive income for the period	–	–	–	7,983	7,983	–	7,983
Deemed contribution from Controlling Shareholder	–	–	6,257	–	6,257	–	6,257
At 30 June 2013 (unaudited)	–	24,385	76,511	33,007	133,903	–	133,903

Notes:

a. As stipulated by the relevant laws and regulations for enterprises in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve fund. Appropriation to such reserve is made out of profit after taxation as reflected in the statutory financial statements of the relevant PRC subsidiaries while the amounts and allocation basis are decided by their board of directors annually. The appropriation to statutory surplus reserve may cease if the balance of the statutory surplus reserve has reached 50% of the relevant PRC subsidiaries' registered capital. The statutory reserves can be used to make up prior year losses, if any, and can be applied in conversion into capital by means of capitalisation issue.

b. Special reserves comprise of:

(i) an amount of RMB39,000, being the difference between the paid-in capital of a subsidiary, 深圳大洋洲印務有限公司 Shenzhen Oceania Printing Company Limited ("Shenzhen Oceania"), and the fair value of the property, plant and equipment invested to Shenzhen Oceania by Asia Modern (Hong Kong) International Limited on 22 November 2000;

(ii) an amount of RMB48,000,000 represented the paid-in capital of Shenzhen Oceania which has been transferred to special reserve as part of the corporate reorganisation;

(iii) an amount of RMB3,645,000, being the difference between the carrying amount of the share of net assets acquired and the consideration of RMB18,570,000 in respect of the acquisition of additional interests in subsidiaries on 23 August 2012. The consideration of RMB18,570,000 was treated as deemed contribution from the controlling shareholder; and

(iv) an amount of RMB6,257,000 represented the amount due to a director, who is also the Controlling Shareholder (defined in note 1), being waived by the Controlling Shareholder during the six months ended 30 June 2013. The waiver was accounted for as deemed contribution from the Controlling Shareholder.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH FROM OPERATING ACTIVITIES	**22,367**	9,504
NET CASH FROM (USED IN) INVESTING ACTIVITIES		
Interest received	**61**	101
Deposits paid for and purchase of property, plant and equipment	**(1,226)**	(1,512)
Advance to directors	**(518)**	(800)
Repayment from directors	**741**	82
Repayment from a former non-controlling shareholder of a subsidiary	**3,842**	–
	2,900	(2,129)
NET CASH FROM (USED IN) FINANCING ACTIVITIES		
Bank loans raised	**30,000**	19,800
Repayment of bank loans	**(29,600)**	(20,000)
Dividends paid to a former non-controlling shareholder of a subsidiary	**(771)**	–
Interest paid	**(884)**	(473)
Advance from a director	**35,133**	–
Repayment to a director	**(31,273)**	–
	2,605	(673)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**27,872**	6,702
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	**30,850**	26,517
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD REPRESENTING BANK BALANCES AND CASH	**58,722**	33,219

1. GENERAL

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 Tongfuyu Industrial Area, Jianlong, Henggang Town, Longgang District, Shenzhen, Guangdong Province, the People's Republic of China (the "PRC"). 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 Group resulting from the Corporate Reorganisation is regarded as a continuing entity. The condensed consolidated statement of financial position as of 31 December 2012, and the related condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the Group for the six months ended 30 June 2012 and 2013 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. Its ultimate controlling party is Ms. Huang Li (the "Controlling Shareholder").

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

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

Except as described below, the accounting policies and the methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's financial information for the year ended 31 December 2012 included in the Accountants' Report in Appendix I of the prospectus of the Company dated 24 June 2013.

In the current interim period, the Group has applied, for the first time, certain amendments to, interpretations, new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the current interim period.

3. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

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 other new and revised HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

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

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 their 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 condensed 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 condensed consolidated statement of profit or loss and other comprehensive income respectively. Accordingly, no analysis of this single reportable and operating segment is presented.

5. TAXATION

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB’000	RMB’000
PRC Enterprise Income Tax (“EIT”)		
Current tax	**4,862**	5,058
Deferred tax	**729**	–
	5,591	5,058

5. TAXATION *(Continued)*

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

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 six months ended 30 June 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%. Deferred taxation has been provided on undistributed earnings of all subsidiaries.

Deferred taxation is recognised in profit or loss for the period ended 30 June 2013 on temporary differences in relation to undistributed profits of subsidiaries.

6. PROFIT FOR THE PERIOD

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period has been arrived at after charging (crediting):		
Staff costs:		
Directors' emoluments	**164**	83
Other staff costs		
Salaries and other benefits	**6,418**	5,414
Retirement benefits scheme contribution	**1,092**	684
	7,674	6,181
Depreciation of property, plant and equipment	**2,930**	3,216
Release of prepaid lease payments	**206**	206
Operating lease rentals in respect of rented premises	**987**	864
Cost of inventories recognised as an expense	**41,618**	43,483
Recognition of write-down on obsolete inventories (included in cost of sales)	**62**	106
Interest income	**(61)**	(101)
Government grants (Note)	**(600)**	–

Note: Government grants represented subsidies from PRC governmental authorities which had no conditions or limitations attached.

7. DIVIDENDS

No dividends were paid, declared or proposed during the six months ended 30 June 2013 and 2012. The directors do not recommend the payment of an interim dividend.

8. EARNINGS PER SHARE

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

	Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Earnings:		
Profit for the period attributable to the owners of the Company for the purpose of basic earnings per share	**7,983**	11,539

	Number of shares Six months ended 30 June	
	2013	2012
	(Unaudited)	(Unaudited)
	'000	'000
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**240,000**	240,000

The weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2013 and 2012 has been retrospectively adjusted to reflect 1,000 shares in issue as at 30 June 2013 and 239,999,000 shares issued upon capitalisation on 5 July 2013 as disclosed in note 20.

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

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group purchased certain plant and machinery with an aggregate amount of approximately RMB169,000 (six months ended 30 June 2012: approximately RMB3,009,000).

In addition, during the current interim period, the Group paid approximately RMB7,550,000 for construction costs for a new manufacturing plant in the PRC in order to upgrade its manufacturing capabilities (six months ended 30 June 2012: approximately RMB1,202,000).

10. TRADE AND BILLS RECEIVABLES

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Trade receivables	**49,337**	57,784
Bills receivables	**16,900**	51,000
	66,237	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 90 to 180 days maturity period.

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

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
0 to 90 days	**25,730**	56,752
91 to 180 days	**23,599**	200
181 to 360 days	**8**	832
	49,337	57,784

10. TRADE AND BILLS RECEIVABLES *(Continued)*

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

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
0 to 90 days	**11,000**	51,000
91 to 180 days	**5,900**	–
	16,900	51,000

11. AMOUNTS DUE FROM DIRECTORS/AMOUNT DUE TO A DIRECTOR

The amounts due from (to) directors/a director were unsecured, non-interest bearing and were fully repaid during the current interim period.

12. AMOUNT DUE FROM A FORMER NON-CONTROLLING SHAREHOLDER OF A SUBSIDIARY

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
深圳焯威佳奇有限公司 Shenzhen Zhuo Wei Jia Qi Investment Company Limited	**–**	3,842

The amount at 31 December 2012 represented advance to a former non-controlling shareholder of a subsidiary which was non-trade, unsecured, non-interest bearing and was fully repaid during the current interim period.

13. TRADE PAYABLES

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

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
0 to 90 days	16,218	47,021
91 to 180 days	12,477	11,551
181 to 360 days	124	196
Over 360 days	361	231
	29,180	58,999

14. BANK BORROWINGS

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Bank borrowings — unsecured	30,000	29,600

The Group's floating-rate borrowings are subject to interest at 130% of RMB Benchmark Loan Rate issued by the People's Bank of China (2012: 110% of RMB Benchmark Loan Rate). The effective interest rates on the Group's borrowings were as follows:

	30 June 2013 (Unaudited)	31 December 2012 (Audited)
Floating-rate borrowings	6.97%	6.94%

15. SHARE CAPITAL

The share capital as at 31 December 2012 of the Group represented the combined issued and fully paid share capital of the Company and Meteor River Limited. Details of the movement of the share capital of the Company are as follow:

	Number of shares	Share capital HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 29 November 2012 (date of incorporation), 31 December 2012 and 30 June 2013	38,000,000	380
Issued and fully paid:		
At 29 November 2012 (date of incorporation) and at 31 December 2012	1	–
Issued pursuant to the Corporate Reorganisation on 24 May 2013	999	–
At 30 June 2013	1,000	–

	30 June 2013 RMB'000
Presented in the condensed consolidated statement of financial position as	–

16. SHARE-BASED PAYMENTS

Equity-settled share option scheme of the Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 11 June 2013 for the primary purpose of attracting and retaining the best available personnel, providing additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers ("Eligible Participants") of the Group and promoting the success of the business of the Group and will remain in force for a period of ten years commencing on the adoption date and shall expire at 10 June 2023. The board of directors of the Company may grant options to Eligible Participants to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. However, the total maximum number of the shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the Scheme and any other share option scheme of the Company must not exceed 30% of the issued share capital of the Company from time to time. Options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares as stated in the daily quotation sheets issued by the Stock Exchange at the date of the grant) in excess of HK$5 million, within any 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

Options granted must be taken up within 7 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. Options may be exercised at any time for a period determined by its directors which shall not be later than the day immediately preceding the tenth anniversary of the date of grant. The exercise price of the share options must be at least the highest of (i) the nominal value of an ordinary share on the date of grant; (ii) the closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange on the date of the offer of the share options; and (iii) the average closing price of the Company's shares as stated in the daily quotations sheet of the Stock Exchange for the five trading days immediately preceding the date of the offer.

For the six months ended 30 June 2013, no share options had been granted and the Company had no share options outstanding at 30 June 2013.

17. RELATED PARTY DISCLOSURES

(a) Details of the outstanding balances with related parties are set out in the condensed consolidated statement of financial position and in notes 11 and 12.

(b) On 31 December 2012, Ms. Huang Li, the Controlling Shareholder, provided guarantees to the bank borrowings facilities of the Group and also provided guarantees to banks for granting unsecured loans to the Group of RMB29,600,000. In May 2013, the Group early repaid all outstanding bank borrowings and the guarantees were released accordingly.

(c) **Compensation of key management personnel**

The remuneration of key management personnel which represent the directors of the Company and key executives of the Group during the current interim period were as follows:

	Six months ended 30 June	
	2013 (Unaudited) RMB'000	2012 (Unaudited) RMB'000
Salaries and other benefits	**423**	280
Retirement benefit schemes contributions	**64**	32
	487	312

The remuneration of director and key executives is determined having regard to the performance of individuals and market trends.

18. CAPITAL COMMITMENTS

At the end of reporting period, the Group had outstanding capital commitments:

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the condensed consolidated financial statements	**387**	7,196

19. OPERATING LEASE COMMITMENT

The Group as lessee

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

	30 June 2013 (Unaudited) RMB'000	31 December 2012 (Audited) RMB'000
Within one year	**2,174**	1,761
In the second to fifth year inclusive	**3,595**	4,183
	5,769	5,944

Operating lease payments represent rentals payable by the Group for its office and manufacturing premises. Leases are negotiated from two to five years and rentals are fixed over the respective leases.

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

Upon the execution of underwriting agreement dated 5 July 2013, the sum of HK$2,399,990 standing to the credit of the share premium account of the Company was approved to be capitalised and applied in paying in full at par 239,999,000 shares for allotment and issue.

On 5 July 2013, the shares of the Company were listed on the Stock Exchange. 80,000,000 ordinary shares of HK$0.01 each of the Company were issued at HK$0.82 each by way of share offer with net proceeds of approximately HK$52.4 million received.