中國包裝集團有限公司

China Packaging Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

The board of directors (the "**Board**") of China Packaging Group Company Limited (the "**Company**") announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2011 together with comparative figures for the previous year as follows:

FINANCIAL SUMMARY

Consolidated Statement of Comprehensive Income

	Notes	2011 RMB'000	2010 RMB'000
Revenue	*4*	**142,311**	124,812
Cost of sales		**(115,690)**	(101,917)
Gross profit		**26,621**	22,895
Other revenue	*5*	**56**	7,620
Selling and distribution expenses		**(6,932)**	(5,605)
Administrative expenses		**(3,439)**	(2,966)
Operating profit		**16,306**	21,944
Gain on restructuring	*6*	**161,733**	–
Restructuring costs and expenses		**(8,389)**	(3,507)
Waived of other financial liabilities		**–**	1,671
Finance costs	*7*	**(6,186)**	(5,460)
Profit before tax		**163,464**	14,648
Income tax expense	*8*	**(5,946)**	(5,401)
Profit for the year attributable to owners of the Company	*9*	**157,518**	9,247
Other comprehensive income			
Exchange differences arising on translation		**150**	–
Total comprehensive income for the year attributable to owners of the Company		**157,668**	9,247
Earnings per share attributable to owners of the Company	*11*		
– Basic		**RMB1.29**	RMB0.11 (Restated)
– Diluted		**RMB0.19**	RMB0.11 (Restated)

Consolidated Statement of Financial Position
At 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	*12*	**59,981**	64,247
Deposit paid for acquisition of property, plant and equipment		**6,102**	–
		66,083	64,247
CURRENT ASSETS			
Inventories		**3,294**	3,173
Trade and other receivables	*13*	**64,990**	48,825
Escrow money	*14*	**–**	888
Bank balances and cash		**21,877**	2,649
		90,161	55,535
CURRENT LIABILITIES			
Trade and other payables	*15*	**11,961**	13,490
Tax payable		**4,657**	4,303
Bank borrowings		**–**	61,146
Other borrowings		**–**	48,626
Provision for bank loans guarantee for a deconsolidated subsidiary		**–**	29,000
Loan from an investor		**–**	5,078
Amount due to an investor		**–**	265
Other financial liabilities		**–**	67,575
		16,618	229,483
NET CURRENT ASSETS (LIABILITIES)		**73,543**	(173,948)
NON-CURRENT LIABILITIES			
Convertible loan notes		**7,405**	–
Deferred tax liabilities		**2,588**	1,213
		9,993	1,213
NET ASSETS (LIABILITIES)		**129,633**	(110,914)
CAPITAL AND RESERVES			
Share capital	*16*	**698**	67,399
Reserves		**128,935**	(178,313)
		129,633	(110,914)

Consolidated Statement of Changes in Equity

For the year ended 31 December 2011

	Share capital *RMB'000*	Share premium *RMB'000*	Share options reserve *RMB'000*	Convertible loan notes equity reserve *RMB'000*	Translation reserve *RMB'000*	Surplus reserve fund *RMB'000*	Accumulated losses *RMB'000*	Total *RMB'000*
At 1 January 2010	67,399	215,765	13,699	–	–	9,222	(426,246)	(120,161)
Profit for the year, representing total comprehensive income for the year	–	–	–	–	–	–	9,247	9,247
Lapsed of share options	–	–	(12,761)	–	–	–	12,761	–
At 31 December 2010 and 1 January 2011	67,399	215,765	938	–	–	9,222	(404,238)	(110,914)
Profit for the year	–	–	–	–	–	–	157,518	157,518
Exchange differences arising on translating foreign operations	–	–	–	–	150	–	–	150
Total comprehensive income for the year	–	–	–	–	150	–	157,518	157,668
Capital Reduction	(67,314)	–	–	–	–	–	67,314	–
Subscription of New Shares by Investors	187	22,357	–	–	–	–	–	22,544
Subscription of Convertible Preference Shares by Investors	425	50,546	–	–	–	–	–	50,971
Bonus Issue	1	(1)	–	–	–	–	–	–
Issuance of Scheme Creditors Options	–	–	1,735	–	–	–	–	1,735
Issuance of Convertible Loan Notes	–	–	–	7,629	–	–	–	7,629
At 31 December 2011	**698**	**288,667**	**2,673**	**7,629**	**150**	**9,222**	**(179,406)**	**129,633**

NOTES

1. GENERAL

China Packaging Group Company Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Suite 06-07, 28th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Pursuant to a petition seeking the Company's winding up presented by Deutsche Bank Aktiengesellschaft on 8 July 2009, and a subsequent application on 2 October 2009, by DBS Bank (Hong Kong) Limited for a provisional liquidation order to be made against the Company, the High Court of Hong Kong (the "HK Court") appointed Mr. Roderick John Sutton and Mr. Fok Hei Yu, both of FTI Consulting (Hong Kong) Limited (formerly Ferrier Hodgson Limited) ("Escrow Agent"), to act as joint and several provisional liquidators (the "Provisional Liquidators") to the Company on the same day. At the HK Court hearing for petition for the sanction of the scheme of arrangement of the Company in Hong Kong (the "Hong Kong Scheme") held on 25 October 2011, the Hong Kong Scheme was sanctioned by the HK Court. On 1 November 2011, the HK Court granted order for the withdrawal of the winding-up petition against the Company presented by Deutsche Bank Aktiengesellschaft on 8 July 2009 and for the discharge of the Provisional Liquidators.

As all of the resumption conditions as set out in the Stock Exchange's letter dated 26 May 2011 ("Resumption Conditions") have been satisfied and fulfilled on 1 November 2011, trading of the Company's shares on the Stock Exchange resumed on 4 November 2011 accordingly. The Company's shares have been suspended from trading since 28 April 2009.

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the “Group”) are principally engaged in the manufacture and sale of tinplate cans for the packaging of beverage in Shanxi, the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated.

2. RESTRUCTURING OF THE COMPANY

In order to satisfy the Resumption Conditions, the Company, the Provisional Liquidators, Integrated Asset Management (Asia) Limited and Business Giant Limited (hereinafter collectively known as the “Investors”) and the Escrow Agent entered into the restructuring agreement dated 17 June 2011 (the “Restructuring Agreement”). Details of the Restructuring Agreement were set out in the circular of the Company dated 12 September 2011 (the “Circular”). The Hong Kong Scheme and Cayman Scheme (“Schemes”) were passed by the creditors with an admitted claims (the “Scheme Creditors”) on 21 September 2011 and the resolutions as set out in the notice of the extraordinary general meeting dated 12 September 2011 has been duly passed by way of poll on 6 October 2011. The Restructuring Agreement principally involved the following:

a) *Capital Reorganisation*

i) Capital Consolidation

Every eight shares of HKD0.10 each in the issued share capital of the Company was consolidated into one consolidated share with par value of HKD0.80 each (“Consolidated Share”).

ii) Capital Reduction

Upon the Capital Consolidation becoming effective, the par value of each issued Consolidated Share was reduced from HKD0.80 to HKD0.001 by cancellation of HKD0.799 of the paid-up capital of each issued Consolidated Share.

The Capital Reduction was implemented in accordance with the Cayman Companies Law, with the sanction of the Cayman Court.

iii) Partial Accumulated Loss Set-Off

Upon the Capital Consolidation and the Capital Reduction becoming effective, the credit generated therefrom was applied in a manner consistent with the Cayman Companies Law, including but not limiting to setting off against part of the accumulated losses of the Company of approximately RMB67,314,000 (or equivalent to approximately HKD65,630,000.

iv) Share Split

Following the Capital Consolidation and the Capital Reduction, the authorised unissued share capital of the Company of HKD134,287,891.9, comprised 1,342,878,919 shares each with a nominal value of HKD0.10, was altered so as to be comprised 134,287,891,900 new shares of HKD0.001 each (“New Shares”).

b) The Subscription

Subject to the fulfillment of the conditions stated in the Restructuring Agreement ("Conditions Precedent"), the Investors subscribed for and the Company had on the completion of the transactions contemplated under the Restructuring Agreement ("Completion") alloted and/or issued:

i) 230,000,000 subscription shares with par value of HKD0.001 each at a subscription price of HKD0.12 per subscription share ("Subscription Shares")

ii) 520,000,000 preference shares with par value of HKD0.001 each at a subscription price of HKD0.12 per preference share ("Convertible Preference Shares")

iii) 2% convertible loan notes in the aggregate principal amount of HKD18 million at a conversion price of HKD0.12 per conversion share ("Convertible Loan Notes")

c) Debt Restructuring

i) The Schemes

The Schemes were passed by the Scheme Creditors on 21 September 2011, pursuant to which:

– all claims against the Company would be compromised, discharged and/or settled;

– the Scheme Creditors would receive pro rata distribution of the cash consideration of HKD62,000,000 ("Cash Consideration");

– the Company would grant the 56,000,000 options ("Creditors Options") to Mr. Fok Hei Yu and Mr. Roderick John Sutton (collectively known as "Scheme Administrators") to hold for the benefit of the Scheme Creditors pursuant to which, the Scheme Creditors were entitled to subscribing 56,000,000 New Shares of the Company with an exercise price of HKD0.15 ("Option Shares");

– the Investors would grant the put options ("Put Options") for purchasing the Creditors Options to the Scheme Administrators to hold for the benefit of the Scheme Creditors pursuant to which the Scheme Creditors were entitled to put the Creditors Options to the Investors in the ratio of 70% to 30% between Integrated Asset Management (Asia) Limited and Business Giant Limited ("Relevant Ratio") at the put option price of HKD0.02 within two months from the date of granting the Creditors Options; and

– the Scheme Creditors were entitled to receive ratably all rights, title and interest in the Company's subsidiaries and associated companies which do not form part of the Restructuring Agreement ("Non-Core Subsidiaries") transferred to Sino Gather Limited ("Sino Gather") by the Company on or about 23 March 2010 pursuant to the deed entered into between the Company and Sino Gather dated 23 March 2010 for disposal of the entire issued share capital of the Non-Core Subsidiaries, and any assets transferred by the Company to Sino Gather under the Schemes with effect from 1 November 2011 ("Completion Date") which will be dealt with by the Scheme Administrators. Details of the Non-Core Subsidiaries are referred to in the announcement of the Company dated 23 March 2010.

d) Bonus Issue

After completion and on 2 November 2011, the Company effected the bonus issue to the qualifying shareholders whose names appear on the original register of members of the Company ("Qualifying Shareholders") on 20 October 2011 ("Bonus Issue"). The terms of the Bonus Issue was made by way of bonus on the basis of 13 bonus shares for every 1,000 New Shares held on 20 October 2011 by the Qualifying Shareholders.

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

In the current year, the Group has applied the following new and revised Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRSs	Improvements to HKFRSs issued in 2010
HKAS 24 (as revised in 2009)	Related Party Disclosures
Amendments to HKAS 32	Classification of Rights Issues
Amendments to HK(IFRIC) – Int 14	Prepayments of a Minimum Funding Requirement
HK (IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

Except as described below, 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 the consolidated financial statements.

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the statement of changes in equity. The revised standard has no impact on the consolidated financial statement of the Group.

HKAS 24 Related Party Disclosures (as revised in 2009)

HKAS 24 (as revised in 2009) has been revised on the following two aspects: (a) HKAS 24 (as revised in 2009) has changed the definition of a related party and (b) HKAS 24 (as revised in 2009) introduces a partial exemption from the disclosure requirements for government-related entities.

The Company and its subsidiaries are not government-related entities. The application of the revised definition of related party set out in HKAS 24 (as revised in 2009) in the current year has no material impact on the Group's consolidated financial statement.

HK(IFRIC) – Int 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation gives guidance on the accounting for the extinguishment of financial liabilities with equity instruments. Specifically, under HK(IFRIC) – Int 19, equity instruments issued in order to extinguish financial liabilities are recognised initially at their fair values, with any difference between the carrying amount of the financial liability extinguished and the consideration paid being recognised in profit or loss.

In the current year, the Company has issued several equity instruments to extinguish its financial liabilities with its Scheme Creditors and Investors, details are set out in the Note 8 to the consolidated financial statement of the Company's circular dated 12 September 2011 and the announcement of the Company dated 3 November 2011.

HK(IFRIC) – Int 19 requires retrospective application. However, the application of HK(IFRIC) – Int 19 has had no impact on the Group's financial performance and positions for the prior years because the Group had not previously entered into any transactions of this nature.

Save as described above, the application of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

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

Amendments to HKFRS 7	Disclosures – Transfers of Financial Assets[1]
	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[2]
HKFRS 11	Joint Arrangements[2]
HKFRS 12	Disclosure of Interests in Other Entities[2]
HKFRS 13	Fair Value Measurement[2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[5]
Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Assets[4]
HKAS 19 (Revised in 2011)	Employee Benefits[2]
HKAS 27 (Revised in 2011)	Separate Financial Statements[2]
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures[2]
Amendments to HKAS 32	Presentation – Offsetting Financial Assets and Financial Liabilities[6]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[2]

1 *Effective for annual periods beginning on or after 1 July 2011*
2 *Effective for annual periods beginning on or after 1 January 2013*
3 *Effective for annual periods beginning on or after 1 January 2015*
4 *Effective for annual periods beginning on or after 1 January 2012*
5 *Effective for annual periods beginning on or after 1 July 2012*
6 *Effective for annual periods beginning on or after 1 January 2014*

4. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net amounts received and receivable for goods sold during the year.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or provided.

The chief operating decision maker assesses the performance of the Group's manufacture and sale of tinplate cans packaging business on both geographic and product perspectives. Geographically, chief operating decision maker considers the Group's business is primarily operated in the PRC and the Group's revenue from external customers is derived solely from the manufacture and sale of tinplate cans packaging in the PRC. All of the Group's business activities are included in a single reportable segment in accordance with HKFRS 8 "Operating segments". As such, no segment information is presented.

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

Customer	**Revenue generated from**	**2011** ***RMB'000***	2010 *RMB'000*
A	Sale of tinplate cans	**20,479**	12,928
B	Sale of tinplate cans	**16,819**	13,663
C	Sale of tinplate cans	**16,589**	N/A[1]
D	Sale of tinplate cans	**16,508**	14,323
E	Sale of tinplate cans	**15,981**	N/A[1]
F	Sale of tinplate cans	**15,897**	N/A[1]

1 *The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year*

5. OTHER REVENUE

	2011	2010
	RMB'000	*RMB'000*
Interest income on bank deposits	**6**	–
Interest income on time deposit	**50**	–
Net foreign exchange gain	**–**	7,415
Sundry income	**–**	194
Gain on disposal of property, plant and equipment	**–**	11
	56	7,620

6. GAIN ON RESTRUCTURING

As part of the restructuring as detail in Note 2 to the consolidated financial statement, all the claims by the Scheme Creditors against the Company were discharged and waived by way of the Schemes under Section 166 of the Hong Kong Companies Ordinance (Cap 32) and Section 86 of the Companies Law of Cayman Islands. The Cayman Scheme was sanctioned by the Cayman Court on 11 October 2011 whereas the Hong Kong Scheme was sanctioned by the HK Court on 25 October 2011.

Pursuant to terms of the Schemes as included in the Restructuring Agreement, on the Completion Date, the Scheme indebtedness, indebtedness and liabilities (actual and contingent) of the Company were compromised, discharged and/or settled. For the details of the Schemes, please refer to Note 2 to the consolidated financial statement. The excess of the amount of liabilities over the amount of assets transferred to the Scheme was recognised as gain on restructuring in the profit or loss for the year ended 31 December 2011.

	2011
	RMB'000
Liabilities of the Company released or discharged	
Trade and other payables	**2,420**
Bank borrowings	**64,144**
Other borrowings	**50,643**
Provision for bank loans guarantee for a deconsolidated subsidiary	**29,000**
Other financial liabilities	**68,533**
Total liabilities of the Company released or discharged *(Note a)*	**214,740**
Satisfied by:	
Cash consideration *(Note b)*	**(51,272)**
Fair value of Creditor Options *(Note c)*	**(1,735)**
Gain on restructuring	**161,733**

Net cash inflow from Restructuring is set out below:

	2011 *RMB'000*
Inflow from Restructuring:	
Subscription of New Shares by Investors *(Note 16f)*	**22,544**
Subscription of Convertible Preference Shares by Investors *(Note 16g)*	**50,971**
Issuance of the Convertible Loan Notes by the Investors	**14,876**
	88,391
Less: Outflow from Restructuring	
Cash Consideration for Scheme Creditors *(Note b)*	**(51,272)**
Set off against the loan from an investor	**(14,175)**
Set off against the amount due to an investor	**(487)**
Cash inflow to the Group from Restructuring, net	**22,457**

Notes:

a) The amount represents the aggregate Scheme indebtedness, indebtedness and liabilities (actual and contingent) of the Company compromised, discharged and/or settled at the Completion Date.

b) It represents the cash consideration of HKD62,000,000 (equivalent to RMB51,272,000) received by the Scheme Creditors.

c) It represents the fair value of 56,000,000 Creditors Options to the Scheme Administrators to hold for the benefits of the Scheme Creditors pursuant to which, the Scheme Creditors were entitled to subscribe for 56,000,000 New Shares of the Company with an exercise price of HKD0.15.

7. FINANCE COSTS

	2011 ***RMB'000***	2010 *RMB'000*
Interests on:		
Overdue bank borrowings *(Note a)*	**2,998**	2,322
Overdue other borrowings *(Note a)*	**2,017**	2,396
Overdue other financial liabilities *(Note a)*	**958**	740
	5,973	5,458
Effective interest expense on Convertible Loan Notes	**208**	–
Bank charges	**5**	2
	6,186	5,460

Note:

a) Upon the Completion of the Schemes, the finance costs of bank borrowings, other borrowings and other financial liabilities incurred for the year have been discharged. The discharged amount formed part of the gain on restructuring for the year ended 31 December 2011.

8. INCOME TAX EXPENSE

	2011 *RMB'000*	2010 *RMB'000*
Current tax:		
– PRC Enterprises Income Tax ("EIT")	**4,571**	4,188
Deferred tax		
– Mainland China withholding tax *(Note c)*	**1,375**	1,213
	5,946	5,401

Other than the deferred tax provided for as above, the Group did not have any significant unprovided deferred tax as at 31 December 2011.

Notes:

a) Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years. No Hong Kong profits tax has been provided for as the Group did not generate any assessable profits in Hong Kong for both years.

b) Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

c) Pursuant to the PRC EIT Law which became effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC effective from 1 January 2008. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained profits as at 31 December 2007 are exempted from withholding tax.

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging:

	2011 *RMB'000*	2010 *RMB'000*
Directors' emoluments	**368**	–
Other staff costs	**965**	1,602
Contributions to retirement benefit scheme, other than directors	**294**	372
Total staff costs	**1,627**	1,974
Auditors' remuneration	**604**	428
Cost of inventories recognised as an expense	**104,789**	92,287
Depreciation of property, plant and equipment	**7,294**	6,220
Bad debts written off on other receivables	**–**	413
Minimum lease payments in respect of operating lease of:		
– Property, plant and machinery	**2,050**	2,000
– Premises	**288**	–

10. DIVIDEND

No dividend was proposed or paid during the year ended 31 December 2011 nor any dividend has been proposed since the end of the reporting period (2010: Nil).

11. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the consolidated profit for the year attributable to the owners of the Company of approximately RMB157,518,000 (2010: RMB9,247,000) and the weighted average number of ordinary shares of the Company in issue during the year of 121,646,000 (2010: 83,208,000 (restated) *(Note a)*).

Trading in the shares of the Company was suspended since 28 April 2009 and no information of the average market price per share for the year ended 31 December 2010 is available. As the exercise price of the options is higher than the market price for shares immediately before the suspension of trading in the Company's shares, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options. The calculation of the diluted earnings per share attributable to owners of the Company for the year ended 31 December 2011 is based on the following data:

Earnings

	2011 ***RMB'000***
Profit for the year attributable to owners of the Company, used in the basic earnings per share calculation	**157,518**
Effect of dilutive potential ordinary shares:	
– Interest on Convertible Loan Notes (net of income tax)	**208**
Earnings for the purpose of diluted earnings per share	**157,726**

Number of shares

	2011 ***'000***
Weighted average number of ordinary shares for the purpose of the basic earnings per share	**121,646**
Effect of dilutive potential ordinary shares:	
Options	**39,735**
Convertible Preference Shares	**520,000**
Convertible Loan Notes	**150,000**
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**831,381**

Notes:

a) The weighted average number of ordinary shares for the year ended 31 December 2010 for the purpose of basic earnings per share has been restated for share consolidation and bonus issue during the year ended 31 December 2011 as detailed in Note 16.

12. PROPERTY, PLANT AND EQUIPMENT

During the year, the Group acquired property, plant and equipment amounting to approximately RMB3,028,000 (2010: RMB5,385,000).

13. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**62,793**	46,857
Other receivables, deposits and prepayments	**2,197**	1,968
	64,990	48,825

The movements in allowance for doubtful debts of other receivables are as follows:

	2011	2010
	RMB'000	*RMB'000*
At 1 January	**–**	413
Written off as uncollectible during the year	**–**	(413)
At 31 December	**–**	–

At the end of each reporting period, the Group's trade and other receivables were individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific provision for impairment was recognised. The Group does not hold any collateral over these balances.

The Group generally allows an average credit period of 120 days to its customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	2011	2010
	RMB'000	*RMB'000*
0 – 30 days	**16,524**	10,869
31 – 60 days	**16,239**	13,185
61 – 90 days	**13,215**	12,655
91 – 120 days	**11,539**	10,148
Over 120 days	**5,276**	–
	62,793	46,857

Aged analysis of trade receivables which are not impaired is as follows:

	2011	2010
	RMB'000	*RMB'000*
Neither past due nor impaired	**57,517**	46,857
Past due but not impaired	**5,276**	–
	62,793	46,857

Trade receivables that were neither past due nor impaired related to a wide range of customers for whom there was no recent history of default. The Group does not hold any collateral over these balances.

Trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

14. ESCROW MONEY

	2011	2010
	RMB'000	*RMB'000*
Escrow money denominated in HKD	**–**	888

On 28 December 2009, the Provisional Liquidators, on behalf of the Company, and the Escrow Agent entered into an escrow agreement with the Business Giant Limited ("Investor") ("Escrow Agreement"). The Escrow Agreement granted a 12-month exclusivity to negotiate the restructuring of the Company, certain subsidiaries and associated companies, if any, in the Group. On 24 December 2010, the Provisional Liquidators, on behalf of the Company, the Escrow Agent and the Investor entered into a supplementary agreement to extend the exclusivity period to 24-month up to 27 December 2011.

During the year ended 31 December 2011, the Investors have provided HKD11,000,000 (equivalent to approximately RMB9,097,000) (2010: HKD1,000,000, equivalent to approximately RMB846,000) as an escrow money to the Provisional Liquidators for the cost and expenses of the Company to proceed with the restructuring. The loan from the Investor is unsecured, non-interesting bearing and repayable upon the termination of Escrow Agreement. During the year ended 31 December 2011, there is approximately RMB8,719,000 (equivalent to HKD10,543,000) (2010: approximately RMB3,507,000, equivalent to HKD4,021,000) had been used for the restructuring from the escrow money. Upon the completion of restructuring, the remaining balance of the escrow money applied towards the set-off against part of the subscription monies payable by the Investors for the New Shares, Convertible Preference Shares and Convertible Loan Notes subscribed.

15. TRADE AND OTHER PAYABLES

	2011	2010
	RMB'000	*RMB'000*
Trade payables	**8,561**	8,052
Other payables and accrued charges	**3,400**	5,438
	11,961	13,490

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

	2011	2010
	RMB'000	*RMB'000*
0 – 30 days	**8,561**	8,052

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all trade payables would be settled within the credit timeframe.

16. SHARE CAPITAL

	Par value per share	**Number of ordinary shares**	**Number of convertible preference shares**	**Amount**
		(Note a)	*(Note b)*	
	HKD			*HKD'000*
Authorised:				
At 1 January 2010 and 31 December 2010	0.10	2,000,000,000	–	200,000
At 31 December 2011 *(Note c)*	0.001	249,480,000,000	520,000,000	250,000

	Par value per share HKD	Number of ordinary shares *(Note a)*	Number of convertible preference shares *(Note b)*	Amount *HKD'000*	(Equivalent to) Amount *RMB'000*
Issued and fully paid:					
At 1 January 2010 and 31 December 2010	0.1	657,121,081	–	65,712	67,399
Capital Consolidation *(Note d)*	N/A	(574,980,946)	–	–	–
	0.8	82,140,135	–	65,712	67,399
Capital Reduction *(Note e)*	N/A	–	–	(65,630)	(67,314)
	0.001	82,140,135	–	82	85
Subscription of New Shares by Investors *(Note f)*	0.001	230,000,000	–	230	187
Subscription of Convertible Preference Shares by Investors *(Note g)*	0.001	–	520,000,000	520	425
Bonus Issue *(Note h)*	0.001	1,067,822	–	1	1
At 31 December 2011	0.001	313,207,957	520,000,000	833	698

Notes:

a) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.

b) All the Convertible Preference Shares which were issued by the Company rank pari passu with each other in all respects. The principal terms of the Convertible Preference Shares on the date of issue include the following:

i) Dividend

The holders of the Convertible Preference Shares of HKD0.001 each shall not be entitled to any dividend or distribution.

ii) Capital

On a return of capital on liquidation, the assets of the Company available for distribution among the members shall be applied in repaying to the holders of the preference shares the nominal amount paid up on the preference shares. The paid-up preference shares shall rank for return of capital on liquidation in priority to all other shares in the capital of the Company for the time being in issue while the non-paid-up preference shares shall rank pari passu with the New Shares for the time being in issue.

iii) Redemption

The preference shares are non-redeemable.

iv) Conversion rights

The Convertible Preference Shares of HKD0.001 each are convertible into New Shares of HKD0.001 each after the date of their issuance, subject to an adjustment, at a conversion price of HKD0.12 per New Shares, subject to adjustment provisions which are standard terms for convertible securities of similar type.

v) ***Transferability***

The Convertible Preference Shares are freely transferable by the holders thereof after the date of issue of the preference shares, subject to the requirement of the Listing Rules.

vi) ***Voting***

The Convertible Preference Shares holders shall not have the right to receive notice of, or to attend and vote at, general meetings of the Company, unless a resolution is to be proposed at a general meeting of the Company for winding up the Company or which if pass would vary or abrogate the rights or privileges of the holders of the Convertible Preference Shares.

c) Following the Capital Consolidation and the Capital Reduction as stated in Note d and e below, the authorised unissued share capital of the Company of HKD134,287,891.90, comprised 1,342,878,919 shares each with a nominal value of HKD0.10, shall be altered so as to be comprised 134,287,891,900 new shares of HKD0.001 each ("New Shares"). At the extraordinary general meeting of the Company held on 6 October 2011, ordinary resolutions approving the authorised share capital of the Company be increased from HKD134,370,032.04, divided into 134,370,032,035 shares of HKD0.001 each to HKD250,000,000 divided into 250,000,000,000 shares of HKD0.001 each (consisted with 249,480,000,000 ordinary shares of HKD0.001 each and 520,000,000 preference shares of HKD0.001 each) by the creation of an additional 115,629,967,965 shares of HKD0.001 each with effect.

d) At the extraordinary general meeting of the Company held on 6 October 2011, special resolutions approving the Capital Consolidation that every eight shares of HKD0.10 each in the issued share capital of the Company will be consolidated into one consolidated share with par value of HKD0.80 each.

e) At the extraordinary general meeting of the Company held on 6 October 2011, special resolutions approving upon the Capital Consolidation becoming effective, the par value of each issued Consolidated Share will be reduced from HKD0.80 to HKD0.001 by cancellation of HKD0.799 of the paid-up capital of each issued Consolidated Share. The credit arising as a result of the Capital Consolidation and the Capital Reduction of approximately RMB67,314,000 (equivalent to approximately HKD65,630,000) has been applied to reduce the accumulated losses of the Company as permitted by Cayman Companies Law.

f) At the extraordinary general meeting of the Company held on 6 October 2011, ordinary resolutions approving the allotment and issue of 230,000,000 New Shares to Investors at a subscription price of HKD0.12 per subscription share to raise a total of HKD27,600,000 (approximately RMB22,544,000) pursuant to the terms of the Restructuring Agreement. The allotment has been made on 1 November 2011.

g) On 1 November 2011, the Company issued 520,000,000 Convertible Preference Shares with a par value of HKD0.001 each at a price of HKD0.12 each to raise a total of HKD62,400,000 (approximately RMB50,971,000). The directors of the Company considered that as the Convertible Preference Shares are not entitled to any dividend and it is non-redeemable, the Convertible Preference Shares are equity instrument containing equity element only and are presented in equity. During the year ended 31 December 2011, none of the ordinary shares were issued pursuant to the conversion of the Convertible Preference Shares.

h) At the extraordinary general meeting of the Company held on 6 October 2011, ordinary resolutions approving the Bonus Issue, credited as fully paid at par, to the shareholders of the Company whose names appear on the registers of members of the Company on 20 October 2011 on the basis of 13 Bonus Shares for every 1,000 existing ordinary issued shares of the Company. The allotment has been made on 2 November 2011.

QUALIFIED INDEPENDENT AUDITOR’S REPORT

The independent auditor’s report on the consolidated financial statements for the year ended 31 December 2011 has been qualified. An extract of the independent auditor’s report that dealt with the qualifications is as follows:

“BASIS FOR DISCLAIMER OPINION ON THE PROFIT, CASH FLOWS, OPENING BALANCES, COMPARATIVE FIGURES AND RELATED DISCLOSURES

Limitation of scope affecting the profit, cash flows opening balances, comparative figures and related disclosures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2010 (the “2010 Consolidated Financial Statements”), which forms the basis for the corresponding figures presented in the current year’s consolidated financial statements, was disclaimed because of the significance of the possible effect of the limitations on the scope of our audit and the material uncertainty in relation to going concern, details of which are set out in our audit report dated 30 March 2011. Therefore the comparative amounts show in the consolidated financial statements may not be comparable with the amount for the current period.

Moreover, because of lack of Provisional Liquidators, directors and management’s representation as to the completeness and accuracy of the books and records made available to us for the year ended 31 December 2010, we cannot perform any audit procedure to assure the completeness of the disclosure of commitments, contingent liabilities and related party transactions and disclosure of event after the reporting period. Accordingly, certain comparative information might not been disclosed in these consolidated financial statements which are not in full compliance with the relevant Hong Kong Financial Reporting Standards.

In addition, the Group has a gain on restructuring of approximately RMB161,733,000 for the year ended 31 December 2011. Due to scope limitation as described in the 2010 Consolidated Financial Statements in respect of limitation of scope affecting provision for bank borrowings guarantee for a deconsolidated subsidiary, we were unable to satisfy ourselves as to the accuracy of the total liabilities of the Company released or discharged included in the calculation of the gain on restructuring during the year ended 31 December 2011 and as to whether the amount of gain on restructuring has been accurately recorded in the consolidated statement of comprehensive income.

Any adjustments found to be necessary to the opening balances as at 1 January 2011 may affect the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 December 2011.

DISCLAIMER OF OPINION ON THE PROFIT, CASH FLOWS, OPENING BALANCES, COMPARATIVE FIGURES AND RELATED DISCLOSURES

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

OPINION ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In our opinion, the consolidated statement of financial position gives a true and fair view of the state of the Group's affairs as at 31 December 2011 in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF RESULTS

For the year ended 31 December 2011, notwithstanding downturn of the economy of the mainland China ("**PRC**") and the tough operating environment in the PRC with the tightening credit control and inflationary pressure, the Group had been striving hard to consolidate its business and achieved a net operating profit before restructuring related items of approximately RMB10,360,000 for the year (calculated based on net profit of approximately RMB157,518,000 less gain on restructuring of approximately RMB161,733,000 with the addition of restructuring costs and expenses of approximately RMB8,389,000 and finance costs of approximately RMB6,186,000), which attained the estimated operational profit before restructuring related items of approximately RMB10,300,000 as set out in the profit forecast contained in the circular of the Company dated 12 September 2011 (the "**Profit Forecast**").

The Group recorded a consolidated net profit attributable to owners of the Company of approximately RMB157,518,000 for the year ended 31 December 2011 attaining the estimated consolidated net profit of approximately RMB157,490,000 as set out in the Profit Forecast.

COMPLETION OF THE RESTRUCTURING OF THE GROUP, KEY EVENTS AFTER THE APPOINTMENT OF THE PROVISIONAL LIQUIDATORS AND THE SUBSEQUENT DISCHARGE OF THE PROVISIONAL LIQUIDATORS

Trading in the shares of the Company had been suspended since 28 April 2009.

Pursuant to a petition seeking the Company's winding up presented by Deutsche Bank Aktiengesellschaft on 8 July 2009, and a subsequent application on 2 October 2009 by DBS Bank (Hong Kong) Limited for a provisional liquidation order to be made against the Company, the court of Hong Kong appointed Mr. Roderick John Sutton and Mr. Fok Hei Yu to act as joint and several provisional liquidators to the Company (the "**Provisional Liquidators**") on the same day.

Pursuant to an application of the Company, Messrs Fok Hei Yu and Roderick John Sutton, both of FTI Consulting (Hong Kong Limited), and Mr. G. James Cleaver, of Zolfo Cooper, Cayman Islands were appointed as joint provisional liquidators of the Company by an order of the Grand Court of the Cayman Islands (the "**Cayman Court**") dated 25 March 2010.

On 28 December 2009, the Provisional Liquidators, on behalf of the Company, FTI Consulting (Hong Kong) Limited ("**Escrow Agent**") entered into an exclusivity and escrow agreement with Business Giant Limited ("**BGL**") whereby BGL was granted a 12-month exclusivity to negotiate the restructuring of the Company, certain subsidiaries and associated companies in the Group, and in turn, BGL agreed to advance funds to the Company to meet the costs and expenses in relation to the implementation of the restructuring of the Company. On 24 December 2010, the Provisional Liquidators, on behalf of the Company, the Escrow Agent and BGL entered into a supplemental agreement to extend the exclusivity period to 24-month up to 27 December 2011.

On 22 February 2010, The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") issued a letter to the Company, inter alia, requested the Company to submit a viable resumption proposal to address certain issues.

The Stock Exchange placed the Company in the first stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). If the Company failed to submit a viable resumption proposal by 21 August 2010, the Stock Exchange might proceed to place the Company in the second stage of delisting procedures. A resumption proposal was submitted to the Stock Exchange on 21 August 2010 (the "**Resumption Proposal**").

By a letter dated 26 May 2011, the Stock Exchange informed the Company that the Stock Exchange allows trading resumption if the Company fulfils certain conditions ("**Resumption Conditions**") by 31 December 2011.

On 17 June 2011, the Company, the Provisional Liquidators, BGL and Integrated Asset Management (Asia) Limited (collectively, the "**Investors**") and the Escrow Agent entered into a restructuring agreement (as supplemented by a side letter dated 9 September 2011) ("**Restructuring Agreement** ") which provides for, inter alia, the reorganization of the capital structure of the Company ("**Capital Reorganisation**") involving among others, capital reduction ("**Capital Reduction**"), the subscription of new shares, the preference shares and the convertible loan notes by the Investors, the grant of options to creditors under the schemes of arrangement in Hong Kong and the Cayman Islands (the "**Schemes**"), the bonus issue of new shares ("**Bonus Issue**"), the proposed implementation of the Schemes and the proposed application for the whitewash waiver.

All the resolutions in respect of the transactions contemplated under the Restructuring Agreement were approved at an extraordinary general meeting of the Company held on 6 October 2011 ("**EGM**").

On 11 October 2011 (Cayman time), the scheme of arrangement in the Cayman Islands (the "**Cayman Scheme**") was sanctioned by the Cayman Court and the Capital Reduction was approved by the Cayman Court. The Capital Reorganisation became effective after 9:00 p.m. on 12 October 2011.

On 24 October 2011, the Cayman Court ordered the withdrawal of the petition for the winding up of the Company dated 5 February 2010 (the "**Cayman Petition**") and the discharge of the provisional liquidators in the Cayman Islands.

At the Hong Kong court (the "**HK Court**") hearing of the petition for the sanction of the scheme of arrangement in Hong Kong (the "**Hong Kong Scheme**") held on 25 October 2011, the Hong Kong Scheme was sanctioned by the HK Court.

The Schemes have become effective on 1 November 2011.

On 1 November 2011, the HK Court granted order for the withdrawal of the winding-up petition against the Company presented by Deutsche Bank Aktiengesellschaft on 8 July 2009 and for the discharge of the Provisional Liquidators. Accordingly, the Provisional Liquidators were discharged.

On 1 November 2011, all the conditions precedent to the Restructuring Agreement were satisfied, all the transactions contemplated thereunder were completed and the Investors became the controlling shareholders of the Company.

As all of the Resumption Conditions have been satisfied and fulfilled on 1 November 2011, trading of the Company's ordinary shares on the Stock Exchange resumed on 4 November 2011.

CHANGE OF BOARD MEMBERS AND APPOINTMENT OF MEMBERS OF AUDIT COMMITTEE AND REMUNERATION COMMITTEE

At the annual general meeting of the Company held on 6 October 2011, Mr. Liu Zhi Qing and Mr. Chong Hoi Fung retired as directors of the Company ("**Directors**"). The Company ceased to have any Board member since then.

On 1 November 2011, being the date of completion of the Restructuring Agreement, as all the transactions contemplated under the Restructuring Agreement had been completed, the appointments of the two proposed executive Directors, namely Mr. Leung Heung Ying, Alvin and Mr. Wong Tat Wai, Derek, and the three proposed independent non-executive Directors, namely Dr. Lam Andy Siu Wing, *JP*, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah as conditionally approved by the shareholders of the Company at the EGM, became effective.

On 1 November 2011, audit committee and remuneration committee of the Company, each of which consists of Dr. Lam Andy Siu Wing, *JP*, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah, were established. Dr. Lam Andy Siu Wing, *JP* is the chairman of the audit committee and the remuneration committee.

BUSINESS REVIEW

In view of the downturn of the economy of the mainland China ("**PRC**"), 2011 remained a challenging year for the Company to consolidate its core tinpate cans business. For the year ended 31 December 2011, the Group's revenue was approximately RMB142,311,000 (2010: RMB124,812,000), representing an increase of approximately 14.02% as compared to last year which was due to an increase in sales volume of tinplate cans. The Group recorded a gross profit margin of 18.71% for the year ended 31 December 2011 (2010: 18.34%). The Group continued to be cautious in controlling its cost of production and overheads. The consolidated profit attributable to owners of the Company (**"Shareholders**") amounted to approximately RMB157,518,000 for the year ended 31 December 2011 (2010: RMB9,247,000,000). Basic earnings per ordinary share ("**Share**") was approximately RMB1.29 for the year ended 31 December 2011 (2010: RMB0.11 per Share (restated)).

PROSPECTS

In view of the completion of the restructuring of the Company on 1 November 2011 and implementation of Schemes, the financial position of the Group has been substantially improved and the net liabilities position of the Group has also been turned around to net assets position.

Looking ahead, in light of the uncertainties and challenges face by world major economies, slowing down of the PRC economy, tightening credit control and inflationary pressure in the PRC, the Group will continue to manage its businesses in a prudent manner and exercise stringent financial control on the business of the Group. The Group will adopt a cautious approach in evaluating any investment opportunities to ensure a bright prospect to the shareholders of the Company.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

With the completion of the Restructuring Agreement and the sanction of the Schemes in November 2011, the Group's financial position has improved substantially. The Group recorded a gain on restructuring of approximately RMB161,733,000 during the year. At 31 December 2011, the Group had net current assets of RMB73,543,000 (2010: net current liabilities RMB173,948,000) and liquid assets comprising bank balances and cash and escrow money totaled RMB21,877,000 (2010: RMB3,537,000).

At the year end, equity attributable to owners of the Company amounted to RMB129,633,000, representing an increase of approximately RMB240,547,000 compared to last year (31 December 2010: deficit RMB110,914,000) and is equivalent to an attributable amount of RMB1.09 per Share (2010: deficit RMB1.33). The increase in equity attributable to owners of the Company was mainly contributed by the gain on restructuring of approximately RMB161,733,000 and the proceeds raised from the issue of Shares and Preference Shares to the Controlling Shareholders during the year which amounted to approximately RMB22,544,000 and approximately RMB50,971,000, respectively. Such proceeds, to the extent had been used, were applied in accordance with the intended use of proceeds as set out in the circular of the Company dated 12 September 2011.

At 31 December 2011, the Group's total liabilities amounted to approximately RMB26,611,000 (2010: RMB230,696,000). The Group's gearing ratio, calculated on the basis of total borrowings divided by total equity, was at 5.7% at the year end (31 December 2010: not applicable as the Group had shareholders' deficit).

The convertible loan notes were denominated in Hong Kong dollars and bore fixed interest rate at 2% per annum. In terms of maturity, the convertible loan notes, if not converted into Shares, would be due for repayment in October 2016.

The Group's finance costs for the year under review was RMB6,186,000 (2010: RMBB5,460,000). Upon the Completion of the Scheme, the finance costs of bank borrowings, other borrowings and other financial liabilities incurred for the year had been discharged. The discharged amount formed part of the gain on restructuring.

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2011, the Group had 92 employees including executive Directors (2010: 95, excluding executive Director) situated in the PRC and Hong Kong. The Group's emoluments policies are formulated based on industry practices and performance of individual employees.

For the year ended 31 December 2011, the total staff costs including directors' remuneration amounted to approximately RMB1,627,000 (2010: RMB1,974,000, there were no payment to directors as remuneration in 2010).

During the year ended 31 December 2011, no share option has been granted by the Company.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2011 (2010: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

SCOPE OF WORK OF ZHONGLEI (HK) CPA COMPANY LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2011 have been agreed by the Group's auditor, ZHONGLEI (HK) CPA Company Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by ZHONGLEI (HK) CPA Company Limited 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGLEI (HK) CPA Company Limited on the preliminary announcement.

EVENTS AFTER THE REPORTING PERIOD

At the extraordinary general meeting of the Company held on 22 February 2012, ordinary resolutions were duly passed for approving (i) the proposed general mandate to be granted to the Directors to allot, issue and deal with new Shares not exceeding 20% of the aggregate nominal amount of the share capital of the Company; and (ii) the adoption of new share option scheme and termination of existing share option scheme. For details, please refer to the circular of the Company dated 6 February 2012.

CONTINGENT LIABILITIES

On 8 July 2009, a winding up petition was served on the Company by Deutsche Bank Aktiengesellschaft. On 2 October 2009, an application was made by DBS Bank (Hong Kong) Limited and an order was granted by the HK Court appointing the Provisional Liquidators as provisional liquidators to the Company. Upon the appointment of Provisional Liquidators, no action or proceeding shall be proceeded with or commenced against the Company except by leave of the HK Court, and subject to such terms as the HK Court may impose. During the year ended 31 December 2011, all claims and potential claims against the Company have been compromised under the Schemes and sanctioned by the HK Court and the Cayman Court. For the details of the Scheme, please refer to Note 2 to the consolidated financial statements.

At 31 December 2011, the Group did not have any significant contingent liabilities.

For the year ended 31 December 2010, the Provisional Liquidators make no representation as to the completeness and accuracy of the contingent liabilities.

CORPORATE GOVERNANCE

As the Company was in severe financial difficulties and had been under the control of the Provisional Liquidators, the Board cannot make any representation about the Company's compliance of the principles and the applicable provisions of the Code on Corporate Governance Practices (the "**Code**") as set out in Appendix 14 of the Listing Rules for the period from 1 January 2011 up to the discharge of the Provisional Liquidators on 1 November 2011.

Since the discharge of the Provisional Liquidators and the appointment of the new Directors became effective on 1 November 2011, the Company has adopted the principles and complied with all the applicable provisions of the Code, except for the deviations relating to code provision A.2.1 and A.4.1 with considered reasons as explained below:

Code provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual.

Code provision A.4.1 of the Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

During the year under review, the Company did not have any officer with chairman or CEO title. The roles and duties of chairman and CEO were shared by the Directors. In view of the size of operation of the Group, the Board considered that this structure is more suitable for the Company as it can promote the efficient formulation and implementation of the Company's strategies.

The independent non-executive Directors are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in article 117 of the Company's articles of association which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS/DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company on 1 November 2011. Having made specific enquiry with the existing directors of the Company, all of them confirmed that they have complied with the required standards set out in the Model Code since their appointment as a Director during the year. The Board does not make any representation to the compliance of the Model Code by Mr. Liu Zhi Qing and Mr. Chong Hoi Fung, the retired Directors, during their tenor as Directors in the year of 2011.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2011 had been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.cpackaging.com.hk.

The annual report of the Company for year ended 31 December 2011 containing the information required by Appendix 16 of the Listing Rules will be dispatched to the shareholders of the Company in due course.

For and on behalf of
China Packaging Group Company Limited
Leung Heung Ying, Alvin
Executive Director

Hong Kong, 20 March 2012

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Leung Heung Ying, Alvin and Mr. Wong Tat Wai Derek; and (ii) three independent non-executive Directors, namely Dr. Lam Andy Siu Wing, JP, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.