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 2012

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 2012 together with comparative figures for the previous year as follows:

FINANCIAL SUMMARY

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2012

	Notes	**2012** **RMB'000**	2011 RMB'000
Revenue	*5*	**74,085**	142,311
Cost of sales		**(64,879)**	(115,690)
Gross profit		**9,206**	26,621
Other revenue	*6*	**141**	56
Selling and distribution expenses		**(4,047)**	(6,932)
Administrative expenses		**(15,933)**	(3,439)
Impairment loss recognised in respect of property, plant and equipment		**(51,911)**	–
Impairment loss on trade receivables		**(24,014)**	–
Operating (loss) profit		**(86,558)**	16,306
Gain on restructuring	*7*	**–**	161,733
Restructuring costs and expenses		**–**	(8,389)
Finance costs		**(1,380)**	(6,186)
(Loss) profit before income tax		**(87,938)**	163,464
Income tax credit (expense)	*8*	**2,248**	(5,946)
(Loss) profit for the year attributable to owners of the Company	*9*	**(85,690)**	157,518
Other comprehensive (expense) income			
Exchange differences arising on translation		**(124)**	150
Total comprehensive (expense) income for the year attributable to owners of the Company		**(85,814)**	157,668
(Loss) earnings per share attributable to owners of the Company	*11*		
– Basic		**(RMB0.26)**	RMB1.29
– Diluted		**(RMB0.26)**	RMB0.65

Consolidated Statement of Financial Position
At 31 December 2012

	Notes	**2012** *RMB'000*	2011 *RMB'000*
NON-CURRENT ASSETS			
Prepaid lease payments		**–**	–
Property, plant and equipment	*12*	**10,089**	59,981
Deposit paid for acquisition of property, plant and equipment		**–**	6,102
		10,089	66,083
CURRENT ASSETS			
Inventories		**2,589**	3,294
Trade and other receivables	*13*	**39,107**	64,990
Bank balances and cash		**11,217**	21,877
		52,913	90,161
CURRENT LIABILITIES			
Trade and other payables	*14*	**4,911**	11,961
Receipt in advance		**324**	–
Tax payable		**2,086**	4,657
		7,321	16,618
NET CURRENT ASSETS		**45,592**	73,543
TOTAL ASSETS LESS CURRENT LIABILITIES		**55,681**	139,626
NON-CURRENT LIABILITIES			
Convertible loan notes		**8,508**	7,405
Deferred tax liabilities		**–**	2,588
		8,508	9,993
NET ASSETS		**47,173**	129,633
CAPITAL AND RESERVES			
Share capital	*15*	**720**	698
Reserves		**46,453**	128,935
TOTAL EQUITY		**47,173**	129,633

Consolidated Statement of Changes in Equity

For the year ended 31 December 2012

	Share capital RMB'000	Share premium RMB'000 (Note a)	Share options reserve RMB'000 (Note b)	Convertible loan notes equity reserve RMB'000	Translation reserve RMB'000	Surplus reserve fund RMB'000 (Note c)	(Accumulated losses) retained profits RMB'000	Total RMB'000
At 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 (as originally stated)	698	288,667	2,673	7,629	150	9,222	(179,406)	129,633
Prior year adjustment *(Note 3)*	–	(215,765)	–	–	–	–	215,765	–
At 31 December 2011 (as restated)	698	72,902	2,673	7,629	150	9,222	36,359	129,633
Loss for the year	–	–	–	–	–	–	(85,690)	(85,690)
Exchange differences arising on translating foreign operations	–	–	–	–	(124)	–	–	(124)
Total comprehensive expense for the year	–	–	–	–	(124)	–	(85,690)	(85,814)
Issuance of shares upon exercise of Scheme Creditors Options	22	4,183	(851)	–	–	–	–	3,354
Lapsed of Scheme Creditors Options	–	–	(884)	–	–	–	884	–
At 31 December 2012	720	77,085	938	7,629	26	9,222	(48,447)	47,173

Notes:

a) Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

b) Share options reserve represents the portion of the grant date fair value of unexercised share options granted under the share option scheme or unexercised Creditors Options granted under the Debt Restructuring as mentioned in Note 2 to this announcement adopted by the Company. For the Creditors Options, it was lapsed during the year ended 31 December 2012.

c) According to the relevant enterprises regulations in the People's Republic of China (the "**PRC**"), Shanxi Zhanpen Metal Products Co., Ltd. ("**Zhanpen**"), a subsidiary established in the PRC is required to transfer not less than 10% of their profit after taxation to surplus reserve until the balance reaches 50% of its registered capital, as determined under accounting principles generally accepted in the PRC. The surplus reserve fund can be used to make up for previous year's losses, expand the existing operations or convert into additions capital of the subsidiary.

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 Unit 912, 9th Floor, New East Ocean Centre, 9 Science Museum Road, Kowloon, 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**") and the Group is also engaged in the trading of metal during the year ended 31 December 2012.

The consolidated financial statements are presented in Renminbi ("**RMB**"), which is also the functional currency of the Group.

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 scheme of arrangement of the Company in Cayman Islands (the "**Cayman Scheme**") (collectively known as the "**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 (the "**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**").

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).

In addition, as mentioned in Note 3 to this announcement, at the time of completion of the Capital Consolidation and the Capital Reduction (the "**Completion**"), the existing share premium of RMB215,765,000 should have been off-set against the accumulated losses of the Company. As such, the consolidated financial statement for the year ended 31 December 2011 has been restated.

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**") *(Note 15f)*;

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**") *(Note 15g)*; and

iii) 2% convertible loan notes in the aggregate principal amount of HKD18 million which are convertible into ordinary shares of the Company 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 of the Company 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 had granted the 56,000,000 options ("**Creditors Options**") to Mr. Fok Hei Yu and Mr. Roderick John Sutton (collectively known as the "**Scheme Administrators**") to hold for the benefit 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 per New Shares ("**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 per Creditors Options 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 the 1 November 2011 ("**Completion Date**") which will be dealt with by the Scheme Administrators. Details of the Non-Core Subsidiaries are set out 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. PRIOR YEAR ADJUSTMENT

Subsequent to the issue of the consolidated financial statements for the year ended 31 December 2011, the directors of the Company discovered that there was an omission to set off the existing share premium against the accumulated losses at the Completion as mentioned in Note 2 to this announcement.

Pursuant to the Cayman Companies Law and the Circular, the existing share premium of approximately RMB215,765,000 at the Completion should be used to set off the accumulated losses of the Company. However, the Company has omitted to set off the accumulated losses for the year ended 31 December 2011. During the current year, the directors of the Company discovered such omission and have made the correction in the current year as follow:

	31 December 2011 *RMB'000* (As originally stated)	Adjustment *RMB'000*	31 December 2011 *RMB'000* (As restated)
Share premium	288,667	(215,765)	72,902
(Accumulated losses) retained profits	(179,406)	215,765	36,359

The effect of error described above has no effect on the consolidated profit for the year ended 31 December 2011 and consolidated statement of financial position at 31 December 2010.

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

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, HKASs and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

In the current year, the Group has applied the following new and revised HKFRSs and HKASs issued by HKICPA.

Amendments to HKAS 12	Deferred Tax: Recovery of Underlying Asset
Amendments to HKFRS 1	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to HKFRS 7	Financial Instruments: Disclosures – Transfers of Financial Assets

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

New and revised HKFRSs issued but not yet effective

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

Amendments to HKFRSs	Annual Improvement to HKFRSs 2009 – 2011 Cycle[1]
Amendments to HKFRS 1	Government Loans[1]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[1]
Amendments to HKFRS 10, HKFRS 12 and HKFRS 27 (2011)	Investment Entities[2]
HKFRS 9	Financial Instruments[3]
HKFRS 10	Consolidated Financial Statements[1]
HKFRS 11	Joint Arrangements[1]
HKFRS 12	Disclosure of Interests in Other Entities[1]
HKFRS 13	Fair Value Measurement[1]
HKAS 19 (as revised in 2011)	Employee Benefits[1]
HKAS 27 (as revised in 2011)	Separate Financial Statements[1]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[1]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[4]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[2]
HK(IFRIC*) – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine[1]

* *IFRIC represents the International Financial Reporting Interpretations Committee.*

[1] *Effective for annual periods beginning on or after 1 January 2013.*

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

[3] *Effective for annual periods beginning on or after 1 January 2015.*

[4] *Effective for annual periods beginning on or after 1 July 2012.*

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to state whether these would have a significant impact on its results of operations and financial position.

5. 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. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reporting segments of the Group.

Specially, the Group's reportable and operating segments under HKFRS 8 are as follows:

– Manufacture and sale of tinplate cans packaging business

– Trading of metal

Trading of metal is a new reportable segment of the Group for the year ended 31 December 2012.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Manufacture and sale of tinplate cans packaging business		Trading of metal		Total	
	2012	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue						
External sales	**74,085**	142,311	**–**	–	**74,085**	142,311
Segment (loss) profit	**(75,480)**	18,334	**(189)**	–	**(75,669)**	18,334
Unallocated corporate other gain or other revenue					**123**	161,783
Unallocated corporate expenses					**(11,012)**	(10,467)
Finance costs					**(1,380)**	(6,186)
(Loss) profit before income tax					**(87,938)**	163,464

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment (loss) profit represents the (loss from) profit earned by each segment without allocation of central administration costs, directors' emoluments, restructuring costs and expenses, gain on restructuring and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2012	2011
	RMB'000	*RMB'000*
Segment assets		
Manufacture and sale of tinplate cans packaging business	**51,843**	136,785
Trading of metal	**10,648**	–
Total segment assets	**62,491**	136,785
Unallocated corporate assets	**511**	19,459
Consolidated assets	**63,002**	156,244
Segment liabilities		
Manufacture and sale of tinplate cans packaging business	**7,089**	18,801
Trading of metal	**–**	–
Total segment liabilities	**7,089**	18,801
Unallocated corporate liabilities	**8,740**	7,810
Consolidated liabilities	**15,829**	26,611

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain other receivables and bank balances and cash; and
- all liabilities are allocated to operating segments other than certain other payables and convertible loan notes.

Other segment information

	Manufacture and sale of tinplate cans packaging business		Trading of metal		Unallocated		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Additions to non-current assets	**12,696**	3,028	**–**	–	**–**	–	**12,696**	3,028
Depreciation	**8,101**	7,294	**–**	–	**–**	–	**8,101**	7,294
Loss on written-off of property, plant and equipment	**2,576**	–	**–**	–	**–**	–	**2,576**	–
Impairment loss recognised in respect of property, plant and equipment	**51,911**	–	**–**	–	**–**	–	**51,911**	–
Impairment loss on trade receivables	**24,014**	–	**–**	–	**–**	–	**24,014**	–
Loss on written-off of inventories	**830**	–	**–**	–	**–**	–	**830**	–
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:								
Interest income	**3**	6	**1**	–	**122**	50	**126**	56
Interest expense	**–**	–	**–**	–	**1,380**	6,186	**1,380**	6,186
Income tax (credit) expense	**(2,248)**	5,946	**–**	–	**–**	–	**(2,248)**	5,946

Revenue from major products

The segment of manufacturing and sale of tinplate cans packaging business contributed 100% (2011: 100%) of the Group's revenue for the year ended 31 December 2012.

Geographical information

The Group's operations are located in PRC. Information about the Group's revenue from external customers is presented based on the location of customers. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
PRC	**74,085**	142,311	**10,089**	66,083

Information about major customers

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

Customer	**2012**	2011
	RMB'000	*RMB'000*
A[1]	**9,189**	20,479
B[1]	**N/A**[2]	16,819
C[1]	**N/A**[2]	16,589
D[1]	**N/A**[2]	16,508
E[1]	**N/A**[2]	15,981
F[1]	**N/A**[2]	15,897

[1] *Revenue from manufacture and sale of tinplate cans packaging business.*

[2] *The corresponding revenue did not contribute over 10% of the total revenue of the Group in the respective year.*

6. OTHER REVENUE

	2012	2011
	RMB'000	*RMB'000*
Interest income on bank deposits	**4**	6
Interest income on time deposit	**122**	50
Sundry income	**15**	–
	141	56

7. GAIN ON RESTRUCTURING

As part of the restructuring as detail in Note 2 to this announcement, 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 was compromised, discharged and/or settled. For the details of the Schemes, please refer to Note 2 to this announcement. The excess of the amount of liabilities over the amount of assets transferred to the Schemes 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 Creditors Options *(Note c)*	(1,735)
	(53,007)
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 15(f))*	22,544
Subscription of Convertible Preference Shares by Investors *(Note 15(g))*	50,971
Issuance of the Convertible Loan Notes to 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 approximately 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 per New Shares.

8. INCOME TAX (CREDIT) EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax:		
– PRC Enterprises Income Tax ("**EIT**")	**340**	4,571
Deferred tax:		
– Mainland China withholding tax *(Note d)*	**(2,588)**	1,375
	(2,248)	5,946

Other than the deferred tax provided for as above, the Group did not have any significant unprovided deferred tax as at 31 December 2012 and 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) At 31 December 2012, the Group has unused tax losses of approximately HKD4,165,000 (2011: HKD4,165,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

c) 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.

d) 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. As the PRC subsidiary incurred a loss for the year, a reversal of withholding tax, which was recognised as income tax expense in prior years, of approximately RMB2,588,000 has been recognised during the year ended 31 December 2012.

The income tax (credit) expense for the year can be reconciled to the (loss) profit before income tax per the consolidated statement of comprehensive income as follows:

	2012	2011
	RMB'000	*RMB'000*
(Loss) profit before income tax	**(87,938)**	163,464
Tax at domestic income tax rate of 25% (2011: 25%)	**(21,985)**	40,866
Tax effect of expenses not deductible for tax purpose	**20,982**	2,771
Tax effect of income not taxable for tax purpose	**(4)**	(54,528)
Effect of withholding tax at 10% on the distributable profits of the subsidiary in PRC	**(2,588)**	1,375
Effect of different tax rates of subsidiaries in other jurisdictions	**1,347**	15,462
Income tax (credit) expense for the year	**(2,248)**	5,946

The domestic income tax rate represents the tax rate in the jurisdiction where the operation of the Group is substantially based.

9. (LOSS) PROFIT FOR THE YEAR

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

	2012	2011
	RMB'000	*RMB'000*
Directors' and chief executives' emoluments	**2,431**	368
Other staff costs	**1,661**	965
Contributions to retirement benefits scheme, other than directors and chief executives	**411**	294
Total staff costs	**4,503**	1,627
Auditor's remuneration:		
– Audit services	**471**	414
– Other services	**61**	190
Cost of inventories recognised as an expense	**53,255**	104,789
Depreciation of property, plant and equipment	**8,101**	7,294
Loss on written-off of property, plant and equipment	**2,576**	–
Impairment loss recognised in respect of property, plant and equipment	**51,911**	–
Impairment loss on trade receivables	**24,014**	–
Loss on written-off of inventories	**830**	–
Minimum lease payments in respect of operating lease of:		
– Property, plant and machinery	**2,200**	2,050
– Premises	**887**	288

10. DIVIDEND

No dividend was proposed or paid during the year ended 31 December 2012 nor any dividend has been proposed since the end of the reporting period (2011: Nil).

11. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to the owners of the Company is based on the consolidated loss for the year attributable to the owners of the Company of approximately RMB85,690,000 (2011: profit of approximately RMB157,518,000) and the weighted average number of ordinary shares of the Company in issue during the year approximately of 326,831,000 (2011: 121,646,000 *(Note a)*).

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 for the year ended 31 December 2011 does not assume the exercise of the Company's outstanding share options. The calculation of the diluted (loss) earnings per share attributable to owners of the Company is based on the following data:

(Loss) Earnings

	2012 *RMB'000*	2011 *RMB'000*
(Loss) profit for the year attributable to owners of the Company, used in the basic (loss) earnings per share calculation	**(85,690)**	157,518
Effect of dilutive potential ordinary shares:		
– Interest on Convertible Loan Notes (net of income tax) *(Note a)*	**–**	208
(Loss) earnings for the purpose of diluted (loss) earnings per share	**(85,690)**	157,726

Number of shares

	2012 *'000*	2011 *'000*
Weighted average number of ordinary shares for the purpose of the basic (loss) earnings per share	**326,831**	121,646
Effect of dilutive potential ordinary shares:		
Options *(Note a)*	**–**	6,641
Convertible preference shares *(Note a)*	**–**	86,905
Convertible Loan Notes *(Note a)*	**–**	25,068
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**326,831**	240,260

Note:

a) Diluted loss per share for the year ended 31 December 2012 is same as the basic loss per share. The computation of diluted loss per share for the year ended 31 December 2012 does not assume the conversion of the Company's outstanding options, convertible preference shares or convertible loan notes since their exercise would result in a decrease in the loss per share.

12. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2012, the directors of the Company, after taking into account the economic condition and industrial development prospect, had considered that the significant decrease in revenue during the year indicated impairment loss for the Group's property, plant and equipment and therefore conducted an impairment review on the carrying amounts of the property, plant and equipment.

The directors of the Company appointed an independent professional valuer to perform a valuation on the property, plant and equipment as at 31 December 2012, thus, a total impairment loss of approximately RMB51,911,000 (2011: Nil) has been made according to the excess of the aggregate carrying amounts of the property, plant and equipment as at 31 December 2012 over the recoverable amount based on the valuation report dated 22 March 2013.

13. TRADE AND OTHER RECEIVABLES

	2012	2011
	RMB'000	*RMB'000*
Trade receivables	**60,995**	62,793
Less: Allowance for doubtful debts	**(24,014)**	–
	36,981	62,793
Other receivables, deposits and prepayments	**2,126**	2,197
Total trade and other receivables	**39,107**	64,990

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

	2012	2011
	RMB'000	*RMB'000*
At 1 January	**–**	–
Impairment losses recognised	**24,014**	–
At 31 December	**24,014**	–

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. The Group does not hold any collateral for all of its trade receivables as at 31 December 2012.

During the year ended 31 December 2012, a number of overdue debtors amounting to approximately RMB56,154,000 have financial difficulties and despite the Group's repeated requests for settlement in full, those overdue debtors have offered to settle their outstanding debts at a discount. After considering their requests and various possible actions that can be taken, the Group has provided specific provision of approximately RMB24,014,000 for the year ended 31 December 2012.

The Group generally allows an average credit period of 120 days to its customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates:

	2012	2011
	RMB'000	*RMB'000*
0 – 30 days	**–**	16,524
31 – 60 days	**632**	16,239
61 – 90 days	**1,655**	13,215
91 – 120 days	**3,671**	11,539
Over 120 days	**31,023**	5,276
	36,981	62,793

Ageing of trade receivables which are past due but not impaired based on the payment due date is as follows:

	2012	2011
	RMB'000	*RMB'000*
1 – 30 days	**5,030**	5,276
31 – 60 days	**5,579**	–
61 – 90 days	**5,435**	–
91 – 120 days	**5,291**	–
Over 120 days	**9,688**	–
	31,023	5,276

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

	2012	2011
	RMB'000	*RMB'000*
Neither past due nor impaired	**5,958**	57,517
Past due but not impaired	**31,023**	5,276
	36,981	62,793

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.

Trade receivables that were past due but not impaired relate to a number of independent customers. Based on past experience save as disclosed above, the management believes that no additional impairment allowance is necessary in respect of these balances.

14. TRADE AND OTHER PAYABLES

	2012	2011
	RMB'000	*RMB'000*
Trade payables	**1,394**	8,561
Other payables and accrued charges	**3,517**	3,400
	4,911	11,961

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

	2012	2011
	RMB'000	*RMB'000*
0 – 30 days	**1,394**	8,561

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.

15. SHARE CAPITAL

	Par value per share	**Number of ordinary shares**	**Number of convertible preference shares**	**Amount**
	HKD	*(Note a)*	*(Note b)*	*HKD'000*
Authorised:				
At 1 January 2011	0.10	2,000,000,000	–	200,000
At 31 December 2011 and at 31 December 2012 *(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 2011	0.1	657,121,081	–	65,712	67,399
Capital Consolidation *(Note d)*		(574,980,946)	–	–	–
	0.8	82,140,135	–	65,712	67,399
Capital Reduction *(Note e)*		–	–	(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
Exercise of Creditors' Options	0.001	27,454,709	–	27	22
At 31 December 2012	0.001	340,662,666	520,000,000	860	720

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 convertible 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 Convertible Preference Shares.

c) Following the Capital Consolidation and the Capital Reduction as stated in Notes 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. At the extraordinary general meeting of the Company held on 6 October 2011, ordinary resolution was passed 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.

d) At the extraordinary general meeting of the Company held on 6 October 2011, special resolution was passed 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 resolution was passed 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 resolution was passed approving the allotment and issue of 230,000,000 New Shares to the Investors at a subscription price of HKD0.12 per subscription share to raise a total of HKD27,600,000 (equivalent to 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 (equivalent to approximately RMB50,971,000). The directors of the Company considered that as the Convertible Preference Share is 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 New Shares of the Company. The allotment has been made on 2 November 2011.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The independent auditor's report on the consolidated financial statements for the year ended 31 December 2012 has been qualified. An extract of the independent auditor's report that dealt with the qualification is as follows:

"BASIS FOR QUALIFIED OPINION

Limitation of scope – prior year's scope limitation affecting corresponding figures

The auditor's opinion on the consolidated financial statement of the Group for the year ended 31 December 2011 (the "**2011 Consolidated Financial Statements**"), which formed the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified by us because of the significance of the possible effect of the limitations on the scope of the audit. Details of qualified audit opinion on 2011 Consolidated Financial Statements was set out in the independent auditor's report dated 20 March 2012 and included in the Company's annual report for the year ended 31 December 2011. Hence, our opinion on the current year's consolidated financial statement is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

OPINION

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group as at 31 December 2012, and of the Group's loss and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company. The Company and its subsidiaries (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**") and the Group is also engaged in the trading of metal during the year ended 31 December 2012.

The year of 2012 was a challenging and difficult year for the Company's tinpate cans business. Slowing down of the economic growth of the PRC and deterioration of the PRC economy affected the demand for beverages and a number of customers of the Group fall into financial difficulties which had an impact on the performance of the Group for the year ended 31 December 2012.

For the year ended 31 December 2012, the Group's total revenue, which was generated from manufacture and sale of tinplate cans for the packaging of beverage, was approximately RMB74,085,000 (2011: RMB142,311,000), representing a decrease of approximately 47.94% as compared to last year which was due to a decrease in sales volume of tinplate cans. The Group's new business segment of metal trading had not yet generated any turnover to the Group during the year under review.

The Group recorded a decrease in gross profit margin to 12.43% for the year ended 31 December 2012 (2011: 18.71%) due to the average fixed cost of production per unit increased with a decrease in sales volume.

Compared with a consolidated net profit of approximately RMB157,518,000 for the year ended 31 December 2011 which included a gain from restructuring of approximately RMB161,733,000, the consolidated net loss attributable to owners of the Company ("**Shareholders**") amounted to approximately RMB85,690,000 for the year ended 31 December 2012. The loss of the Group for the year ended 31 December 2012 was mainly due to decrease in turnover, the Company did not record any gain from restructuring, increase in administrative expenses and overhead from approximately RMB3,439,000 in 2011 to approximately RMB15,933,000 in 2012, impairment loss on trade receivables of approximately RMB24,014,000 and impairment loss recognised in respect of property, plant and equipment of approximately RMB51,911,000.

Although the Group continued to be cautious in controlling its cost of production and overheads in the year ended 31 December 2012, after completion of the restructuring of the Group and the discharge of the provisional liquidators of the Company (the "**Provisional Liquidators**") in November 2011, the Company resumed its normal operation in Hong Kong and incurred increased overhead and administrative expenses in the year of 2012.

During the year ended 31 December 2012, a number of overdue debtors have financial difficulties and despite the Group's repeated requests for settlement in full, they have offered to settle their outstanding debts at a discount. After considering their requests and various possible actions that can be taken, the Group has provided specific provision of approximately RMB24,014,000 for the year ended 31 December 2012. The Group does not hold any collateral over these balances.

For the year ended 31 December 2012, the directors of the Company, after taking into account the economic condition and industrial development prospect, had considered that the significant decrease in revenue during the year indicated impairment loss for the Group's property, plant and equipment and therefore conducted an impairment review on the carrying amounts of the property, plant and equipment. The directors of the Company appointed an independent professional valuer to perform a valuation on the property, plant and equipment as at 31 December 2012, thus, a total impairment loss of approximately RMB51,911,000 has been made according to the excess of the aggregate carrying amounts of the property, plant and equipment as at 31 December 2012 over the recoverable amount based on the valuation report dated 22 March 2013.

Basic loss per ordinary share ("**Share**") was approximately RMB0.26 for the year ended 31 December 2012 (2011: profit RMB1.29 per Share).

PROSPECTS

In light of the uncertainties and challenges face by world major economies, slowing down of the PRC economy, tight 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 new management of the Company formed by Mr. He Jianhong and Mr. Zhang Zhantao (the "**New Management**") has ample experience in the operation, corporate strategy and corporate management which shall help the Group to formulating comprehensive business strategy and the New Management will explore other business opportunities and consider whether any assets and/or business acquisition by the Group will be appropriate in order to enhance its growth.

LIQUIDITY, FINANCIAL RESOURCES AND FUNDING

At 31 December 2012, the Group had net current assets of approximately RMB45,592,000 (2011: RMB73,543,000) and liquid assets comprising bank balances and cash totaled approximately RMB11,217,000 (2011: RMB21,877,000).

At the year end, equity attributable to owners of the Company amounted to approximately RMB47,173,000, representing a decrease of approximately RMB82,460,000 compared to last year (31 December 2011: RMB129,633,000) and is equivalent to an attributable amount of approximately RMB0.14 per Share (2011: RMB0.41). The decrease in equity attributable to owners of the Company was mainly due to decrease in turnover, the Company did not record any gain from restructuring, increase in administrative expenses and overhead as the Company resumed its normal operations in Hong Kong after the discharge of the Provisional Liquidators in November 2011, impairment loss on trade receivables of approximately RMB24,014,000 and impairment loss recognised in respect of property, plant and equipment of approximately RMB51,911,000.

At 31 December 2012, the Group's total liabilities amounted to approximately RMB15,829,000 (2011: RMB26,611,000). At 31 December 2012, the Group's total borrowings comprised with the liabilities portion of convertible loan notes amounted to approximately RMB8,508,000 (2011: RMB7,405,000). The Group's gearing ratio, calculated on the basis of total borrowings divided by total equity, was at 18.04% at the year end (31 December 2011: 5.7%).

The convertible loan notes were denominated in Hong Kong dollars and bore fixed interest rate at 2% per annum. Pursuant to a resolution passed by the Board on 1 November 2011 and a confirmation from the holders of the convertible loan notes, all the interests and repayment of the principal of the convertible loan notes in future shall be settled in RMB (ie: the functional currency of the Group) and notwithstanding any change in exchange rate between HKD and RMB in future, the exchange rate for conversion of any payment under the convertible loan notes from HKD to RMB has been fixed at 1.21, which was the exchange rate as at 1 November 2011. 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 approximately RMB1,380,000 (2011: RMB6,186,000).

EMPLOYEES AND REMUNERATION POLICIES

At 31 December 2012, the Group had 85 employees including executive directors of the Company (2011: 92) 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 2012, the total staff costs including remuneration of directors and chief executive amounted to approximately RMB4,503,000 (2011: RMB1,627,000). During the year ended 31 December 2012, a new share option scheme had been adopted in place of the old share option scheme but no share option had been granted by the Company under the new share option scheme.

DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2012 (2011: 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 2012 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

(i) Unconditional mandatory cash offers

Pursuant to the composite offer and response document of the Company dated 29 January 2013 (the "**Composite Document**") and announcement of the Company dated 12 December 2012, the Board was informed by Integrated Asset Management (Asia) Limited ("**IAM**") and Business Giant Limited ("**BGL**") that IAM, BGL and Able Success Asia Limited (the "**Offeror**") entered into the sales and purchase agreement dated 23 November 2012 pursuant to which IAM and BGL agreed to sell and Offeror agreed to purchase i) an aggregate of 201,000,000 shares of the Company, ii) the convertible loan notes in the principal amount of HKD12,600,000 and iii) 364,000,000 Convertible Preference Shares for an aggregate cash consideration of HKD81,271,000 (equivalent to HKD0.1213 per Sale Share and per Conversion Share). Completion took place on 26 November 2012 and the Offeror became the controlling Shareholder.

Upon completion, the Offeror is required to make the unconditional mandatory general offers in cash for all the issued shares and outstanding convertible securities of the Company other than those already owned by the Offeror and parties acting in concert with it at HKD0.1213 each ("**Share Offer**") and to cancel all outstanding share options at HKD0.0001 each (the "**Option Offer**").

On 19 February 2013, the Offeror had received valid acceptances in respect of a total of 131,644 shares under the Share Offer and no share options under the Option Offer.

(ii) Change of board composition

Mr. He Jianhong has been appointed as the chairman of the Company and an executive director and Mr. Zhang Zhantao has been appointed as an executive director, both with effect from 1 February 2013. Mr. Leung Heung Ying, Alvin and Mr. Wong Tat Wai, Derek resigned as executive directors whereas Dr. Lam Andy Siu Wing *JP* resigned as an independent non-executive director, all with effect from 20 February 2013. Following the resignation of Dr. Lam Andy Siu Wing *JP*, the number of independent non-executive directors of the Company falls below the minimum number required under Rule 3.10(1) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and the number of audit committee members falls below the minimum number required under Rule 3.21 of the Listing Rules. The Board will appoint an appropriate person to fill the vacancy as soon as possible within three months from 20 February 2013 pursuant to the Rule 3.11 of the Listing Rules.

(iii) Villagers' Committee letter dated 5 March 2013 in relation of the Land

A subsidiary of the Company, Shanxi Zhangen Metal Products Co., Ltd. received a notice from Fen Yang Wen Feng Street Nanguan Villagers' Committee (汾陽市文峰街道南關村民委員會 "**Villagers' Committee**") dated 5 March 2013 (the "**Notice**") relating to the Land Use Compensation Agreement (土地征用補償協議) dated 25 October 2007 (the "**Agreement**") in respect of the land (the "**Land**"). The Notice mentioned that as the approval procedures are complicated and the usage of the Land has not yet converted from collectively owned into industrial use. In view of the above, the Villagers' Committee notified the Company that the Agreement shall be cancelled with immediate effect and the deposit of RMB12,400,000 previously paid by the Group shall be treated as rental expenses for using the Land for the period from 26 October 2007 to 25 October 2014. While the Group is in the course of seeking legal advice in respect of the Agreement and the Notice, the Group is also negotiating with the Villagers' Committee simultaneously for the extension of usage period and/or a rental arrangement after 25 October 2014. During the year ended 31 December 2008, the Provisional Liquidators considered that it was uncertain about the recoverability of the aforesaid deposit, impairment of RMB12,400,000 had been recognised accordingly.

(iv) Change of Company Secretary

Mr. Leung Heung Ying, Alvin has resigned and Mr. Lau Cheuk Pun has been appointed as Company Secretary of the Company both with effect from 20 March 2013.

CONTINGENT LIABILITIES

At 31 December 2012, the Group did not have any significant contingent liabilities (2011: Nil).

CORPORATE GOVERNANCE

The Company has complied with all code provisions of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code (the "**CG Code**") during the period from 1 April 2012 to 31 December 2012 as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, save as disclosed as follows.

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

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

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. 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 ended 31 December 2012.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2012 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 2012 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
He Jianhong
Chairman

Hong Kong, 25 March 2013

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. He Jianhong (Chairman) and Mr. Zhang Zhantao; and (ii) two independent non-executive Directors, namely Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.