



中國鋁罐控股有限公司

China Aluminum Cans Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 6898

PLACING AND PUBLIC OFFER

Sponsor, Sole Bookrunner and Lead Manager



Shenyin Wanguo Capital (H.K.) Limited

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should seek independent professional advice.

China Aluminum Cans Holdings Limited

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(Incorporated in the Cayman Islands with limited liability)

LISTING ON THE MAIN BOARD OF THE STOCK EXCHANGE OF HONG KONG LIMITED BY WAY OF PLACING AND PUBLIC OFFER

Number of Offer Shares	: 100,000,000 Shares (subject to the Over-allotment Option)
Number of Placing Shares	: 90,000,000 Shares (subject to re-allocation and the Over-allotment Option)
Number of Public Offer Shares	: 10,000,000 Shares (subject to re-allocation)
Offer Price	: Not more than HK\$1.20 per Offer Share (payable in full on application, plus brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005% and subject to refund) and expected to be not less than HK\$1.00 per Offer Share
Nominal value	: HK\$0.01 per Share
Stock code	: 6898

Sponsor, Sole Bookrunner and Lead Manager



Shenyin Wanguo Capital (H.K.) Limited
Co-Lead Manager



太平洋基業證券有限公司
Pacific Foundation Securities Limited

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the section headed "Documents delivered to the registrar of companies" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required under Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Securities and Futures Commission in Hong Kong nor the Registrar of Companies in Hong Kong takes any responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by an agreement between the Lead Manager (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be at or before 5:00 p.m. on or about Thursday, 4 July 2013 (or such other time and dates as may be agreed between our Company and the Lead Manager (for itself and on behalf of the Underwriters), but in any event no later than 5:00 p.m. on Wednesday, 10 July 2013.

The Lead Manager (for itself and on behalf of the Underwriters) may, with our consent, reduce the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such case, a notice of the reduction of the indicative Offer Price range will be published on the website of our Company (www.euroasia-p.com) and the Stock Exchange (www.hkexnews.hk), not later than the morning of the last day for lodging applications under the Public Offer.

If the Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Wednesday, 10 July 2013, the Share Offer will not become unconditional and will lapse.

The obligations of the Underwriters under the Underwriting Agreements to subscribe for, and/or to procure applicants for the subscription for, the Offer Shares, are subject to termination by the Lead Manager (for itself and on behalf of the Underwriters) upon the occurrence of any of the events set forth in the paragraph headed "Underwriting — Underwriting arrangements and expenses — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on Friday, 12 July 2013 (the "Termination Time"), being the day on which dealings in the Shares on the Main Board first commence.

Prior to making any investment decision, prospective investors should consider carefully all the information contained in this prospectus including the risk factors set out in the section headed "Risk Factors" in this prospectus.

No action has been taken to permit an offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than in Hong Kong. Accordingly, this prospectus or the Application Forms may not be used for the purpose of, and does not (and is not intended to) constitute an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus or the Application Forms and the offering and sales of the Offer Shares in other jurisdictions may be restricted by law and therefore persons who possess this prospectus or any of the Application Forms should inform themselves about, and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of applicable securities law.

28 June 2013

EXPECTED TIMETABLE ^(Note 1)

An announcement will be issued on our website at www.euroasia-p.com and the website of the Stock Exchange at www.hkexnews.hk, if there is any change to the following expected timetable.

Latest time for completing electronic applications under
HK eIPO White Form service through the designated
website www.hkeipo.hk ^(Note 2) 11:30 a.m. on Thursday, 4 July 2013

Application lists open ^(Note 3) 11:45 a.m. on Thursday, 4 July 2013

Latest time for completing payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or PPS
payment transfer(s) 12:00 noon on Thursday, 4 July 2013

Latest time to lodge **WHITE** and **YELLOW** Application
Forms and giving **electronic** application instructions to
HKSCC via CCASS ^(Note 4) 12:00 noon on Thursday, 4 July 2013

Application lists close ^(Note 3) 12:00 noon on Thursday, 4 July 2013

Expected Price Determination Date ^(Note 4) Thursday, 4 July 2013

Announcement of the final Offer Price, the level of indication
of interest under the Placing, the results of applications
under the Public Offer and the basis of allotment of the
Public Offer Shares to be published in South China Morning
Post (in English) and Hong Kong Economic Journal (in
Chinese) and on the website of our Company at
www.euroasia-p.com and the website of the Stock Exchange
at www.hkexnews.hk on or before Thursday, 11 July 2013

Results of allocations in the Public Offer (with successful
applicants' identification document numbers, where
appropriate) to be available through a variety of channels, as
described in the section headed "How to apply for the Public
Offer Shares — Results of allocations" in this prospectus
from Thursday, 11 July 2013

Results of allocations for the Public Offer to be available at
www.tricor.com.hk/ipo/result, with a "search by ID Number/
Business Registration Number" function Thursday, 11 July 2013

Despatch/Collection of refund cheques/e-Auto Refund payment
instructions in respect of wholly or partially unsuccessful
applications under the Public Offer on or before ^(Notes 6 and 9) Thursday, 11 July 2013

EXPECTED TIMETABLE ^(Note 1)

Despatch/collection of Share certificates in respect of wholly or partially successful applications under the Public Offer on or before ^(Notes 6, 7 and 8) Thursday, 11 July 2013

Dealings in Shares on the Main Board expected to commence on Friday, 12 July 2013

Notes:

1. All times in this prospectus refer to Hong Kong local time. Details of the structure of the Share Offer, including its conditions and grounds for termination, are set out in the section headed “Structure and conditions of the Share Offer” in this prospectus.
2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on Thursday, 4 July 2013. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m. on Thursday, 4 July 2013, you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day of submitting applications, when the application lists close.
3. If a “black” rainstorm warning signal or a tropical cyclone warning signal number 8 or above is in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 4 July 2013, the application lists will not open and close on that day. Further information is set out in the section headed “How to apply for the Public Offer Shares — When to apply for the Public Offer Shares — Effect of bad weather conditions on the opening of the application lists” in this prospectus.
4. The Offer Price is expected to be fixed by an agreement between the Lead Manager (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be at or before 5:00 p.m. on or about Thursday, 4 July 2013 (or such other time and dates as may be agreed between our Company and the Lead Manager (for itself and on behalf of the Underwriters), but in any event no later than 5:00 p.m. on Wednesday, 10 July 2013).

If the Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Wednesday, 10 July 2013, the Share Offer will not become unconditional and will lapse.

5. Applicants who apply for the Public Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to the section headed “How to apply for the Public Offer Shares — How to apply by giving **electronic application instructions** to HKSCC” in this prospectus.
6. Applicants who apply with **WHITE** Application Forms or by way of giving electronic instructions to the **HK eIPO White Form** Service Provider through **HK eIPO White Form** service (www.hkeipo.hk) for 1,000,000 Public Offer Shares or more under the Public Offer and have indicated on their Application Forms that they wish to collect their refund cheques (where applicable) and/or Share certificates in person from the Hong Kong Share Registrar may collect their refund cheques (where applicable) and/or Share certificates in person from the Hong Kong Share Registrar, Tricor Investor Services Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Thursday, 11 July 2013. Identification and authorization documents (where applicable) acceptable to the Hong Kong Share Registrar must be produced at the time of collection.

Applicants who apply with **YELLOW** Application Forms for 1,000,000 Public Offer Shares or more under the Public Offer and have indicated on their Application Forms that they wish to collect their refund cheques in person may collect their refund cheques (where applicable) but may not elect to collect their Share certificates, which will be deposited into CCASS for credit to their designated CCASS Participants’ stock accounts or CCASS Investor Participant stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply with **YELLOW** Application Forms is the same as that for the **WHITE** Application Form applicants.

EXPECTED TIMETABLE *(Note 1)*

Applicants who apply through the **HK eIPO White Form** service and paid their applications monies through single bank account may have refund monies (if any) despatched to their application payment bank account, in the form of e-Auto Refund payment instructions. Applicants who apply through the **HK eIPO White Form** service and paid their application monies through multiple bank accounts may have refund monies (if any) despatched to the address as specified in their application instructions to the **HK eIPO White Form** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

Uncollected Share certificates (if any) and refund cheques (if any) will be despatched by ordinary post and at the own risk of the applicants shortly after the day as described in the section headed “How to apply for the Public Offer Shares — Despatch/collection of share certificates and refund cheques/e-Auto Refund payment instructions” in this prospectus.

7. Share certificates for the Placing Shares to be distributed via CCASS are expected to be deposited into CCASS for credit to the respective CCASS Participants’ stock accounts designated by the Placing Underwriters, the placees or their agents, as the case may be.
8. Share certificates for the Offer Shares will only become valid certificates of title with effect from Friday, 12 July 2013 provided that (i) the Share Offer becomes unconditional in all respects; and (ii) the right of termination as described in the section headed “Underwriting — Underwriting arrangements and expenses — Grounds for termination” in this prospectus has not been exercised and has lapsed.
9. Refund cheques or e-Auto Refund payment instructions will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price as finally determined is less than the price payable on application. Part of the applicant’s Hong Kong Identity Card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong Identity Card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong Identity Card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong Identity Card number or passport number may lead to delay in encashment of, or may invalidate, the refund cheque.

CONTENTS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus and the Application Forms. Any information or representation not made in this prospectus and the Application Forms must not be relied on by you as having been authorized by us, the Sponsor, the Underwriters, any of their respective directors, officers, employees, advisors, agents, representatives or affiliates of any of them or any other persons or parties involved in the Share Offer. For the avoidance of doubt, the contents of our Group's website at www.euroasia-p.com do not form part of this prospectus.

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SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this prospectus. You should read the whole document including the appendices hereto, which constitute an integral part of this prospectus, before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks of investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read the section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a manufacturer of monobloc aluminum aerosol cans. Our aluminum aerosol cans have been used by a number of well known consumer brands to package fast-moving personal care products such as body deodorant, hair spray and shaving cream as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray. We can offer over 50 different models, in terms of dimensions, body contours and shoulder shapes for customers' selection. According to the CRI Report, our Group was the largest manufacturer of aluminum aerosol cans, in terms of production volume, for three continuous years from 2010 to 2012, with the market share above 30% in the PRC.

Our product

Aerosol packaging is widely used for liquid content. It has the advantages like easiness to dispense with precise application, air tightness for long term storage as well as convenience to carry around. Aerosol cans are usually made of aluminum or tinplate. However, aluminum aerosol cans possess features such as light weight, high recyclability and corrosion resistance as well as relatively high flexibility which allow them to be manufactured in easy-to-grip shapes for convenient content dispensing. Besides, they are perceived to be more pleasing by consumers as compared to containers made of tinplate. Therefore, for these reasons, aluminum aerosol cans are commonly used in the packaging of higher value consumer products, although their costs are usually higher than tinplate aerosol cans.

The table below sets forth the breakdown of our revenue by the types of end-products for which our aluminum aerosol cans were used in packaging during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Personal care products						
- <i>Body deodorant</i>	114,719	57.9	133,882	56.5	142,784	52.1
- <i>Others</i> ^(Note)	27,738	14.0	40,083	16.9	39,702	14.5
Pharmaceutical products	24,901	12.6	30,345	12.8	54,146	19.8
Refrigerants	2,176	1.1	7,371	3.1	15,352	5.6
Others	28,730	14.4	25,443	10.7	21,939	8.0
Total	<u>198,264</u>	<u>100.0</u>	<u>237,124</u>	<u>100.0</u>	<u>273,923</u>	<u>100.0</u>

Note: Other personal care products mainly include hair styling products and shaving cream.

During the Track Record Period, our revenue was approximately HK\$198 million, HK\$237 million and HK\$274 million respectively and we sold approximately 158 million, 176 million and 187 million cans respectively. The average unit selling price of our products was approximately HK\$1.26, HK\$1.34 and HK\$1.46 respectively for each of the three years ended 31 December 2012. Increases in our unit selling price were, to a large extent, to pass on the increases in our production costs but also helped to lift our operating margin slightly.

SUMMARY

Our customers

Our customers are classified into three categories namely, consumer brand manufacturers, mainly of personal care and pharmaceutical products; trading companies; and aerosol filling companies which fill the contents and propellants into aluminum aerosol cans for various consumer brands.

The following table sets out our revenue by customer category during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Consumer brand manufacturers	122,450	61.8	142,849	60.2	178,036	65.0
Trading companies	46,699	23.5	57,541	24.3	68,905	25.1
Aerosol filling companies	29,115	14.7	36,734	15.5	26,982	9.9
Total	198,264	100.0	237,124	100.0	273,923	100.0

Sales to our top five customers for each of the three years ended 31 December 2012 amounted to approximately HK\$80.5 million, HK\$86.3 million and HK\$119.3 million, accounting for approximately 40.6%, 36.4% and 43.6% of our total revenue respectively. Our sales to the largest customer for each of the three years ended 31 December 2012 amounted to approximately HK\$28.2 million, HK\$19 million and HK\$41.7 million, accounting for approximately 14.2%, 8% and 15.2% of our total revenue respectively.

Leveraging upon our reliable product quality and delivery, we have built up a solid customer base with over 200 customers in various countries. Our aluminum aerosol cans are sold in the PRC market and different countries in the Middle East and Africa.

The following table sets out the geographical breakdown of our revenue based on shipment destinations for the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Asia Pacific						
- PRC	74,025	37.3	89,984	37.9	123,628	45.1
- Others ^(Note 1)	13,222	6.7	13,497	5.7	11,947	4.4
Middle East						
- UAE	55,462	28.0	59,848	25.2	75,279	27.5
- Oman	15,224	7.7	16,109	6.8	1,716	0.6
- Others ^(Note 2)	9,114	4.6	5,493	2.3	11,345	4.1
Africa						
- Nigeria	18,093	9.1	28,872	12.2	26,364	9.6
- South Africa	4,731	2.4	8,575	3.6	11,013	4.0
- Others ^(Note 3)	1,132	0.6	1,951	0.8	1,835	0.7
Others ^(Note 4)	7,261	3.6	12,795	5.5	10,796	4.0
Total	198,264	100.0	237,124	100.0	273,923	100.0

Notes:

- (1) Others in Asia Pacific include Australia, Hong Kong, India, Japan, Russia, Taiwan, Thailand and the Philippines.
- (2) Others in Middle East include Israel, Jordan, Lebanon, Pakistan, Saudi Arabia and Syria.
- (3) Others in Africa include Egypt, Kenya and Tunisia.
- (4) Others include Europe and North America.

SUMMARY

Our pricing policy

We price our products on a cost-plus basis. Based on our past cost records as well as our forecast for potential price increase for each of the cost components for the coming year, our finance department determines the cost basis in pricing our products. Our general manager, Mr. Lin, reviews the cost basis and decides the profit margin for each of our established customers and new customers by making reference to the years of relationship with our Group and conditions in the markets where they operate such as market supply and demand, and prices of comparable products in the market, to arrive at the suggested price. The suggested price list is determined and adopted at the beginning of each year to provide our sales force with a guideline on price negotiations with our customers. We normally do not implement any interim adjustment on our suggested price during the year in response to price fluctuations in raw materials and production costs, since most of our customers are consumer brand manufacturers who also need a stable packaging cost environment to price their own products. Prior approval has to be obtained from Mr. Lin, if any salesperson intends to sell our products below the suggested price. On the other hand, we grant discretionary bonus to our salespersons who can agree selling price with customers above the suggested selling price. For further details about our pricing policy, please refer to the paragraph headed “Business — Customers — Pricing policy” in this prospectus.

Our production facilities

Our production facilities are situated in Zhongshan City, Guangdong Province, the PRC with a gross floor area of approximately 12,854 sq.m. built on our self-owned land properties. We presently have 11 fully automated production lines in operation and are in the course of installing the 12th production line, which is a pre-owned production line expected to come into operation in the third quarter of 2013. As at the Latest Practicable Date, our total production capacity was approximately 230 million cans. With the operation of the 12th production line, our annual production capacity can be increased to approximately 260 million cans.

Aerosol can manufacturing is a capital-intensive industry requiring substantial investment in setting up automated production lines. Therefore, in building up our production capacity throughout the years, we have been predominantly using pre-owned machineries acquired from other overseas and PRC aluminum can manufacturers. Amongst our 11 operating production lines, 10 were pre-owned and one was brand new acquired from the original European production equipment manufacturer. Based on our experience, we believe this “low-cost expansion” strategy, without compromising our product quality, has enabled us to cut down our capital outlays by at least 50% in comparison to using all brand new production machineries. Please refer to the paragraph headed “Business — Production — Production facility” in this prospectus for further details of our production lines.

The following are the major milestones of our production facilities:

Year	Number of production lines operated by our Group
2002	2
2005	4
2008	8
2009	9
2010 and as at the Latest Practicable Date	11 ^(Note)

Note: As at the Latest Practicable Date, we were in the course of installing the 12th production line, which is a pre-owned production line expected to come into operation in the third quarter of 2013.

SUMMARY

The following table shows our estimated production capacity, total production volume and average utilization rate of our production lines during the Track Record Period:

	For the year ended 31 December		
	2010	2011	2012
Estimated production capacity ⁽¹⁾ (million cans)	197	219	230
Total production volume (million cans)	153	179	187
Average utilization rate ⁽²⁾	77.7%	81.7%	81.3%

Notes:

- (1) The estimated production capacity is calculated for illustrative purposes only, based on 245 working days per year and 17 working hours per day, taking into account the required maintenance time during the year.
- (2) The average utilization rate is calculated by dividing the total production volume of the year by the estimated production capacity of that particular year.
- (3) Please refer to the paragraph headed “Business — Production — Production capacity and utilization” in this prospectus for further information on the production capacity and utilization rate of our production facilities during the Track Record Period.

Raw materials and suppliers

The major raw materials for manufacturing of aluminum aerosol cans are aluminum slugs which are processed from aluminum ingots. Aluminum ingots are either purchased by us in the market or by our slug processing agents. During the Track Record Period, the aggregate cost of aluminum ingots and the processing fees accounted for approximately 57.5%, 54.8% and 54.6% of our total cost of sales respectively.

During the Track Record Period, we relied Neuman to process around 94.6%, 93.2% and 92.2% of aluminum slugs used in our production respectively, and purchases of processed aluminum slugs from Neuman accounted for approximately 76.4%, 75.7% and 50.7% of our total cost of purchases respectively.

Our purchases from the top five suppliers for each of the three years ended 31 December 2012 amounted to approximately HK\$86.9 million, HK\$110.6 million and HK\$93.6 million, accounting for approximately 94.4%, 94% and 81.6% of our total cost of purchases respectively.

We entered into framework agreements with our approved major suppliers for aluminum ingots/slugs. These framework agreements contain legally binding terms such as the basis for determining the price, the quality of aluminum ingots/slugs and the payment terms, and non-legally binding indicative annual minimum quantity to be purchased/supplied. During the Track Record Period, we did not experience any disruption in supply of raw materials which caused production downtime or led to cancellation of orders by customers.

We forward purchased aluminum ingots from our approved suppliers to hedge against fluctuations in the price of aluminum ingots. Around 55.8%, 83.1% and 65.1% of the quantity of aluminum ingots used for goods sold were covered by forward purchases during the Track Record Period. The balance of approximately 44.2%, 16.9% and 34.9% were covered by spot purchases. As laid out in our hedging policies, we can hedge up to 50% of the aluminum ingots required for production based on our sales forecast. In the event that the sales and marketing department secures confirmed orders for some coming months, the Hedging Team is allowed to forward purchase to fully cover the unhedged portion of aluminum ingots required for the production of such confirmed orders. Therefore, the actual overall hedging ratio for a particular month is dependent on the amount of confirmed orders we can secure in advance for delivery in that month. Our monthly sales forecast is used to determine our production schedule and therefore influences our purchasing activity.

SUMMARY

For details of our procurement policy and the internal controls of our forward purchases, please refer to the paragraphs headed “Business — Raw materials and suppliers — Procurement” and “Business — Internal control on our hedging activities” respectively in this prospectus.

Research and development

As at the Latest Practicable Date, we had obtained 76 registered patents in the PRC, including 37 design patents (外觀設計專利), 31 utility model patents (實用新型專利) and eight invention patents (發明專利) to protect the intellectual property rights of the product designs, and the production technologies developed and possessed by us.

In recognition of our strong technology and production development capability, our Group has been accredited as High- and New-Technology Enterprise* (高新技術企業) since 2004 and Technology Centre of Provincial Enterprises in Guangdong Province* (廣東省省級企業技術中心) in 2011. Moreover, some of our products have been accredited as Guangdong Independent and Innovative Products* (廣東省自主創新產品) in 2009 and 2010 and Guangdong Province High- and New-Technology Products* (廣東省高新技術產品) in 2009.

In 2012, we were granted the status by CPF as being the first China Aluminum Cans (Bottles) Packaging Industry Base (Zhongshan)* (中國鋁罐(瓶)包裝產業基地(中山)) in the aluminum can manufacturing industry in the PRC. Our Directors consider that this serves as a recognition of our leading market position in the aluminum packaging industry and will help to attract more talents to join our Group to further expand our research and development capacity.

COMPETITIVE STRENGTHS

Our Directors consider that our Group’s success is primarily attributable to the following competitive strengths:

- our well established leading market position has benefitted our business performance;
- our abilities to deploy pre-owned production machineries and to perform major machinery upgrades have allowed us to control capital outlays whilst expanding our business;
- our capability to effectively plan our production schedules amongst the 11 fully automated production lines we operate enables us to minimize time loss on die changes and machine fine-tuning;
- our research and development as well as die making capabilities have enabled us to mass produce a wide range of product offerings in terms of different dimensions, body contours and shoulder shapes for our customers;
- we have long-standing relationships with major customers and major suppliers; and
- we have experienced senior management and operation teams.

BUSINESS STRATEGIES

We intend to implement the following principal strategies to expand our business and create values for our Shareholders:

- expand and upgrade our production facilities;
- continue to invest in research and development;
- open new market for monobloc aluminum bottles for beverages; and
- provide regular training and related education to our workforce.

SUMMARY

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The following tables present the summary of financial information for the Track Record Period and should be read in conjunction with our financial information included in the Accountants' Report, including the notes thereto:

Selected information from combined statements of comprehensive income

	Years ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Revenue	198,264	237,124	273,923
Gross profit	64,234	69,433	91,154
Profit before tax	32,951	36,177	49,297
Profit for the year	27,218	30,063	40,864
Attributable to:			
Owners of our Company	22,232	25,129	38,273
Non-controlling interests	4,986	4,934	2,591

Selected information from combined statements of financial position

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Non-current assets	233,858	231,197	233,169
Current assets	92,285	121,820	76,833
Current liabilities	132,112	152,768	88,325
Net current liabilities	(39,827)	(30,948)	(11,492)
Total assets less current liabilities	194,031	200,249	221,677
Net assets	156,502	171,946	163,569

Key Financial Ratios

	Notes	As at/for the year ended 31 December		
		2010	2011	2012
Current ratio	1	0.7	0.8	0.9
Gearing ratio	2	65.0%	66.7%	67.7%
Debt to equity ratio	3	44.6%	50.7%	66.2%
Gross profit margin	4	32.4%	29.3%	33.3%
Net profit margin	5	13.7%	12.7%	14.9%

Notes:

1. Current ratio is calculated by dividing total current assets by total current liabilities.
2. Gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include payables incurred not in the ordinary course of business.
3. Debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.
4. Gross profit margin is calculated by dividing gross profit for the year by revenue and multiplying the resulting value by 100%.
5. Net profit margin is calculated by dividing profit for the year by revenue and multiplying the resulting value by 100%.

SUMMARY

Our revenue and gross profit increased continuously during the Track Record Period. This was primarily due to the increases in the sales volume and the average unit selling price of our products. The decline in gross profit margin for the year ended 31 December 2011 was mainly attributable to the increase in costs of packaging materials and consumables and our employee benefit expenses. Our gross profit margin improved to 33.3% in 2012 from 29.3% in 2011, as a result of the growing sales volume in the PRC market, which had a much higher margin than the export markets. For further details on our Group's gross profit and gross profit margin, please refer to the section headed "Financial Information — Gross profit" in this prospectus.

We had net current liabilities of approximately HK\$39.8 million, HK\$30.9 million and HK\$11.5 million as at 31 December 2010, 2011 and 2012 respectively. Our net current liabilities position was mainly resulted from the use of short term bank borrowings to partly finance our capital investment in production lines. In 2012, to address this funding mismatch issue, we took out a long term loan in the amount of HK\$30.3 million to repay the short term banking borrowings. As a result, our net current liabilities were significantly reduced to HK\$11.5 million at the end of 2012. For further details on our net current liabilities, please refer to the sections headed "Risk Factors" and "Financial Information — Net current assets and liabilities" in this prospectus.

Our gearing ratio remained relatively stable as at each of the three years ended 31 December 2012. Our debt to equity ratio increased from 44.6% as at 31 December 2010 to 50.7% as at 31 December 2011 and further rose to 66.2% as at 31 December 2012. Such increases were due to the increase in our net debt resulting from the decrease in our cash balances after the cash distribution of dividends of approximately HK\$30.6 million and HK\$66.8 million for each of the two years ended 31 December 2012.

RECENT DEVELOPMENT OF OUR BUSINESS

Sales to our top customer

Yunnan Baiyao Group was our top customer accounting for approximately 15.2% of our total sales for the year ended 31 December 2012. It was announced on 5 February 2013 that certain Yunnan Baiyao Group's products, including "Yunnan Baiyao Aerosol", were recalled at the request of the Department of Health in Hong Kong and the health authority in Macau because these products contained undeclared contents which could have undesirable effects on or may be harmful to human health.

Despite the aforesaid product recall incident, we have not experienced with this customer any cancellation of purchase orders already placed with us, indication to reduce its purchases from us, material product return or delay in settlement of our trade receivables. For further details on our sales to Yunnan Baiyao Group, please refer to the section headed "Business — Recent development of our business" in this prospectus.

Export sales to Middle East

Middle East is one of our major export markets. Recently, certain countries in the Middle East such as Syria and Israel face political instability and social unrest. We have not experienced any adverse impact on our operating performance and position due to the current situation in the Middle East. We will continue to closely monitor the development in the Middle East and take approximate steps, such as increasing sales in the PRC or to other overseas markets, in order to maintain our growth.

Latest development trend of the aluminum aerosol can market and our unaudited performance for the four months ended 30 April 2013

For the four months ended 30 April 2013, we sold approximately 65 million cans, as compared to approximately 67 million cans for the same period in 2012. However, the quantity of aluminum aerosol cans we sold to customers in the PRC for the first four months of this year increased by approximately 70.5% as compared to that for the same period in 2012, mainly due to the rising demand from our major PRC customers.

SUMMARY

We believe such growing trend will continue. As forecast by the CRI, the PRC aluminum aerosol can market is expected to achieve a CAGR of approximately 12% from 2013 to 2017 in terms of production volume, given the increasing demand for high-quality packaging for consumer products as well as the continuous growth of the consumer spending power in the PRC.

As extracted by us from the April 2013 Financial Statements, our unaudited revenue was approximately HK\$92.9 million. Our Directors are responsible for the preparation and fair presentation of the April 2013 Financial Statements in accordance with the International Accounting Standard 34 “*Interim Financial Reporting*”. The April 2013 Financial Statements are unaudited but have been reviewed by our Reporting Accountants in accordance with the Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. Our revenue for the four months ended 30 April 2013 slightly declined by 7.4% as compared to the same period in 2012. This slight decrease was due to the downward adjustment on our selling price at the beginning of the year in response to the decrease in the price of aluminum ingots in prior year. Our average unit selling price dropped to HK\$1.43 for the four months ended 30 April 2013 as compared to HK\$1.46 for the year ended 31 December 2012, representing a decrease of approximately 2.1%. Based on the forecast of the CRI Report that aluminum overproduction in the PRC will continue to exert pressure on the PRC’s aluminum price over the next few years, our Directors anticipate that there would not be a major increase in the price of aluminum ingots, which should provide a stable cost environment for the industry.

PRE-IPO SHARE OPTION SCHEME

As at the Latest Practicable Date, options to subscribe for an aggregate of 17,490,000 Shares had been granted under the Pre-IPO Share Option Scheme to an executive Director, the non-executive Director, members of the senior management and other employees of our Group. For details of the Pre-IPO Share Option Scheme, please refer to the section headed “Pre-IPO Share Option Scheme” in Appendix V to this prospectus. By virtue of granting these share options, share-based payment expenses of approximately HK\$2.7 million, HK\$3.9 million, HK\$1.9 million and HK\$0.6 million will be charged to our Group’s income statement for each of the four years ending 31 December 2016, based on the fair value of the options granted under the Pre-IPO Share Option Scheme on the date of grant and the mid-point of the indicative Offer Price range.

LISTING EXPENDITURES

The total estimated listing expenses (excluding underwriting commission) in connection with the Share Offer comprising principally professional fees are expected to amount to approximately HK\$18.9 million. For the year ended 31 December 2012, our Group incurred listing expenses amounting to approximately HK\$5.7 million, which was fully charged to the profit and loss. For the year ending 31 December 2013, we estimate that the listing expenses to be incurred will amount to approximately HK\$13.2 million, of which approximately HK\$9.9 million will be charged to the profit and loss in the year and the remaining HK\$3.3 million will be charged against equity upon successful Listing, according to relevant accounting standards.

TAX ISSUES

In February 2013, European Asia Group received a tax demand note from the IRD stating the tax payable for the year of assessment 2006/07 was HK\$962,500. We engaged a professional tax consultant and lodged an objection to the aforesaid tax demand note in view of the fact that the trading profits of European Asia Group were derived from outside of Hong Kong and should not be liable to HKPT. We

SUMMARY

have also made provisions of approximately HK\$4 million for the potential tax payable and penalty of European Asia Group based on the tax demand note from the IRD for the year of assessment 2006/07 and its profits for the period from 2007 to 2012 at the then prevailing HKPT rate. For further details on our tax issues, please refer to the section headed “Business — Taxation” in this prospectus.

NO ADVERSE MATERIAL CHANGE

We confirm that, up to the date of this prospectus, there had been no material adverse change in our financial or trading position or prospects since 31 December 2012, being the end of period reported in the Accountants’ Report, and there had been no event since 31 December 2012 which would materially affect the financial information shown in the Accountants’ Report.

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalization Issue and the Share Offer, the Controlling Shareholders will be Mr. Lin, Mrs. Lin and Wellmass. Mr. Lin and Mrs. Lin will through Wellmass hold 75% of our Company’s entire issued share capital (without taking into account the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme).

OFFERING STATISTICS

	Based on the Offer Price of	
	HK\$1.0 per Offer Share	HK\$1.2 per Offer Share
Market capitalization <i>(Note 1)</i>	HK\$400 million	HK\$480 million
Unaudited pro forma adjusted net tangible asset value per Share <i>(Note 2)</i>	HK\$0.60	HK\$0.65

Notes:

1. The calculation of market capitalization of the Shares is based on the indicative Offer Price range of HK\$1.0 to HK\$1.2 per Offer Share and a total of 400,000,000 Shares in issue immediately after completion of the Capitalization Issue and the Share Offer but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme or which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus.
2. The unaudited pro forma adjusted net tangible asset value per Share has been arrived at after having made the adjustments referred to in “Unaudited Pro Forma Financial Information” included in Appendix II to this prospectus and on the basis of a total of 400,000,000 Shares in issue immediately after completion of the Capitalization Issue and the Share Offer but without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme or which may be allotted and issued or repurchased by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in Appendix V to this prospectus.

DIVIDEND POLICY

Dividends may be paid out by way of cash or by other means we consider appropriate. During the years ended 31 December 2010, 2011 and 2012, our Group declared dividends of HK\$45.3 million, HK\$21.4 million and HK\$48.5 million respectively. All the dividends declared during the Track Record Period had been fully settled as at the Latest Practicable Date. Our Directors may recommend a payment of dividends in the future after taking into account our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and other factors as they may deem relevant at such time.

SUMMARY

USE OF PROCEEDS FROM ISSUE OF THE NEW SHARES

We estimate that the aggregate net proceeds (assuming the Over-allotment Option is not exercised) available to us from the Share Offer (after deducting underwriting commissions and estimated expenses payable by us in connection with the Share Offer) will be approximately HK\$90 million (assuming the Offer Price of HK\$1.1 per Offer Share, being the mid-point of the indicative Offer Price range). We intend to apply these net proceeds in the following manner:

- up to 60%, or approximately HK\$54 million, will be used to partially fund the expansion of our production capacity, including the upgrading of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans;
- up to 15%, or approximately HK\$13.5 million, will be used to establish a new research and development laboratory;
- up to 20%, or approximately HK\$18 million, will be used to partially repay our US\$-denominated bank loan; and
- the remaining balance of 5%, or approximately HK\$4.5 million, will be used for general working capital purposes.

In the event that the Offer Price is set at the low-end or high-end of the Offer Price and (i) if the Over-allotment Option is not exercised at all, the net proceeds from the Share Offer will decrease or increase by approximately HK\$10 million; and (ii) if the Over-allotment Option is exercised in full, the net proceeds from the Share Offer will decrease or increase by approximately HK\$11 million. Under such circumstances, we will adjust our allocation of the net proceeds in the same proportion as set out above.

To the extent, if any, that the net proceeds available to us from the Share Offer are not immediately applied for the above purposes, we intend to deposit the net proceeds into interest-bearing bank accounts or to purchase money market instruments e.g. capital preservation instruments excluding listed equity securities.

RISK FACTORS

There are risks associated with your investment in the Offer Shares. Some of the relatively material risks relating to our Group include:

- increases in the price of aluminum ingots or the slug processing fees would have adverse effects on our profit margin if we cannot pass on such increases to our customers
- Neuman processed over 90% of the aluminum slugs used in our production during the Track Record Period and any disruption in its operation or cessation of processing aluminum slugs for us would adversely affect our operations and financial results
- our profit margin could be adversely affected by any decrease in the proportion of our sales in the PRC market
- the preferential tax treatment we currently enjoy is subject to review and approval by the PRC tax authority. If the preferential tax rate reduces or if we no longer enjoy the preferential tax treatment in the future, our net profits and cash flow will be adversely affected

You should also refer to the section headed “Risk Factors” in this prospectus for further information on risks relating to our business, our industry, the PRC and the Share Offer.

DEFINITIONS

In this prospectus, the following expressions have the following meanings, unless the context otherwise requires:

“A-Share Listing”	the proposed listing of the shares of Euro Asia Packaging on the Growth Enterprise Board of the Shenzhen Stock Exchange, the application of which was submitted on 21 December 2009, subsequently withdrawn and acknowledged by the CSRC on 19 November 2010
“Accountants’ Report”	the accountants’ report set out in Appendix I to this prospectus
“AEROBAL”	International Organization of Aluminum Aerosol Container Manufacturers (formerly known as European Association of Aluminum Aerosol Container Manufacturers), an international organization representing 17 international aluminum aerosol can manufacturers in Europe, North America, South America, Asia and Africa, which was founded in 1976 and focuses on supplying statistics and market information on packaging and raw materials for its members, as well as monitoring the standardization of aluminum aerosol cans in the industry. Euro Asia Packaging is one of the members of AEROBAL
“Application Form(s)”	WHITE application form(s), YELLOW application form(s) and GREEN application form(s), or, where the context so requires, any of them to be used in connection with the Public Offer
“April 2013 Financial Statements”	the unaudited condensed consolidated interim financial statements of our Group for the four months ended 30 April 2013
“Articles of Association” or “Articles”	the articles of association of our Company adopted on 20 June 2013 and as amended from time to time, a summary of which is set out in Appendix IV to this prospectus
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Botny Chemical”	Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司), a company established in the PRC with limited liability and is wholly owned by European Asia Industrial, which is in turn wholly owned by Mr. Lin as at the Latest Practicable Date

DEFINITIONS

“Business Day(s)”	any day(s) (excluding Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
“BVI”	British Virgin Islands
“Capitalization Issue”	the issue of Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in the paragraph headed “Further information about our Company — Written resolutions of the sole Shareholder passed on 20 June 2013” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant(s)”	person(s) admitted to participate in CCASS as direct clearing participant(s) or general clearing participant(s)
“CCASS Custodian Participant(s)”	person(s) admitted to participate in CCASS as custodian participant(s)
“CCASS Internet System”	the website operated by HKSCC to enable CCASS Investor Participants and, upon authorization by a CCASS Clearing Participant or a CCASS Custodian Participant, stock segregated account statement recipients of that CCASS Clearing Participant or CCASS Custodian Participant to access CCASS
“CCASS Investor Participant(s)”	person(s) admitted to participate in CCASS as investor participant(s) who may be individual(s) or joint individual(s) or corporation(s)
“CCASS Participant(s)”	CCASS Clearing Participant(s), CCASS Custodian Participant(s), or CCASS Investor Participant(s)
“CCASS Phone System”	the interactive voice response system operated by HKSCC for enabling CCASS Investor Participants and, upon authorization by a CCASS Clearing Participant or a CCASS Custodian Participant, statement recipients of that CCASS Clearing Participant or CCASS Custodian Participant to access CCASS
“Companies Law”	the Companies Law (as revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Companies Ordinance”	the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company”	China Aluminum Cans Holdings Limited (中國鋁罐控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 12 September 2012
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules, and in the context of our Company, refers to Mr. Lin, Mrs. Lin and Wellmass
“CPF”	China Packaging Federation (中國包裝聯合會) (formerly known as China Packaging Technology Association (中國包裝技術協會)), a national packaging organization under the direct supervision of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, which was founded in 1980 with the approval of the State Council of the PRC and focuses on implementing relevant governmental policies relating to the PRC packaging industry
“CRI”	China Research and Intelligence Co., Ltd., (上海元哲信息諮詢有限公司) a market research and consulting company, an Independent Third Party
“CRI Report”	a commissioned market research report dated 28 June 2013 issued by CRI, the details of which are set out in the section headed “Industry Overview” in this prospectus
“CSRC”	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory authority responsible for the supervision and management of the PRC national securities markets
“Director(s)”	the director(s) of our Company from time to time
“EIT”	enterprise income tax of the PRC
“EIT Law”	Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法)

DEFINITIONS

“Euro Asia Aerosol”	Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Ltd. (廣州歐亞氣霧劑與日化用品製造有限公司), a company established in the PRC with limited liability and is wholly owned by European Asia Industrial, which is in turn wholly owned by Mr. Lin as at the Latest Practicable Date
“Euro Asia Investments”	Euro Asia Investments Global Limited, a company incorporated in BVI with limited liability on 3 October 2012 and is wholly owned by our Company as at the Latest Practicable Date
“Euro Asia Packaging”	Euro Asia Packaging (Guang Dong) Co., Limited (廣東歐亞包裝股份有限公司) (formerly known as “Euro Asia Packaging (Zhongshan) Co., Ltd.* (歐亞包裝(中山)有限公司)” and “Euro Asia Tech-Aluminum (Guang Dong) Co., Limited* (廣東歐亞科技鋁業股份有限公司)”), a company established in the PRC on 27 June 2002 and is owned as to 98.623% by Hong Kong Aluminum Cans and as to 1.377% by Ron Investment as at the Latest Practicable Date
“European Asia Group”	European Asia Group Company Limited, a company incorporated in Hong Kong with limited liability on 2 April 2005 and is wholly owned by Euro Asia Packaging as at the Latest Practicable Date
“European Asia Industrial”	European Asia Industrial Limited, a company incorporated in Hong Kong with limited liability on 23 July 1999 and is wholly owned by Mr. Lin as at the Latest Practicable Date
“First Lock-up Period”	the first lock-up period commencing on the date of this prospectus and ending on the date which is six months from the Listing Date
“ GREEN application form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group” or “We” or “our” or “us”	our Company and its subsidiaries, or any of them or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the business operated by such subsidiaries or (as the case may be) their predecessors
“HK” or “Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“ HK eIPO White Form ”	the application for the Public Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the HK eIPO White Form Service Provider at www.hkeipo.hk
“ HK eIPO White Form Service Provider ”	the HK eIPO White Form Service Provider designated by our Company, as specified on the designated website of the HK eIPO White Form at www.hkeipo.hk
“ HKPT ”	Hong Kong Profit Tax
“ HKSCC ”	Hong Kong Securities Clearing Company Limited, a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited
“ HKSCC Nominees ”	HKSCC Nominees Limited, a wholly owned subsidiary of HKSCC
“ HK\$ ” or “Hong Kong dollar(s)”	Hong Kong dollar(s), the lawful currency of Hong Kong
“ Hong Kong Aluminum Cans ”	Hong Kong Aluminum Cans Limited, a company incorporated in Hong Kong with limited liability on 6 September 2012 and is wholly owned by Euro Asia Investments as at the Latest Practicable Date
“ Hong Kong Share Registrar ”	Tricor Investor Services Limited, our Hong Kong branch share registrar and transfer office
“ IFRS ”	International Financial Reporting Standards issued by the International Accounting Standards Board
“ Independent Third Party(ies) ”	a person(s) or company(ies) which is/are independent of and not connected with any of our Directors, chief executive or substantial shareholders of our Company, its subsidiaries or any of its respective associates
“ IRD ”	the Inland Revenue Department of Hong Kong
“ Latest Practicable Date ”	21 June 2013, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained herein
“ Listing ”	the listing and commencement of dealings in the Shares on the Main Board

DEFINITIONS

“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares on the Stock Exchange first commence, which is expected to be on or about 12 July 2013
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange, which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“mm”	millimeter(s)
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Mr. Lin”	Mr. Lin Wan Tsang, an executive Director and the chairman of our Company, and the husband of Mrs. Lin
“Mrs. Lin”	Ms. Ko Sau Mee, an executive Director and the wife of Mr. Lin
“Neuman”	Neuman (Xinhui) Alloy Material Co., Ltd. (諾文(新會)合金材料有限公司), our largest supplier which is an Independent Third Party
“Non-competition Deed”	the non-competition deed dated 27 June 2013 given by the Controlling Shareholders in favour of our Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed “Relationship with the Controlling Shareholders — Non-competition Deed” in this prospectus
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage fee of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%) of not more than HK\$1.20 and expected to be not less than HK\$1.00, such price to be agreed upon by our Company and the Lead Manager (on behalf of the Underwriters) on the Price Determination Date

DEFINITIONS

“Offer Shares”	a total of 100,000,000 Shares together with, where relevant, any Over-allotment Shares being offered under the Share Offer as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Over-allotment Option”	the option expected to be granted by our Company to the Placing Underwriters and exercisable by the Lead Manager in its absolute discretion (for itself and on behalf of the Placing Underwriters) pursuant to which our Company may be required to allot and issue the Over-allotment Shares at the Offer Price to, among other things, cover over-allocations in the Placing
“Over-allotment Shares”	up to an aggregate of 10,000,000 new Shares to be issued pursuant to the exercise of the Over-allotment Option
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters with professional, institutional and other investors at the Offer Price as further described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Shares”	the 90,000,000 Shares initially offered by our Company at the Offer Price pursuant to the Placing, subject to the Over-allotment Option and re-allocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Placing Underwriters”	the underwriters of the Placing Shares listed in the paragraph headed “Placing Underwriters” under the section headed “Underwriting” in this prospectus
“Placing Underwriting Agreement”	the conditional underwriting agreement expected to be entered into on or before the Price Determination Date by, among others, the Lead Manager, the Placing Underwriters, the Sponsor, our Company, the Controlling Shareholders and the executive Directors in relation to the underwriting of the Placing Shares as further described under the paragraph headed “Placing Underwriting Agreement” in the section headed “Underwriting” in this prospectus
“PRC” or “China”	the People’s Republic of China, which for the purpose of this prospectus only, does not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme conditionally adopted by our Company on 20 June 2013, the principal terms of which are summarized in the section headed “Pre-IPO Share Option Scheme” in Appendix V to this prospectus
“Price Determination Agreement”	the agreement expected to be entered into between our Company and the Lead Manager (for itself and on behalf of the Underwriters) at or before the Price Determination Date to record and fix the final Offer Price
“Price Determination Date”	the date, expected to be at or before 5:00 p.m. on or about Thursday, 4 July 2013 (or such other time and date as may be agreed between our Company and the Lead Manager (for itself and on behalf of the Underwriters)), but in any event no later than 5:00 p.m. on Wednesday, 10 July 2013, on which the Offer Price will be fixed for the purpose of the Share Offer
“Public Offer”	the conditional offer of the Public Offer Shares by our Company for subscription to the public in Hong Kong at the Offer Price, as further described in the section headed “Structure and conditions of the Share Offer” in this prospectus
“Public Offer Shares”	the 10,000,000 new Shares initially offered by our Company for subscription at the Offer Price under the Public Offer (subject to re-allocation as described in the section headed “Structure and conditions of the Share Offer” in this prospectus)
“Public Offer Underwriter”	the underwriter of the Public Offer Shares listed in the paragraph headed “Public Offer Underwriter” under the section headed “Underwriting” in this prospectus
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 27 June 2013 relating to the Public Offer and entered into by the Sponsor and Lead Manager, the Public Offer Underwriter, our Company, the Controlling Shareholders and executive Directors, as further described under the paragraph headed “Public Offer Underwriting Agreement” in the section headed “Underwriting” in this prospectus

DEFINITIONS

“Reorganization”	the corporate reorganization of our Group in preparation for the Listing and prior to the issue of this prospectus, details of which are described in the sub-paragraph headed “Corporate Reorganization” under the paragraph headed “Further information about our Company” in Appendix V to this prospectus
“Reporting Accountants”	Ernst & Young, Certified Public Accountants, acting as the Company’s auditors and reporting accountants of the Listing
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Ron Investment”	Ron Investment Limited, a company incorporated in Hong Kong with limited liability on 18 September 2007 and is wholly owned by an Independent Third Party
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
“SAT”	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
“Second Lock-up Period”	the second lock-up period of six months commencing on the date on which the First Lock-up Period expires
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary shares(s) of HK\$0.01 each in the share capital of our Company
“Share Offer”	together, the Placing and the Public Offer
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 20 June 2013, the principal terms of which are summarized in the section headed “Share Option Scheme” in Appendix V to this prospectus
“Shareholder(s)”	the holder(s) of the issued Shares
“Shenyin Wanguo Capital”, “Lead Manager”, “Sole Bookrunner”, “Sponsor” or “Stabilising Manager”	Shenyin Wanguo Capital (H.K.) Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO

DEFINITIONS

“Shenzhen City Li Feng He”	Shenzhen City Li Feng He Investment Company Limited* (深圳市利豐和投資有限公司), a limited liability company established in the PRC and an Independent Third Party
“SIBOR”	the Singapore Interbank Offered Rate
“Stock Borrowing Agreement”	the stock borrowing agreement expected to be entered into between Wellmass and the Lead Manager pursuant to which the Lead Manager may borrow up to an aggregate of 10,000,000 Shares to cover any over-allocation in the Placing
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meanings ascribed thereto in section 2 of the Companies Ordinance
“substantial shareholder(s)”	has the meanings ascribed to it under the Listing Rules
“Takeovers Code”	the Hong Kong Codes on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“tonne”	a unit of weight, one metric tonne is equal to 1,000 kilograms
“Track Record Period”	the three financial years ended 31 December 2010, 2011 and 2012
“UAE”	the United Arab Emirates
“Underwriters”	together, the Placing Underwriters and the Public Offer Underwriter
“Underwriting Agreements”	together, the Placing Underwriting Agreement and the Public Offer Underwriting Agreement
“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US\$” or “US dollar(s)”	US dollar(s), the lawful currency of the U.S.
“Wellmass”	Wellmass International Limited, a company incorporated in the BVI with limited liability on 18 July 2012 and is wholly owned by Mr. Lin as at the Latest Practicable Date
“ WHITE Application Form(s)”	the form(s) of application for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the applicants or the applicants’ own name(s)

DEFINITIONS

“YELLOW Application Form(s)”	the form(s) of application for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be deposited directly into CCASS
“Yunnan Baiyao Group”	Yunnan Baiyao Group Co., Ltd. (雲南白藥集團股份有限公司), an Independent Third Party and is one of our major customers
“Zhongshan City Jin Feng”	Zhongshan City Jin Feng Industrial Investment Company Limited* (中山市金豐實業投資有限公司), a limited liability company established in the PRC and an Independent Third Party
“Zhongshan City Kang Jian”	Zhongshan City Kang Jian Joint Advisory Services Company Limited* (中山市康健聯合諮詢服務有限公司), a limited liability company established in the PRC and an Independent Third Party
“Zhongshan Health Technology Park”	Zhongshan Health Technology Park Development Co., Ltd.* (中山市健康科技產業基地發展有限公司), a limited liability company established in the PRC and an Independent Third Party
“sq.ft.”	square feet
“sq.m.”	square meter(s)
“%”	per cent.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments and, accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

Translated English names of Chinese natural persons, legal persons, governmental authorities, institutions or other entities for which no official English translation exist are unofficial translations for identification purposes only, and in the event of any inconsistency between the Chinese names of the PRC entities mentioned in this prospectus and their English translations, the Chinese names shall prevail. The provision of English translation of company names in Chinese marked with “” is for identification purposes only.*

GLOSSARY

This glossary contains explanations of certain terms used in this prospectus in connection with our Group and our business. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

“aerosol”	a liquid substance, sealed in a metal container under pressure with an inert gas or other activating agent and released as a spray or foam through a push-button valve or nozzle. Examples of aerosols are hair spray, body deodorant and air freshener
“aerosol can”	a type of packaging can used to contain aerosol products
“aluminum ingot”	a cast form of aluminum
“aluminum slug”	a round sheet of aluminum processed from aluminum ingots with different diameter and thickness, used principally for manufacturing monobloc aluminum cans
“CAGR”	compound annual growth rate
“extrusion die”	a tool used in the extrusion machine for forming aluminum slugs into aluminum cans
“FEA”	Fédération Européenne des Aérosols or European Aerosol Federation, an organization representing more than 500 small and medium-sized enterprises and multinational companies active in the aerosol industry in 18 European countries, which was founded in 1959 and focuses on developing guidelines and standards on industrial safety, as well as promoting good manufacturing practice in the aerosol industry
“GDP”	gross domestic product
“ISO”	International Organization for Standardization, a world-wide federation of national standard bodies
“ISO 9001”	quality management systems model published by ISO for quality assurance in design, development, production, installation and servicing
“monobloc aluminum can/bottle”	an aluminum can/bottle made of one piece of material without conjunction
“necking die”	a tool used in the necking machine for pushing the open end of aluminum cans into different shapes and configurations

FORWARD-LOOKING STATEMENTS

FORWARD-LOOKING STATEMENTS CONTAINED IN THIS PROSPECTUS ARE SUBJECT TO RISKS AND UNCERTAINTIES

This prospectus contains certain forward-looking statements and information relating to our Group that are based on the beliefs of our management as well as assumptions made by and information currently available to us. When used in this prospectus, the words “anticipate”, “believe”, “could”, “estimate”, “expect”, “going forward”, “intend”, “may” “ought to”, “plan” “project”, “seek”, “should”, “will”, “would” and similar expressions, as they relate to our Company, our Group or our management, are intended to identify forward-looking statements. Such statements reflect, among other things, the discussion of the business strategy and the current views of our management with respect to future events, operations, liquidity, and capital resources, some of which may not materialize or may change.

These statements are subject to certain risks, uncertainties and assumptions, including the risk factors as described in this prospectus. Purchasers and subscribers of the Shares are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties and that any or all of these assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The risks and uncertainties facing our Company, which could affect the accuracy of forward-looking statements, include, but are not limited to, the following:

- our business prospects;
- future developments, trends and conditions in the industry and markets in which we operate;
- our strategies, plans, objectives and goals;
- general economic conditions;
- changes to regulatory and operating conditions in the industry and markets in which we operate (including changes in laws and the PRC Government regulations);
- our ability to reduce costs;
- our dividend policy;
- the amount and nature of, and potential for, future development of our business;
- capital markets developments;
- the actions and developments of our Group’s competitors; and

FORWARD-LOOKING STATEMENTS

- certain statements in the section headed “Risk Factors”, “Business” and “Financial information” in this prospectus with respect to trend in prices, volumes, operations, margins, overall market trends, risk management and exchange rates.

In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by our Group that our Group’s plans and objectives will be achieved. Subject to the requirements of the Listing Rules, our Group does not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to the cautionary statements set out in this section.

In this prospectus, statements of or references to our intentions or those of any of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

RISK FACTORS

You should consider carefully all of the information set out in this prospectus and, in particular, the following risks and uncertainties described below, before making an investment in our Shares. Our business, results of operations or financial condition could be materially and adversely affected by any of the risks and uncertainties described below. The trading price of our Shares could decline due to any of these risks and uncertainties, and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Increases in the price of aluminum ingots or the slug processing fees would have adverse effects on our profit margin if we cannot pass on such increases to our customers.

During the Track Record Period, aluminum ingots together with slug processing fees accounted for 57.5%, 54.8% and 54.6% of our cost of sales respectively. The price of aluminum ingots fluctuates, depending on the market supply and demand conditions, whilst the slug processing fees are materially influenced by the price of fuel oil. During the Track Record Period, the average unit selling price of our products was approximately HK\$1.26, HK\$1.34 and HK\$1.46 respectively (representing a CAGR of 7.6%). Our average purchase price of aluminum ingots per tonne was HK\$16,273, HK\$17,540, and HK\$17,693 respectively (representing a CAGR of 4.3%), and the slug processing fee per tonne was HK\$3,867, HK\$4,418, and HK\$4,659 respectively (representing a CAGR of 10%). Although we adopt a cost-plus approach in our pricing policy, our ability to pass on such cost increases is, to a large extent, subject to the intensity of market competition, spending power of the end-users of aerosol products and the general economic conditions.

We have been forward purchasing aluminum ingots from our approved suppliers to hedge price fluctuations. During the Track Record Period, approximately 55.8%, 83.1% and 65.1% of the quantities of aluminum ingots used for our goods sold were covered by forward purchases. The balance of approximately 44.2%, 16.9% and 34.9% were covered by spot purchases. As laid out in our hedging policies, we can hedge up to 50% of the aluminum ingots required for production based on our sales forecast. In the event that the sales and marketing department secures confirmed orders for some coming months, the Hedging Team is allowed to forward purchase to fully cover the unhedged portion of aluminum ingots required for the production of such confirmed orders. Therefore, the actual overall hedging ratio for a particular month is dependent on the amount of confirmed orders we can secure in advance for delivery in that month. In addition, once our suggested price list is fixed and adopted at the beginning of each year, we usually do not intend to effect any interim price adjustments during the year in response to price fluctuations in major raw materials. As a result, we are exposed to the risk of increase in the market price of aluminum ingots on the portion of aluminum ingots which we have not forward purchased and if we cannot adjust our selling price upward on a timely basis. On the other hand, if there is a decrease in the market price of aluminum ingots after we have locked in our cost and we cannot accommodate the request of our customers at times of reducing our selling price, it might lead to the loss of such customers. We are required to fully honor the forward purchase transactions regardless of the magnitude of decline in the market price of aluminum ingots.

RISK FACTORS

Therefore, should the price of aluminum ingots and/or the slug processing fees fluctuate and we cannot pass on such cost increases to our customers or reduce our selling price at the request of our customers, our profit margin, our results of operations and our future business could be adversely affected. Please refer to the sensitivity analyses on the impact of the changes in price of aluminum ingots and the slug processing fees on our gross profit margin in the section headed “Financial information — Commodity price risk” in this prospectus.

Neuman processed over 90% of the aluminum slugs used in our production during the Track Record Period and any disruption in its operation or cessation of processing aluminum slugs for us would adversely affect our operations and financial results.

Our products are made of aluminum. We purchase aluminum ingots from different suppliers. Neuman then processes the aluminum ingots into aluminum slugs for our further production into aluminum aerosol cans. We have been predominantly using our top supplier, Neuman, for slug processing, due to the proximity of its factory in Xinhui, PRC to our operations and the consistent quality of aluminum slugs provided to us. During the Track Record Period, we relied on Neuman to process around 94.6%, 93.2% and 92.2% of the aluminum slugs used in our production respectively. Therefore, should there be any disruption to Neuman’s production which affects its processing services to us, and we cannot find timely replacement, our production could be delayed and our business operations would be adversely affected.

During the Track Record Period, we entered into framework agreements with Neuman for the supply of aluminum slugs up to 31 December 2014. These framework agreements contain legally binding terms such as the basis for determining the slug processing fee, the quality of aluminum slugs and the payment terms, and non-legally binding indicative annual minimum quantity to be supplied. There is no guarantee we can renew such framework agreement with terms commercially acceptable to us before its expiry. In the event we have to use another supplier to process aluminum slugs for us and such supplier cannot offer terms comparable to what Neuman offers to us under the existing framework agreement, our profit margin and financial performance would be adversely affected. Please refer to the section headed “Business — Raw materials and suppliers — Suppliers” in this prospectus for further information on the framework agreements.

Our profit margin could be adversely affected by any decrease in the proportion of our sales in the PRC market.

We increased the proportion of sales in the PRC market from 37.3% of our total revenue in 2010 to 45.1% in 2012, whilst sales in the PRC market had the highest average gross profit margin of 39.2% amongst all the geographical locations we served against our overall average gross profit margin of 31.7% during the Track Record Period. For details of the gross profit margin for each geographical location, please refer to the section headed “Financial information — Gross profit” in this prospectus. Therefore, if the proportion of our sales to the PRC market falls, it is likely that our gross profit margin would be adversely affected.

RISK FACTORS

The preferential tax treatment we currently enjoy is subject to review and approval by the PRC tax authority. If the preferential tax rate reduces or if we no longer enjoy the preferential tax treatment in the future, our net profits and cash flow will be adversely affected.

During the Track Record Period, our PRC operating subsidiary, Euro Asia Packaging, has been granted the status of “High- and New-Technology Enterprise* (高新技術企業)” and, according to the applicable PRC laws and regulations, will be entitled to the reduced EIT rate of 15% after obtaining consent from the local tax authorities. Euro Asia Packaging has obtained the consent to the aforesaid tax reduction from local tax authorities for such periods since 2004, and is subject to review and approval by the tax authorities every three years. The current status of Euro Asia Packaging as “High- and New-Technology Enterprise” and its entitlement to the reduced EIT rate will expire on 31 December 2013. For the impact of the increase in the EIT rate on our results of operations, please refer to the sensitivity analysis of EIT rate in the section headed “Financial Information — Principal factors affecting our results of operations — Taxation” in this prospectus.

There is no assurance that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy will not be cancelled. If such change or cancellation occurs, the resulting increase in our tax liability would have an adverse effect on our net profits and cash flow.

Our acquisition of brand new production line would result in higher depreciation charges and would likely bring down our profit margin.

For the expansion of our production capacity, we will further increase our production lines and, in particular, acquire brand new production lines. Up to the Latest Practicable Date, we had one brand new and 10 pre-owned production lines in operation. As part of our future plan, we will acquire a brand new production line at a cost of approximately HK\$62.7 million, which will be partly financed by the proceeds from the Share Offer. Depreciation for both brand new and pre-owned production lines is calculated on straight line basis over an estimated useful life of 20 years and 10 years respectively with a 10% residual value of the cost of acquisition. Despite its longer estimated useful life, a brand new production line would have a larger annual depreciation charge than a pre-owned production line, given the much higher cost of a brand new production line. Therefore, it is likely that our overall profit margin will be initially decreased by the depreciation charge on the brand new production line we acquire until we can achieve the capacity utilization on the brand new production line similar to the average utilization rate during the Track Record Period. For details of the impact of the depreciation charges on brand new production line on our profit margin, please refer to the section headed “Business — Production — Production facility” in this prospectus.

We rely on customers with short-term orders and it is difficult for us to forecast future order quantities.

We generally do not enter into long-term sales contracts with our customers, namely consumer brand manufacturers, trading companies and aerosol filling companies. The consumer brand manufacturers directly, or through trading companies and aerosol filling companies indirectly, purchase aluminum aerosol cans from us to package the end products they sell to their customers. Therefore, the

RISK FACTORS

quantity of aluminum aerosol cans they order depends on our customers' sales forecast and/or the actual sales performance of the end products in the market. They are not obliged in any way to continue placing orders with us at all or at the same level which they historically have done. Accordingly, the volume of purchase orders from our customers may vary significantly from period to period, and it is difficult for us to forecast future order quantities.

There is no assurance that our customers will continue to place orders with us, or their future orders will be at a comparable level or on similar terms as in prior years. Should any of our customers cease to place orders with us or reduce their order size and we are unable to obtain other orders at a comparable level, our business and profitability could be adversely affected.

Developments adverse to our major customers may have a negative impact on our business and performance.

We expect that our future sales will continue to depend on the success of our customers, which in turn depends on many factors, including but not limited to consumer preference and market acceptance of their products, as well as the consumer spending power and sentiments in markets where our customers operate, all of which are beyond our control. In addition, relevant governmental authorities in countries where our customers operate may adopt new regulations implementing more stringent environmental, pollution and product safety controls and requirements. If any of these regulations is applicable to our customers' products or leads to product recalls, it may cause a reduction in their sales which in turn could adversely affect the demand for our products. For instance, a significant recall of a customer's products may harm our customer's reputation or reduce demand for our customer's products. Even though such product recalls are not caused by any defects on the products manufactured by us, this may in turn reduce its purchases from us.

For instance, in early February 2013, some of the products of Yunnan Baiyao Group, including the "Yunnan Baiyao Aerosol", were recalled by the Department of Health in Hong Kong and the health authority in Macau because these products contained undeclared contents. Yunnan Baiyao Group was our top customer for the year ended 31 December 2012, accounting for approximately 15.2% of our total sales for the year. Our aluminum aerosol cans are used for the packaging of its aerosol pharmaceutical products. Although the main market for Yunnan Baiyao Group's products is in the PRC, it is uncertain whether these product recalls in Hong Kong and Macau would lead to any reduction in the future purchase orders from this major customer. Please refer to the section headed "Business — Recent development of our business" in this prospectus for details of the effect of the product recalls on our Group.

If demands for our customers' products deteriorate or if there are any other developments adverse to our major customers such as any significant changes in the operations or financial condition of our major customers, including consolidation or change of ownership, restructuring or liquidation, changes in economic or political conditions in the countries where they operate, we may experience a material adverse effect on our business, operating results and financial condition. Any significant change in the operations or financial condition of our major customers, including liquidity problems or restructuring, could cause us to limit or discontinue business with such customers, or expose us to higher credit risk relating to receivables from such customers, which could have a material adverse effect on our business, financial condition and results of operations.

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We are not fully aware of the financial position of our approved suppliers with whom we enter into forward purchase transactions and place security deposit for such transactions, which may pose settlement and credit risks to us.

For the purpose of hedging the aluminum ingot cost in our production, we forward purchased aluminum ingots from our approved suppliers and around 55.8%, 83.1% and 65.1% of the quantity of aluminum ingots used for goods sold were covered by forward purchases respectively during the Track Record Period. In evaluating the creditworthiness of our approved suppliers, we mainly relied on our review of their latest annual business registration documents, which listed out their current paid-up capital amount, as well as our findings on their reputation and credit standing obtained through Mr. Lin's connections in the market. These approved suppliers are privately-owned entities in the PRC and we were unable to obtain their latest financial information from any public sources. We have maintained business relationships in forward purchasing with one of such approved suppliers for over 10 years and the other one with state-owned enterprise background for over one year. Even though they did not furnish their financial statements to us to assess their creditworthiness, we have continued to trade with them. In substance, we are not fully aware of their actual financial position.

In our forward purchase transactions, we need to put up 10% security deposit of the value of the transactions with our approved suppliers. If there is any deterioration in the financial position of any of these approved suppliers, which renders them unable to settle the forward purchase transactions with us, or results in a situation where we are unable to recover the security deposit we have placed with them after we agree to cancel the forward purchase transactions, our financial position would be undermined. Furthermore, if we need to procure aluminum ingots from another supplier at a higher cost after cancelling the forward purchase transaction with the defaulting suppliers, our operating performance would also be adversely affected.

Our failure to maintain our product quality may cause us to lose customers and market share.

The quality of our aluminum aerosol cans is of utmost importance to our customers. If there is any quality problem with our products sold, our customers' business would also be adversely affected. The effectiveness of our quality control system depends significantly on a number of factors, including a timely update of the quality system to suit the ever-changing business needs as well as our ability to ensure that our quality control policy and guidelines are adhered to. Any failure or deterioration of our quality control system would result in defects in our products, which in turn may jeopardize our reputation and reduce demands for our products and we may lose some of our customers and the market share. As a result, our profitability and financial condition could be adversely affected.

We had net current liabilities position during the Track Record Period. If we continue to experience net current liabilities position in the future, we would expose ourselves to liquidity risk.

We had net current liabilities of approximately HK\$39.8 million, HK\$30.9 million and HK\$11.5 million as at 31 December 2010, 2011 and 2012 respectively. The net current liabilities position was primarily attributable to the fact that short-term bank borrowings were obtained to partly finance the capital expenditures for the purchases and upgrades of production lines in order to enhance our production capacity.

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There is no assurance that we will not experience net current liabilities position in the future. We may not have sufficient working capital to meet our current liabilities or expand our operations as anticipated. In such circumstances, our business, financial condition and prospects may be materially and adversely affected.

Our failure to implement our future expansion plans in time, within budget, or at all, or our failure to obtain the anticipated results from our expansion would cause a material adverse effect on our financial condition and results of operations, as well as the growth of our revenue and profits.

Our competitiveness to a large extent depends on our ability to expand our production capacity and product range, and to increase our market share. We have expanded and will continue to expand our production capacity and product range to capture future market opportunities. Details of our future expansion plans are set forth in the section headed “Future plans and use of proceeds” in this prospectus.

Our expansion plans are subject to significant business, economic and competitive uncertainties and contingencies in the market, many of which are beyond our control and may delay or increase the costs of implementation. Such uncertainties and contingencies may include, but are not limited to, inability to finance or obtain capital to finance our expansion plans, delays in the delivery and installation of manufacturing equipment, operational difficulties resulted from technology imperfections, our inexperience in the new target markets, labor shortage and related issues, raw material and other cost increases, the promulgation of new laws and regulations related to environmental, personal care and pharmaceutical product safety, delays or failure in securing the necessary governmental approvals and further downturn in the economy. If we are unable to further expand our production capacity and develop our product range, we may lose our competitiveness in the market, which could materially and adversely affect our financial condition and results of operations, as well as the growth of our revenue and profits.

It may be costly and difficult to enforce our intellectual property rights in the event of infringement of such rights by third parties.

We depend, to a large degree, on our intellectual property and other forms of protection afforded under the PRC law to safeguard the ideas relating to product designs as well as production technology and know-how we develop or possess. We own trademarks, utility model patents (實用新型專利), invention patents (發明專利), design patents (外觀設計專利) and domain names (details as set out in the section headed “Further information about our business — Intellectual property rights” in Appendix V to this prospectus). We cannot guarantee that misappropriation of our intellectual property will not occur, and our competitors may independently develop other equivalent or superior technologies or know-how based on our intellectual property, introduce counterfeits of our products, misappropriate our proprietary information and infringe our patents and trademarks. Furthermore, the legal regime governing intellectual property in the PRC is still evolving and the level of protection of intellectual property rights in the PRC differs from those in other jurisdictions.

In the event of infringement of our intellectual property, we may need to protect our intellectual property rights through litigation. Litigation may divert our management’s time and attention from our

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business operations and incur significant expenses. The outcome of such litigation is however uncertain. An adverse result may subject us to significant liabilities or require us to seek licenses from third parties on commercially unfavorable terms, if such licenses were to be available at all, and, consequently, our business operations and profitability could be adversely affected. In addition, infringement of our intellectual property rights may impair the market value and share of our products, damage our reputation and adversely affect our business, financial condition and results of operations.

We do not maintain product liability insurance. We may incur significant losses resulting from product liability claims against us.

We may face product liability claims from our customers or the consumers of our customers' products if the use of our products as packaging materials results in bodily injuries, property damage or other losses. We do not maintain any product liability insurance for our products. Any complaints or claims against us or product recalls may result in significant monetary damages to our Group. We may also have to spend significant resources and time to defend ourselves if legal proceedings for product liability are instituted against us. In such event, our business reputation and financial condition could be adversely affected.

We rely on certain of our management members. Our failure to retain key management and personnel could adversely affect our ability to implement our business strategy.

Members of our senior management team have extensive industry experience. We believe our future success depends heavily on the vision, experience, expertise, managerial and technical skills of our senior management team and, in particular, Mr. Lin, one of our executive Directors, who has over 18 years of experience in the aluminum packaging industry. Particulars of Mr. Lin are set out in the section headed "Directors, senior management and employees" in this prospectus. There is no assurance that any individual will continue in his or her present position with our Group for any particular period of time. Any loss of services of any member of our senior management team without appropriate and timely replacement could have an adverse effect on our ability to implement our business strategy.

Any disruption to or shortage of electricity supply may harm our business operations and financial results.

Our production activities require a significant and constant supply of electricity. Our reliance on such supply will further increase as we expand our production capacity. Any disruption to or shortage of electricity supply may adversely affect our production process, and any increase in cost of electricity will increase our cost of production which may harm our business operations and financial results.

The fluctuation of exchange rate may have a material effect on our business and performance.

Our functional currency is RMB and the vast majority of our cost of sales was denominated in RMB. On the other hand, approximately 62.7%, 62.1% and 54.9% of our revenue was denominated in US\$ for each of the three years ended 31 December 2012. Therefore, there is a currency mismatch

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between our US\$ revenue and RMB production costs, which gives rise to exposure to foreign exchange risks. Furthermore, there is always a time lag between our invoicing and final settlement from customers for our export sales. This also makes us exposed to foreign exchange risks if the foreign exchange rate at which we convert the US\$ sales proceeds from the customers for our export sales is different from the rate at which we book the US\$ sales transactions in our RMB accounts in the first place.

In addition, we also obtain US\$-denominated bank borrowings to finance our operations. Accordingly, we are also exposed to foreign currency risk when we translate our assets and liabilities denominated in foreign currencies into our functional currency using the spot rate at the end of each reporting period.

If we are unable to hedge our exposure to fluctuations in foreign exchange rates, our financial positions and results of operations will be adversely affected.

We are currently involved in certain tax issues with the IRD. Our Hong Kong subsidiary may be subject to additional tax liability.

On 17 January 2013, the IRD sent us a letter requesting for, *inter alia*, the accounting records of our Hong Kong subsidiary, European Asia Group in respect of the period from 1 January 2009 to 31 December 2009. On 27 February 2013, European Asia Group received a tax demand note from the IRD stating that the tax payable for the year of assessment 2006/07 was HK\$962,500. As a result, we engaged a professional tax consultant and lodged an objection to the aforesaid tax demand note and we have made provision for tax and penalty for the sake of prudence.

It is uncertain whether the IRD will serve further notices of assessment with tax payable amounts larger than the provisions we have made, which would lead to an adverse impact on our net profits and cashflow. Please refer to the section headed “Business — Taxation” in this prospectus for details of the tax issues.

RISKS RELATING TO OUR INDUSTRY

Alternative packaging products or changes in consumption patterns could undermine the competitiveness of and demand for our products, which could result in reduced sales or profit.

We face competition from manufacturers of alternative packaging products made of other materials, such as other types of metal and glass, whose market shares have been growing substantially over the past several years. Our sales depend heavily on consumer demand in the personal care and pharmaceutical products. Changes in preferences for packaging products in the aforesaid markets could significantly influence our sales. In addition, a decrease in the costs of, or a further increase in consumer demand for, alternative packaging products in such markets could reduce our revenue or profit.

Intense competition in the aluminum aerosol can manufacturing industry may adversely affect our market share and operating results.

Increasing consumer purchasing power and improving living standard in the PRC has resulted in significant growth in consumer goods such as personal care and pharmaceutical products. Such growth

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has encouraged, and is likely to continue to encourage packaging manufacturers to further expand their production capacity and develop their product range. Despite the high entry barrier of the aluminum aerosol can manufacturing industry due to the heavy capital investment in production lines, other smaller manufacturers may enhance their production capacity once financial resources are available to them. If we cannot maintain our competitive edges, including our capabilities in research and development, our leading market position and our well-established production scale, we may lose our market share. Our operating and financial results will also be adversely affected.

RISKS RELATING TO THE PRC

Changes in political and economic policies in the PRC may have a negative impact on our operations.

The majority of our assets are located in the PRC. A substantial portion of our revenue is generated from sales in the PRC. Our results of operations and prospects will be affected, to a significant degree, by economic, political and legal developments in the PRC. The economy of the PRC differs from the economies of most developed countries in many respects, including the extent of government involvement in allocation of resources, capital investment, level of development, growth rate and control of foreign exchange.

A variety of policies and other measures that could be taken by the PRC government to regulate the economy could have a negative impact on our business, including the introduction of measures to control inflation or reduce growth, changes in the rate or method of taxation or the imposition of additional restrictions on currency conversions and remittances abroad. Our business, financial condition, results of operations and prospects may be adversely affected by the PRC government's political, economic and social policies and regulations or changes in laws, regulations or the interpretation or implementation thereof.

Fluctuation of the Renminbi may adversely affect our operations and financial results.

Our domestic sales and a major portion of our purchases are denominated in Renminbi whereas some of our capital expenditure and our export sales are denominated in US\$. The value of Renminbi is subject to changes in the PRC government's policies and depends, to a large extent, on domestic and international economic and political developments, as well as supply and demand in the local market. There is no assurance that the Renminbi may not be subject to significant fluctuation.

Any significant appreciation in the exchange rates of the Renminbi may reduce the export demand for our products, which, may adversely affect our operations and financial results.

On the other hand, if the value of RMB were to depreciate, the equivalent amounts of the RMB we convert for the purposes of making payments to our overseas production equipment suppliers or dividend payments to our Shareholders would be reduced.

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Changes in the PRC laws and regulations may adversely affect our business.

Our business is subject to various laws and regulations in the PRC. For detailed description of the regulatory environment in which we currently operate in, please refer to the section headed “Laws and regulations” in this prospectus. Any change in the scope or applicability of these laws and regulations, however, may limit our ability to conduct our businesses, increase our costs or increase competition for our operations in the PRC and could have a material adverse effect on our financial results. In addition, complying with such laws and regulations may give rise to unexpected compliance financial costs and time required to adjust our operations that could have negative effect on our productions, financial condition and results of operations.

Our operation generates by-products such as wastewater and solid wastes such as scrap aluminum and various residues from production and is therefore subject to various national and local PRC environmental laws and regulations. These environmental laws and regulations impose stringent standards on the operation of our production plants.

Our PRC legal advisors have advised that our production operations in the PRC have complied with the relevant PRC environmental laws and regulations and that we have obtained the necessary licenses in this regard. Please refer to the section headed “Business — Environmental protection” in this prospectus for our annual cost of compliance with applicable environmental laws, regulations and policies during the Track Record Period and expected cost of compliance going forward.

Any complaint or claim that our production plants have failed to comply with the environmental laws and regulations could cause delays to our production and affect our reputation. Furthermore, the environmental laws and regulations may become more stringent in the future. Any change in the regulatory framework which our business is subject to could result in increased actual costs and liabilities. Our financial position may be materially and adversely affected if our production plants are penalized for violations of environmental laws and regulations in the future.

PRC foreign exchange control may limit our ability to utilize our revenue effectively and affect our ability to receive dividends and other payments from our PRC subsidiary.

Our PRC subsidiary is subject to the PRC rules and regulations on currency conversion. In the PRC, SAFE and its local branches regulate the conversion of the Renminbi into foreign currencies. Foreign-invested enterprises are required to apply to SAFE or its local branches for Foreign Exchange Registration Certificates. With such registration certificates (which need to be inspected annually), foreign-invested enterprises are allowed to open foreign currency accounts including the basic account and capital account after approval of SAFE or its local branches. Currently, conversion within the scope of the basic account (such as remittance of foreign currencies for payment of dividends) does not require the approval of SAFE by complying with certain procedural requirements. However, conversion of currency in the capital account (such as capital items like direct investments, loans and securities) still requires the approval of SAFE or its local branches.

RISK FACTORS

We cannot assure that the PRC regulatory authorities will not impose further restrictions on the convertibility of the Renminbi. As our PRC subsidiary generates a substantial part of our revenue which is denominated in Renminbi, any future restrictions on currency conversion may limit our ability to repatriate such revenues for the distribution of dividends to our Shareholders or for funding our other business activities outside the PRC.

It may be difficult to enforce judgments rendered by courts other than PRC courts against us or the Directors or senior management residing in the PRC.

Most of our Directors and senior management reside, and substantially, all of our business assets and those of our Directors and senior management are located within the PRC, which does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, it may not be possible for investors to serve summons upon or enforce judgments obtained from non-PRC courts against us or those persons in the PRC. In addition, recognition and enforcement of judgments of a court of any other jurisdiction in the PRC in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

We may be deemed a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the EIT Law and related implementation rules which took effect on 1 January 2008, enterprises established outside the PRC whose “de facto management bodies” are located in the PRC are considered “resident enterprises” and will generally be subject to the uniform 25% EIT rate as to their worldwide income. Under the Implementation Rules of the EIT Law, “de facto management bodies” are defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise. The majority of our management are currently based in the PRC, and may remain in the PRC. Therefore, we may be treated as a PRC resident enterprise for EIT purposes. However, the tax consequences of such treatment are currently unclear, as they will depend on how the local tax authorities will interpret, apply or enforce the EIT Law and related implementation regulations.

There is no assurance that no further changes will be made to existing tax law applicable to us. If such changes become effective, our effective tax rate in the PRC may increase and the profits available for distribution to the Shareholders may decrease.

Dividends payable by us to our foreign investors and gains on the sale of our Shares may be subject to withholding taxes under the PRC tax laws.

Under the EIT Law and related implementation regulations issued by the State Council which took effect on 1 January 2008, PRC income tax at the rate of 10% is applicable to dividends payable to investors that are “non-resident enterprises” (which do not have an establishment or place of business in the PRC, or have such establishment or place of business but the relevant income is not effectively

RISK FACTORS

connected with such establishment or place of business) to the extent such dividends are sourced within the PRC. Similarly, any gain realised on the transfer of the shares of a PRC enterprise by such investors is also subject to 10% PRC income tax if such gain is regarded as income derived from sources within the PRC. Pursuant to 內地和香港特別行政區關於對所得避免雙重徵稅和防止漏稅的安排 (Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income), no more than 5% withholding tax rate applies to dividends paid by a PRC enterprise to a Hong Kong tax resident, provided that the recipient is a company that directly holds at least 25% of the capital of the PRC enterprise. If we are considered a PRC “resident enterprise”, it is unclear whether the dividends we pay with respect to our Shares, or the gain you may realise from the transfer of our Shares, would be treated as income derived from sources within the PRC and be subject to PRC tax. If we are required under the EIT Law to withhold PRC income tax on our dividends payable to our foreign shareholders, or if you are required to pay PRC income tax on the transfer of our Shares, the value of your investment or return on your investment in our Shares may be materially adversely affected.

RISKS RELATING TO THE SHARE OFFER

There has been no prior public market for our Shares. If an active trading market for our Shares does not develop, the price of our Shares may be adversely affected and may decline below the Offer Price.

Prior to the Share Offer, there was no public market for our Shares. The Offer Price was the result of negotiations between our Company and the Lead Manager on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Share Offer.

We have applied to list and deal in our Shares on the Stock Exchange. However, even if approved, being listed on the Stock Exchange does not guarantee that an active trading market for our Shares will develop following the Share Offer or that our Shares will always be listed and traded on the Stock Exchange. We cannot assure that an active trading market will develop or be maintained following completion of the Share Offer, or that the market price of our Shares will not decline below the Offer Price.

The liquidity and market price of our Shares following the Share Offer may be volatile.

The price and trading volume of our Shares may be highly volatile. Factors such as variations in our revenues, earnings and cash flows and announcements of new investments, strategic alliances and/or acquisitions or fluctuations in prices of our products could cause the market price and/or trading volume of our Shares to change substantially. Any such developments may result in large and sudden change in the volume and price at which our Shares will trade. It is likely that from time to time, our Shares will be subject to changes in price and/or trading volume that may not be directly related to our financial or business performance.

RISK FACTORS

Future sales by our current Shareholders of a substantial number of our Shares in the public market could materially and adversely affect the prevailing market price of our Shares.

Future sales of a substantial number of our Shares by our current Shareholders could negatively impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate. The Shares held by our Controlling Shareholders are subject to certain lock-up undertakings after Listing, details of which are set forth in the section headed “Substantial shareholders — Non-disposal undertaking” in this prospectus. While we are not aware of any intentions of our Controlling Shareholders to dispose of significant amounts of their Shares after the expiration of the lock-up periods, we are not in a position to give any assurance that they will not dispose of any Shares they may own now or in the future.

Prior dividends distributions are not an indication of our future dividend policy and we may not be able to pay any dividends on our Shares.

During the Track Record Period, we have declared dividends of approximately HK\$45.3 million, HK\$21.4 million and HK\$48.5 million, respectively. All the dividends declared during the Track Record Period had been fully settled as at the Latest Practicable Date. Our Directors may declare dividends after taking into account, among other things, our results of operations, financial condition and position, the amount of distributable profits, our Memorandum and Articles of Association, the Companies Law, applicable laws and regulations and other factors that our Directors deem relevant. For further details of our dividend policy, please see the section headed “Financial Information — Dividend Policy” in this prospectus. We cannot assure when or whether we will pay dividends in the future.

Shareholders’ interests in our Company may be diluted in the future.

We may issue additional Shares upon exercise of options granted or to be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme or upon exercise of the Over-allotment Option. In addition, we may need to raise additional funds in the future to finance our business expansion, whether related to existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company, other than on a pro-rata basis to our existing Shareholders, then (i) the percentage ownership of those existing Shareholders may be reduced, and they may experience subsequent dilution; and/or (ii) such newly issued securities may have rights, preferences or privileges superior to those of the Shares of our existing Shareholders.

Investors should not place undue reliance on information in this prospectus which is not factual but hypothetical in nature such as analyses based on assumptions.

Information in this prospectus which is not factual but hypothetical in nature including but not limited to any sensitivity analysis on our historical financial data is based on assumptions and is for reference only and should not be viewed as actual effect. Such information by no means reflects our Group’s historical experience and financial results. Prospective investors should not place undue reliance on such information.

WAIVER FROM COMPLIANCE WITH THE LISTING RULES

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Our Group has entered into certain transactions, which would constitute non-exempt continuing connected transactions of our Company under the Listing Rules upon Listing. We have applied to the Stock Exchange for a waiver from the strict compliance with the requirements under Chapter 14A of the Listing Rules. Details of these continuing connected transactions and such waiver are set out in the section headed “Continuing Connected Transactions” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

The following information is provided for guidance only. Prospective applicants for the Offer Shares should consult their financial advisors and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Prospective applicants should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable laws in the countries of their respective citizenship, residence and domicile.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

UNDERWRITING

This prospectus is published solely in connection with the Share Offer. The Share Offer is made solely on the basis of the information contained and the representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized in connection with the Share Offer to give any information or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein and therein must not be relied upon as having been authorized by our Company, the Sponsor, the Underwriters, or any other parties involved in the Share Offer or any of their respective directors, employees, agents, professional advisors. The Listing is sponsored by Shenyin Wanguo Capital. The Share Offer is managed by the Lead Manager which has also been appointed by our Company as the Sole Bookrunner, in relation to the Share Offer. The Share Offer is fully underwritten by the Underwriters subject to the terms and conditions of the Underwriting Agreements. Information relating to the underwriting arrangements is set out in the section headed "Underwriting — Underwriting arrangements and expenses" in this prospectus.

DETERMINATION OF THE OFFER PRICE

The Offer Price is expected to be fixed by an agreement between the Lead Manager (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be at or before 5:00 p.m. on or about Thursday, 4 July 2013 (or such other time and dates as may be agreed between our Company and the Lead Manager (for itself and on behalf of the Underwriters), but in any event no later than 5:00 p.m. on Wednesday, 10 July 2013.

The Lead Manager (for itself and on behalf of the Underwriters) may, with our consent, reduce the indicative Offer Price range stated in this prospectus at any time prior to the morning of the last day for

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

lodging applications under the Public Offer. In such case, a notice of the reduction of the indicative Offer Price range will be published on the website of our Company (www.euroasia-p.com) and the Stock Exchange (www.hkexnews.hk), not later than the morning of the last day for lodging applications under the Public Offer.

If the Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before Wednesday, 10 July 2013, the Share Offer will not become unconditional and will lapse.

RESTRICTIONS ON SALE OF THE OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares or the general distribution of this prospectus and/or the Application Forms in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purposes of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such offer or invitation is not authorized or to any person to whom it is unlawful to make such offer or invitation.

The Offer Shares are not offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Prospective applicants for the Offer Shares should consult their financial advisors and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

The Offer Shares are offered solely on the basis of the information contained and the representations made in this prospectus and the Application Forms. No person is authorized to give any information, or to make any representation, not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by our Company, the Sponsor, the Lead Manager, the Underwriters, any of their respective directors, agents, employees, advisors or any other person involved in the Share Offer.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the granting of the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Capitalization Issue, the Share Offer, the exercise of the Over-allotment Option and any Shares falling to be issued upon the exercise of the options, which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme up to 10% of the Shares in issue as at the Listing Date.

No part of the Shares or loan capital of our Company is being listed or dealt in on any stock exchange and at present, no such listing or permission to list is being or proposed to be sought in the near future.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by our Company's principal registrar and transfer agent, Appleby Trust (Cayman) Ltd., in the Cayman Islands. Our Company's branch register of members will be maintained by Tricor Investor Services Limited in Hong Kong. All Shares to be issued and allotted pursuant to the Capitalization Issue, the Share Offer, the exercise of the Over-allotment Option and any Shares falling to be issued upon exercise of the options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme will be registered on our Company's branch register of members in Hong Kong.

Only Shares registered on our Company's branch register of members maintained in Hong Kong may be traded on the Stock Exchange. Dealings in Shares registered on our Company's branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

STABILIZATION AND OVER-ALLOTMENT

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the market price of the securities below the offer price. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Share Offer, the Lead Manager, as the Stabilizing Manager, or any person acting for it, may on behalf of the Placing Underwriters, over-allocate Shares or effect transactions with a view to stabilizing or maintaining the market price of the Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with applicable laws and regulatory requirements.

However, there is no obligation on the Stabilizing Manager or any person acting for it, to conduct such stabilizing action. Such stabilizing action, if commenced, will be conducted at the absolute discretion of the Stabilizing Manager, and may be discontinued at any time, and must be brought to an end after a limited period.

In connection with the Share Offer, we have granted to the Placing Underwriters the Over-allotment Option, which is exercisable by the Lead Manager in full or in part by at any time prior to 4:00 p.m. on the date falling 30 days after the last day for the lodging of applications under the Public Offer. Pursuant to the Over-allotment Option, we may be required to allot and issue at the Offer Price up to an aggregate of 10,000,000 additional Shares, representing 10% of the total number of the Offer Shares initially available under the Share Offer, in connection with over-allocations under the Placing, if any.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

Further details with respect to stabilization and the Over-allotment Option are set out in the section headed “Structure and conditions of the Share Offer”.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Further details of the structure and conditions of the Share Offer and Over-allotment Option are set forth in the section headed “Structure and conditions of the Share Offer” in this prospectus.

PROCEDURES FOR APPLICATION FOR THE PUBLIC OFFER SHARES

The application procedures for the Public Offer Shares are set forth in the section headed “How to apply for the Public Offer Shares” in this prospectus and the Application Forms.

PROFESSIONAL TAX ADVICE RECOMMENDED

If you are unsure about the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to, the Offer Shares, you should consult an expert.

Our Group, the Directors, the Sponsor, the Lead Manager, the Underwriters, or any other parties involved in the Share Offer and any of their respective directors, officers, employees, agents or advisors do not accept responsibility for any tax effects on, or liability of, any person resulting from your subscribing for, purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to, the Offer Shares.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval for listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or under contingent situation, any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. Investors should seek the advice of their stockbrokers or other professional advisors for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Main Board are expected to commence at 9:00 a.m. on Friday, 12 July 2013. Shares will be traded in board lots of 2,000 Shares each.

INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

CURRENCY TRANSLATIONS

Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rates:

US\$1 : HK\$7.80

RMB1 : HK\$1.1477 (2010)

RMB1 : HK\$1.2043 (2011)

RMB1 : HK\$1.2331 (2012)

The above exchange rates have been used for purposes of illustration only and do not constitute a representation that any amounts have been, could have been, or may be exchanged at these or any other rates or at all.

ROUNDING

Any discrepancies in any table between totals and sums of individual amounts listed therein are due to rounding.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. Translated English names of Chinese laws and regulations, governmental authorities, departments, entities, institutions, natural persons, facilities, certificates, titles and the like included in this prospectus for which no English translation exists are unofficial translations for identification purposes only. In the event of any inconsistency, the Chinese name shall prevail.

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

DIRECTORS

Name	Residential Address	Nationality
Executive Directors		
Mr. Lin Wan Tsang (連運增)	Apartment No. 27 on 57th and 58th Floors Duplex Celestial Heights No. 80 Sheung Shing Street Kowloon Hong Kong	Chinese
Ms. Ko Sau Mee (高秀媚)	Apartment No. 27 on 57th and 58th Floors Duplex Celestial Heights No. 80 Sheung Shing Street Kowloon Hong Kong	Chinese
Mr. Chamlong Wachakorn (陳景輝)	CM123, District D Yi Quan Shan Zhuang Guangzhou City Guangdong PRC	Thai
Non-executive Director		
Mr. Kwok Tak Wang (郭德宏)	Flat F, 6/F, Tower One Harbour Green 8 Sham Mong Road Kowloon Hong Kong	Chinese
Independent Non-executive Directors		
Mr. Leung Man Fai (梁文輝)	Flat H, 14/F, Block 15 South Horizons Ap Lei Chau Hong Kong	Chinese
Dr. Lin Tat Pang (連達鵬)	Room 3, 7/F, Block 41 Heng Fa Chuen Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
Ms. Guo Yang (郭楊)	No. 11 Liu Yin Street Xicheng District Beijing PRC	Chinese
Mr. Chung Yi To (鍾詒杜)	Room 3104 31/F Block A, Hiu Tin House Hiu Lai Court Kwun Tong Kowloon Hong Kong	Chinese

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

PARTIES INVOLVED IN THE SHARE OFFER

**Sponsor, Sole Bookrunner and
Lead Manager**

Shenyin Wanguo Capital (H.K.) Limited
28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

Co-Lead Manager

Pacific Foundation Securities Limited
11/F New World Tower II
16-18 Queen's Road Central
Hong Kong

Legal advisors to our Company

As to Hong Kong law:

Hastings & Co.

5th Floor
Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

As to the PRC law:

China Commercial Law Firm

14/F., Times Finance Centre
No. 4001, Shennan Road
Shenzhen
China
518048

As to Cayman Islands law:

Appleby

2206-19 Jardine House
1 Connaught Place
Central
Hong Kong

**Legal advisors to the Sponsor and
the Underwriters**

As to Hong Kong law:

Michael Li & Co.

19/F., Prosperity Tower
No. 39 Queen's Road Central
Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

As to the PRC law:

Shu Jin Law Firm

24/F, Aerospace Skyscraper
4019 Shennan Road
Futian District
Shenzhen
China

Auditors and reporting accountants

Ernst & Young

22nd Floor
CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

Property valuer

Stirling Appraisals Limited

Unit A, 15 Floor
Wing On Cheong Building
No. 5 Wing Lok Street
Central
Hong Kong

Placing Underwriters

Shenyin Wanguo Capital (H.K.) Limited

28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

Pacific Foundation Securities Limited

11/F New World Tower II
16-18 Queen's Road Central
Hong Kong

Public Offer Underwriter

Shenyin Wanguo Capital (H.K.) Limited

28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

Receiving banker

Standard Chartered Bank (Hong Kong) Limited

CORPORATE INFORMATION

Registered address	Clifton House 75 Fort Street P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Headquarter in the PRC	No. 5 Ya Bo Nan Road National Health Technology Park of Zhongshan Torch Development Zone Zhongshan City Guangdong Province PRC
Principal place of business in Hong Kong	Unit G, 20/F, Golden Sun Centre Nos. 59/67 Bonham Strand West Sheung Wan Hong Kong
Website address	www.euroasia-p.com <i>(The information contained on the website of our Company does not form part of this prospectus)</i>
Company secretary	Mr. Lam Chi Ming, Francis, FCCA, FCPA
Authorized representatives for the purpose of the Listing Rules	Mr. Lin Wan Tsang Apartment No. 27 on 57th and 58th Floors Duplex Celestial Heights No. 80 Sheung Shing Street Kowloon Hong Kong Mr. Lam Chi Ming, Francis 18A, Cameo Court, 63-69 Caine Road Mid-levels, Hong Kong
Alternate to authorized representative Mr. Lin Wan Tsang	Ms. Ko Sau Mee Apartment No. 27 on 57th and 58th Floors Duplex Celestial Heights No. 80 Sheung Shing Street Kowloon Hong Kong

CORPORATE INFORMATION

Authorized representative for purpose of Part XI of the Companies Ordinance	Mr. Lin Wan Tsang
Members of the audit committee	Mr. Leung Man Fai (Chairman) Dr. Lin Tat Pang Ms. Guo Yang Mr. Chung Yi To
Members of the remuneration committee	Mr. Leung Man Fai (Chairman) Dr. Lin Tat Pang Ms. Guo Yang Mr. Lin Wan Tsang Mr. Kwok Tak Wang Mr. Chung Yi To
Members of the nomination committee	Dr. Lin Tat Pang (Chairman) Mr. Leung Man Fai Ms. Guo Yang Mr. Lin Wan Tsang Mr. Kwok Tak Wang Mr. Chung Yi To
Members of the risk management committee	Mr. Chung Yi To (Chairman) Mr. Leung Man Fai Dr. Lin Tat Pang Mr. Kwok Tak Wang
Compliance advisor	Shenyin Wanguo Capital (H.K.) Limited
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited 26/F Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

CORPORATE INFORMATION

**Cayman Islands principal share
registrar and transfer office**

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

Principal bankers

Industrial and Commercial Bank of China Limited

Bank of China Limited

Bangkok Bank (China) Company Limited

INDUSTRY OVERVIEW

This section contains information and statistics extracted from publicly available government sources and the CRI Report. We believe that the sources of the information in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sponsor, the Sole Bookrunner, the Lead Manager, the Underwriters, any of our or their respective affiliates, directors, officers, representatives or advisors, or any other persons or parties involved in the Share Offer and no representation is given as to its accuracy.

REPORT COMMISSIONED FROM CRI

We commissioned CRI, an independent market research consulting firm, to conduct a detailed analysis of the global aluminum can industry, with a particular focus on the PRC market. According to the information provided by it, CRI was set up in 2007 with its headquarters located in Shanghai, the PRC. Its services cover market research, company research, country reports and industry data sheets. Apart from regularly producing its off-the-shelf reports covering 11 industries which users can purchase on-line from its website, CRI is experienced in providing customized research services. CRI has produced a variety of publications relating to the packaging industry, one of which deals with the global and the PRC's light metal packaging industry. We paid CRI a fee of RMB200,000 for the CRI report. We confirm the payment of such fee was not contingent upon successful Listing.

As advised by CRI, the information contained in the CRI Report was derived from data and intelligence collected from various sources which include:

- (i) government and regulatory statistics, international business organizations, other independent industry research reports and CRI's proprietary data; and
- (ii) interviews with an official from CPF and other stakeholders including producers, distributors and consumers.

Analyses and forecasts in the CRI Report are based on the assumption that the global and the PRC economies will maintain a steady growth across the forecast period, at a pace slightly slower than that achieved for the years from 2008 to 2012. Forecast models in the CRI Report have taken into account parameters such as the global and the PRC's macroeconomic data, growth trends of production volume of beverages in the PRC and historical data of the aluminum can manufacturing industry.

CRI has advised us that it has independently analyzed the information collected, which it assumes is accurate and complete.

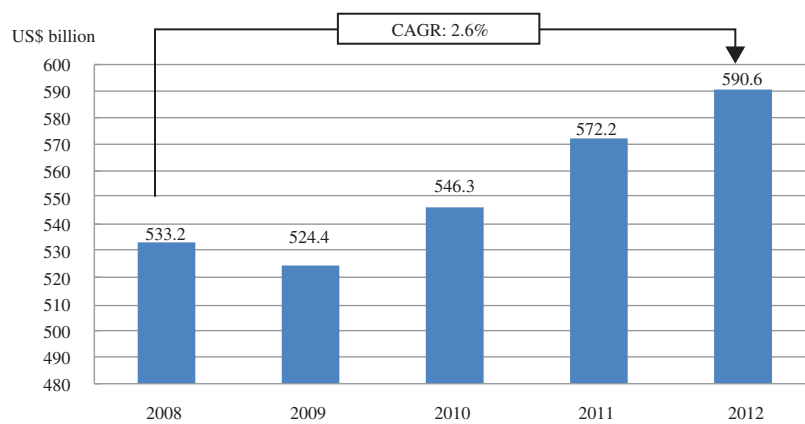
Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the CRI Report which may qualify, contradict or have an impact on the information in this section.

INDUSTRY OVERVIEW

GLOBAL PACKAGING INDUSTRY

The global packaging industry encompasses a wide range of material types across paper and cardboard, plastics, metals, glasses, wood and other materials. According to the CRI Report, the global packaging industry has exhibited an overall growth with the consumption of packaging materials having increased from US\$533.2 billion in 2008 to US\$590.6 billion in 2012. This represented a CAGR of approximately 2.6%. The consumption of packaging materials is, to a large extent, dependent on the global economic activities. In 2008/2009, we experienced the global financial crisis, which led to a slight decrease of 1.6% in the global consumption of packaging materials

Global Consumption of Packaging Materials from 2008 to 2012



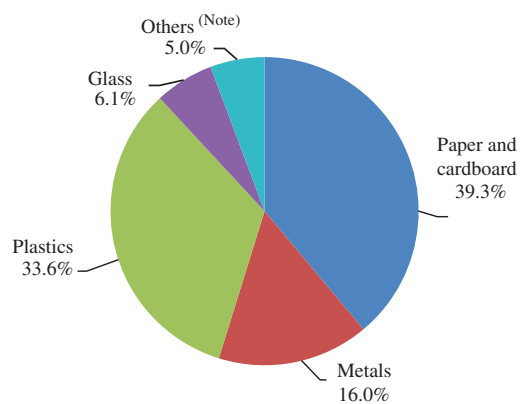
Source: CRI Report

INDUSTRY OVERVIEW

Metal Packaging

Materials used in metal packaging include mainly iron and steel, and aluminum. According to the CRI Report, metal packaging accounted for approximately 16% of the global packaging market during the period from 2008-2012. Metal packaging offers excellent tightness and opacity, which prevents light oxidation and contamination of the contents. Such property of good content protection enables metal packaging to extend the quality guarantee period and shelf life of packaged content. Furthermore, raw materials used in metal packaging can usually be recycled, which is favorable to the fast-moving consumer goods market.

Breakdown of Global Packaging Industry by Material Types in 2012



Source: CRI Report

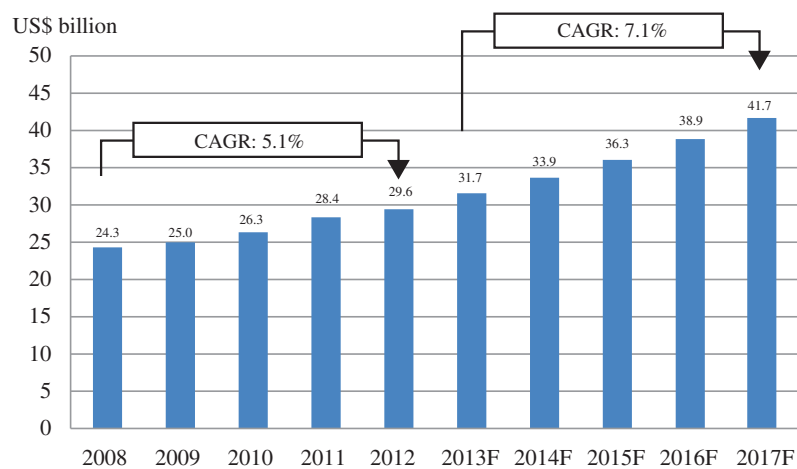
Note: Others represent wood and other materials.

INDUSTRY OVERVIEW

Global aluminum can market

According to the CRI Report, the global sales revenue of aluminum cans has enjoyed a moderate growth from US\$24.3 billion in 2008 to US\$29.6 billion in 2012. This represented a CAGR of approximately 5.1%. Mainly driven by the beverage industry and the economic growth in emerging markets such as China, Brazil and Indonesia, the global aluminum can market is estimated to continue its upward trend during the period from 2013 to 2017, growing from approximately US\$31.7 billion to US\$41.7 billion and at a CAGR of approximately 7.1%, according to the CRI Report.

Global Sales Revenue of Aluminum Cans from 2008 to 2017 (in US\$)

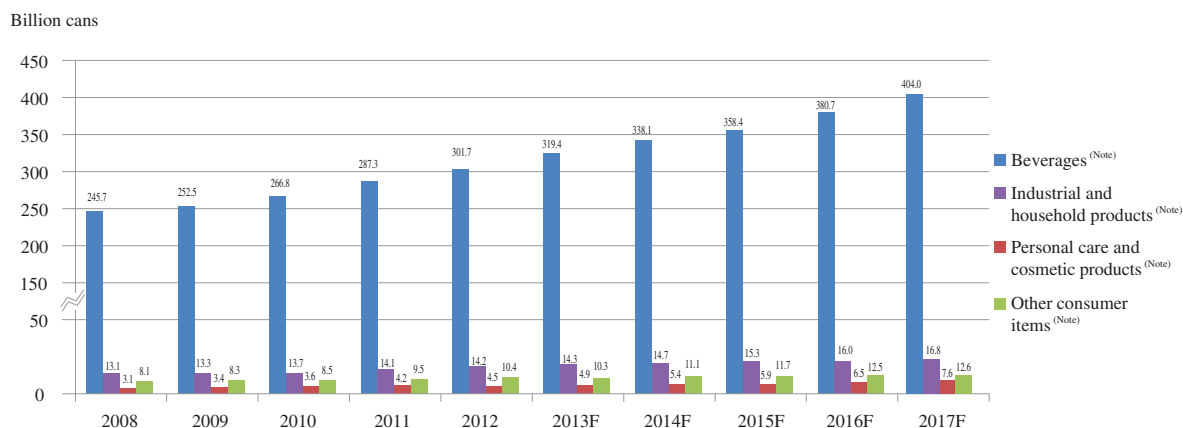


Source: CRI Report

Due to their light weight and anti-corrosion nature, aluminum cans are widely used in packaging beverages, industrial and household products, personal care and cosmetic products and other consumer items. In terms of quantity, beverage packaging accounts for over 90% the total units sold each year, mostly in the form of cans with zip-top lids. Industrial and household products like paints, air fresheners and insecticides or personal care and cosmetic products such as body deodorants, hair spray and some pharmaceutical items are generally packaged in aluminum aerosol and non-aerosol cans.

INDUSTRY OVERVIEW

Global Sales of Aluminum Cans by End Products from 2008 to 2017 (in cans)



Source: CRI Report

Note:

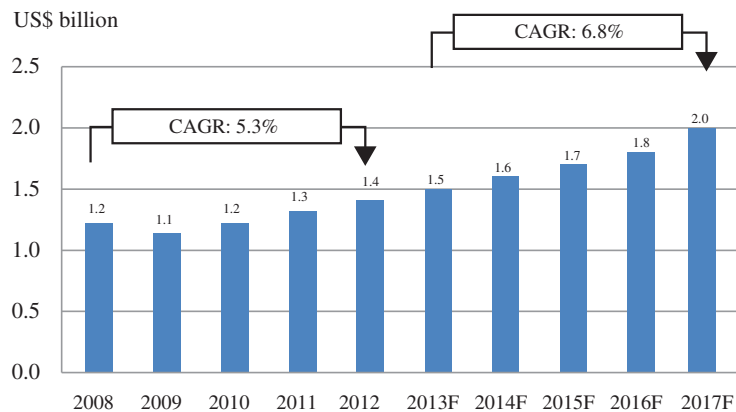
	CAGR in global sales of respective end products packaged in aluminum cans during the period from 2008 to 2012	Forecast CAGR in global sales of respective end products packaged in aluminum cans during the period from 2013 to 2017
Beverages	5.3%	6.1%
Industrial and household products	2.0%	4.0%
Personal care and cosmetic products	9.9%	11.7%
Other consumer items	6.5%	5.2%

Global aerosol can market

Aerosols are usually packaged in aluminum cans or tinplate cans. The cost of a tinplate aerosol can is normally around 60% cheaper than the cost of an aluminum aerosol can with the same dimension. However, aluminum aerosol cans are characterized by their pressure tolerance and relatively high flexibility which provides them with capability of being manufactured in sophisticated and easy-to-grip shapes. They are also generally perceived to be more pleasing by consumers compared to tinplate aerosol cans. These characteristics contribute to the core competitiveness of aluminum aerosol cans, as well as the increasing proportion of aluminum aerosol cans in the total output of aerosol cans.

INDUSTRY OVERVIEW

Global Sales Revenue of Aluminum Aerosol Cans from 2008 to 2017



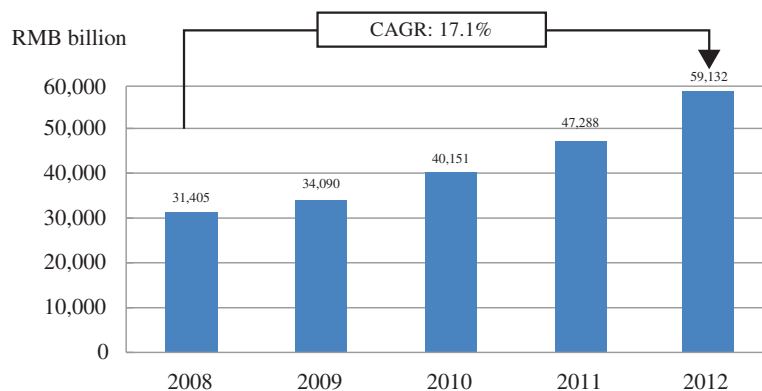
Source: CRI Report

According to the CRI report, aluminum aerosol cans accounted for approximately 48.1% of all aerosol cans used in packaging in 2012 and the global aluminum aerosol can market is forecast to grow at a CAGR of approximately 6.8% for the period from 2013 to 2017, from approximately US\$1.5 billion to US\$2 billion, primarily due to the growth of consumption of aerosol products per capita in the emerging markets such as China, Brazil and Indonesia as well as the growing preference for aluminum over other metal materials being used for aerosol packaging.

OVERVIEW OF THE PRC ECONOMY

According to the World Bank Group, China was the second largest economy in the world by GDP in 2011. According to the statistics published by the National Bureau of Statistics of China, the GDP of China increased from RMB31,405 billion to RMB59,132 billion from 2008 to 2012, representing a CAGR of approximately 17.1%.

GDP Growth of the PRC Economy from 2008 to 2012



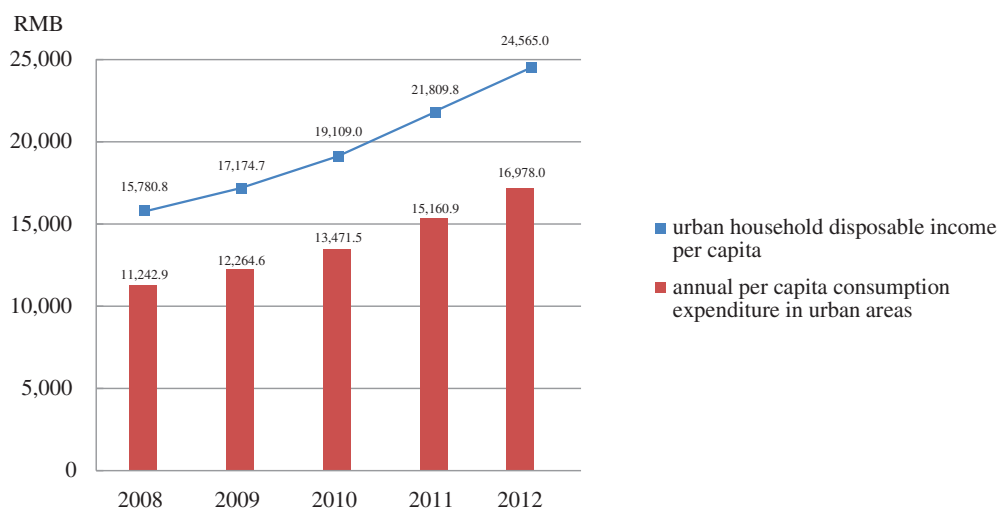
Source: National Bureau of Statistics of China

INDUSTRY OVERVIEW

Signs of re-acceleration of the PRC's economic growth emerged close to the end of 2012. Growth momentum in the PRC economy is expected to pick up and the GDP growth is forecast to rise by 8.2% in 2013 as compared to that in 2012 according to the International Monetary Fund. According to the CRI Report, the PRC's GDP growth will demonstrate modest changes around 8.4% for the period from 2013 to 2017.

With the sustained economic growth over the period from 2008 to 2012, the PRC's urban household disposable income per capita increased from approximately RMB15,781 to RMB24,565, representing a CAGR of approximately 11.7%. The annual per capita consumption expenditure in urban areas in the PRC also achieved a CAGR of approximately 10.9% from RMB11,243 in 2008 to RMB16,978 in 2012.

Urban Household Disposable Income Per Capita and Annual Per Capita Consumption Expenditure in Urban Areas in the PRC from 2008 to 2012



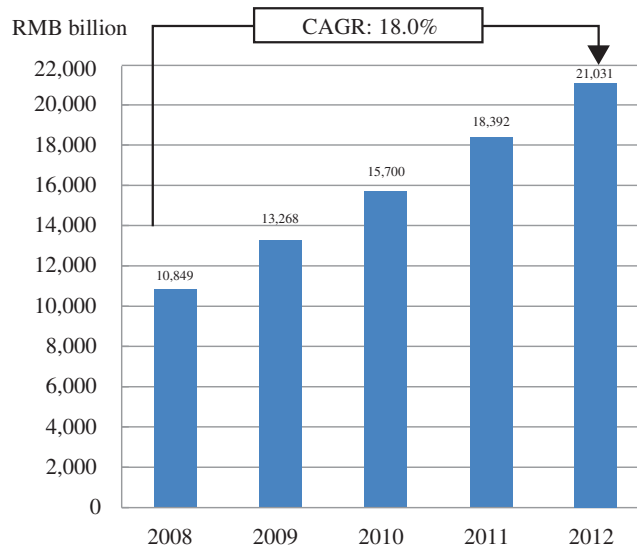
Sources: National Bureau of Statistics of China, CRI Report

The increasing urban household disposable income in recent years has led to the substantial growth of China's consumer market. In addition, as mentioned in the National 12th Five-Year Plan, the Chinese government will continue to maintain sustainable economic growth through the stimulation of domestic consumption. With the upward trend in consumer purchasing power, the PRC's total retail sales of consumer goods rose from RMB10,849 billion in 2008 to RMB21,031 billion in 2012, which represented a CAGR of approximately 18%. During the same period, sales revenue of personal care and cosmetic products also recorded a CAGR of approximately 16.2% in the PRC.

It is forecast that a rising domestic consumption will bring about an increase in spending on various consumer goods including personal care and cosmetic products, which will lead to growing demands for packaging products such as aluminum aerosol cans in terms of quantity and quality.

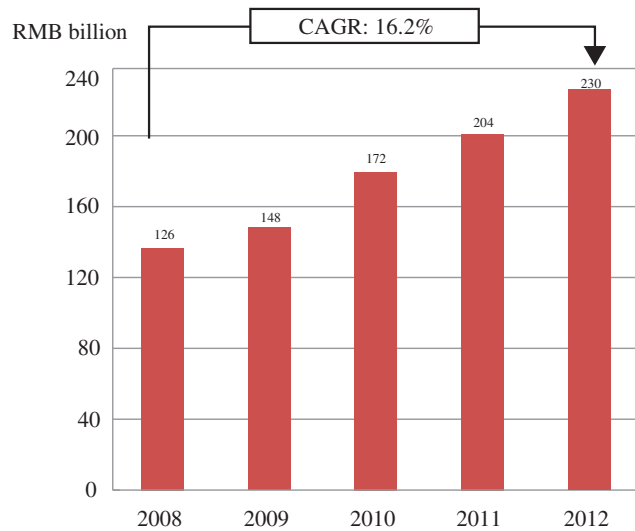
INDUSTRY OVERVIEW

Total Retail Sales of Consumer Goods in the PRC from 2008 to 2012



Source: National Bureau of Statistics of China

Sales Revenue of Personal Care and Cosmetic Products in the PRC from 2008 to 2012



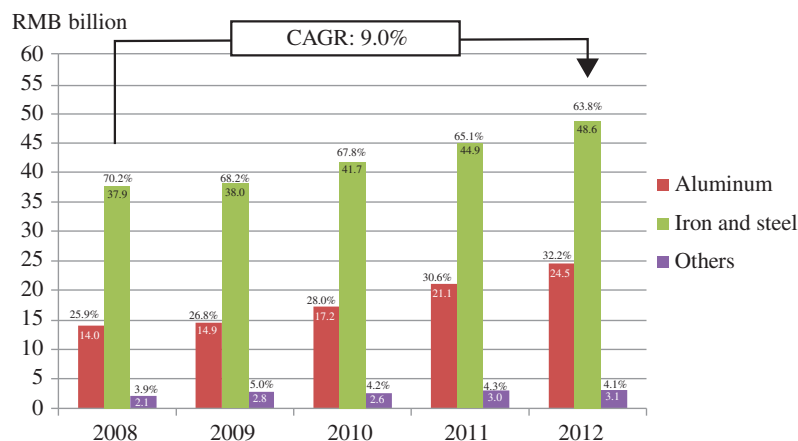
Source: CRI Report

INDUSTRY OVERVIEW

THE PRC METAL PACKAGING MARKET

According to the CRI Report, the sales revenue of the PRC metal packaging industry increased from RMB54 billion in 2008 to RMB76.2 billion in 2012 at a CAGR of approximately 9%.

i) Sales Revenue and ii) Market Share of Major Materials used in the PRC Metal Packaging Industry from 2008 to 2012



Source: CRI Report

Iron and steel, and aluminum are currently the primary metal packaging materials in China, with iron and steel having dominated the market mainly due to their lower costs. The CRI Report states that the sales revenue for packaging products using aluminum in the PRC rose from RMB14 billion in 2008 to RMB24.5 billion in 2012 representing a CAGR of approximately 15%, whereas that packaging products using iron and steel in the PRC grew from RMB37.9 billion in 2008 to RMB48.6 billion in 2012 representing a CAGR of approximately 6.4%.

When compared with the developed countries such as the United States and Japan, there is strong market potential in the metal packaging industry in China. The sales revenue generated by the metal packaging industry in China is projected to maintain its growth momentum in the foreseeable future. For instance, in the United States which accounted for the largest share of the global metal packaging industry in 2012, the total metal packaging consumption was approximately US\$25.5 billion in 2012. According to the CRI Report, annual metal packaging consumption per capita in the United States in 2012 was approximately US\$81, while annual metal packaging consumption per capita in China for the same year was equivalent to approximately US\$9.

INDUSTRY OVERVIEW

THE PRC ALUMINUM CAN MANUFACTURING MARKET

In recent years, aluminum has been widely used in the metal packaging market in the PRC. Its product series include beverage cans (such as two-piece aluminum beverage cans), aerosol cans (such as medicine cans, insecticide cans, personal care and cosmetic product cans, and industrial and household product cans), food cans (such as milk powder cans and common food cans), chemical cans and mixed cans (such as cans used for packaging stationery, toys and gifts). The following table reveals the share of each of the major product categories (actual and forecast) in the PRC aluminum can market in terms of production volume during the period from 2008 to 2017. It is expected the market share of aluminum aerosol cans will continue to increase in the overall aluminum can manufacturing market in the coming years.

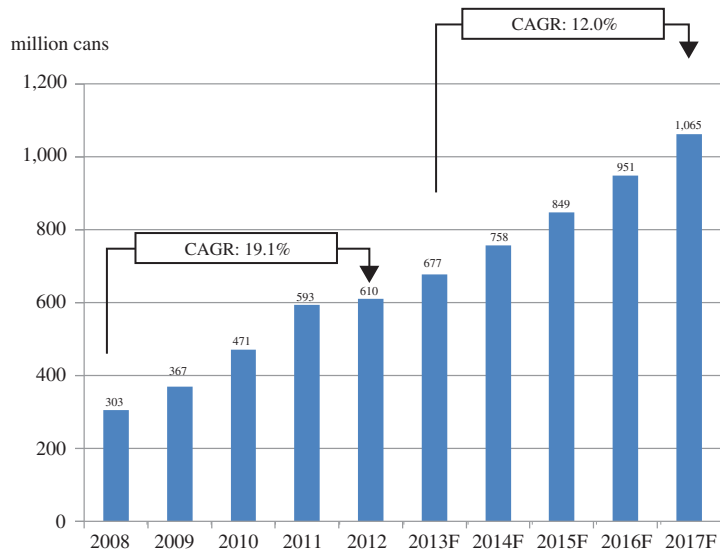
	2008	2009	2010	2011	2012	2013F	2014F	2015F	2016F	2017F
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Aluminum Aerosol Cans	1.7%	1.9%	2.0%	2.2%	2.1%	2.1%	2.2%	2.2%	2.3%	2.3%
Aluminum Beverage Cans	97.5%	97.4%	97.3%	97.2%	97.2%	97.2%	97.1%	97.1%	97.0%	97.0%
Others	0.8%	0.7%	0.7%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
Total	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>

Source: CRI Report

China also exports certain portion of its production of aluminum cans to other countries or the consumer brand manufacturers export the aerosol products after they are bottled in the PRC. The demand for aluminum cans manufactured in the PRC is therefore both affected by the consumption patterns and spending power of the domestic market as well as the demand from overseas markets. The CRI Report points out that direct export of aluminum aerosol cans generally accounts for 20% to 30% of the entire total production volume in the PRC, whereas less than 2% of total production volume of aluminum beverage cans in the PRC are exported to overseas markets.

INDUSTRY OVERVIEW

Production Volume of Aluminum Aerosol Cans in the PRC from 2008 to 2017



Source: CRI Report

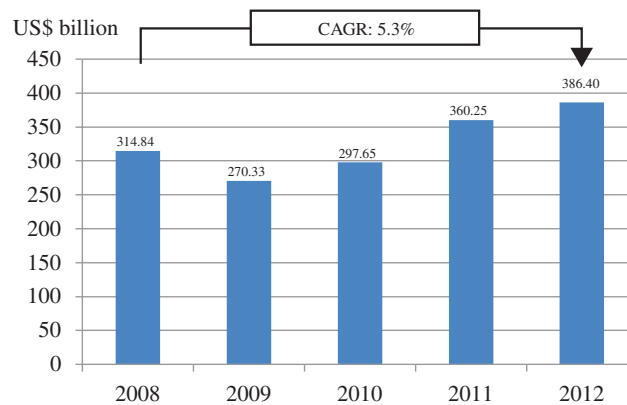
As seen from the chart above, the production volume of aluminum aerosol cans grew at a CAGR of approximately 19.1% from 2008 to 2012 and is forecast to grow at a CAGR of approximately 12% from 2013 to 2017, according to the CRI Report. We believe the continuous growth in spending power and the increasing demand for high quality packaging for consumer products in the PRC market, as well as the gradual pick up of the global economy will be the driving force for the future expansion of the aluminum aerosol can manufacturing industry in the PRC.

INDUSTRY OVERVIEW

OVERVIEW OF THE UAE ECONOMY

According to the World Bank Group, the UAE was the 28th largest economy in the world by GDP in 2011. The GDP of the UAE increased from approximately US\$314.8 billion to approximately US\$386.4 billion from 2008 to 2012, demonstrating a CAGR of approximately 5.3%. The global financial crisis in 2008/2009 was a serious blow for the UAE, which experienced a drop of approximately 14% in its GDP growth in 2009.

GDP Growth of the UAE's Economy from 2008 to 2012

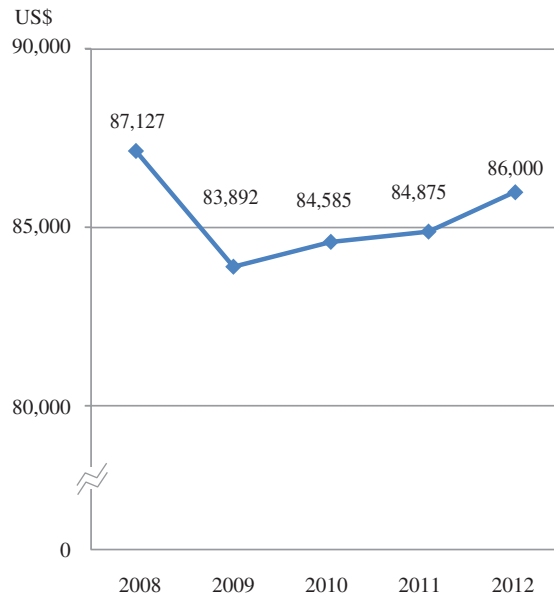


Source: CRI Report

Under the influence of the global financial crisis in 2008, the UAE's urban household disposable income per household fell by approximately 3.7% in 2009 and a slow pick-up was noted since 2010.

INDUSTRY OVERVIEW

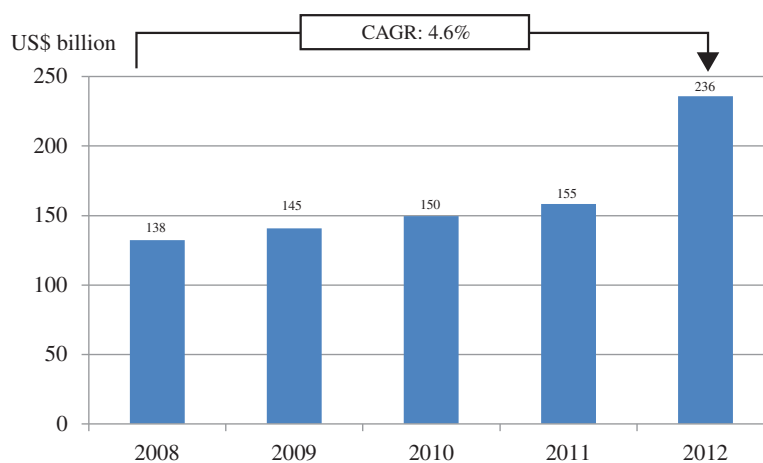
Urban Household Disposable Income Per Household in the UAE from 2008 to 2012



Source: CRI Report

For the period from 2008 to 2012, the UAE's total retail sales of consumer goods grew from US\$138 billion in 2008 to US\$236 billion in 2012 at a CAGR of approximately 14.3%, whilst the sales revenue of personal care and cosmetic products increased from US\$3.2 billion in 2008 to US\$4 billion in 2012, representing a CAGR of approximately 6.2%.

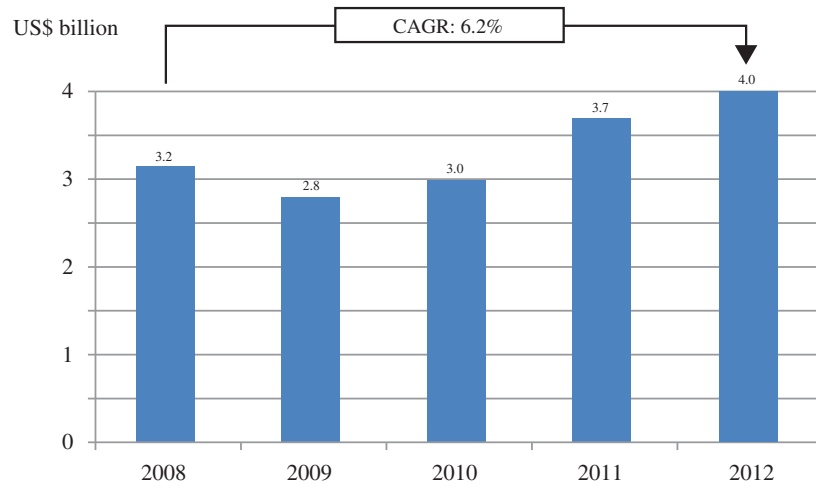
Total Retail Sales of Consumer Goods in the UAE from 2008 to 2012



Source: CRI Report

INDUSTRY OVERVIEW

Sales Revenue of Personal Care and Cosmetic Products in the UAE from 2008 to 2012



Source: CRI Report

Given the advantage of the low tax rate, prices of personal care and cosmetic products sold in the UAE are more competitive when compared to those sold in other neighbouring countries and this attracts many tourists to Dubai, the UAE. Given an increase in the consumption of overseas tourists coupled with the rising annual urban household disposable income, it is anticipated that there will be a rise in the market size of personal care and cosmetic products in the UAE in the near future, thereby drawing up the demands for aluminum aerosol cans for packaging such products.

INDUSTRY OVERVIEW

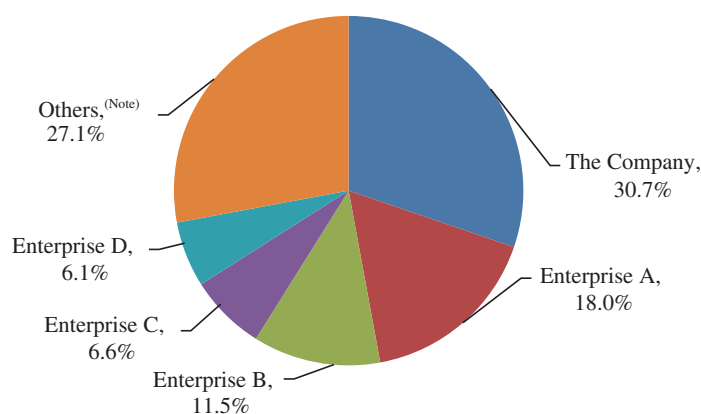
COMPETITIVE ANALYSIS

Competition

Market shares of the top five aluminum aerosol can manufacturers

In the PRC, the aluminum aerosol can market is dominated by a few large players. The top five enterprises engaging in the production of aluminum aerosol cans represent approximately 72.8% of the total production volume in the PRC. The total production volume of aluminum aerosol cans in the PRC in 2012 was approximately 610 million cans. All the top five manufacturers sell to both the PRC and overseas markets. According to the CRI Report, having achieved approximately 30.7% of the entire production volume in the PRC in 2012, we were the largest manufacturer in the aluminum aerosol can market.

Production Volume of Aluminum Aerosol Cans by Top Five Enterprises in the PRC in terms of number of cans in 2012



Source: CRI Report

Note: Others represent approximately 100 enterprises engaging in the production of aluminum aerosol cans in the PRC.

Competitive landscape

Competition in the aluminum can manufacturing industry in the PRC

According to the CRI Report, there are approximately 100 aluminum aerosol can manufacturers in the PRC and the number of enterprises with the production capacity exceeding ten million cans is less than 10. Enterprises in the industry are competing mainly on the ability to meet customer orders in terms of quantity and delivery time as well as product quality. Therefore, production capacity, number of production lines, as well as teams of experienced engineering and production staff are the determining factors in competing in this industry.

INDUSTRY OVERVIEW

Small enterprises pose minimal threats to the top five manufacturers in the industry. The reason is that in order to have a competitive production capacity, considerable capital investment in production lines is required. By having a sufficient number of production lines, sizable aluminum aerosol can manufacturers are able to implement batch control of their production by accommodating orders placed by customers requiring identical product dimension under one production line. Small manufacturers who have a limited number of production lines may find it difficult to cope with customers who place orders of different can dimensions, as die changes are time consuming. However, major packaging conglomerates producing other packaging products such as tinplate cans may consider expanding their production facilities to capture the market potential in the aluminum aerosol can manufacturing industry, which may well be a potential threat to the existing players.

New market entrants require significant economic and technical resources and time to establish a good reputation and a meaningful production scale in the industry. International consumer brands often require the can manufacturers to have well-established track records before considering to place orders. Therefore, the entry barriers of the aluminum aerosol cans industry are considered to be high.

Competition with other materials for packaging products

In terms of material costs, aluminum aerosol cans are generally over 60% more expensive than tinplate aerosol cans. However, aluminum has many advantages over tinplate as a packaging material. Its characteristic of metal seamlessness offers excellent printing properties which give a more appealing value to the product. Its corrosion resistant nature enables it to be well suited for humid areas in the household. Aluminum is light, which makes it easy to carry. In addition, aluminum aerosol cans, which come in one piece, can offer a great variety of shaping possibilities to enable shelf differentiation and image building. Therefore, aluminum aerosol cans are much preferred as packaging means for personal care and cosmetic as well as pharmaceutical products, as the additional costs for using aluminum cans for packaging probably only account for a small portion of the entire product costing. It is therefore expected that aluminum aerosol cans will gradually enlarge their market share in the aerosol packaging market.

Competition from other overseas manufacturers for our overseas customers

We faced competition from manufacturers in other countries with low production cost, such as India which is closer to the Middle East market. Therefore, to have efficient production facilities, a skillful workforce and the ability to offer competitive product pricing and high quality products are pre-requisites to survive in the export markets.

Our Competitive Advantages

Our Group is a leading aluminum aerosol can manufacturer in the PRC. In terms of production volume, we were the largest manufacturer in the PRC, according to the CRI Report. We will keep on leveraging our leading market position to expand our business, to negotiate with our major suppliers terms favourable to our operations, and to attract talents. Throughout the years, our ability to deploy

INDUSTRY OVERVIEW

pre-owned machineries in production has enabled us to lower our capital outlays by more than 50% when compared to using all brand new production machineries, and to achieve manufacturing cost advantages over our competitors. Furthermore, to enhance the efficiency and capabilities of our production machineries, we will continue to undertake machinery upgrades.

Having 11 fully automated production lines in operation, we can avoid production down time in die changes and machine fine-tuning by handling different customer orders with identical can dimension under one production line without compromising timeliness in order fulfilment. We also maintain an inventory of necessary extrusion dies to produce over 50 models in our product offerings. Therefore, customers can expect very minimal lead-time from ordering to delivery of our products.

The PRC economy is expected to grow in the coming years, which will certainly bring about growth in consumer spending. No doubt will consumer brand manufacturers require packaging products of higher quality to promote sales. We believe demands for aluminum aerosol cans will continue to grow and we possess all the necessary attributes to compete successfully in this market.

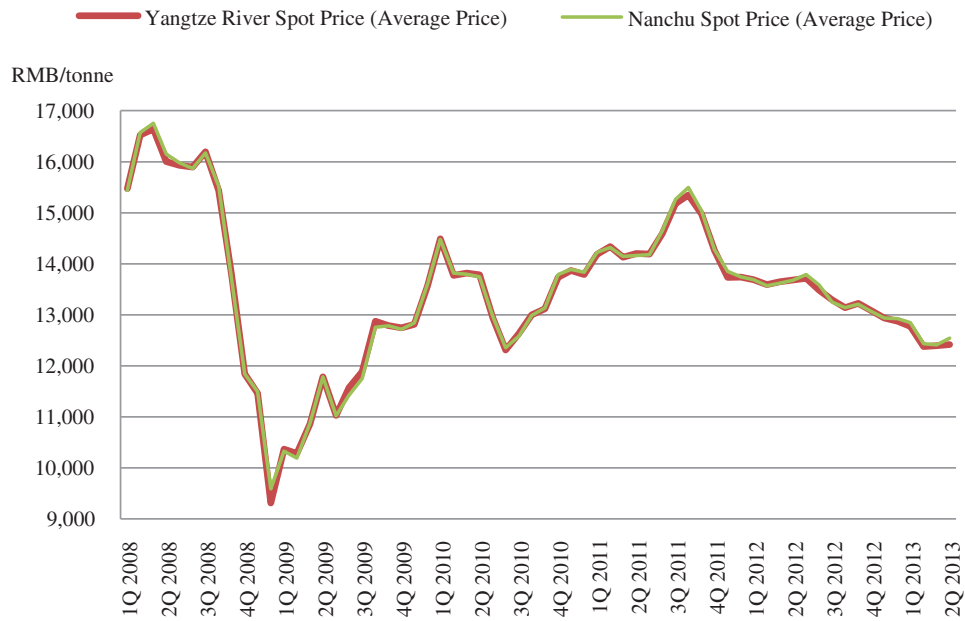
PRICE OF ALUMINUM INGOTS

We purchase aluminum ingots or aluminum slugs with reference to the forward prices quoted on the Shanghai Futures Exchange (上海期貨交易所) or the benchmark prices quoted in the PRC market. In the PRC, the benchmark prices are spot market prices quoted by Shanghai Yangtze River Spot Market (the “**Yangtze River Spot Price**”) and those quoted by Nanchu Repository Management Co., Ltd. (the “**Nanchu Spot Price**”). In general the price of aluminum is influenced by factors such as the state of global economy, demand, supply, and potential substitutes.

In general, in the year of 2008/2009, we saw the price of aluminum fluctuate wildly. The price of aluminum collapsed from the middle of 2008 to early 2009 as a result of the global financial crisis. As the global economy started to stabilise in response to the quantitative easing measures adopted by various countries, the price of aluminum rebounded from around RMB10,000 per tonne in early 2009 to around RMB14,000 per tonne in early 2010. Since then, the price has been rather stable, trading within a band from around RMB13,000 per tonne to RMB15,000 per tonne.

INDUSTRY OVERVIEW

The PRC's Aluminum Spot Prices from January 2008 to April 2013



Source: CRI Report

As forecast in CRI Report, oversupply of aluminum in the PRC market will carry on from the last quarter of 2012 and pose difficulty to the aluminum price to rebound in 2013. The influence derived from the oversupply of aluminum is expected to continue in the next few years, bringing about a merely marginal increase in the PRC's aluminum price amidst the gradual recovery of the global economy forecast.

HISTORY AND CORPORATE STRUCTURE

Below is a brief description of the history and corporate milestones of our Group:

INTRODUCTION

In 2002, Euro Asia Packaging was incorporated in Zhongshan City, Guangdong Province, the PRC as a limited liability company. At the time of incorporation, Euro Asia Packaging was wholly owned by European Asia Industrial which was in turn owned as to 90% by Mr. Lin and 10% by Mrs. Lin. Euro Asia Packaging entered into an agreement in 2002 to acquire the business relating to the manufacturing of aluminum aerosol cans, including two production lines, from Cebal Zhongshan Co. Ltd* (西博爾(中山)有限公司) which is an Independent Third Party at a consideration of US\$1.8 million. The consideration was negotiated and agreed between the parties on arm's length basis with reference to the estimated value of these production lines.

In 2003, Euro Asia Packaging entered into an agreement to acquire a parcel of land in Zhongshan City, Guangdong Province, the PRC with a site area of approximately 28,913 sq.m. for the setup of a factory with the above-mentioned two production lines for the manufacturing of aluminum aerosol cans.

To increase the production capacity, Euro Asia Packaging in 2004 entered into an agreement to acquire from Chaoyang City Euro Asia Aluminum Cans Industrial Company Limited* (潮陽市歐亞鋁罐工業有限公司) (“**Chaoyang City Euro Asia**”) two production lines at a consideration of approximately RMB20 million. The consideration was negotiated and agreed between the parties at arm's length with reference to a valuation of the production lines conducted by an independent valuer.

Chaoyang City Euro Asia, established in 1995 in Chaoyang City, Guangdong Province, the PRC, was wholly and beneficially owned by Mr. Lin for the manufacturing and sale of aluminum aerosol cans. Chaoyang City Euro Asia had ceased its operation in 2004 after disposing of the two production lines to Euro Asia Packaging. Mr. Lin disposed of his beneficial interest in Chaoyang City Euro Asia in March 2011 and prior to such disposal, Chaoyang City Euro Asia was not subject to any litigation, dispute, claim or sanction during the Track Record Period to the best knowledge, information and belief of our Directors after having made all reasonable enquiries.

In 2005, Mrs. Lin transferred her 10% interest in European Asia Industrial to Mr. Lin and European Asia Industrial became wholly owned by Mr. Lin. In the same year, European Asia Group was incorporated in Hong Kong by European Asia Industrial to be the trading entity of our Group's aluminum aerosol cans in the overseas markets.

In 2006, our Group entered into an agreement to acquire another two parcels of land in Zhongshan City in close proximity to the land parcel acquired in 2003 with a total site area of approximately 54,019 sq.m. for constructing a new factory thereon. The construction was completed in 2009. Since then, we have consolidated all our production facilities in the new factory and the factory premises situated on the land parcel acquired in 2003 are presently used as office and warehouses. The new factory was of a total floor area of approximately 12,854 sq.m. as at the Latest Practicable Date.

HISTORY AND CORPORATE STRUCTURE

In 2007, Euro Asia Packaging acquired the entire interest of European Asia Group from European Asia Industrial. In the same year, five new shareholders were introduced to Euro Asia Packaging, as a result of which the equity interest of Euro Asia Packaging was owned as to 81.683% by European Asia Industrial, 6.987% by Zhongshan City Jin Feng, 4.658% by Zhongshan City Kang Jian, 4.236% by Zhongshan Health Technology Park, 1.377% by Ron Investment and 1.059% by Shenzhen City Li Feng He. In the same year, we acquired four additional pre-owned production lines.

In August 2008, we acquired a brand new production line from an European production equipment manufacturer at a cost of approximately HK\$72.1 million, to cope with the increasing orders of large quantity. By the end of 2008, our operational scale had been expanded to a meaningful size with eight operating production lines that our management believed we could go to the public capital markets to tap funding for future business expansion. As a result, Euro Asia Packaging was transformed into a joint stock company for preparation of the A-Share Listing.

In September 2009, we further increased our production capacity by acquiring an additional pre-owned production line. On 21 December 2009, Euro Asia Packaging submitted its application for A-Share Listing with the CSRC.

However, in mid 2010, after knowing the proposed A-Share Listing would not materialize in the year due to the application backlog, Mr. Lin changed his view and decided that it would be in the best interest of our Group to list its business on the stock market in Hong Kong for its future fund raising and overseas business expansion. Consequently, we voluntarily withdrew our application for A-Share Listing in October 2010. At the same time, Mr. Lin started to enter into arm's length negotiations with the four PRC domestic shareholders to buy back their interests in Euro Asia Packaging.

In October 2010, we further increased our production capacity by acquiring an additional pre-owned production line.

In 2011, we undertook major upgrading work on two of our oldest pre-owned production lines to increase our production capacity and deliver 9-color offset printing capability.

By July 2012, Mr. Lin, through European Asia Industrial, completed the acquisition of equity interests in Euro Asia Packaging from those four PRC domestic shareholders. In the same year, we acquired the 12th production line, which is a pre-owned production line expected to be put into production in the third quarter of 2013 and our annual production capacity is expected to grow to approximately 260 million cans. As at the Latest Practicable Date, the 12th production line was still in the process of installation.

HISTORY AND CORPORATE STRUCTURE

Since our establishment, we have been putting heavy emphasis on our product quality as well as research and development of new product offerings. Listed below are the major accreditations and awards obtained by us to illustrate our Group's endeavors in the aforesaid two aspects:

The following are important accreditations and awards obtained by our Group:

Year	Accreditations/awards	Issuing bodies
2002.	<ul style="list-style-type: none"> • Obtained the GB/T19001-2000-ISO9001:2000 Certificate of Conformity of Quality Management System* (質量管理體系認證證書) for production of monobloc aluminum aerosol cans (鋁質單片氣霧罐的生產) 	<ul style="list-style-type: none"> • QMS Certification Services Pty Ltd. (QMS認證服務有限公司)
2004.	<ul style="list-style-type: none"> • Accredited as High- and New-Technology Enterprise* (高新技術企業) 	<ul style="list-style-type: none"> • Guangdong Provincial Department of Science and Technology (廣東省科學技術廳)
2005.	<ul style="list-style-type: none"> • Accredited as Technology Centre of Municipal Enterprises in Zhongshan City* (中山市市級企業技術中心) 	<ul style="list-style-type: none"> • People's Government of Zhongshan City* (中山市人民政府)
2006.	<ul style="list-style-type: none"> • Obtained the GB/T19001-2000 idt ISO9001:2000 Certificate of Conformity of Quality Management System* (質量管理體系認證證書) for production of aluminum aerosol cans and aluminum bottles and printing of packaging cans (鋁質噴霧罐、鋁瓶的生產及包裝罐的印刷) 	<ul style="list-style-type: none"> • Guangdong Zhongjian Certification Co., Ltd (中鑒認證服務有限公司)
	<ul style="list-style-type: none"> • Accredited as High- and New-Technology Enterprise* (高新技術企業) 	<ul style="list-style-type: none"> • Guangdong Provincial Department of Science and Technology (廣東省科學技術廳)
	<ul style="list-style-type: none"> • Accredited as Private Technology Enterprise* (廣東省民營科技企業) 	<ul style="list-style-type: none"> • Guangdong Provincial Department of Science and Technology (廣東省科學技術廳)
	<ul style="list-style-type: none"> • Accredited as Excellent Packaging Enterprise in China* (中國包裝優秀企業) 	<ul style="list-style-type: none"> • CPF
2008	<ul style="list-style-type: none"> • Accredited as High- and New-Technology Enterprise* (高新技術企業) 	<ul style="list-style-type: none"> • Guangdong Provincial Department of Science and Technology (廣東省科學技術廳) • Department of Finance of Guangdong Province (廣東省財政廳) • Guangdong Provincial Office, SAT (廣東省國家稅務局) • Guangdong Local Taxation Bureau (廣東省地方稅務局)

HISTORY AND CORPORATE STRUCTURE

Year	Accreditations/awards	Issuing bodies
	<ul style="list-style-type: none"> Appointed as a member of the Chinese National Standard Drafting Unit* (國家標準起草單位) for “Packaging containers-25.4 mm aperture aluminum monobloc aerosol cans GB/T 25164-2010” (《包裝容器25.4 mm口徑鋁氣霧罐 GB/T 25164-2010》), which came into effect in 2011 	<ul style="list-style-type: none"> General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局) Standardization Administration of the PRC (中國國家標準化管理委員會)
2009	<ul style="list-style-type: none"> Obtained the GB/T19001-2008 idt ISO9001:2008 Certificate of Conformity of Quality Management System* (質量管理體系認證證書) for production of aluminum aerosol cans and aluminum bottles and printing of packaging cans (鋁質噴霧罐、鋁瓶的生產及包裝罐的印刷) Five types of the Group’s aluminum aerosol cans were awarded as Guangdong Independent and Innovative Products* (廣東省自主創新產品) The Group’s aluminum aerosol cans were awarded as Guangdong Province High- and New-Technology Products* (廣東省高新技術產品) The Group’s aluminum aerosol cans obtained the Adopting International Standard Product Marking Certificate* (採用國際標準產品標誌證書) 	<ul style="list-style-type: none"> Guangdong Zhongjian Certification Co., Ltd (中鑒認證服務有限公司) Guangdong Provincial Department of Science and Technology (廣東省科學技術廳) Development and Reform Commission of Guangdong Province (廣東省發展和改革委員會) The Economic & Information Commission of Guangdong Province (廣東省經濟和信息化委員會) Department of Finance of Guangdong Province (廣東省財政廳) Guangdong Intellectual Property Office (廣東省知識產權局) Administration of Quality and Technology Supervision of Guangdong Province (廣東省質量技術監督局) Guangdong Provincial Department of Science and Technology (廣東省科學技術廳) Administration of Quality and Technology Supervision of Guangdong Province (廣東省質量技術監督局)
2010.	<ul style="list-style-type: none"> Five types of the Group’s aluminum aerosol cans were awarded as Guangdong Independent and Innovative Products* (廣東省自主創新產品) 	<ul style="list-style-type: none"> Guangdong Provincial Department of Science and Technology (廣東省科學技術廳) Development and Reform Commission of Guangdong Province (廣東省發展和改革委員會) The Economic & Information Commission of Guangdong Province (廣東省經濟和信息化委員會) Department of Finance of Guangdong Province (廣東省財政廳)

HISTORY AND CORPORATE STRUCTURE

Year	Accreditations/awards	Issuing bodies
	<ul style="list-style-type: none"> Obtained the GB/T19001-2008 idt ISO9001:2008 Certificate of Conformity of Quality Management System* (質量管理體系認證證書) for production of aluminum aerosol cans and aluminum bottles and printing of packaging cans (鋁質噴霧罐、鋁瓶的生產及包裝罐的印刷) 	<ul style="list-style-type: none"> Guangdong Zhongjian Certification Co., Ltd (中鑒認證服務有限公司)
2013.	<ul style="list-style-type: none"> Obtained the 10 Most Competitive Printing Enterprises Certificate* (十大最具競爭力印刷企業) 	<ul style="list-style-type: none"> Administration of Press and Publication of Guangdong Province (廣東省新聞出版局) Guangdong Printing Association (廣東省印刷複製業協會)

CORPORATE HISTORY

The following sets forth the corporate development of each member of our Group since their respective dates of incorporation.

Our Company

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 September 2012 with an authorized share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each, of which one Share was issued and allotted fully paid to the initial subscriber at par, and was transferred to Wellmass on 21 September 2012 at par.

Our Company has four subsidiaries, namely Euro Asia Investments, Hong Kong Aluminum Cans, Euro Asia Packaging and European Asia Group, details of which are set out below.

Euro Asia Investments

Euro Asia Investments was incorporated in the BVI on 3 October 2012. As at the date of incorporation, it had an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1 each, of which one share was issued and allotted fully paid to our Company at par. The share capital and shareholding of Euro Asia Investments has remained unchanged since its incorporation.

As at the Latest Practicable Date, Euro Asia Investments is an intermediate holding company and holds the entire issued share capital of Hong Kong Aluminum Cans.

Hong Kong Aluminum Cans

Hong Kong Aluminum Cans was incorporated in Hong Kong on 6 September 2012 with an authorized share capital of HK\$10,000 divided into 10,000 shares with a par value of HK\$1 each, of which one share was allotted and issued fully paid to the initial subscriber at par, which was transferred to European Asia Industrial on 12 September 2012 at par. On 15 January 2013, 1,000 shares of Hong Kong Aluminum Cans were allotted and issued fully paid to European Asia Industrial at par as

HISTORY AND CORPORATE STRUCTURE

consideration of the acquisition of 98.623% of the entire equity interest of Euro Asia Packaging from European Asia Industrial. On 15 March 2013, Euro Asia Investments acquired and became the registered shareholder of the entire issued share capital of Hong Kong Aluminum Cans at the consideration of HK\$1,001 and Hong Kong Aluminum Cans became a wholly owned subsidiary of Euro Asia Investments.

As at the Latest Practicable Date, Hong Kong Aluminum Cans was an intermediate holding company and held 98.623% of the entire equity interest of Euro Asia Packaging.

Euro Asia Packaging

Euro Asia Packaging was incorporated in the PRC as a limited liability company on 27 June 2002 under the name of Euro Asia Packaging (Zhongshan) Co., Ltd. (歐亞包裝(中山)有限公司) with a registered capital of US\$1,300,000 and European Asia Industrial as the sole shareholder.

On 10 October 2007, Euro Asia Packaging's registered capital was increased to US\$5,000,000, which was funded by European Asia Industrial reinvesting the dividend it received from Euro Asia Packaging.

On 23 October 2007, European Asia Industrial and Ron Investment entered into a share transfer agreement (as supplemented by a supplemental agreement of 19 December 2007), pursuant to which Ron Investment acquired registered capital of US\$82,900 in Euro Asia Packaging from European Asia Industrial at an aggregate consideration of US\$550,237. The consideration was negotiated and agreed between the parties on arm's length basis with reference to the earnings of Euro Asia Packaging. The above share transfer was completed on 21 December 2007. As a result, Euro Asia Packaging was owned by European Asia Industrial and Ron Investment as to 98.342% and 1.658% respectively.

On 22 November 2007, Euro Asia Packaging and European Asia Industrial entered into four separate agreements with each of (i) Zhongshan City Jin Feng, (ii) Zhongshan City Kang Jian, (iii) Zhongshan Health Technology Park and (iv) Shenzhen City Li Feng He, all being Independent Third Parties, pursuant to which the parties agreed to contribute RMB39,040,000 in aggregate to increase the registered capital of Euro Asia Packaging by RMB8,000,000. Details of contributions by the aforesaid four new shareholders to the registered capital and capital reserve of Euro Asia Packaging, and their then respective shareholdings are set out as below:

Name of shareholders	Amount of contribution	% of the then shareholdings in Euro Asia Packaging
Zhongshan City Jin Feng	RMB16,104,000 (as to RMB3,300,000 to registered capital and as to RMB12,804,000 to capital reserve)	6.987
Zhongshan City Kang Jian.	RMB10,736,000 (as to RMB2,200,000 to registered capital and as to RMB8,536,000 to capital reserve)	4.658

HISTORY AND CORPORATE STRUCTURE

Name of shareholders	Amount of contribution	% of the then shareholdings in Euro Asia Packaging
Zhongshan Health Technology Park	RMB9,760,000 (as to RMB2,000,000 to registered capital and as to RMB7,760,000 to capital reserve)	4.236
Shenzhen City Li Feng He.	RMB2,440,000 (as to RMB500,000 to registered capital and as to RMB1,940,000 to capital reserve)	1.059

The above capital increase was completed on 21 December 2007, and the proceeds raised were used for business expansion. As a result of the introduction of the four new shareholders, the equity interest of European Asia Industrial and Ron Investment in Euro Asia Packaging was diluted to 81.683% and 1.377% respectively.

In July 2008, Euro Asia Packaging was transformed into a joint stock company with its registered capital increased to RMB80,000,000, which was paid up by all the then shareholders (as promoters) contributing the net assets of European Asia Packaging as at 31 December 2007 (being valued at RMB105,568,106.77) at the rate of RMB1 of net asset for 0.7578 ordinary share.

On 21 December 2009, Euro Asia Packaging submitted its application for the A-Share Listing with the CSRC. For the reasons mentioned above, the application was withdrawn in September 2010. Mr. Lin started to enter into arm's length negotiations with the four PRC domestic shareholders to buy back their interests in Euro Asia Packaging.

On 20 May 2011, Zhongshan City Kang Jian and Shenzhen City Li Feng He entered into share transfer agreements with European Asia Industrial, pursuant to which Zhongshan City Kang Jian and Shenzhen City Li Feng He transferred their 4.658% and 1.059% equity interest in Euro Asia Packaging to European Asia Industrial at the respective consideration of RMB10,736,000 and RMB2,865,499.24. Their respective considerations were negotiated and agreed between the parties at arm's length with reference to their amount of contribution to the registered capital and capital reserve of Euro Asia Packaging as well as dividends received during their investment period. The above share transfers were completed on 1 September 2011.

On 14 February 2012, Zhongshan Health Technology Park entered into a property rights transaction contract with European Asia Industrial, pursuant to which Zhongshan Health Technology Park transferred its 4.236% equity interest in Euro Asia Packaging to European Asia Industrial at the consideration of RMB11,461,996.96. As Zhongshan Health Technology Park is a state-owned enterprise, the amount of consideration was approved by the Zhongshan Torch Hi-tech Industrial Development Zone Public Asset Management Committee* (中山火炬高技术产业开发区公有资产管理委员会) and the transfer was made through a tender process at Zhuhai Property Rights Exchange Centre* (珠海市产权交易中心). The above share transfer was completed on 14 May 2012.

On 20 May 2012, Zhongshan City Jin Feng entered into a share transfer agreement with European Asia Industrial, pursuant to which Zhongshan City Jin Feng transferred its 6.987% equity interest in

HISTORY AND CORPORATE STRUCTURE

Euro Asia Packaging at the consideration of RMB16,104,000, which was equivalent to the amount of contribution made by Zhongshan City Jin Feng to Euro Asia Packaging. The above share transfer was completed on 27 July 2012. Upon completion of the aforesaid transfers, European Asia Industrial and Ron Investment held 98.623% and 1.377% equity interest in the shares of Euro Asia Packaging respectively.

As part of the Reorganization, European Asia Industrial transferred its entire interest in Euro Asia Packaging to Hong Kong Aluminum Cans, in consideration of the allotment and issue of 1,000 shares of Hong Kong Aluminum Cans credited as fully paid at par to European Asia Industrial. The entire issued share capital of Hong Kong Aluminum Cans was subsequently acquired by Euro Asia Investments at the consideration of HK\$1,001 and Hong Kong Aluminum Cans became an indirect wholly owned subsidiary of our Company. Upon completion of the Reorganization, Wellmass indirectly held 98.623% of Euro Asia Packaging and European Asia Industrial does not form part of our Group. As at the Latest Practicable Date, European Asia Industrial was an investment holding company and was the shareholder of *inter alia*, Botny Chemical and Euro Asia Aerosol. Further details are disclosed in the section headed “Relationship with the Controlling Shareholders” in this prospectus. Details of the Reorganization are described under the paragraph headed “Corporate Reorganization” in Appendix V to this prospectus.

As at the Latest Practicable Date, Euro Asia Packaging was engaged in the design, research and development, manufacture and sale of aluminum aerosol cans.

European Asia Group

European Asia Group was incorporated in Hong Kong as a limited liability company on 2 April 2005 with an authorized share capital of HK\$1,500,000 divided into 1,500,000 shares with a par value of HK\$1 each, all of which were issued and allotted to European Asia Industrial at par.

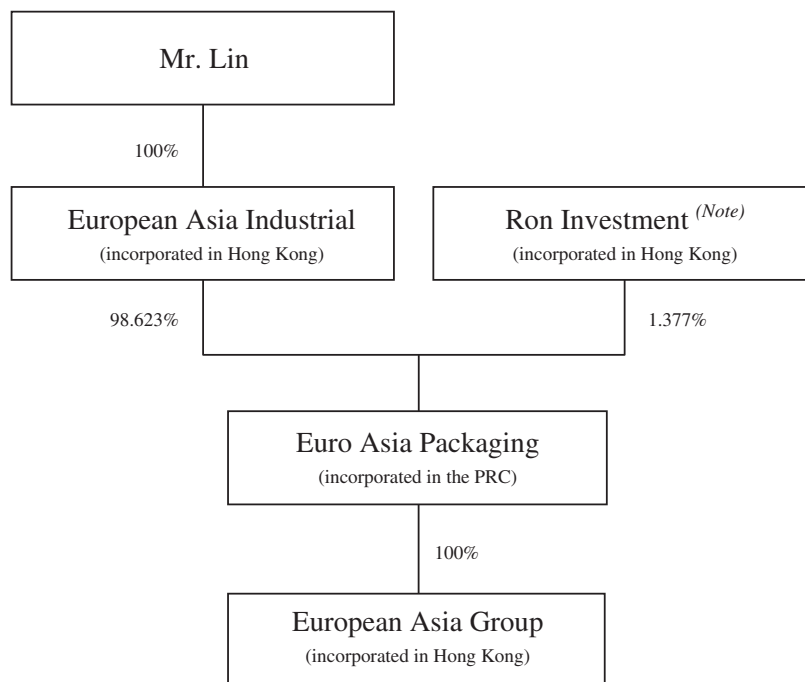
On 21 December 2007, European Asia Industrial transferred its entire equity interest of European Asia Group to Euro Asia Packaging at the consideration of HK\$1,500,000 with reference to the amount of the total nominal paid up shares of European Asia Group.

As at the Latest Practicable Date, European Asia Group was a wholly-owned subsidiary of Euro Asia Packaging. European Asia Group is principally engaged in the sale of our aluminum aerosol cans to overseas customers.

HISTORY AND CORPORATE STRUCTURE

CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately before the Reorganization.



Note:

Ron Investment is an Independent Third Party.

HISTORY AND CORPORATE STRUCTURE

REORGANIZATION

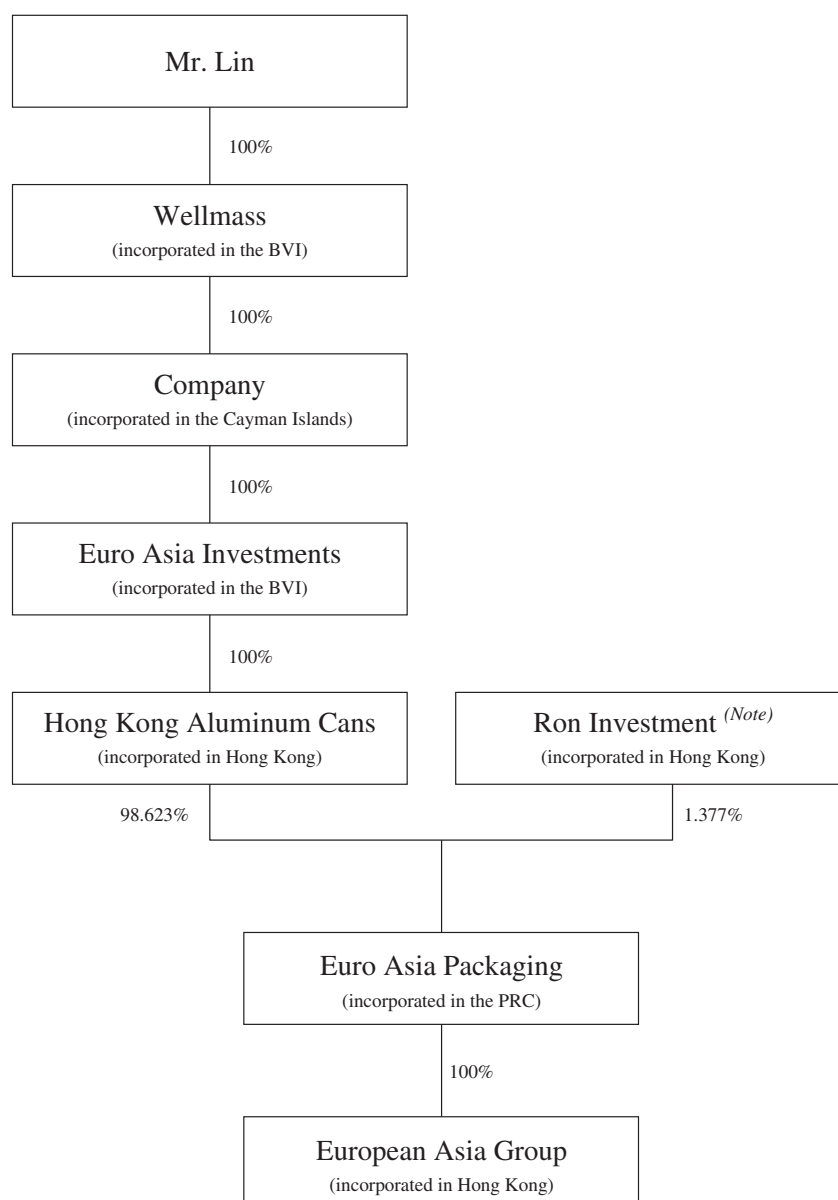
The companies comprising our Group underwent the Reorganization in preparation for the Listing of the Shares on the Stock Exchange, pursuant to which our Company became the holding company of our Group. The Reorganization included the following major steps:

- (a) On 18 July 2012, Wellmass was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1 each, and one subscriber share was allotted to Mr. Lin at par.
- (b) On 12 September 2012, our Company was incorporated in the Cayman Islands with limited liability. At the time of incorporation, our Company had an authorized share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each of which one Share was allotted and issued fully paid to the initial subscriber at par. On 21 September 2012, the one Share was transferred to Wellmass at par.
- (c) On 3 October 2012, Euro Asia Investments was incorporated in the BVI with limited liability. At the time of incorporation, Euro Asia Investments had an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1 each and one fully paid share was issued to our Company at par.
- (d) On 6 September 2012, Hong Kong Aluminum Cans was incorporated in Hong Kong with limited liability. At the time of incorporation, Hong Kong Aluminum Cans had an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and one share was allotted and issued fully paid to the initial subscriber at par. On 12 September 2012, the one share was transferred to European Asia Industrial at par.
- (e) On 15 January 2013, Hong Kong Aluminum Cans acquired from European Asia Industrial and became the registered shareholder of 78,898,400 shares of Euro Asia Packaging, which represented 98.623% of the entire equity interest of Euro Asia Packaging, in consideration of the allotment and issue of 1,000 shares of HK\$1 each of Hong Kong Aluminum Cans credited as fully paid at par to European Asia Industrial. Such transfer has been approved by Department of Foreign Trade and Economic Cooperation of Guangdong Province* (廣東省對外貿易經濟合作廳) on 5 January 2013, and our Company has obtained legal opinion from the PRC legal advisors that our Group has obtained the necessary consent from the relevant government authority in respect of the transfer.
- (f) On 15 March 2013, Euro Asia Investments acquired from European Asia Industrial and became the registered shareholder of 1,001 shares of HK\$1 each of Hong Kong Aluminum Cans, which represented the entire issued share capital of Hong Kong Aluminum Cans, at a consideration of HK\$1,001. As a result, Euro Asia Packaging became an indirect non-wholly owned subsidiary of our Company with 98.623% of the equity interest of Euro Asia Packaging held by our Group and 1.377% of the equity interest of Euro Asia Packaging by

HISTORY AND CORPORATE STRUCTURE

Ron Investment. Accordingly, European Asia Industrial does not form part of our Group. As at the Latest Practicable Date, European Asia Industrial is an investment holding company and is the shareholder of *inter alia*, Botny Chemical and Euro Asia Aerosol. Further details are disclosed in the section headed “Relationship with the Controlling Shareholders” in this prospectus. European Asia Industrial is not subject to any litigation, dispute, claim or sanction during the Track Record Period to the best knowledge, information and belief of the Directors after having made all reasonable enquiries.

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Reorganization but before completion of the Share Offer and the Capitalization Issue:

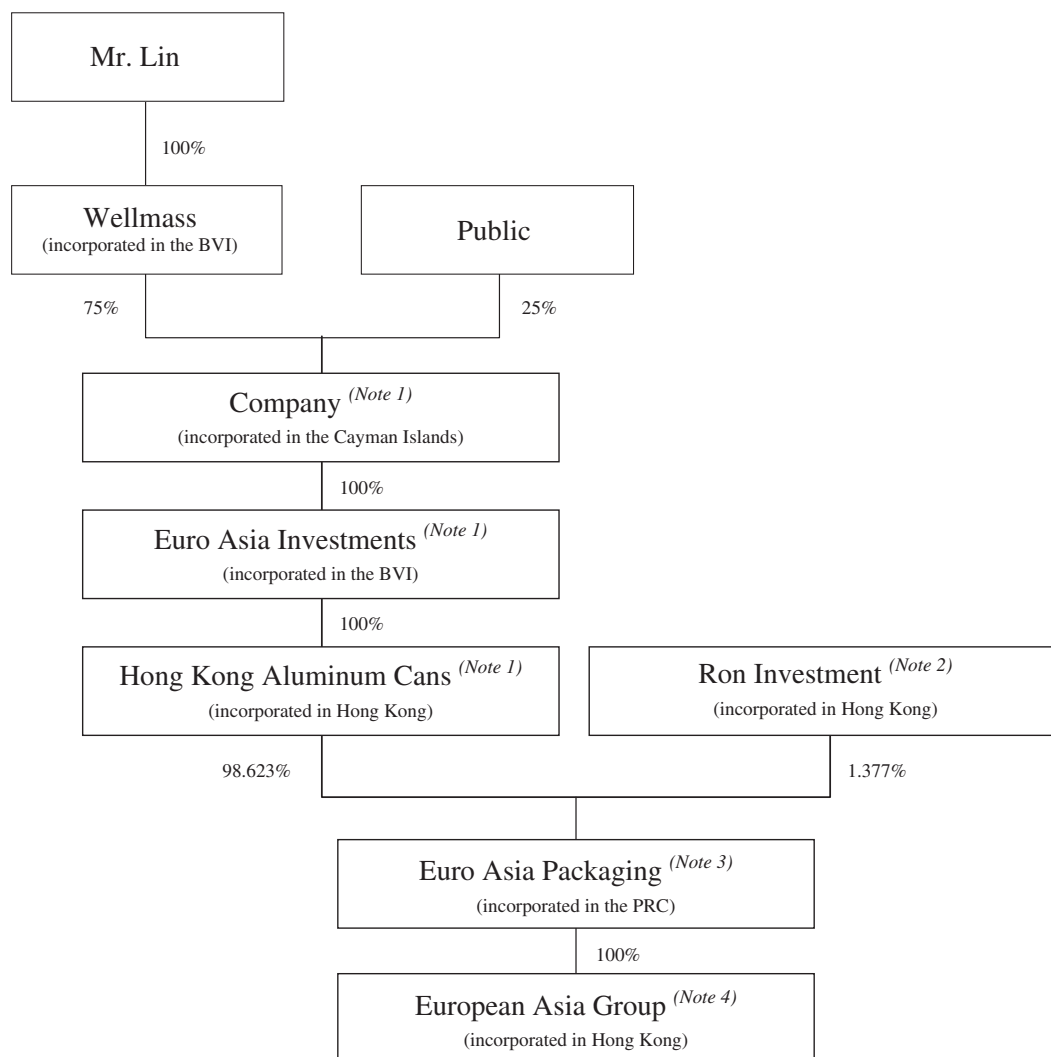


Note:

Ron Investment is an Independent Third Party.

HISTORY AND CORPORATE STRUCTURE

The following diagram shows the shareholding and corporate structure of our Group immediately after completion of the Share Offer and the Capitalization issue, but without taking into account the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.



Notes:

1. Our Company, Euro Asia Investments and Hong Kong Aluminum Cans are investment holding companies.
2. Ron Investment is an Independent Third Party.
3. Euro Asia Packaging is engaged in the design, research and development, manufacture and sale of aluminum aerosol cans.
4. European Asia Group is principally engaged in the sale of our aluminum aerosol cans to overseas customers.

BUSINESS

OVERVIEW

We are a manufacturer of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray.

Currently, we have a range of extrusion dies available in our inventory to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various features and shapes for our customers' selection. As at the Latest Practicable Date, we had obtained 76 registered patents in the PRC including 37 design patents (外觀設計專利), 31 utility model patents (實用新型專利) and eight invention patents (發明專利), which we believe have helped to strengthen our leading market position in the aluminum aerosol can market in the PRC.

Our customers are classified into three categories namely, consumer brand manufacturers, mainly of personal care and pharmaceutical products; trading companies; and aerosol filling companies which fill the active ingredients and propellants into the aluminum aerosol cans for various consumer brands.

Our products are sold in the PRC market and to different countries mainly in the Middle East and Africa. For the year ended 31 December 2012, our revenue from the PRC, the Middle East and Africa were HK\$123.6 million, HK\$88.3 million and HK\$39.2 million, accounting for 45.1%, 32.2% and 14.3% of our total revenue respectively.

Our factory is located in Zhongshan City, Guangdong Province, the PRC with 11 fully automated production lines with an annual production capacity of approximately 230 million cans. As at the Latest Practicable Date, we had a workforce of 386 employees. Since our establishment, we have adopted the "low-cost expansion" strategy to primarily use pre-owned production machineries in building up our existing production capacity. With the strong support from our dedicated team of experienced engineers and technicians, this strategy has enabled us to cut down our capital outlays on production machineries by more than 50% if we had purchased brand new production machineries in the first place, but without compromising our product quality and production efficiency. During the Track Record Period, we produced approximately 153 million, 179 million and 187 million cans respectively.

COMPETITIVE STRENGTHS

Our well established leading market position has benefitted our business performance.

We are a leading aluminum aerosol can manufacturer in the PRC. According to the CRI Report, we were the largest manufacturer of aluminum aerosol cans in 2012, accounting for approximately 30% of the entire production volume in the PRC. Furthermore, throughout the years, we have obtained a number of accreditations and awards from various government and industry organizations.

BUSINESS

Our Directors believe that, being a major player in the aluminum aerosol can manufacturing industry, we have been able to enjoy leverage in procurement, product pricing and expanding our customer base. Given the reliable quality of our products and our long history in the market, we also believe we have established a strong corporate identity amongst consumer brand manufacturers in the PRC and internationally. This has helped us to expand our business with existing customers and to market our products to potential customers.

Our abilities to deploy pre-owned production machineries and to perform major machinery upgrades have allowed us to control capital outlays whilst expanding our business.

We pride ourselves on the team of experienced engineering staff we have assembled. Over the years, our engineering department has accumulated the experience and necessary know-how to (i) be able to put together the 10 pre-owned production lines we acquired from other overseas and PRC aluminum can manufacturers; and (ii) undertake major upgrading work on two of the pre-owned production lines to increase their capacity and capabilities. In 2011, we successfully modified the extrusion machines to increase their output efficiency and upgraded the offset printing workstations from 6-color to 9-color. This has enabled us to reduce our capital outlays substantially in building up our current production capacity, as compared to deploying brand new production lines in the first place, and to lower our cost of production as well.

Our capability to effectively plan our production schedules amongst the 11 fully automated production lines we operate enables us to minimize time loss on die changes and machine fine-tuning.

Although our fully automated production lines can turn out aluminum aerosol cans at a high speed without any direct labor involvement, it is often time consuming from an operational viewpoint to change the extrusion dies and to fine-tune each of the production processes in the automated production line before mass production can commence. By having 11 fully automated production lines, we can often batch control the production of customer orders with identical product dimension under one production line. We, therefore, can incur less time on extrusion die changes and other machine fine-tuning steps. As a result, our overall production efficiency would not be compromised when serving customer orders with different product dimensions.

Our research and development as well as die making capabilities have enabled us to produce a wide range of product offerings in terms of different dimensions, body contours, and shoulder shapes for our customers.

Throughout the years, our research and development department has successfully designed a great variety of extrusion dies, and based on such designs, we have been able to use our own machining equipment to make extrusion dies for the production of aluminum aerosol cans with different dimensions, body contours and shoulder shapes. This wide range of extrusion dies we possess together with our own capability to make extrusion dies enable us to serve our customer orders with minimal lead

BUSINESS

time, as we do not necessarily rely on external die manufacturers to provide the required extrusion dies before commencing mass production of customer orders. In addition, we believe that our strong commitment to research and development will allow us to continue to enhance our product offerings and our sales as well as market share.

We have long standing relationships with major customers and major suppliers.

We have established long-term business relationships with our major customers. For the year ended 31 December 2012, our top five customers have maintained business relationships with us from five to ten years. We consider that our stable product quality and our ability to deliver products to customers with short production lead time have earned repeated business from major customers. We also believe that with such stable customer base, our Group is well positioned to implement expansion plans in our production as well as sales and marketing.

On our production side, we have also maintained long-term business relationships with our major suppliers. The business relationship with our top supplier who provides us with aluminum slugs has been over 10 years (please refer to the paragraph headed “Raw Materials and Suppliers” in this section for further details of our relationship with this supplier). Our Directors consider that the long standing business relationships with our major suppliers can ensure stable and timely supply of raw materials to meet our customer orders.

We have experienced senior management and operation teams.

We have an experienced senior management team with extensive industry experience and management skills. Our Chairman, Mr. Lin, has over 18 years of experience in the industry of the production of aluminum aerosol cans. Mr. Lin is the vice-principal of the Metal Containers Committee (金屬容器委員會) of CPF which is a national industry organization under the approval of the State Council with the mission of promoting sustainable, rapid, healthy and harmonious development of China’s packaging industry. Mr. Lin is also the vice-president of Zhongshan Printing and Packaging Association* (中山市印刷包裝行業協會), which is a non-profit organization in Zhongshan City aiming to protect and promote the interest of the local printing and packaging industry in Zhongshan City, from 2011. Other members of our senior management have an average of at least 10 years of experience in the aluminum can manufacturing, packaging operations or general business management. Furthermore, we invited two directors of our operating subsidiary, Euro Asia Packaging, to join our Board to provide extensive strategic direction, strong leadership and inspiration to our Group.

Our daily operations are managed by a team of competent operational staff. We have also developed a comprehensive management system with key performance indicators to evaluate the achievement of various defined operational goals and to identify potential improvements. We believe our highly skilled workforce has contributed greatly to the continuous growth of our business.

BUSINESS

BUSINESS STRATEGIES

Our long term objective is to maintain our leading position in the aluminum aerosol can manufacturing industry and to capture the growing business opportunities in the aluminum can or bottle packaging industry. To achieve this, we intend to implement the following strategies:

Expand and upgrade our production facilities

In order to meet the increasing demands from our customers for aluminum aerosol cans in terms of both quantity and quality and to increase our production efficiency, we plan to continue upgrading our existing production facilities through modification or replacing some of the workstations in our production lines, and to install additional production lines in our factory. We believe such investment will further enable us to benefit from the economies of scale in our production.

Continue to invest in research and development

Our Directors consider that our commitment to the research and development on product design is a key to the continued success of our Group. We will continue to commit ourselves in the research and development work in order to improve our product quality and variety.

Apart from improving and enhancing the designs of our existing products, our research and development department will continue to work on the designs and technologies required in the production of monobloc aluminum bottles for beverages, as well as various value-added features for our products such as anti-counterfeit designs for our customers. We will continue to maintain our investment and budget in our research and development.

Open new market for monobloc aluminum bottles for beverages

Our Directors believe that there is a huge market potential in the business of manufacturing of monobloc aluminum bottles for beverages in the PRC market. In order to capture the potential in this market, we have already registered certain patents for the production of monobloc aluminum bottles for beverages and we have started to explore opportunities to cooperate with certain business partners in the PRC. We are currently under negotiation with some beverage manufacturers on the terms and conditions for the sales of monobloc aluminum bottles for the packaging of their beverage products and are currently unable to estimate when the production of monobloc aluminum bottles will commence. As at the Latest Practicable Date, our Group did not enter into any memorandum of understanding or letter of intent with any potential customers in relation to the sales of aluminum bottles for beverages.

Provide regular training and related education to our workforce

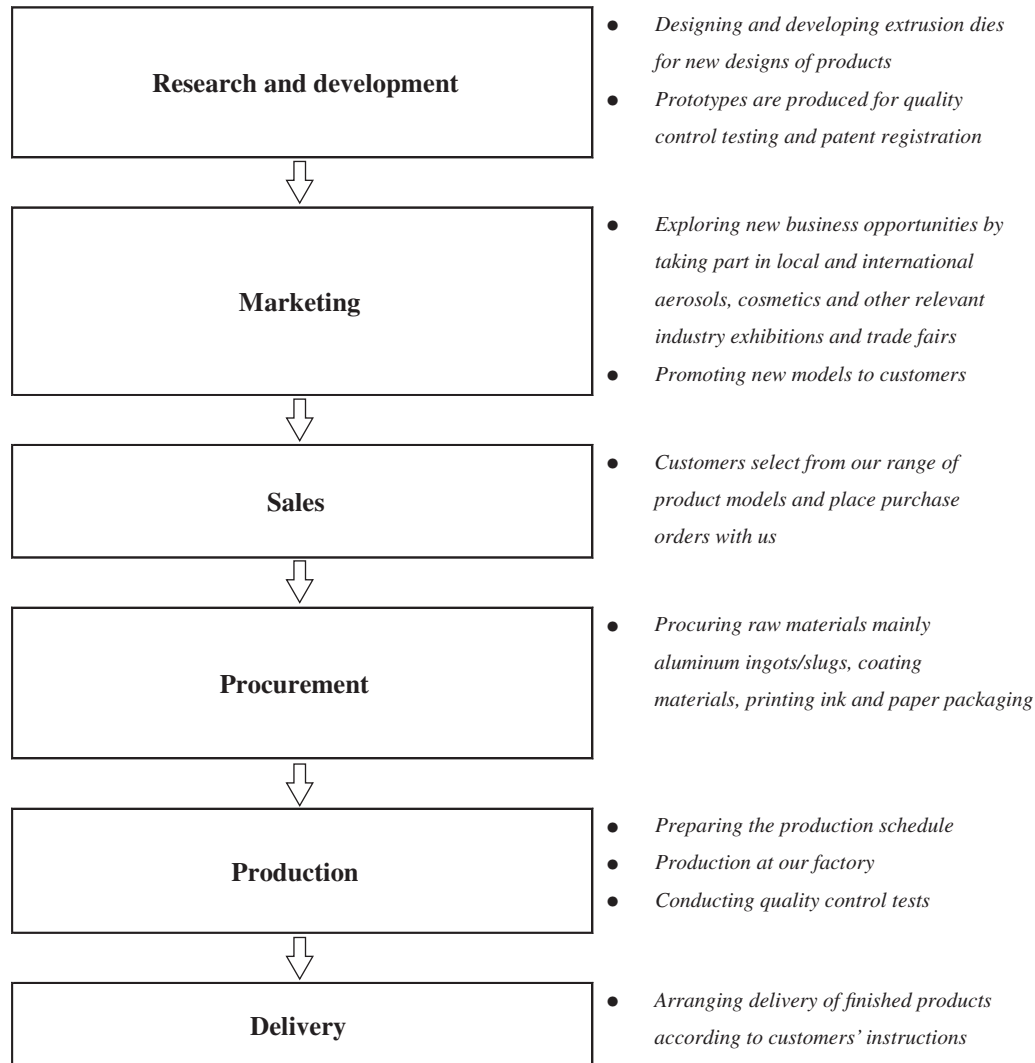
Although our production is fully automated, it still requires our production and engineering staff to possess technical knowledge and know-how on each production process and the functioning of each

BUSINESS

machine in the production lines. We will continue to provide on the job training to our staff and invite external technical professionals to address us on the latest development on various technical aspects of our operations. We believe this has helped motivate our workforce and facilitate overall improvement of our operational results.

BUSINESS MODEL

The key phases of our business operation are as follows:



PRODUCTS

We are a manufacturer of aluminum aerosol cans. Aerosol packaging is widely used for liquid content. It has the advantages like easiness to dispense with precise application, air tightness for long term storage, as well as convenience to carry around. Aluminum aerosol cans possess features such as light weight, high recyclability and resistance to corrosion as well as relatively high flexibility which

BUSINESS

allows them to be manufactured in easy-to-grip shapes for convenient content dispensing. Besides, they are perceived to be more pleasing by consumer as compared to containers made of tinfoil. For these reasons, aluminum aerosol cans are frequently used in the packaging of fast-moving personal care and cosmetic products, such as body deodorant, shaving cream and hair styling spray as well as pharmaceutical products like pain relieving spray, antiseptic spray and spray dressing.

Aerosol cans are designed with a predetermined profile which can be fitted with an aerosol dispensing device to enable the product content to be sprayed out. Compressed liquefied gas propellant mixed with the product content is packed in the aerosol can and sealed with the dispensing device. Presently, our Group is not involved in aerosol content filling. There are international safety standards governing the minimum strength of the structure of the can as it must be strong enough to carry the compressed propellant. All the aluminum aerosol cans we produce conform to safety standards recommended by the relevant government authority in the PRC as well as the FEA in Europe.

We have the capabilities to manufacture aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various body contours and shoulder shapes. Presently, we have over 50 models for customers' selection. Our product offerings should cover most packaging requirements for popular consumer products. We also offer offset printing services up to 9-color to our customers.

The table below sets forth the breakdown of our revenue by the types of end-products for which our aluminum aerosol cans were used in packaging during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Personal care products						
- <i>Body deodorant</i>	114,719	57.9	133,882	56.5	142,784	52.1
- <i>Others</i> ^(Note)	27,738	14.0	40,083	16.9	39,702	14.5
Pharmaceutical products	24,901	12.6	30,345	12.8	54,146	19.8
Refrigerants	2,176	1.1	7,371	3.1	15,352	5.6
Others	28,730	14.4	25,443	10.7	21,939	8.0
Total	198,264	100.0	237,124	100.0	273,923	100.0

Note: Other personal care products mainly include hair styling products and shaving cream.

As part of our future business expansion plans, we intend to undertake production of monobloc aluminum bottles for beverages like beer and carbonated drinks. We have successfully developed the necessary extrusion dies and installed a post production bottle-washing workstation in one of our production lines for initial product testing.

BUSINESS

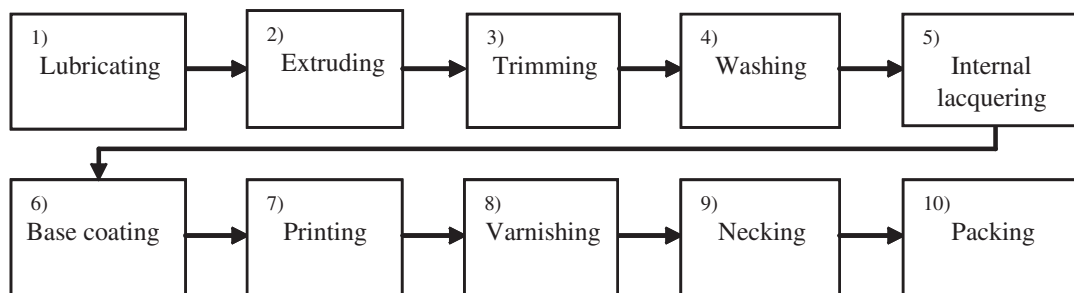
Set out below are the photos of some of our products.


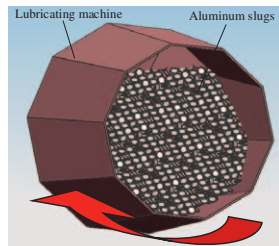


PRODUCTION

Production Process

Our fully automated production lines consist of distributed workstations which are linked by a motorized pin chain conveyor system, which can turn aluminum slugs into finished cans in a predefined production sequence without any need of direct labor. Under the normal circumstances, the lead time from receipt of customer order to product delivery is around 14 days, which cover ordering the required aluminum slugs from suppliers, machine setting, extrusion die change, trial run and actual production. The principal steps involved in our production process of aluminum aerosol cans are as follows:

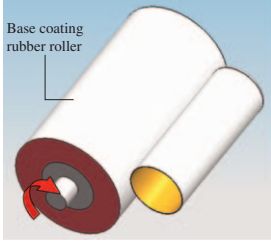


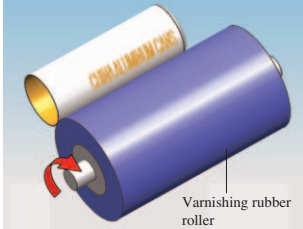



Workstation	Process Description	Image of Workstation	Image of Process
1) Lubricating machine	The aluminum slugs are lubricated		

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Workstation	Process Description	Image of Workstation	Image of Process
2) Extrusion machine	The lubricated aluminum slugs are extruded into cylindrical shapes		
3) Trimming machine	The aluminum aerosol cans are trimmed to the required length for dimensional control		
4) Washing machine	The aluminum aerosol cans are properly washed to remove dirt and impurities and to prepare for internal and external treatment		
5) Internal lacquering machine	Internal surface of the aluminum aerosol cans is polished and then coated by protecting lacquer to prevent corrosion and rusting		

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Workstation	Process Description	Image of Workstation	Image of Process
6) Base coating machine	External surface of the aluminum aerosol cans is coated with a base coat		
7) Printing machine	By offset printing and lithography, text and artwork with color are printed onto the external surface of the aluminum aerosol cans		
8) Varnishing machine	The external surface is painted with text and artwork is varnished		
9) Necking machine	The open end of the aluminum aerosol cans are necked into different shapes and configurations		
10) Packing	The finished cans are packed for delivery		

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Production Facility

Our production facilities are located in Zhongshan City, Guangdong Province, the PRC with a total gross floor area of approximately 12,854 sq.m.. As at the Latest Practicable Date, our Group had 11 fully automated production lines which are capable of turning a piece of aluminum slug into a finished can without any direct labor involved.

The following are the major milestones of our production facilities:

Year	Number of production lines operated by our Group
2002	2
2005	4
2008	8
2009	9
2010 and as at the Latest Practicable Date	11 ^(Note)

Note: As at the Latest Practicable Date, we were in the course of installing the 12th production line, which is a pre-owned production line expected to come into operation in the third quarter of 2013.

Aerosol can manufacturing is a capital intensive industry requiring substantial investment in production equipment. Thanks to the experience and technical know-how in assembling multiple-workstation production lines we have accumulated since establishment, we were able to use primarily pre-owned production lines, instead of brand new, in our production. Among the 11 production lines we installed in our factory, 10 were pre-owned and acquired from aluminum can manufacturers in the PRC and overseas. This has helped us to effectively reduce our capital outlays in building up the production capacity we have today. Our 10 operating pre-owned production lines were acquired during the period from 2002 to 2010 at costs ranging from approximately HK\$3.4 million to HK\$23.7 million per production line with an average of approximately HK\$12 million. The reassembling, installation and fine tuning of pre-owned production lines before they were put into operation normally took 9 to 12 months per line. In addition, to bring the acquired pre-owned production lines out of the sellers' hands to fully functioning at our factory, we incurred expenditures of approximately HK\$0.8 million to HK\$4 million per production line with an average of approximately HK\$1.7 million in transportation, replacements for the aged or faulty parts, putting in the necessary ventilation system and labour fitting expenses.

In 2008, we acquired a brand new production line from an European production equipment manufacturer at a cost of approximately HK\$72.1 million to cope with the increasing customer orders of large quantity and to be able to offer 9-color offset printing services to our customers. In 2011, in order to further raise our production capacity, we undertook substantial upgrading work at a cost of HK\$38.4 million on two of our oldest pre-owned production lines. As a result, those two upgraded production lines can deliver 9-color offset printing capability and their production capacity was

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increased to the level similar to that of the brand new production line we acquired in 2008. As at the Latest Practicable Date, our annual production capacity amounted to approximately 230 million cans. Presently, we are in the course of installing the 12th production line, which is a pre-owned production line expected to be put into operation in the third quarter of 2013. We depreciate our brand new production lines over an estimated useful life of 20 years and the pre-owned production lines over 10 years, both with a residual value of 10% of the cost of acquisition. However, for the two pre-owned production lines on which we performed substantial upgrading work in 2011, we capitalized the total upgrading costs of approximately HK\$38.4 million and wrote off the remaining net book value of the machineries completely replaced amounting to approximately HK\$2 million upon completion of such upgrading work. The upgraded production line is then depreciated over an estimated useful life of 20 years, as our management considers the replacement of machineries to be significant that the condition and performance of such upgraded production lines are similar to those of a brand new production line.

Listed below is the table showing the year of acquisition, initial operation and major subsequent upgrading work completed (if applicable), the depreciation policy, the estimated and remaining estimated useful life and the net book value at as 31 December 2012, the estimated production capacity and the actual production volume of our production lines in 2012.

Year of acquisition	Year of initial operation (subsequent upgrade)	Depreciation policy (Note 1)	Estimated useful life (months)	Remaining estimated useful life as at 31 December 2012 (months) (Note 2)	Net book value as at 31 December 2012 (HK\$'000)	Estimated production capacity in 2012 (million cans)	Actual production volume in 2012 (million cans)
2002*	2002 / (2011)	4.5% straight-line basis (Note 3)	240	218	19,223	32	23
2002*	2002 / (2011)	4.5% straight-line basis (Note 3)	240	228	19,726	32	24
2004*	2005 / (2009)	9% straight-line basis	120	78	2,909	15	10
2004*	2005 / (2012)	9% straight-line basis	120	113	5,166	15	4
2007*	2008 / (2009)	9% straight-line basis	120	78	2,511	15	14
2007*	2008	9% straight-line basis	120	69	14,423	24	22
2007*	2008	9% straight-line basis	120	69	4,294	18	17
2007*	2008	9% straight-line basis	120	69	3,835	18	16
2008^	2009	4.5% straight-line basis	240	198	61,171	33	32
2009*	2010	9% straight-line basis	120	90	2,638	12	10
2010*	2010	9% straight-line basis	120	94	18,852	16	15
Total					154,749	230	187

(Note 4)

* Pre-owned production line

^ Brand new production line

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- Note 1:* For brand new production lines, the estimated useful life is 20 years, while for pre-owned production lines, the estimated useful life is 10 years. All production lines are depreciated with a residual value of 10% of the cost of acquisition.
- Note 2:* The remaining estimated useful life is calculated by deducting the number of months since the date of initial operation or subsequent upgrade from the estimated useful life.
- Note 3:* These production lines were acquired by the Company in 2002, and major upgrades were completed in 2011 to replace a large portion of the old machineries. Our management considers the aforesaid replacement of parts to be significant enough that a 20-year estimated useful life should be applied to the entire production line after the major upgrade.
- Note 4:* According to the Accountants' Report, the net book value of all plant and machineries as at 31 December 2012 was approximately HK\$161.5 million. The difference between the total net book values of our production lines as set out in the above table and our plant and machineries as set out in the Accountants' Report represents other plant and equipments such as spare production machineries, spare necking dies, quality control testing machineries, storage racks and forklifts.

Apart from carrying out upgrading work, our engineering department performs daily inspection, maintenance and regular overhaul of the production machineries to ensure all of our production lines are properly maintained. In addition to the weekly maintenance, annual major overhaul schedules are also devised on the production machineries to ensure they are in good working order. Although production stoppages caused by such annual overhaul usually take about three to four weeks, we believe that our overall operational efficiency is not compromised because we have 11 production lines in operation, which enables us to effectively schedule our production of customers' orders during the annual overhaul of each production line. In addition, except for the maintenance cost of approximately HK\$1.2 million, HK\$2.7 million and HK\$3.5 million respectively incurred on our production lines for each of the three years ended 31 December 2012, there has been no other financial impact arisen from the production stoppages. We also consider that such work is favourable to our Group in the long run by ensuring our production efficiency and prolonging the useful lives of our production machineries. Our engineering department often seeks to use compatible spare parts sourced in the PRC as replacements in order to save costs as well as production down time, as ordering original parts from the production equipment manufacturers can be time consuming. Presently, we have 28 experienced technicians in our engineering department.

Our Directors consider that our production plant is strategically located near the port of Zhongshan City to facilitate convenient delivery of our products to such port, which helps us to reduce the transportation costs. Raw materials and production equipment shipped from overseas can also be conveniently transported from the port of Zhongshan City to our factory.

With a total of 11 production lines in our factory, we have great flexibility in planning and implementing our production schedules and can also enjoy economies of scale. We can plan and optimize our production schedules according to, among others, the date of delivery or shipment of our products, the types and quantities of the orders, and the time required to change the required extrusion dies and to fine-tune each of the production processes before mass production can commence.

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Expansion of our Production Facility

We plan to upgrade three of our existing production lines starting from 2013 which will be completed in 2014. The estimated budget for the upgrading is approximately HK\$52.3 million, of which HK\$27 million will be financed by the proceeds from the Share Offer and the remaining balance will be financed by our internal resources and/or bank borrowings. The upgrading will principally include the replacement of necking machines, washing machines and trimming machines of three of our existing production lines for further improvement of our product quality as well as enhancement of our production capacity and capabilities to provide a greater variety of product models. The new necking machines will enable us to offer our customers a wider range of product offerings in terms of shoulder shapes whilst the new trimming machines will be equipped with additional polishing function which scrubs the surface of the cans for easier varnishing process afterwards. Existing washing machines will also be upgraded with a more advanced version so as to conform to more stringent hygiene standards imposed in relation to pharmaceutical product packaging. Upon completion of the upgrading which will bring about an increase in the overall production efficiency of the abovementioned production lines, it is estimated that our annual production capacity will increase by approximately 12 million cans.

We also plan to acquire a brand new production line for the production of aluminum aerosol cans in 2014 at an estimated budget of approximately HK\$62.7 million, of which HK\$27 million will be funded by the net proceeds from the Share Offer and the remaining balance will be funded by our internal resources and/or bank borrowings. It is expected that upon full operation of this new production line, our annual production capacity will further increase by approximately 30 million cans by the end of 2015. Together with the upgrading of three of our existing production lines, such expansion of our production capacity will enable us to increase our market share in the coming years.

According to our accounting policy, the capital expenditures in connection with upgrading our existing production lines and the acquisition of a brand new production line will be depreciated over an estimated useful life of 20 years as soon as such production lines are put into operation. Based on our Group's past experience, it usually takes one to two months for the production lines to deliver their estimated production capacity after the completion of installation or upgrading, and hence an utilization rate similar to the average achieved during the Track Record Period, depending on the order flow from the customers at the relevant time. It is expected that the overall profit margin may initially be affected by the depreciation charge on these capital expenditures until we can achieve the capacity utilization on these production lines similar to the average utilization rate during the Track Record Period. According to our future plans, the upgrading of our three production lines will be completed in 2014 and the brand new production line will come into operation in 2015. As a result, the additional depreciation charges on these capital expenditures for each of the two years ending 31 December 2015 are expected to be approximately HK\$2.6 million and HK\$3.6 million respectively.

For the year ended 31 December 2012, holding all other factors constant, if our depreciation charges increase by HK\$2.6 million or HK\$3.6 million, our cost of sales will increase by HK\$2.6 million or HK\$3.6 million and our gross profit margin will decrease by 0.9% or 1.3%.

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As at the Latest Practicable Date, we have 241 staff and workers in the production department for the operation and monitoring of our production lines. We have a stringent quality control and management system on the production facilities and have obtained ISO 9001 certification in quality management.

Production Capacity and Utilization

The following table shows our estimated production capacity, total production volume and utilization rate of our production lines during the Track Record Period:

	For the year ended 31 December		
	2010	2011	2012
Estimated production capacity ⁽¹⁾ (million cans)	197	219	230
Total production volume (million cans)	153	179	187
Average utilization rate ⁽²⁾	77.7%	81.7%	81.3%

Notes:

- (1) The estimated production capacity is calculated for illustrative purposes only, based on 245 working days per year and 17 working hours per day, taking into account the required maintenance time during the year.
- (2) The average utilization rate is calculated by dividing the total production volume of a year by the estimated production capacity of that year.

The average utilization rate of our production lines for each of the three years ended 31 December 2012 was 77.7%, 81.7% and 81.3% respectively. The average utilization rate of our production lines is affected by a number of factors such as the number of orders received from our customers, the types of products manufactured and our production schedule. In order to ensure our production efficiency and to prolong the useful lives of our machineries, some of our production lines will cease operations for regular maintenance and overhaul, which usually takes about three to four weeks. The increase in average utilization rate for the year ended 31 December 2011 was a combined result of a rise in production capacity brought by the major machinery upgrades of two of the oldest production lines and an increase in total production volume to meet the sales growth.

RESEARCH AND DEVELOPMENT

Our Directors believe that our research and development provides our Group with a competitive edge over our competitors in the PRC and is a crucial factor for the success of our Group. The objective of our research and development department is to design and develop different extrusion dies for production and introduce new designs to our product offerings to meet the increasing demands of our customers and to help our Group become a pioneer in the industry.

We have a team of 19 experienced technicians and design professionals working in our research and development department. A majority of them are graduates from technical colleges.

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At the end of each year, our research and development department prepares a proposal for the research and development projects to be conducted in the coming year together with the budget for each project. This proposal is subject to the review and approval by Mr. Lin. When our research and development department requires funds for its research and development projects, it has to make applications to our finance department, which will then check whether the requested funds are within the budget previously approved by Mr. Lin. In the event that the amount of the requested funds exceeds the budget, further approval from Mr. Lin is required. In addition, in order for us to be qualified as a “High- and New-Technology Enterprise” and be entitled to the 15% reduced EIT rate, our annual research and development expenditure must not be less than 3% of the total revenue in the year according to the relevant laws and regulations.

During the Track Record Period, our expenditures on research and development were approximately HK\$8.5 million, HK\$8.7 million and HK\$8.6 million respectively, representing approximately 4.3%, 3.7% and 3.1% of our total revenue for the respective years. Upon Listing, we estimate that our annual research and development expenditures will maintain at approximately 3.1% of our total revenue.

Our research and development department is equipped with computers installed with computer-aided design (“CAD”) softwares to assist in the creation, modification and optimization of a design. Our engineers and technicians first come up with can designs according to the aims and requirements of the relevant research projects by using CAD softwares. An extrusion die for the can body is made according to the design. A number of prototypes are produced for testing by our quality control department. After the prototype passes the testing, we may proceed to apply for patent registration for such design, which also forms part of our product portfolio.

Presently, we can offer our customers a wide range of product portfolio with more than 50 models of monobloc aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with different body contours and shoulder shapes. As at the Latest Practicable Date, we had obtained 76 registered patents in the PRC, including 37 design patents (外觀設計專利) which protect the designs of our products relating to the ornamental appearance in terms of shape, pattern, color or their combination, 31 utility model patents (實用新型專利) which protect the technical solutions relating to the shape, the structure, or their combination, of our products, and eight invention patents (發明專利) which protect the technical solutions relating to our products, their production processes or improvement thereof. Please refer to the paragraph headed “Further Information about our Business — Intellectual property rights” in Appendix V to this prospectus for further details of our intellectual property rights. Going forward, our research and development department targets to turn out around 10 new models of monobloc aluminum aerosol cans each year.

We possess the technology for the production of monobloc aluminum aerosol cans with different thickness along the wall without compromising the standard of quality and pressure tolerance as stipulated by the national standard of GB/T 25164-2010 in the PRC. Compared to traditional aluminum aerosol cans with same-thickness wall from the base to the open end, our capability to reduce thickness in certain parts of an aluminum aerosol can help us to save the amount of aluminum used in our

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production and thus to reduce our production cost. We have registered such technology and the relevant dies as an invention patent (發明專利) and a related product as a utility model patent (實用新型專利) in 2010 in the PRC. Such technology has been widely used for the production of our products, one of which has also been accredited as Guangdong Independent and Innovative Products 2009* (2009年廣東省自主創新產品).

In addition, in October 2012, we entered into a co-operation framework agreement in relation to the research and development of anti-counterfeit technologies and products applicable to the packaging industry with a PRC enterprise, which is an Independent Third Party. Pursuant to the framework agreement, our Group cannot engage any other corporations or individuals to perform research and development in the area of anti-counterfeit technologies. On the other hand, the PRC enterprise cannot supply the anti-counterfeit technologies and products to any other companies engaged in the packaging industry. It is the intention of both parties to further enter into formal contracts, which will set out the details and scope of the anti-counterfeit technologies and products to be developed and the relevant terms on the sharing of intellectual property rights between both parties in the future.

To further expand our product range, we have also developed the dies for the production of monobloc aluminum bottles for beverages, and registered various utility model patents (實用新型專利) and design patents (外觀設計專利) for monobloc aluminum bottles for beverages.

In order to further strengthen our capability in research and development, we have collaborated with academic institution and technical colleges to undertake various research projects. From 2009 to 2010, Southern China University of Technology (華南理工大學) assisted us in our research work and we jointly provided training to the professionals in the industry of manufacturing aluminum aerosol cans. We have also entered into a cooperation agreement with Zhongshan Torch Polytechnic (中山火炬職業技術學院) on 16 February 2013. Pursuant to the cooperation agreement, we will work together with Zhongshan Torch Polytechnic to offer technical training to their students, who may be offered an opportunity to work in our factory upon successful completion of such training. Our cooperations with academic institutions and technical colleges have helped us to keep abreast of the latest technologies and formulate our research and development strategies.

In recognition of our strong technology and production development capability, our Group has been accredited as High- and New-Technology Enterprise* (高新技術企業) since 2004, which entitled us to the reduced EIT rate of 15%, subject to the review and approval by the tax authorities every three years. Moreover, our Group has also been accredited as Technology Centre of Guangzhou Province* (廣東省省級企業技術中心) in 2011. In addition to the said accreditations, some of our products have been accredited as Guangdong Independent and Innovative Products* (廣東省自主創新產品) and Guangdong Province High- and New-Technology Products* (廣東省高新技術產品).

In 2008, the PRC government decided to implement the standardization for aluminum aerosol cans in particular to, among others, the internal pressure tolerance standards, and the quality control measures. We were appointed as one of the four members of the Chinese National Standard Drafting Unit* (國家標準起草單位) for the national standard of GB/T 25164-2010 in the PRC as stipulated by

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the National Technical Committee on Packaging of Standardization Administration of China* (全國包裝標準化技術委員會) for monobloc aluminum aerosol cans with aperture of 25.4 mm. We believe that such appointment is a recognition of our research and development capacity as well as leading market position in the aluminum aerosol can manufacturing industry.

To further expand into the market of monobloc aluminum bottles for beverages, we have been undergoing researches and trial testings to produce aluminum bottles for beverages in the past few years. After years of research, we believe we have the capability to produce monobloc aluminum bottles for beverages. In particular, our monobloc aluminum bottles for beer have been accredited by Guangdong Province Quality and Technology Supervisory Department (廣東省質量技術監督局) in August 2012. In August 2012, we also submitted the draft industrial standard “Q/EAP 001-2012” for the terminology, the classifications, the quality of raw materials, the safety requirements, and the standards of testing, package, storage and delivery of monobloc aluminum bottles for beer to the relevant PRC government authority which is currently reviewing our submission.

In order to further strengthen our research and development capability, we plan to establish a new research and development laboratory in 2014 which will be equipped with advanced machineries and testing equipment. Advanced machineries will primarily include a three-ordinate measuring machine and two computer numerical control tooling machines, which together will be intended for fabricating spare parts for production machineries and dies for manufacturing aluminum aerosol cans. Testing equipment will include a pressure-testing machine for examining the internal pressure tolerance of aluminum aerosol cans manufactured by the Group. The budget is estimated at approximately HK\$28 million which will be partly financed by the proceeds from the Share Offer and partly by our internal resources.

RAW MATERIALS AND SUPPLIERS

Raw materials

The major raw materials for our products are aluminum slugs which are processed from aluminum ingots. Aluminum ingots are a widely used metal commodity. Based on the CRI Report which suggests that China is the world’s largest aluminum producer, we believe that aluminum ingots are in adequate supply and can be readily purchased in the open market in the PRC. Aluminum ingots are either purchased by us or by our processing suppliers. We purchase aluminum ingots or aluminum slugs with reference to the forward price quoted on the Shanghai Futures Exchange (上海期貨交易所) or the benchmark prices quoted in the PRC market. During the Track Record Period, the cost of purchase of aluminum ingots accounted for approximately 65.6%, 65.6% and 64.8% of our total cost of purchases. Other raw materials for the production of aluminum aerosol cans include paints and coating materials which are mainly sourced from PRC suppliers. Normally, we bear the transportation costs for the delivery of raw materials ordered by us.

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Suppliers

Our Group's major suppliers are aluminum slug and ingot suppliers. Purchases from our top five suppliers for each of the three years ended 31 December 2012 amounted to approximately HK\$86.9 million, HK\$110.6 million and HK\$93.6 million, accounting for approximately 94.4%, 94% and 81.6% of our total cost of purchases, respectively. Our purchases from Neuman, our largest supplier for each of the three years ended 31 December 2012, amounted to approximately HK\$70.4 million, HK\$89.1 million and HK\$58.1 million, accounting for approximately 76.4%, 75.7% and 50.7% of our total cost of purchases, respectively. Our Group's purchases from Neuman for the four months ended 30 April 2013 amounted to approximately HK\$7.7 million, all of which were slug processing fees and accounted for 19% of our total cost of purchases as against 50.7% for the year ended 31 December 2012. During the period, we sourced aluminum ingots from Supplier F and delivered them to Neuman for processing into slugs.

As at the Latest Practicable Date, we had been purchasing raw materials from our five largest suppliers for over five years on average. We believe we have built up stable and long-standing relationships with our major suppliers which enable us to enjoy competitive pricing terms and a stable supply of raw materials. The following tables set out the basic information of our top five suppliers during the Track Record Period:

For the year ended 31 December 2010

Supplier	Nature of the main business of the suppliers	Country in which our suppliers are located	Products purchased	Years of relationship with our Group	% to total cost of purchases of our Group
Neuman	Production and processing of aluminum slugs	PRC	Aluminum slugs	10	76.4
Supplier A	Production of paints, coating materials and other chemicals	PRC	Printing ink and coating materials	11	7.9
Supplier B	Production and processing of aluminum slugs	Thailand	Aluminum slugs	3	4.9
Supplier C	Production of paints, coating materials and other chemicals	PRC	Coating materials	5	3.1
Supplier D	Production of paper packaging materials	PRC	Paper boxes	8	2.1

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For the year ended 31 December 2011

Supplier	Nature of the main business of the suppliers	Country in which our suppliers are located	Products purchased	Years of relationship with our Group	% to total cost of purchases of our Group
Neuman	Production and processing of aluminum slugs	PRC	Aluminum slugs	10	75.7
Supplier A	Production of paints, coating materials and other chemicals	PRC	Printing ink and coating materials	11	7.8
Supplier B	Production and processing of aluminum slugs	Thailand	Aluminum slugs	3	6.4
Supplier D	Production of paper packaging materials	PRC	Paper boxes	8	2.2
Supplier E	Production of lubricants, detergents and mild surfactants	PRC	Lubricants and detergents	3	1.8

For the year ended 31 December 2012

Supplier	Nature of the main business of the suppliers	Country in which our suppliers are located	Products purchased	Years of relationship with our Group	% to total cost of purchases of our Group
Neuman	Production and processing of aluminum slugs	PRC	Aluminum slugs	10	50.7
Supplier F	Trading of non-ferrous metals	PRC	Aluminum ingots	1	12.1
Supplier A	Production of paint, coating materials and other chemicals	PRC	Printing ink and coating materials	11	7.3
Supplier G	Sales of aluminum	Singapore	Aluminum ingots	1	7.0
Supplier H	Trading of non-ferrous metals	PRC	Aluminum ingots	1	4.6

During the Track Record Period, our top supplier was Neuman, which sold aluminum slugs to us. Neuman purchased aluminum ingots from the market and processed them into slugs. Therefore, the price of aluminum slugs at which Neuman sold to us comprised the cost of aluminum ingots and the slug processing fees as calculated in accordance with the terms of the relevant framework agreement entered into with Neuman. However, since June 2012, we decided to reduce our reliance on it for the purchase of aluminum ingots. We started to purchase aluminum ingots from other suppliers, mainly from Supplier F in the PRC if they offered better price, and to deliver them to Neuman for slug processing which accounted for the decrease in our purchases from Neuman in the year of 2012. We consider that such change in procurement has provided us with greater flexibility and better cost control.

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Established in 1999 in the PRC, Neuman is a related company of an Austrian company which develops and manufactures various aluminum items for construction and industrial uses such as packaging, automotive, electronics and electrical engineering. Save for Neuman being our supplier during the Track Record Period, to our best knowledge, Neuman, its related companies and their ultimate shareholders do not have any past or present relationship (including but not limited to business, employment, family or trust relationship) with our Company, subsidiaries, Directors and Shareholders or any of their respective associates.

We have been predominately relying on Neuman for slug processing for the following reasons: (i) the close proximity of Neuman's factory in Xinhui, the PRC to our production plant which has enabled us to save time and cost of transportation in procuring aluminum slugs; and (ii) Neuman's ability to deliver us slugs of consistent quality, which in turn could help us achieve higher production efficiency.

Nevertheless, during the Track Record Period, we also sourced aluminum slugs of comparable quality from Supplier B which is based in Thailand. Supplier B is a company listed on the Stock Exchange of Thailand and engages in the production and sale of aluminum slugs for aluminum packaging containers such as monobloc aluminum aerosol cans and aluminum bottles. One of the directors and shareholders of Supplier B is also the director and shareholder of Ron Investment. The framework agreement with Supplier B was not renewed upon its expiry on 31 December 2012. Since then and up to the Latest Practicable Date, our Group has not purchased any aluminum slugs from Supplier B. We may purchase aluminum slugs from Supplier B in the future after taking into account of the slug pricing offered by it, the transportation cost as well as the amount of time required for delivery.

In the event that Neuman ceases to process aluminum slugs for us, we can purchase aluminum slugs from Supplier B and/or other aluminum slug suppliers which we believe are able to satisfy our demand on slug quality and quantities. Taking into consideration that Supplier B is a listed company with an annual production capacity of approximately 23,000 tonnes of slugs, our Directors believe that it has sufficient capacity to handle our orders. There are other aluminum slug suppliers in the PRC from which our Group can easily source aluminum slugs. The slug processing fee offered by them and the time required for them to fulfill our aluminum slug orders are comparable to those of Neuman. However, we noticed that the consistency in their quality of slugs was not as high as Supplier B and therefore, we view Supplier B as a preferred supplier given its size and reputation in the market.

During the Track Record Period, Supplier B purchased aluminum ingots from the market and processed them into slugs. The cost of these aluminum ingots was determined by reference to the market price at the time when we placed our purchase orders. The average slug processing fee per tonne charged by Supplier B was in general 12% to 14% higher than what we paid to Neuman for slug processing. For the impact of the increase in slug processing fees on our results of operations, please refer to the sensitivity analysis of slug processing fees in the section headed "Financial information — Commodity price risk" in this prospectus.

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The transportation costs charged by Neuman and Supplier B were RMB 70 per tonne and US\$25 per tonne respectively. Based on the quantity of aluminum slugs processed by Neuman of 3,517 tonnes, 4,102 tonnes and 3,817 tonnes for each of the three years ended 31 December 2012, the shift to Supplier B would increase our transportation costs for the respective years by approximately HK\$0.4 million, HK\$0.5 million and HK\$0.4 million. Moreover, it normally takes approximately 15 days longer for us to receive such slugs after ordering from Supplier B than Neuman.

If we had shifted to Supplier B for the processing of all aluminum slugs during the Track Record Period, our gross profit would have decreased by approximately HK\$2.1 million, HK\$2.6 million and HK\$3.1 million and our gross profit margin would have decreased by 1.1%, 1.1% and 1.1% respectively.

Despite the higher slug processing fee and transportation costs charged by Supplier B and the slightly longer time required for Supplier B for slug delivery, given that the differences are not material and we maintain at least a level of aluminum slugs for one month production, our Directors believe that there will be no major impact on our operation if Neuman terminates its relationship with us.

We negotiate and enter into with our major suppliers including Neuman, framework agreements which contain legally binding terms such as the basis for determining the price, the quality of aluminum ingots/slugs and the payment terms, and non-legally binding indicative annual minimum quantity to be purchased/supplied. Our PRC legal advisors state that only when we place purchase orders with the suppliers, legally binding obligations, to the extent of the quantity we order, arise on both parties. Therefore, in the event that any party to the framework agreement cannot fulfill the indicative annual minimum supply/purchase quantity at the end of the year, no penalty should be imposed on the relevant party.

For each of the three years ended 31 December 2012, our Group purchased approximately 3,517, 4,102 and 3,817 tonnes of aluminum slugs from Neuman respectively, representing approximately 94.6%, 93.2% and 92.2% of total amount of aluminum slugs purchased by our Group. The quantities fell short of the indicative quantity of aluminum slugs to be supplied by Neuman pursuant to the framework agreement for the three years ended 31 December 2012 and no penalty was imposed on either party to the agreement.

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Major terms and conditions of the framework agreements with our suppliers during the Track Record Period are set out as follows:

Supplies of aluminum slugs

1. Neuman

(i) *Framework agreement for the three years ended 31 December 2012*

Date:	23 December 2009
Parties:	Euro Asia Packaging (as purchaser) Neuman (as supplier)
Term:	1 January 2010 to 31 December 2012
Indicative quantity of aluminum slugs to be supplied by Neuman during the term:	<ul style="list-style-type: none">• 4,200 tonnes for the year of 2010• 5,040 tonnes for the year of 2011• 6,048 tonnes for the year of 2012• No penalty clause for non-fulfillment of the indicative amount of supplies
Basis of pricing:	<ol style="list-style-type: none">1. Prices of aluminum slugs are the aggregate of processing fee and market price of aluminum ingots2. The processing fee is subject to the sizes of aluminum slugs, order size and fluctuation of the fuel oil price (adjustment on processing fee will be made when there is a fluctuation of 9% on the benchmark fuel oil price)3. Prices of aluminum slugs include tax and transportation fee
Payment terms:	45 days credit terms
Other terms:	Aluminum ingots are to be either provided by our Group or acquired by Neuman for slug processing

(ii) *Framework agreement for the two years ending 31 December 2014*

Date:	10 January 2013
Parties:	Euro Asia Packaging (as purchaser) Neuman (as supplier)
Term:	1 January 2013 to 31 December 2014
Indicative quantity of aluminum slugs to be supplied by Neuman during the term:	<ul style="list-style-type: none">• 5,000 tonnes for each of the year 2013 and 2014• No penalty clause for non-fulfillment of the indicative amount of supplies

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Basis of pricing:	<ol style="list-style-type: none">1. Prices of aluminum slugs are the aggregate of processing fee and market price of aluminum ingots2. The processing fee is subject to the sizes of aluminum slugs, order size and fluctuation of the fuel oil price (adjustment on processing fee will be made when there is a fluctuation of 6% on the benchmark fuel oil price)3. Prices of aluminum slugs include tax and transportation fee
Payment terms:	45 days credit terms
Other terms:	Aluminum ingots are to be either provided by our Group or acquired by Neuman for slug processing

2. Supplier B

Date:	7 July 2010
Parties:	Euro Asia Packaging (as purchaser) Supplier B (as supplier)
Term:	1 January 2010 to 31 December 2012 ^(Note)
Indicative quantity of aluminum slugs to be supplied by the supplier during the term:	Not applicable. Purchaser gives the supplier the right of first refusal if it needs to buy from overseas (excluding purchases in China).
Basis of pricing:	Prices of aluminum slugs are the aggregate of processing fee and market price of aluminum ingots
Payment terms:	Not mentioned in the agreement
Other terms:	Aluminum ingots are to be acquired by Supplier B for slug processing

Note: The framework agreement with Supplier B was not renewed upon its expiry.

Supplies of aluminum ingots

Date:	5 February 2013
Parties:	Euro Asia Packaging (as purchaser) Supplier F (as supplier)
Term:	5 February 2013 to 31 December 2014
Indicative quantity of aluminum ingots to be purchased by the purchaser during the term:	<ul style="list-style-type: none">• Not less than 300 tonnes per month and 3,600 tonnes per year• No penalty clause on non-fulfillment of indicative amount of supplies
Basis of pricing:	With reference to the open market price and inclusive of transportation fee
Payment terms:	Full payment upon delivery

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None of our existing Shareholders (which, to the best knowledge of our Directors, owns more than 5% of our Company's issued share capital), our Directors or their associates held any interest in our top five suppliers.

During the Track Record Period, we did not experience any material supply delays in delivery of raw materials which resulted in cancellation of orders from our customers.

Procurement

Selection of approved suppliers

To ensure the quality of our products, we formulated our own internal operating guidelines namely the Procedures for Controlling Procurement* (採購控制程序) and the Management System for Procurement* (採購工作管理制度) setting out the selection criteria of our suppliers and the control procedures in our procurement of raw materials. Our procurement system was accredited by ISO 9001.

Our suppliers are chosen and evaluated based on a number of criteria set out in the Procedures for Controlling Procurement* (採購控制程序) including quality and pricing of their products, and their reputation in the industry. Those suppliers which satisfy the evaluations by our procurement department are put into our list of approved suppliers. Our procurement department carries out annual review of our suppliers to ensure the quality of the products supplied to us meet the requirements of our Group.

When selecting aluminum ingot suppliers, our procurement department conducts background checks and assesses the creditworthiness of each potential supplier by making reference to their year of establishment, paid-up capital, financial position, shareholder list and background. Our procurement department will pass the proposed list of ingot suppliers to Mr. Lin for his review and approval. Since the date of this prospectus, we have formed a hedging team (the "**Hedging Team**"), set up a risk management committee (the "**Risk Management Committee**") and implemented the measures and policies including setting up the position limits for each supplier and ongoing monitoring procedures as embodied in our risk governance structure. For details of our risk governance structure, please refer to the paragraph headed "Internal control on our hedging activities" in this section.

Control procedures

At the end of each year, our sales and marketing department prepares a monthly sales forecast of aluminum aerosol cans for the coming year based on the actual sales performance for the corresponding months of the current year adjusted by the order indications received from our customers. Please refer to the paragraph headed "Customers — Sales forecast" in this section for details of the preparation of our sales forecast. Our procurement department together with production department are then informed of the details of the sales forecast to estimate the monthly quantities of aluminum ingots for processing into slugs required in the coming year. Such details about the monthly estimated quantities of aluminum ingots required are passed to our Hedging Team, which has been formed since the date of this prospectus, for review and formulation of the procurement strategy. Having worked in the aluminum can manufacturing industry for over 18 years, Mr. Lin is very well-connected with a number of aluminum market participants, from whom he constantly obtains market demand and supply information about aluminum ingots in the PRC and the world markets.

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We usually purchase aluminum ingots on a monthly basis to maintain at least a level sufficient for one month production. Due to the fact that we fix the suggested price for our products, which is provided to our sales team as a guideline on price negotiations with customers, at the beginning of each year and generally do not intend to effect any interim adjustment on the suggested price during the year in response to price fluctuations in major raw materials, it is important that we can control raw material costs within our costing budget and avoid any substantial cost fluctuations to negatively impact our business. Therefore, we have been forward purchasing aluminum ingots with our approved suppliers, including Neuman to lock in a major part of our cost of aluminum ingots for slug processing in the future months. During the Track Record Period, approximately 55.8%, 83.1% and 65.1% of the quantity of aluminum ingots used for goods sold was covered by forward purchases respectively. The balance of approximately 44.2%, 16.9% and 34.9% were covered by spot purchases. As laid out in our hedging policies, we can hedge up to 50% of the aluminum ingots required for production based on our sales forecast. In the event that the sales and marketing department secures confirmed orders for some coming months, the Hedging Team is allowed to forward purchase to fully cover the unhedged portion of aluminum ingots required for the production of such confirmed orders. Therefore, the actual overall hedging ratio for a particular month is dependent on the amount of confirmed orders we can secure in advance for delivery in that month.

Based on the monthly sales forecast, ongoing order indications from our customers, orders on hand, inventory level, market information collected from his connections, and prevailing price trend of aluminum ingots in the spot and forward markets, Mr. Lin decided the timing, quantity as well as price of aluminum ingots to be forward purchased to hedge the cost of aluminum ingots for the future months during the Track Record Period. Since the date of this prospectus, we have formed the Hedging Team, set up the Risk Management Committee and implemented our hedging policies. Our Hedging Team handles all hedging activities (including decision on price, timing and quantity). In general, the timing of our forward purchases would usually be subject to our views towards the future price trend of aluminum ingots. We would choose to lock in our aluminum ingot cost through forward purchases when we believe the price will continue to move up in the near future or has already reached a short-term bottom.

Before the procurement department conducts any forward purchases of aluminum ingots, our finance department needs to ensure the amount of aluminum ingots to be forward purchased for delivery in that particular month will not exceed our corresponding production requirement based on the sales forecast as well as ongoing order indications from our customers. For our hedging activities, we have set up a risk governance structure. Please refer to the paragraph headed “Internal control on our hedging activities” in this section for further details.

Our purchase of aluminum ingots

It has been our practice to hedge part of our monthly estimated requirement of aluminum ingots through forward purchases and cover the remainder through purchases in the spot market. This practice enables us to average down our actual cost of aluminum ingots for production in the event of a significant decrease in the spot price of aluminium ingots after our forward purchases.

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The table below sets forth the delivery month, weighted average purchase price and volume of aluminum ingots purchased in the spot and forward markets during the Track Record Period and the four months ended 30 April 2013:

Delivery month	2010				For the year ended 31 December 2011				2012				For the four months ended 30 April 2013			
	Spot purchases		Forward purchases		Spot purchases		Forward purchases		Spot purchases		Forward purchases		Spot purchases		Forward purchases	
	Price		Price		Price		Price		Price		Price		Price		Price	
	<i>(RMB</i>		<i>(RMB</i>		<i>(RMB</i>		<i>(RMB</i>		<i>(RMB</i>		<i>(RMB</i>		<i>(RMB</i>		<i>(RMB</i>	
Volume	<i>per</i>	Volume	<i>per</i>	Volume	<i>per</i>	Volume	<i>per</i>	Volume	<i>per</i>	Volume	<i>per</i>	Volume	<i>per</i>	Volume	<i>per</i>	
(tonnes)	<i>tonne</i>	(tonnes)	<i>tonne</i>	(tonnes)	<i>tonne</i>	(tonnes)	<i>tonne</i>	(tonnes)	<i>tonne</i>	(tonnes)	<i>tonne</i>	(tonnes)	<i>tonne</i>	(tonnes)	<i>tonne</i>	
January . . .	259	14,225	77	14,701	—	—	281	13,629	169	13,895	269	14,766	330	12,989	—	—
February . . .	192	14,289	56	14,543	—	—	181	13,791	318	13,878	139	14,736	260	12,690	—	—
March	193	14,137	136	14,228	221	13,848	293	13,774	314	13,838	84	14,267	406	12,554	—	—
April	82	14,074	172	14,301	168	13,890	218	13,805	89	13,741	231	14,565	200	12,487	100	13,175
May	139	13,816	228	14,407	—	—	322	13,717	46	13,715	380	14,686	—	—	—	—
June	127	14,022	240	13,843	—	—	367	14,192	89	13,791	282	14,588	—	—	—	—
July	248	13,324	325	14,350	—	—	387	14,706	—	—	301	14,577	—	—	—	—
August	121	13,209	183	14,413	—	—	384	14,834	—	—	311	14,309	—	—	—	—
September . .	64	13,234	222	14,243	23	15,416	333	14,996	293	13,665	103	14,438	—	—	—	—
October	132	13,257	169	14,394	—	—	352	15,057	147	13,575	111	14,382	—	—	—	—
November . . .	72	13,256	161	14,371	183	15,096	197	15,103	99	13,476	139	14,286	—	—	—	—
December . . .	63	13,171	101	14,172	114	14,734	287	14,899	—	—	328	13,923	—	—	—	—
	<u>1,692</u>		<u>2,070</u>		<u>709</u>		<u>3,602</u>		<u>1,564</u>		<u>2,678</u>		<u>1,196</u>		<u>100</u>	

The price at which the forward purchases was settled was generally higher than the price for spot purchases in the same delivery month during the Track Record Period. This is mainly because under the normal market circumstances, prices quoted in the forward market are usually higher than the spot price to account for the cost to carry (such as storage cost and financing cost) such commodity for future delivery.

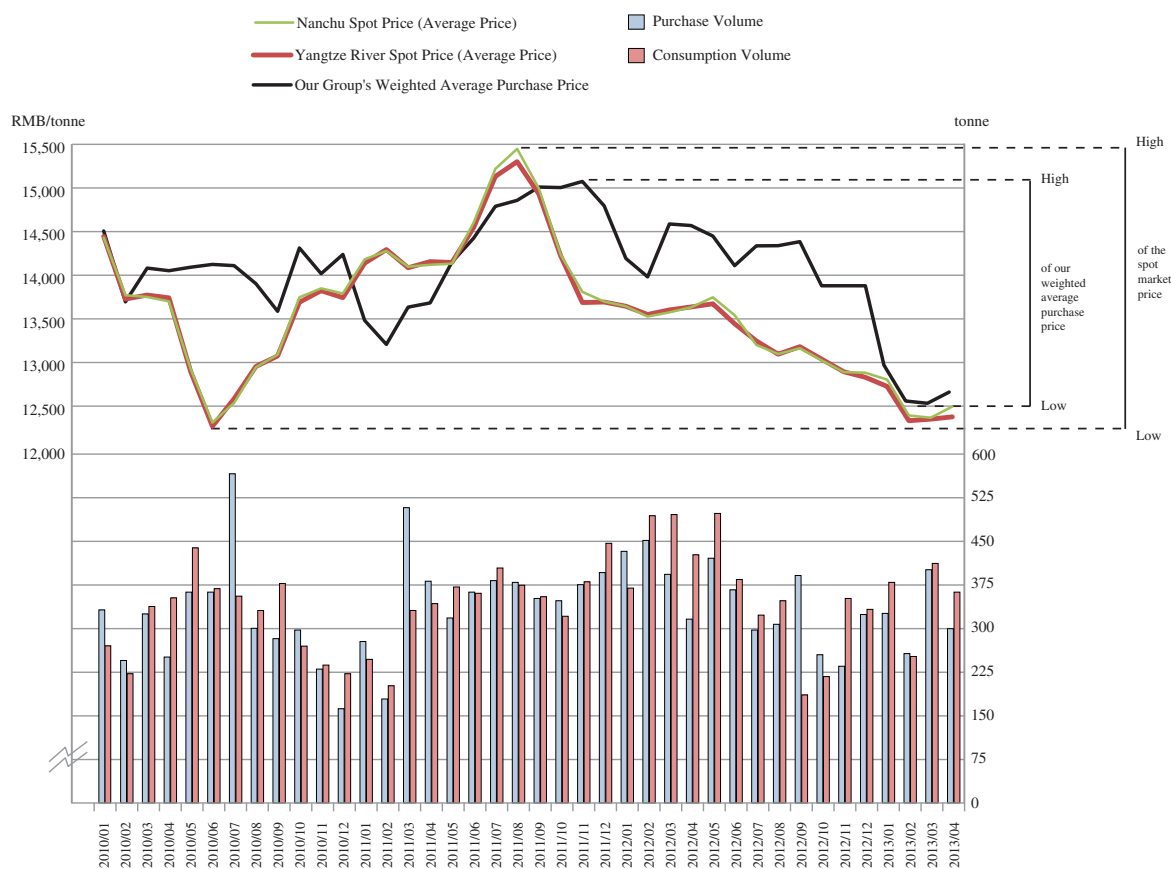
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The table below sets forth the monthly weighted average purchase price of our Group, volume of aluminum ingots purchased in the spot and forward markets and consumed by our Group during the Track Record Period and the four months ended 30 April 2013:

	For the year ended 31 December						For the four months ended 30 April					
	2010			2011			2012			2013		
	Price (RMB per tonne)	Purchase volume (tonnes)	Consumption volume (tonnes)	Price (RMB per tonne)	Purchase volume (tonnes)	Consumption volume (tonnes)	Price (RMB per tonne)	Purchase volume (tonnes)	Consumption volume (tonnes)	Price (RMB per tonne)	Purchase volume (tonnes)	Consumption volume (tonnes)
January . .	14,334	336	274	13,629	281	250	14,430	438	374	12,989	330	384
February . .	14,346	248	225	13,791	181	204	14,139	457	500	12,690	260	255
March . . .	14,175	329	342	13,806	514	335	13,929	398	502	12,554	406	417
April . . .	14,228	254	357	13,842	386	347	14,336	320	432	12,717	300	367
May	14,183	367	444	13,717	322	376	14,581	426	504			
June	13,905	367	373	14,192	367	365	14,397	371	389			
July	13,906	573	360	14,706	387	409	14,577	301	327			
August . . .	13,934	304	335	14,834	384	379	14,309	311	352			
September .	14,017	286	382	15,023	356	359	13,866	396	188			
October . . .	13,895	301	273	15,057	352	325	13,922	258	220			
November . .	14,026	233	240	15,100	380	385	13,949	238	356			
December . .	13,787	164	225	14,852	401	452	13,923	328	337			
		<u>3,762</u>	<u>3,830</u>		<u>4,311</u>	<u>4,186</u>		<u>4,242</u>	<u>4,481</u>		<u>1,296</u>	<u>1,423</u>

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The chart below compares our monthly weighted average purchase price of aluminum ingots in the spot and forward markets to the prevailing spot price quoted in the PRC market and shows our monthly purchase and consumption volume of aluminum ingots ^(note):



Source of the prevailing spot price quoted in the PRC market: CRI Report

Note: Our purchase volume of aluminum ingots is based on the monthly sales forecast, order indications and confirmed orders on hand from our customers. In certain months during the Track Record Period, our customers adjusted the delivery dates and/or the order quantities to better suit their needs, and hence our purchase volume of aluminum ingots in those months was higher than our actual consumption volume. The difference between our purchase and actual consumption volume was not material to our Group and any excess was subsequently fully utilized in the production of goods sold to our customers.

In general, through our hedging in the forward market, we were able to manage our overall purchases of aluminum ingots with less price volatility than if we had purchased only in the spot market.

During the Track Record Period, our average purchase price of aluminum ingots per tonne was HK\$16,273, HK\$17,540 and HK\$17,693 respectively, which we considered as rather stable and did not give rise to any costing difficulties.

Our forward purchases

We never forward purchased quantity of aluminum ingots more than we required in our production, as it is our policy that the amount of aluminum ingots to be forward purchased for delivery

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in a particular month cannot exceed our production requirement for that particular month nor did we stock up inventory of aluminum ingots for trading purpose. As part of our risk governance structure, we have laid out hedging policies for our forward purchases of aluminum ingots.

The following table shows our quantity of aluminum ingots used for goods sold for the year, as well as the amounts forward purchased and spot purchased respectively during the Track Record Period.

	For the year ended 31 December					
	2010		2011		2012	
	tonne	%	tonne	%	tonne	%
Quantity of aluminum ingots used for goods sold for the year						
— Covered by forward purchases	2,138	55.8	3,477	83.1	2,917	65.1
— Covered by spot purchases ^(Note)	1,692	44.2	709	16.9	1,564	34.9
	3,830	100.0	4,186	100.0	4,481	100.0

Note: During the Track Record Period, time required for delivering aluminum ingots in the spot market from aluminum ingot suppliers to Neuman for slug processing was no more than three days.

We transact forward purchases of aluminum ingots directly with Neuman or other approved suppliers, rather than through any recognized future exchanges in the PRC or other parts of the world, which require us to set up separate logistic arrangements for delivery of aluminum ingots from warehouses of the recognized future exchange in the PRC to our slug processing agent, Neuman. Aluminum ingots forward purchased from our approved suppliers other than Neuman, are delivered to Neuman for processing into slugs, and Neuman usually takes one week to process ingots into slugs. When Neuman delivers processed slugs to us, Neuman offers us a credit period of 45 days for settling the cost of aluminum slugs. The cost of settlement includes the cost of aluminum ingots and the slug processing fees, if the aluminum ingots are purchased from Neuman directly, or only the slug processing fees, if the aluminum ingots are supplied by other approved suppliers.

For forward purchases, our approved suppliers require us to put up an initial security deposit equivalent to 10% of the value of the forward transaction. In the event of a decrease in the price of aluminum ingots with a magnitude of exceeding 5%, we are then required to top up the security deposit to cover any diminution in value of the aluminum ingots forward purchased and to maintain a 10% security deposit based on the marked down value of the forward purchase amount thereafter. Should we have forward purchased aluminum ingots through the Shanghai Futures Exchange (上海期貨交易所), the margin requirement would have been: (i) an initial 5% deposit, (ii) top up margin call for any diminution in value resulting from a drop in price and (iii) an increase in the deposit to 20% from the first trading day of the settlement month. Based on our average monthly quantity of outstanding forward purchases, we do not consider the different margin requirements imposed by our approved suppliers or the recognized futures exchange would have any material effect on our liquidity position. All the forward purchases of aluminum ingots are settled by physical delivery against payment with delivery dates of no longer than 12 months. The cost of settlement for forward purchases (equivalent to the quantity multiplied by the forward price) is accounted for initially as our Group's inventory and will be recognized as cost of sales when such materials are utilized for production and the products are sold to

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our customers. For each of the two years ended 31 December 2011, we had conducted a total of 52 and 65 transactions of forward purchases of aluminum ingots respectively with our approved suppliers. We conducted an average of six to eight forward purchase transactions per month. We have not entered into any forward purchases of aluminum ingots in 2012.

As a result of the global financial crisis in 2008/09, the aluminum price collapsed from a high of around RMB16,700 per tonne in the first quarter of 2008 to around RMB10,000 per tonne in the PRC open market in the early 2009 and subsequently rebounded to a high of RMB15,200 per tonne in the third quarter of 2011. Faced with the rising trend of the aluminum price in 2009/10/11, we forward purchased a great majority of aluminum ingots for our production use from our approved suppliers, in order to minimize our exposure to price fluctuations of aluminum ingots. Since the beginning of 2012, the aluminum price had been trending down and touched to a low of around RMB13,000 per tonne in the fourth quarter of the year. In view of such down trending market in 2012, we did not carry out any forward purchase transactions during the year to lock in our aluminum ingot cost for 2013. For 2012, approximately 65.1% of the aluminum ingots used for goods sold were forward purchased in 2011 and the remainder were procured in the spot market.

In early 2013, we held the view that the price of aluminum ingots should have stabilized, after it had been trending down for the whole year in 2012. Therefore, we decided to start forward purchasing aluminum ingots since February 2013 to lock in part of the cost of aluminum ingots for our production. As at the Latest Practicable Date, we had unsettled forward purchases of aluminum ingots, with principal values of approximately RMB1.5 million, RMB4.4 million and RMB2 million, which were entered into in February, April and May 2013 respectively amounting to 535 tonnes in aggregate for delivery before February 2014.

Coating materials and printing ink; packaging materials and consumables

Every month, after reconfirming the sales forecast with our sales and marketing department, our procurement department proceeds to procure these materials according to the estimated quantity indicated in the monthly procurement plans. After obtaining approval from Mr. Lin, we place purchase orders with the approved suppliers. During the Track Record Period, we did not experience any supply shortage in any of these materials.

QUALITY ASSURANCE

In order to ensure the quality of our products, we place great emphasis on quality control in all aspects of our operation. We have formulated the relevant internal operating guidelines Aluminum Can (Aluminum Bottle) Quality Testing Procedures* (鋁罐(鋁瓶)質量檢驗規程) and the Product Inspection and Testing Control Procedures* (產品監控測量控制程序) to govern and regulate the quality control procedures and the standards required for sourcing of raw materials, production to packing of finished products before delivery. This set of operating guidelines was accredited by ISO9001.

Our quality control personnel are responsible for the quality control of raw materials and finished products as well as the quality control during production. In addition, we have various testing equipment to facilitate our quality control measures, such as examining the evenness of coating materials of the aluminum aerosol cans as well as the internal pressure tolerance of the cans.

We implement the following quality control measures:

(a) Quality control on suppliers and raw materials

Raw materials are only sourced from the list of suppliers approved by our procurement department. Our quality control personnel perform random and sample checking of the raw materials upon receipt of the same.

For aluminum slugs, we examine their sizes in terms of diameters and thickness and their hardness by various testing methods and equipment. Samples of aluminum slugs are also visually inspected to determine if there is any surface defect. Quality reports are required for each delivery of aluminum slugs certifying that the composition of aluminum in the aluminum slugs is at least 99.7%. For coating materials and printing ink, we examine their degree of adhesion.

(b) Quality control during production

We carry out quality control on our semi-finished products at various stages along our production lines to ensure their quality complies with all internal benchmarks. Thickness of the wall and base of sample aluminum aerosol cans are tested by various testing methods and equipment at different checkpoints along the production lines. Tests are conducted to ensure the evenness of coating materials on the internal and external walls of the aluminum aerosol cans.

(c) Testing before delivery

We carry out quality control on our finished products by random sample testings. We use electronic pressure-testing machine to examine the internal pressure tolerance of our aluminum aerosol cans, and other testing equipment to examine the degree of adhesion of the printing ink and the sizes of the cans. Our Directors consider that the internal pressure tolerance of our aluminum aerosol cans, which is crucial to the safety of our products, is also one of the major quality requirements of our customers and complies with the national standard of GB/T 25164-2010 in the PRC. We also examine the appearance and printing quality on the walls of sample aluminum aerosol cans by visual inspection and comparing to the same with the prototype colors.

Some of our customers visit our factory from time to time to review our production processes and the quality of products at different stages of the production. Furthermore, we submit samples to the Guangdong Province Technique Supervising Authority (廣東省技術監督局) for their sample testings on an annual basis to ensure our product quality is up to the stipulated standards.

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During the Track Record Period, our Group recorded sales return of HK\$0.8 million, HK\$0.2 million and HK\$0.4 million, representing approximately 0.4%, 0.1% and 0.1% respectively of our total revenue. For the period from 1 January 2013 to the Latest Practicable Date, our Group recorded sales return of approximately HK\$0.4 million.

CUSTOMERS

Our customers are classified into three categories namely, consumer brand manufacturers mainly of personal care such as body deodorant, hair styling products and shaving cream and pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray; trading companies; and aerosol filling companies which fill active ingredients and propellants into aluminum aerosol cans for various consumer brands.

We have over 200 customers in various countries. Apart from selling them in the PRC, we export our aluminum aerosol cans to different countries in the Middle East and Africa. Our Directors consider that product quality and timeliness in order fulfillment are the two most important factors in fostering customer stickiness in our industry. Our customers, mostly in fast-moving personal care and pharmaceutical products, need good quality packaging materials to market their brand name products. Given our stringent quality control procedures and the 11 fully automated production lines being operated by our dedicated and skillful workforce, we have been successful to serve our long-standing customers to win their repeated business over the years. We have no less than five years of business relationship with our top five customers.

The following table sets out our revenue by customer category during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Consumer brand manufacturers	122,450	61.8	142,849	60.2	178,036	65.0
Trading companies.	46,699	23.5	57,541	24.3	68,905	25.1
Aerosol filling companies	29,115	14.7	36,734	15.5	26,982	9.9
Total	<u>198,264</u>	<u>100.0</u>	<u>237,124</u>	<u>100.0</u>	<u>273,923</u>	<u>100.0</u>

Our sales to the PRC are made to consumer brand manufacturers of pharmaceutical and fast-moving personal care products. Sales to the Middle East are made to consumer brand manufacturers and filling companies of deodorant and perfumes, whereas sales to Africa are mainly made through trading companies.

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The following tables set out the basic information of our top five customers during the Track Record Period:

For the year ended 31 December 2010

Customer	Nature of the main business of the customers	Country in which our customers are located	Years of relationship with our Group	% to total revenue of our Group
Customer A	Manufacturing and filling of perfumes and air fresheners	UAE	7	14.2
Customer B	Filling of perfumes and deodorants	Oman	8	7.7
Yunnan Baiyao Group	Manufacturing of proprietary Chinese pharmaceutical products	PRC	10	7.5
Botny Chemical	Content filling of aerosol cans and production and sale of aerosol	PRC	5	6.3
Customer C*	Trading of perfumes and deodorants	Hong Kong	10	4.9

For the year ended 31 December 2011

Customer	Nature of the main business of the customers	Country in which our customers are located	Years of relationship with our Group	% to total revenue of our Group
Customer D	Manufacturing and filling of perfumes and deodorants	UAE	8	8.0
Customer C*	Trading of perfumes and deodorants	Hong Kong	10	7.2
Customer A	Manufacturing and filling of perfumes and air fresheners	UAE	7	7.2
Customer E	Manufacturing and filling of perfumes and deodorants	UAE	9	7.1
Yunnan Baiyao Group	Manufacturing of proprietary Chinese pharmaceutical products	PRC	10	6.9

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For the year ended 31 December 2012

Customer	Nature of the main business of the customers	Country in which our customers are located	Years of relationship with our Group	% to total revenue of our Group
Yunnan Baiyao Group	Manufacturing of proprietary Chinese pharmaceutical products	PRC	10	15.2
Customer A	Manufacturing and filling of perfumes and air fresheners	UAE	7	9.8
Customer E	Manufacturing and filling of perfumes and deodorants	UAE	9	7.4
Customer F	Manufacturing of refrigerants	PRC	5	5.6
Customer C*	Trading of perfumes and deodorants	Hong Kong	10	5.6

* Our products sold to Customer C were shipped to Nigeria.

Our sales to our top five customers for each of the three years ended 31 December 2012 amounted to approximately HK\$80.5 million, HK\$86.3 million and HK\$119.3 million, accounting for approximately 40.6%, 36.4% and 43.6% of our total revenue respectively. Our sales to the largest customer for each of the three years ended 31 December 2012 amounted to approximately HK\$28.2 million, HK\$19 million and HK\$41.7 million, accounting for approximately 14.2%, 8% and 15.2% of our total revenue respectively.

Some of our major customers are well-known enterprises in the PRC. Yunnan Baiyao Group was one of our top five customers for each of the two years ended 31 December 2011 and became the largest customer for the year ended 31 December 2012, accounting for approximately 7.5%, 6.9% and 15.2% of our total revenue for the respective years. As at the Latest Practicable Date, we have been maintaining business relationship with Yunnan Baiyao Group for over 10 years. Yunnan Baiyao Group which is a company listed on the Shenzhen Stock Exchange, is a renowned traditional proprietary Chinese pharmaceutical products manufacturers in the PRC. In addition, one of our top five customers for the year ended 31 December 2012 is a PRC company mainly engaged in the manufacturing of environmental friendly refrigerants used in air-conditioners and refrigerators and its parent company is listed on the Shanghai Stock Exchange.

We do not have any long term supply contracts with our customers. Our customers are normally required to make a down payment or deposit of approximately 10% to 50% of the total contract amount upon the placement of purchase orders. They are required to settle the remaining balance in cash or letters of credit before or upon delivery of products. For some long-term customers, we may offer them

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with credit terms of 30 to 60 days after delivery. The credit terms offered to our customers are determined by our senior management depending on their financial strength, payment history and length of business relationship with us. In addition, we also took out export credit insurance for the receivables due from our major export sales customers. During the Track Record Period, we did not record any bad debt written off.

We review our receivable balances on a regular basis and an assessment is made by our management team on whether or not provision for bad debt should be made.

During the Track Record Period, we did not have any legal or arbitration proceedings with any of our customers. We also have not had any material order deferrals or cancellations by our customers during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, Botny Chemical, one of our top five customers, is a connected person of our Company. Our Directors have confirmed that our transactions with Botny Chemical were conducted in the ordinary course of business of our Group and on normal commercial terms. Following the Listing, our transactions with Botny Chemical will continue, which will constitute continuing connected transactions under the Listing Rules. For details of our transactions with Botny Chemical, please refer to the section headed “Continuing Connected Transactions” in this prospectus.

Save as disclosed above, our Directors confirm that none of our existing Shareholders (which, to the best knowledge of our Directors, owns more than 5% of our Company’s issued share capital), our Directors or their associates held any interest in our five largest customers.

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Sales and Marketing

The following table sets out the geographical breakdown of our revenue based on shipment destination for the relevant years:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Asia Pacific						
- PRC	74,025	37.3	89,984	37.9	123,628	45.1
- Others ^(Note 1)	13,222	6.7	13,497	5.7	11,947	4.4
Middle East						
- UAE	55,462	28.0	59,848	25.2	75,279	27.5
- Oman	15,224	7.7	16,109	6.8	1,716	0.6
- Others ^(Note 2)	9,114	4.6	5,493	2.3	11,345	4.1
Africa						
- Nigeria.	18,093	9.1	28,872	12.2	26,364	9.6
- South Africa	4,731	2.4	8,575	3.6	11,013	4.0
- Others ^(Note 3)	1,132	0.6	1,951	0.8	1,835	0.7
Others ^(Note 4)	7,261	3.6	12,795	5.5	10,796	4.0
Total	<u>198,264</u>	<u>100.0</u>	<u>237,124</u>	<u>100.0</u>	<u>273,923</u>	<u>100.0</u>

Notes:

- (1) Others in Asia Pacific include Australia, Hong Kong, India, Japan, Russia, Taiwan, Thailand and the Philippines.
- (2) Others in the Middle East include Israel, Jordan, Lebanon, Pakistan, Saudi Arabia and Syria.
- (3) Others in Africa include Egypt, Kenya and Tunisia.
- (4) Others include Europe and North America.

Our products are mainly sold in the PRC, to the UAE in the Middle East and Nigeria in Africa. Sales of aluminum aerosol cans to the PRC market are mainly for pharmaceutical products and personal care products whereas those to the UAE and Africa are mainly for body deodorant.

We consider that the diversification of our sales markets will reduce the risk of concentration and our exposure to economic or political instability in certain markets and accordingly, maintain a relatively stable flow of our revenue.

Our sales and marketing department are responsible for exploring new business opportunities as well as maintaining and managing existing customer relationships.

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Our Group has different teams of sales and marketing personnel to serve the PRC and overseas markets respectively. Taking part in local and international aerosols, cosmetics and other relevant industry exhibitions and trade fairs is one of our major marketing activities. During the Track Record Period, we have participated in trade fairs and exhibitions such as Cosmoprof Asia in Hong Kong, Beautyworld Middle East in Dubai as well as Beijing International Packaging Fair, and Aerosol and Metal Containers Exhibition in the PRC. To expand into the market of monobloc aluminum bottles for beer, our sales personnel also attended International Brew & Beverage Processing Technology and Equipment Exhibition in the PRC in 2012. We consider that these exhibitions and trade fairs can increase the public awareness of our products in the aerosols and cosmetics industry. At the same time, we can understand the latest market trends which are useful references for setting our sales and marketing strategies.

We are also a member of AEROBAL, an international organization representing international aluminum aerosol can manufacturers which focuses on monitoring international packaging legislation and the standardization of aluminum aerosol cans in the aluminum packaging industry. As the only AEROBAL member from the PRC, we are able to obtain first-hand market information about the aluminum packaging industry ahead of our competitors and formulate our business plans, for example, our directions in research and development in accordance with the latest market trend.

We also maintain a website of our Group for the promotion of our products. Our sales and marketing personnel would regularly visit our customers or contact them so as to maintain and foster our business relationships and to understand their updated needs. We will also invite some of our customers to visit our factory from time to time in order to acquaint them with the latest conditions of our factory which can maintain and increase their confidence in our products.

Sales forecast

At the end of each year, our sales and marketing department prepares a monthly sales forecast for the coming year. The sales forecast for a particular month is based on the actual sales volume made to each customer for the corresponding month of the current year adjusted by the order indications received from these customers. In around November of each year, our sales and marketing personnel visit our major customers and make calls to other customers to gather information on their purchase requirement in the coming year, including their indicative order sizes, product specification and time of delivery. Based on this information and our perceived market trend derived from our participation in major trade fairs and exhibitions in the PRC and overseas, our sales and marketing personnel compile the monthly sales forecast (indicating for each customer the order size, the product model and the delivery time) which is then reviewed and approved by the heads of the sales and marketing department for both overseas and the PRC markets. Mr. Lin will then discuss the forecast with the aforesaid department heads to ensure its reasonableness and achievability. After his endorsement, Mr. Lin reviews and compares the sales forecast with our actual sales figures on a monthly basis to keep track of our Group's sales performance.

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The monthly sales forecast is also used to determine our production schedule and therefore influences our level of purchasing activity. Please refer to the paragraph headed “Procurement” in this section for details of our procurement policy, which to a large extent subject to our sales forecast.

Pricing policy

The prices of our products are determined on a cost-plus basis according to, among other factors, the models of our products, our costs of production, our intended profit margins and conditions in different markets such as intensity of competition, spending power of the end customers and economic conditions. In general, we are able to partly pass on the increases in our cost of production to our customers. During the Track Record Period, our average unit selling price increased from HK\$1.26 to HK\$1.46 in order to reflect the increase in labor cost and raw material prices.

Our sales personnel are provided with a price list setting out the minimum selling price for each product model. At the beginning of each year, our finance department compiles a suggested price list which contains a detailed costing calculation for each product model. The calculation covers all the necessary production cost components, including raw materials and consumables, slug processing fees, direct labour, and depreciation as well as our intended profit margins for domestic sales and export sales. In determining the amount of each cost component, we take into account the cost records for the past year as well as our expected price increase for each of the major raw materials and production costs in the year. The suggested price list has to be reviewed and approved by Mr. Lin before distributing to our sales personnel as a reference point when conducting price negotiation with customers. Prior approval has to be obtained from Mr. Lin if a salesperson intends to sell the product below the suggested price. Our Directors confirm that only on very few occasions our sales transactions with customers were closed below our suggested price during the Track Record Period, due to the large sized orders placed by some long established customers. On the other hand, our senior management grants discretionary bonus to salespersons who can close sales transactions with customers above our suggested prices at the end of the year.

Once the suggested price list is fixed and adopted at the beginning of each year, we usually do not intend to effect any interim price adjustments during the year in response to price fluctuations in major raw materials. It is our practice that at the end of each year, we request our customers to indicate to us the estimated order quantities for the coming year so as to enable us to organize our future production plan accordingly, whereas firm orders to purchase are usually placed on a monthly basis. On the other hand, our customers also need us to provide them with an assurance that we have the production capacity available to fulfill their orders as well as price quotations for the order quantities they indicate.

Since we usually lock in a major part of the cost of aluminum ingots for our production through forward purchases, we can manage not to raise our selling price during the year when the prevailing spot price of aluminum ingots goes up. Likewise, our customers also understand that we do not normally reduce our selling price during the year when the price of aluminum ingots comes down. Besides, most of our customers are consumer brand manufacturers who also need a stable packaging cost environment to price their own products in the market.

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During the Track Record Period, we only adjusted the selling price of our products at the beginning of each year when we compiled the suggested price list. For further details of our forward purchases of aluminum ingots, please refer to the paragraph headed “Raw materials and suppliers — Procurement” in this section. In general, leveraging on our leading market position in the aluminum aerosol can manufacturing industry in the PRC, we believe we have generally good bargaining power in pricing our products.

Product delivery and product warranty

We deliver our products to our domestic customers and the transportation costs are borne by us. For overseas sales, we are only responsible for the delivery of our products on board of the ships designated by our overseas customers according to the shipping terms as set out in the purchase orders. Our overseas customers are required to arrange shipments themselves and bear the related shipping costs. We do not offer any product warranties to our customers and hence, no provision of product warranty was recorded during the Track Record Period.

INTERNAL CONTROL ON OUR HEDGING ACTIVITIES

Our Hedging Framework

We are in the business of manufacturing of aluminum aerosol cans. Aluminum ingots are the main cost component in our production, amounting to HK\$62.3 million, HK\$73.4 million and HK\$79.3 million and accounting for 46.5%, 43.8% and 43.3% of our cost of sales respectively during the Track Record Period. It is important for us to manage our risk exposure towards the price fluctuations in aluminum ingots. Through locking in part of our production cost, we can eliminate some risk in raw material cost in order to facilitate us to achieve the intended gross profit margin in compiling our suggested price list at the beginning of each year. During the Track Record Period, we did not effect any interim adjustment on our suggested price list in response to fluctuations in the market price of aluminum ingots. Apart from having to top up the security deposit for forward purchases with our approved suppliers in the manner as detailed below, we did not experience any impact on our gross profit margin as a result of any subsequent fall in the market price of aluminum ingots after our forward purchases. Furthermore, we can average down our overall aluminum ingot cost as we purchase in the spot market to cover the shortfall of aluminum ingots for our production.

For forward purchases, our approved suppliers need us to place an amount equivalent to 10% of the value of the forward purchases as initial security deposit. In the event of a drop in the market price of aluminum ingots with a magnitude exceeding 5%, we have to top up the security deposit to cover any diminution in value of the aluminum ingots forward purchased and to maintain a 10% security deposit based on the marked down value of the forward purchase amount thereafter.

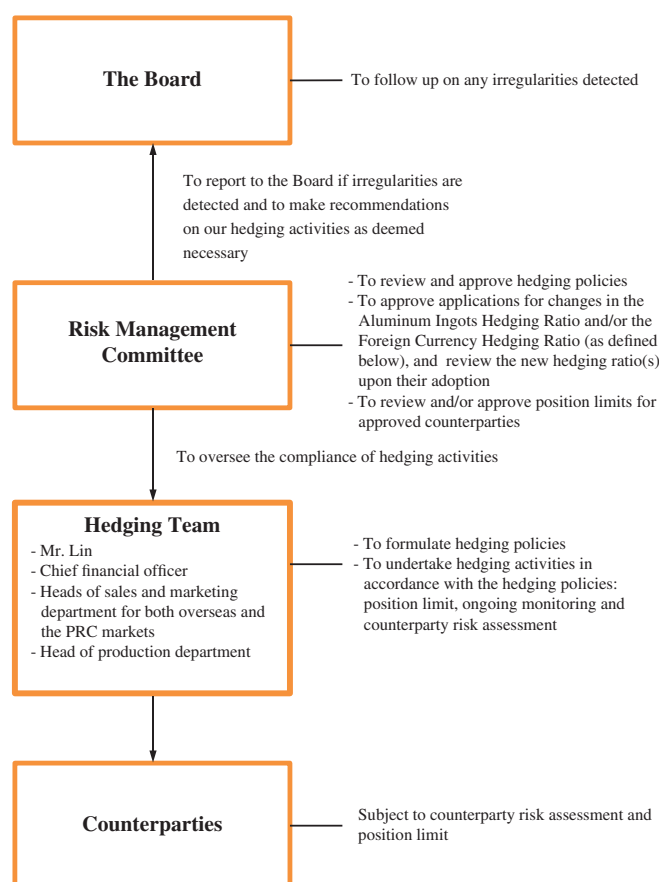
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We invoice our customers for export sales in US\$ and revenue denominated in US\$ accounted for 62.7%, 62.1% and 54.9% of our total revenue. Therefore, we are exposed to foreign exchange risk arising out of the currency mismatch between our US\$ denominated export sales and our RMB based operations and have been entering into foreign currency forward contracts to sell US\$ with state-owned banks in the PRC to hedge such risk. We would usually hedge up to 70% of our forecast US\$ revenue on a rolling 12-month basis, depending on our views and advice obtained from our bankers towards the future trend of US\$ against RMB. We consider the 70% hedging ratio is appropriate, having taken into account the required US\$ cash outflows arising out of the repayments for our US\$-denominated bank loans and our capital expenditure.

To ensure that all of our hedging activities are properly conducted by our Hedging Team in accordance with our hedging policies and are fully accounted for, we have devised a risk governance structure and set up the Risk Management Committee to oversee our hedging activities.

Risk Governance Structure

The following diagram depicts our risk governance structure relating to our hedging activities:



Hedging Policies

1. Setting Overall Position Limit

For forward purchases of aluminum ingots

- All the forward purchases shall be handled by the Hedging Team which is led by Mr. Lin and consists of (i) the chief financial officer; (ii) the head of production department; and (iii) the heads of sales and marketing department for both overseas and the PRC markets. For details of individual responsibilities of each of the members of the Hedging Team in conducting forward purchases, please refer to the paragraph headed “Raw materials and suppliers — Procurement” in this section.
- The Hedging Team is allowed to forward purchase aluminum ingots up to 50% (the “**Aluminum Ingots Hedging Ratio**”) of the monthly production requirement derived from our monthly forecast sales (as further explained below) up to a rolling 12-month period. In the event that the sales and marketing department secures confirmed orders for some coming months, the Hedging Team is allowed to forward purchase to fully cover the unhedged portion of aluminum ingots required for the production of such confirmed orders. Therefore, the actual overall hedging ratio for a particular month is dependent on the amount of confirmed orders we can secure in advance for delivery in that month. For instance, if all the production requirement for aluminum ingots for the month is calculated entirely based on our sales forecast, then the actual overall hedging ratio should be no more than 50% of the forecast production requirement for that month. On the other hand, if all the monthly production requirement is totally derived from confirmed orders, then the actual overall hedging ratio can be 100% of the production requirement for that month. The Hedging Team needs to mark down in the relevant forward purchase contracts the details of corresponding confirmed orders for internal record and review by the Risk Management Committee.
- The procurement manager, who has over four years of experience in commodity procurement, is responsible for finalizing the relevant forward purchase contracts with the relevant counterparties at the aluminum market prices approved by the Hedging Team.
- The monthly production requirement for the rolling 12-month period is calculated by the production department with reference to (i) the sales forecast (indicating for each customer, the order quantity, product model as well as delivery time) prepared by our sales and marketing department at the beginning of each year; and (ii) the monthly actual consumption amount recorded for the corresponding months of the prior year adjusted by the ongoing order indications from customers. For example, in June this year, when determining the monthly production requirement for the coming 12 months, we would use the data from the sales forecast prepared at the end of the prior year and the latest order updates collected from our customers to calculate the monthly production requirement for the period from July to

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December of this year, and rely on the monthly actual consumption amount recorded from January to June of this year adjusted by the ongoing order indications from our customers to arrive at the monthly forecast requirement for the period from January to June of the next year.

For foreign currency forward contracts

- The Hedging Team is allowed to forward purchase RMB up to 70% (the “**Foreign Currency Hedging Ratio**”) of the forecast monthly export sales for a rolling 12-month period.
- The forecast monthly export sales for the rolling 12-month period is to be prepared by the sales and marketing department with reference to the sales forecast prepared at the end of the year, and the actual export sales amount achieved in the corresponding months of the prior year adjusted by the ongoing order indications from our customers. For example, in June this year, when determining the monthly export sales for the coming 12 months, we would use the forecast on export sales prepared at the end of the prior year and the latest order updates collected from overseas customers to determine the amount of export sales for the period from July to December of this year. Based on the actual amount of export sales from January to June of this year and adjusted by the ongoing order indications from our overseas customers, we can work out the monthly export sales for the period from January to June of the next year.

Change of the Aluminum Ingots Hedging Ratio and/or the Foreign Currency Hedging Ratio

- The Hedging Team can make applications to the Risk Management Committee to change the Aluminum Ingots Hedging Ratio and/or the Foreign Currency Hedging Ratio in view of any changes in the relevant markets such as the supply and demand situation of the aluminum market or the government’s attitude towards the future trend of RMB. Such applications have to be supported by relevant reasons and analyses on market figures and trends.
- The Hedging Team can only adopt the new hedging ratio(s) after the Risk Management Committee has approved it/them. The new hedging ratio(s) adopted will subsequently be subject to monthly review by the Risk Management Committee to assess whether the new hedging ratio(s) is/are appropriate.

2. Counterparty risk assessment guidelines

For forward purchases of aluminum ingots

- Our procurement department has to submit information about (i) the background of the counterparty; (ii) its financial position (including the latest total equity); and (iii) its shareholders’ background to our chief financial officer for endorsement and setting position limit.

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- During the Track Record Period, we did not experience any material supply delay in delivery of aluminum ingots by our existing suppliers. In order to enhance the control on counterparty risk assessment in the future, our procurement department must obtain financial statements of potential suppliers for setting up their position limits.
- Our chief financial officer shall calculate the position limit for each of the counterparties. The position limit is defined as the maximum cumulative security deposit amount for forward purchases we can place with such counterparty and is calculated based on 2.5% of its paid-up capital or its total equity for a new counterparty in the first year. Subject to the approval of the Risk Management Committee, the position limit of a counterparty can be increased to a maximum of 5% in the second year and thereafter.
- Application for an increase in position limit for counterparty can be made by the Hedging Team to the Risk Management Committee. Such application has to be supported by an assessment on such approved supplier duly prepared by the Hedging Team to evaluate its price competitiveness, quality of services, credit terms as well as the justification for such an increase.
- The position limit for each of the approved counterparties has to be reviewed and approved by the Risk Management Committee on a quarterly basis by taking into consideration of a report prepared by the Hedging Team detailing our Group's business experience with our approved suppliers, latest market information, the price competitiveness, quality of services and credit terms of these approved suppliers. Please refer to the ongoing monitoring of the counterparty risk as set out below.
- No increase in position limit is allowed during the year unless application for such increase is thoroughly reviewed and endorsed by Mr. Lin for final approval by the Risk Management Committee.

For foreign currency forward contracts

- State-owned banks in the PRC or licensed banks in Hong Kong are authorized counterparties.
- No position limit is imposed on each of the above counterparties as we consider that, given their background, our risk exposure to these counterparties are minimal.

3. Ongoing monitoring

For forward purchases of aluminum ingots

- On a weekly basis, our finance department shall prepare a mark-to-market calculation over the outstanding position of all aluminum ingot forward purchases for the review of the

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Hedging Team. This calculation is (i) to facilitate our finance department to ensure sufficient liquidity is available to meet any top-up call for security deposit under stress test of a 25% drop of the price of aluminum ingots; and (ii) to enable the Hedging Team to understand the effectiveness of its hedging activities and the potential impact on the production cost.

If we face a persistent downward trend in the market price of aluminum ingots (similar to what we experienced during 2012), our Hedging Team may choose to reduce the hedging portion within our Aluminum Ingot Hedging Ratio or not to hedge the aluminum ingot cost at all. When we are of the view that such downtrend has run its course and price has reached the bottom, we will consider to resume entering into hedging transactions or increase the hedging portion within our Aluminum Ingot Hedging Ratio. The Risk Management Committee shall comment on the performance of our Hedging Team in its monthly review and make recommendation on our hedging activities as deemed necessary to our Board.

- To monitor the counterparty risk, our finance department will conduct company searches and internet searches and our sales and marketing department will conduct market searches on the approved suppliers on a regular basis to find out if there is any adverse market news on the creditworthiness of our counterparties. Our procurement manager will also pay regular visits to our approved suppliers to understand their latest business development, financial and market position, and request for their latest financial statements and business registration certificates to keep track of their financial position.

For foreign currency forward contracts

- On a weekly basis, our finance department shall present a summary of all contracts entered into by our Group, the actual export sales during the month and the outstanding contract positions for each of the forward months on a rolling 12-month basis for the review of the Hedging Team. Such information allows the Hedging Team to monitor the Foreign Currency Hedging Ratio.

Risk Management Committee

Purpose

- The Risk Management Committee is appointed by the Board to assist the Board in overseeing our Group's (i) risk governance structure; and (ii) hedging policies regarding its activities in forward purchases of aluminum ingots and entering into of foreign currency forward contracts.

Members

- The Risk Management Committee is chaired by Mr. Chung Yi To, who has over six years of experience in trading commodities and foreign currency derivatives, and comprises (i) our

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non-executive Director, Mr. Kwok Tak Wang who is well experienced in financial management and investment; and (ii) the other two of our independent non-executive Directors, Mr. Leung Man Fai, a certified public accountant and Dr. Lin Tat Pang who has around 20 years of experience in the regulatory regime in Hong Kong.

Operations

- The Risk Management Committee shall hold monthly meetings and report to the Board on a monthly basis. For each monthly meeting, a quorum must consist of the chairman and at least one other member of the Risk Management Committee.
- The Risk Management Committee members shall have direct access to and complete and open communication with our management to allow them to fulfill their duties and can obtain assistance from external professionals when necessary in order to discharge their responsibilities properly. Our Company shall pay all costs to be incurred for the engagement of independent legal, risk and other advisors as the Risk Management Committee considers necessary.

Authority, duties and responsibilities

- The Risk Management Committee shall review and approve the hedging policies as formulated by the Hedging Team. In approving the hedging policies, the Risk Management Committee shall discuss with the relevant management and the Hedging Team to understand the basis of determining such risk tolerance level and evaluate the creditworthiness of the counterparties.
- Within five Business Days after each month end, the Risk Management Committee shall be provided with the stress test reports and other necessary reports from the finance department indicating, (i) for forward purchases of aluminum ingots, all forward purchases conducted and the actual consumption amount of aluminum ingots during the month, the inventory level and the quantity of unsettled forward purchases as well as the production schedule for each of the coming months on a rolling 12-month basis, the quantity and delivery month of confirmed orders on hand; and (ii) for foreign currency forward contracts, all contracts entered into and the actual export sales during the month, and the outstanding contract positions for each of the forward months on a rolling 12-month basis.
- The Risk Management Committee shall report to the Board as to whether the hedging policies have been duly followed by the Hedging Team. In case of any irregularities being reported, the Risk Management Committee shall make recommendations to the Board for following up.
- Our Company shall make disclosure in the annual report of the confirmation by the Risk Management Committee on whether the Hedging Team has been in compliance with the hedging policies in its activities during the year for the information of the Shareholders.

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COMPETITION

We face competition from other aluminum aerosol can manufacturers with respect to product quality, price, production capacity, marketing and customer services. According to the CRI Report, the aluminum aerosol can manufacturing industry in the PRC is characterized by a number of small manufacturers and dominated by a few major players. Our Directors believe that some of the manufacturers have been building up their design, development and production capabilities in order to enhance their competitive edges. Despite the high entry barrier of this industry due to its capital intensive nature, our competitors may upgrade and strengthen their production capacity when financial resources are available. Also, some major and large scale packaging manufacturers which are currently engaged in other packaging materials may consider expanding their business to the aluminum aerosol can manufacturing. Our Directors believe we can compete effectively by virtues of (i) strong production capacity and high production efficiency; (ii) our strong research and development capacity; (iii) our leading market position; (iv) our well-established relationships with major customers and major suppliers; (v) our diversified sales market and customer base; and (vi) our strong management team.

In addition to competition within the aluminum packaging industry, we also face competition from alternative packaging products such as other types of metal and glass packaging products, which are rapidly gaining market share and acceptance. Nonetheless, we believe that aluminum products will continue to be popular forms of packaging products primarily due to (i) their good sealing properties and resistance properties from light and moisture for pharmaceutical products; (ii) their flexibility for design and shaping that offer tailor-made packaging solutions for personal care consumer goods; (iii) their environmental friendliness; and (iv) their ability to hold volatile and gaseous substance.

EMPLOYEES

As at the Latest Practicable Date, our Group employed 386 full-time employees. The following table sets forth the number of employees by functions as at the Latest Practicable Date:-

Division	Number of Employees
Production	241
Human resources and administration	31
Engineering	28
Procurement.	26
Quality control	18
Research and development	19
Sales and marketing	13
Finance	10
Total.	<u>386</u>

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Remuneration

The remuneration payable to our Group's employees includes salaries and allowances. We determine our employees' remuneration based on factors including qualifications, contributions and years of experience. As part of our Group's remuneration policies for its employees, our Group has in place the Pre-IPO Share Option Scheme and the Share Option Scheme. These schemes are designed to provide incentives and rewards to our employees. Further details on the principal terms of the Pre-IPO Share Option Scheme and the Share Option Scheme are set forth in "Pre-IPO Share Option Scheme" and "Share Option Scheme" in Appendix V to this prospectus. Our Directors believe that by offering our key employees a shareholding stake in our Company, our employees are aligning their interests with our Group's interests, thereby providing our Group's key employees with additional incentives to improve their performance.

Welfare contributions

In accordance with applicable PRC laws and regulations on social insurance and housing funds, our Group contributes to social insurance, including pension, medical insurance, unemployment insurance, occupational injuries insurance and childbirth insurance, as well as a housing fund for our Group's employees.

The total amount of contributions our Group made for its staff welfare for the Track Record Period were approximately HK\$1.8 million, HK\$2.2 million and HK\$2.4 million, respectively.

INTELLECTUAL PROPERTY RIGHTS

Our Directors believe that our intellectual property rights, including its trademarks and patents are important to our Group's future business development. Details of our Group's material intellectual property rights are set out in "Further Information about our Business — Intellectual property rights" in Appendix V to this prospectus. As at the Latest Practicable Date, our Group had one registered trademark, 76 registered patents and seven patent applications filed for registration in the PRC and one registered trademark and one trademark application filed for registration in Hong Kong. Our Group holds patents of three different categories, namely invention patents (發明專利), utility model patents (實用新型專利) and design patents (外觀設計專利). As at the Latest Practicable Date, our Group held 37 design patents (外觀設計專利), 31 utility model patents (實用新型專利) and eight invention patents (發明專利).

We also regularly submit patent applications for products and technologies that we have developed in order to protect our intellectual property rights. We also possess unregistered trade secrets, technologies, know-how, processes and other intellectual property rights. Some elements of our manufacturing methods or processes, involve unpatented, proprietary technology, processes, know-how or data. With respect to such proprietary know-how that is not patentable and processes for which patents are difficult to enforce, we rely on trade secret protection in order to safeguard our interests.

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In order to protect our intellectual property rights, we have entered into confidentiality agreements with our staff in the research and development department and the production department. The employment agreements with our staff in the research and development department and the production department would include a clause whereby the relevant employee would acknowledge that any intellectual property rights developed or obtained during the course of their employment belong to our Group.

During the Track Record Period, and up to the Latest Practicable Date, to the best of the knowledge of our Directors, there was no material incident of counterfeit products or infringement of intellectual property rights which adversely affected our Group's operations.

As at the Latest Practicable Date, our Directors confirm that our Group did not receive any claim or notice in relation to any infringement of intellectual property rights owned by any third party.

PROPERTIES

PRC

The total gross floor area of our factory is approximately 12,854 sq.m. and approximately 7,528 sq.m. for our main office and warehouse. These are built on our self owned land properties with an aggregate site area of approximately 82,932 sq.m.

Our production and ancillary facilities are situated in Zhongshan City, Guangdong Province, the PRC. Our main office and warehouse is in close proximity to our production and ancillary facilities. The total carrying amount of the owned property is valued at RMB85 million by the valuer as at 31 March 2013.

Our Group has obtained the land use right certificates and the building ownership certificates in relation to all the production and ancillary facilities occupied and owned by our Group.

As at the Latest Practicable Date, our Group leased 11 properties with an aggregate gross floor area of approximately 765.6 sq.m. in the PRC from an Independent Third Party, which were used as staff dormitories. As advised by the PRC legal advisors, the lease agreements in relation to these leased properties are valid.

We plan to construct a new production factory with a gross floor area of approximately 13,000 sq.m. being able to house up to 12 production lines and a new warehouse, adjacent to our existing factory to cope with the increasing production volume. Such construction will be completed by 2014 and the estimated budget will be approximately HK\$29 million which will be financed by our internal resources.

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Hong Kong

On 31 December 2012, we entered into an agreement for renting from Mr. Lin an office unit with approximately 40.4 sq.m. in Hong Kong to serve as the office to deal with bank remittances made by overseas customers for our export sales. The lease agreement has a term of three years from 1 January 2013 at a monthly rent of HK\$8,000 (exclusive of rates, government rent and management fees and other utilities outgoings which are payable by the tenant).

Such lease agreement is expected to continue after Listing. Mr. Lin, being an executive Director and a Controlling Shareholder, is a connected person of our Company. The transaction contemplated under the above lease agreement constitutes continuing connected transaction (within the meaning of Chapter 14A of the Listing Rules) for our Company. For details of our transactions with Mr. Lin in respect of the lease agreement, please refer to the section headed “Continuing Connected Transactions” in this prospectus.

Further details of our Group’s property interests are set out in Appendix III to this prospectus.

ENVIRONMENTAL PROTECTION

Our operation in the PRC is subject to PRC environmental laws and regulations including but not limited to the Environmental Protection Law of the PRC. These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions, water, wastewater discharge and solid wastes such as scrap aluminum and various residues from production. Our Directors consider the protection of the environment to be important and have implemented measures in the operation of our Group’s business to ensure its compliance with all applicable requirements under the PRC environmental laws and regulations.

Our Directors believe that our Group’s business operation does not generate hazards that have any significant adverse effect on the environment and our Group’s environmental protection measures are adequate to comply with all applicable current local and national PRC regulations. Because of the nature of the products which we manufacture, there is minimal waste discharge, noise, water or air pollution. Nevertheless, we are committed to reducing the environmental impact from our production processes and have taken various measures to achieve this objective. Waste water is processed by our own sewage treatment station to reach national safety standards for disposal. In addition, solid wastes such as scrap aluminum and various residues from production will be sold to scrap metal recycling companies for recycling. As recognition of our positive contribution to a cleaner environment by reducing emissions of volatile organic compounds by our use of activated carbon and scrubber, we have obtained the Cleaner Production Partnership Program Certificate of Appreciation issued by Hong Kong Productivity Council in 2011. As at the Latest Practicable Date, no administrative sanctions, penalties or punishments had been imposed upon our Group for the violation of any environmental laws or regulations.

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Our Group has obtained confirmations from local environmental protection bureaus in the PRC of its compliance with the environmental protection laws and regulations for the production facilities in Zhongshan City, the PRC. Our legal advisors as to the PRC laws have confirmed that during the Track Record Period, our Group had complied with relevant environmental laws and regulations in the PRC, and no penalty was imposed on our Group by any PRC governmental authorities in relation to any environmental matters.

For the three years ended 31 December 2012, our cost of compliance with the applicable rules and regulations was approximately HK\$0.02 million, HK\$0.02 million and HK\$0.02 million, respectively. We expect that the annual cost of compliance with such rules and regulations will amount to approximately HK\$0.02 million, HK\$0.02 million and HK\$0.02 million in the years 2013, 2014 and 2015, respectively.

HEALTH AND SAFETY CONTROL

Pursuant to national and local health and safety laws and regulations in the PRC, we are required to ensure a safe production and working environment for our employees. Our Group has established the Production Safety Committee* (安全生產委員會) to ensure our Group's compliance with the safety laws and regulations in the PRC, provide safety training to our staff and workers, set up the safety guidelines and ensure these are properly implemented in our Group. Specific safety guidelines include i) providing adequate and regularly tested safety devices and protective clothing, gear and equipment to employees to ensure their safety; ii) offering special training to certain employees with unique skill sets who are required to attain relevant certifications; and iii) conducting regular health examinations on our employees as well as maintaining health records for them. The committee is headed by Mr. Luo Yong Qiang who is the deputy general manager in charge of our production system and is qualified as safety management personnel by various PRC associations. For further details on Mr. Luo's qualification, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus. Our Group has in place the Regulations on Safe Management* (安全管理規定) stipulating regulations and guidelines on safe management for various departments.

Apart from regular in-house safety education and training for all of our personnel, we also arrange training jointly with the local fire authority for all our production staff and workers on production safety.

In mid July 2008, a fire accident occurred in our factory in Zhongshan City due to leakage of liquefied petroleum gas from one of the can-washing machines, which was then ignited by electrical spark causing a minor blast at the factory. In addition, the polystyrene foam in between the layers of ceilings at the factory was ignited, resulting in a considerable amount of fume and heat. No personal injury was reported. The Administration of Work Safety of Zhongshan Municipality* (中山市安全生產監督管理局) (the "Authority") conducted an investigation into this incident and proposed certain preventive measures to us. We adopted the Authority's proposals and carried out relevant improvements on the building structure and layouts of production lines in our factory which included (i) strengthening the training and education on production safety to the employees; (ii) removing the polystyrene in between the layers of ceilings at the factory; and (iii) fixing the gas-leaking

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heating apparatus of the can-washing machines in the production lines. We have specifically established and put in place the abovementioned Production Safety Committee* (安全生產委員會) and Regulations on Safe Management* (安全管理規定) to demonstrate our commitment to the aspect of training and education provided to employees and to prevent recurrence of similar accident. According to a subsequent investigation report issued by the Authority in late July 2008, it was confirmed that our Group had properly implemented all the preventive measures.

During the Track Record Period and up to the Latest Practicable Date, our Group did not have any record of material work safety accidents.

Our Directors believe our Group's safety control measures are adequate and comply with applicable current local and national PRC regulations. As at the Latest Practicable Date, no administrative sanctions, penalties or punishments had been imposed upon our Group by any PRC governmental authorities for the violation of any health and safety laws or regulations.

Our PRC legal advisors have confirmed that during the Track Record Period, our Group had complied with all relevant health and safety laws and regulations in the PRC, and no material penalty was imposed on our Group by any PRC governmental authorities in relation to any health and safety matters.

INSURANCE

Employees' social insurance

Pursuant to the relevant PRC laws and regulations, our Group are required to pay for our employees' social insurance (which includes pension, medical insurance, unemployment insurance, maternity insurance and occupational injury insurance) and housing provident fund. As at the Latest Practicable Date, we have complied with all statutory social insurance and housing provident fund obligations applicable to us under PRC laws and regulations in all material aspects.

Product liability insurance

We have not taken out any product liability insurance arising from the sale of our products in both the overseas and PRC markets. Such insurance is not required under the PRC laws and regulations and we believe our practice in this regard is consistent with the industry practice in the PRC. To minimize the potential product liability claims against our Group, we have implemented stringent quality control measures in order to avoid or reduce the occurrence of product defects, and to meet with the quality standards set by our customers. Details of such quality control measures are set out in the paragraph headed "Quality Assurance" in this section. Please also see "Risk Factors — We do not maintain product liability insurance. We may incur significant losses resulting from product liability claims against us" in this prospectus.

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Nevertheless, according to our PRC legal advisors, we are liable for the quality of the aluminum aerosol cans we manufacture but not the contents filled inside them. We are liable to our customers and to the ultimate consumers of aerosol products who are injured due to the defects of our aluminum aerosol cans.

As further advised by our PRC legal advisors, as to our overseas customers and the overseas ultimate consumers of aerosol products, our liability is limited as the PRC does not have treaties providing for reciprocal recognition and enforcement of judgments of courts with a number of countries. Therefore, it is difficult for overseas customers and consumers to enforce judgments obtained from non-PRC courts against us in the PRC.

During the Track Record Period and up to the Latest Practicable Date, our Group did not experience any claims of any liability arising from or involving the use of our Group's products by our customers and/or consumers which result in material and negative impacts on our Group's business.

Property insurance

Our Group maintains insurance coverage against risks of loss or damage to our equipment, assets, including inventory and vehicles. The risks we have insured against include those caused by accidents or natural disasters, including fire or flood. Our Directors consider that such coverage is adequate.

During the Track Record Period, our Group had not experienced any significant loss or damage to its production facilities. During the Track Record Period, our Group recorded expenditures for insurance policy premiums for our Group's properties in an amount of HK\$0.2 million, HK\$0.2 million and HK\$0.1 million, respectively. Our Group had not made any material claims under its insurance policies during the Track Record Period.

TAXATION

Enquiries from IRD

Background

It has been our Group's policy for export sales to require overseas customers to make deposits before commencing production of their orders and full payments before product delivery. As a result, overseas customers would normally expect us to commence production of their orders and/or arrange delivery of finished goods to them as soon as they have made the required payments. However, as part of our credit control procedures, we would only commence production or make delivery of finished goods when we are informed by our banks that such funding from our overseas customers has arrived in our bank account. Due to the central foreign currency clearing procedures implemented by the PRC government, we noticed that, during the time prior to the Track Record Period, it would usually take four to six days for funding from overseas remittance to arrive in our PRC bank accounts (and around two days during the Track Record Period), as against the next day for our bank accounts in Hong Kong.

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Therefore, in 2005, we set up European Asia Group in Hong Kong as a trading entity to serve our selected major overseas customers. This enabled us to arrange production of overseas customers' orders and delivery of finished goods to our major overseas customers usually the next day after they have made remittance to our bank accounts in Hong Kong.

Sales and marketing staff at our PRC manufacturing subsidiary, Euro Asia Packaging, negotiated and concluded sales transactions with overseas customers and European Asia Group would rely on the instructions from Euro Asia Packaging to prepare the relevant transaction documentation to show its purchase of finished products from Euro Asia Packaging and on-sale of such products to overseas customers. Finished goods are directly delivered from Euro Asia Packaging to such customers. As a trading entity, European Asia Group basically makes a certain profit margin on its export sales.

During the initial years of operating European Asia Group, we intended to let European Asia Group build up a certain level of cash reserve and retained earnings for its future operations through its profits made in export sales. Therefore, for the year ended 31 December 2006, European Asia Group recorded a profit of approximately HK\$5.5 million. However, from 2007 onwards, European Asia Group started to charge a margin of no more than 4% on export sales mainly to cover its operational expenses and, depending on the trading volume of the year, European Asia Group recorded fluctuations in its annual operating profits. In 2011, we stopped the operation of European Asia Group for ease of management and had our selected major overseas customers contracted directly with Euro Asia Packaging. This explains why we did not record any trading profit for European Asia Group in 2011. However, in 2012, we restarted the operation of European Asia Group, as most of our selected major overseas customers still preferred to trade with a company in Hong Kong for having the certainty that we can receive funding the next day after the remittance.

Our Directors considered that with respect to the trading profit of European Asia Group, all the contracts for sales of finished goods were negotiated and concluded through Euro Asia Packaging outside of Hong Kong and that minimal works were performed in Hong Kong. In view of this, our tax consultant and the Sponsor concurred with our Directors' view that our Company has a basis to lodge an objection based on offshore claim with the IRD for HKPT purposes as mentioned below.

On 17 January 2013, the IRD sent us a letter requesting for, *inter alia*, the accounting records of European Asia Group in respect of the period from 1 January 2009 to 31 December 2009. Such documents had been provided to the IRD accordingly and IRD was made aware of the transactions between European Asia Group and Euro Asia Packaging.

Tax issues

On 27 February 2013, European Asia Group received a tax demand note from the IRD stating the tax payable for the year of assessment 2006/07 was HK\$962,500, which was calculated by charging the assessable profits of approximately HK\$5.5 million computed by the IRD for the year of assessment 2006/07 at the prevailing HKPT rate. As a result, we engaged another professional tax consultant and lodged an objection to the aforesaid demand note from the IRD in view of the fact that the trading profit

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of European Asia Group was derived from outside of Hong Kong and should not be liable to HKPT. A letter from the IRD dated 16 April 2013 was received and it stated that the above tax payable amount should be held over. Up to the Latest Practicable Date, there has been no further progress on the tax issues. Going forward, while the result of the tax issues is yet to be concluded, we will continue to make provision of HKPT on the profits realized by European Asia Group. Our Directors believe that the tax issue with IRD is solely relating to the source of profit derived by European Asia Group.

Tax provision

For the sake of prudence, we have made provisions of approximately HK\$4 million for the potential tax payable and penalty of European Asia Group based on the tax demand note from the IRD for the year of assessment 2006/07 and its profits for the period from 2007 to 2012 at the HKPT rate at the then prevailing time. Approximately HK\$0.37 million and HK\$0.05 million of the total provision were charged as income tax expenses for each of the years ended 31 December 2010 and 2012 respectively. Please refer to the note 12-Income tax expenses to the Accountants' Report for details of income tax expense charged for the year. The remaining tax provision of HK\$3.58 million was related to the profits generated prior to the Track Record Period, and therefore was charged against retained earnings in the combined statements of financial position. No provision was made for 2011, as there had been no taxable profit recorded during the year as explained above. Our Directors, after discussion with our tax consultant, is of the view that the above-mentioned provision is sufficient. Moreover, as our Directors understand from our tax consultant that, under section 60(1) of the Inland Revenue Ordinance, the IRD can only issue tax assessment within six years after the expiration of the relevant year of assessment. Since the European Asia Group's profit earned during the period ended 31 December 2005 fell into the year of assessment 2005/06, which became time-barred on 31 March 2012, the IRD could not issue tax assessment for the year of assessment 2005/06 after that date. Therefore, no Hong Kong tax provision was calculated for the year of assessment 2005/06.

The Controlling Shareholders have agreed to indemnify our Group for any additional tax liabilities and related costs to be incurred by the Group. For details of the deed of indemnity, please refer to the paragraph headed "F. Other Information — Tax and other indemnities" in Appendix V to this prospectus.

As to the adequacy of the provision for tax and penalty in respect of the current tax issues, the Sponsor has (i) reviewed the basis of such provision; and (ii) checked the calculation of such provision by making reference to the profits recorded in the audited financial statements of European Asia Group for each of the six years ended 31 December 2011 and in the unaudited financial statements for the year ended 31 December 2012 and the applicable HKPT rates. Based on the aforesaid and that the provision for tax and penalty in respect of the current tax issues had been reflected in the financial statements of our Group for the Track Record Period, the Sponsor is of the view that our Company is able to meet the minimum profit requirement under Rule 8.05(1)(a).

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PRC taxes

Pursuant to the relevant PRC laws and regulations, the PRC taxes that are levied on Euro Asia Packaging mainly include EIT, withholding tax on dividend distribution and value-added tax. We have obtained confirmations from the relevant PRC tax authorities that as of the Latest Practicable Date, we have paid all the relevant taxes which were due and the Group has not had any material non-compliance relating to tax matters.

Saved as the tax issue disclosed above, our Directors confirm that our Group is in compliance with the tax rules and regulations in the PRC and Hong Kong.

NON-COMPLIANCE WITH COMPANIES ORDINANCE

Nature of non-compliance

Pursuant to section 122 of the Companies Ordinance, the financial statements of European Asia Group must be laid at its annual general meeting no later than nine months after the date to which such financial statements are made up or at its other general meeting at a later time as may be specified by the court.

European Asia Group had failed to have the financial statements for the financial years ended 31 December 2005, 2006 and 2008 prepared in time before the respective annual general meetings in 2006, 2007 and 2009, which had therefore not been laid before such respective annual general meetings. Such audited financial statements were subsequently prepared and laid before the subsequent annual general meetings in the form of member's written resolutions dated 2 April 2007, 2008 and 2010 respectively after the prescribed time limit of nine months, without seeking an order from the Court of First Instance of the High Court of Hong Kong.

The Directors believed that the above non-compliance was due to oversight of such statutory requirements. On 21 March 2013, an application was made to the Court of First Instance of the High Court of Hong Kong in respect of the extension of time for the laying of the financial statements of European Asia Group for the years ended 31 December 2005, 2006 and 2008 to its annual general meetings in the form of member's written resolutions dated 2 April 2007, 2 April 2008 and 2 April 2010 respectively. On 24 May 2013, orders were granted for such application to rectify the aforementioned non-compliance.

The Controlling Shareholders have undertaken to indemnify our Group, on a joint and several basis, against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by our Group arising from or in connection with such non-compliance with section 122 of the Companies Ordinance. For details of the deed of indemnity, please refer to the paragraph headed "F. Other Information — Tax and other indemnities" in Appendix V to this prospectus.

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Our Company has appointed Mr. Lam Chi Ming, Francis, who has extensive experience in accounting and financial and general management, as our company secretary to ensure the compliance with the Companies Ordinance. Please see the section headed “Directors, Senior Management and Employees” for detailed information of Mr. Lam Chi Ming, Francis.

As at the Latest Practicable Date, there are no particular laws or regulations of Hong Kong which are specific to the business of our Group and the industry i.e. sales of aluminum aerosol cans, in which our Group operates in Hong Kong. Save as disclosed above, our Directors have confirmed that the Company has complied with all relevant laws and regulations of Hong Kong during the Track Record Period and up to the Latest Practicable Date.

NON-REGISTERED LEASES

Nature of non-compliance

As disclosed in Appendix III to this prospectus, leased agreements on leased properties by our Group in the PRC numbered 4 have not been duly registered with the relevant local authorities. These properties are occupied by our Group as staff quarters. As advised by the PRC legal advisors, pursuant to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), the relevant authorities may order the parties to the lease agreements to register the lease agreements and, should they fail to do so, the relevant authorities may impose a fine in the range of RMB1,000 to RMB10,000. Despite that we have requested the landlord to register the lease agreements with the relevant authority, such registration has not been perfected as at the Latest Practicable Date. However, according to Interpretation of the Supreme People’s Court on Several Issues concerning the Application of Law in the Trial of Cases about Disputes Over Lease Contracts on Urban Buildings (最高人民法院關於審理城鎮房屋租賃合同糾紛案件具體應用法律若干問題的解釋), the PRC legal advisors are of the opinion that non-registration of the lease arrangements would not affect the validity of the relevant lease agreements, or the rights of our Group to continue to use the leased properties in accordance with the relevant leases.

The Directors consider that they do not foresee any difficulties in identifying suitable replacement with comparable rental rate should these lease agreements become invalid and we have to relocate our staff quarters. The Directors accordingly believe that there will be no material adverse effect on our business, results of operations or financial condition arising from the non-compliance.

Save as disclosed above, as advised by our PRC legal advisors, and according to the confirmations from the relevant government authorities, our subsidiary in the PRC has obtained all requisite certificates, permits and licenses from the relevant regulatory authorities in the PRC in relation to its establishment and business operations, and complied with the relevant laws and regulations in relation to its operations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

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SALES TO SANCTIONED COUNTRIES

During the Track Record Period, we sold aluminum aerosol cans to the PRC and various countries in Asia Pacific, Middle East, Africa, North America and Europe. Four of the countries to which we export, namely Syria, Lebanon, Egypt and Tunisia, have been subject to international sanctions, but such sanctions are not applicable or related to our sale of aluminum aerosol cans to customers in these countries. Our aggregate sales to these four countries accounted for approximately 1.9%, 1% and 0.5% respectively of our total revenue for each of the three years ended 31 December 2012. To safeguard us from violating any of the international sanction laws, we have decided to engage an external counsel to ensure our compliance, in particular to any new development in this area, after the Listing. The external counsel will regularly review the legal requirements of our overseas operations and advise on the compliance issues in respect of the international sanctions. In addition, we will check on a daily basis on the internet whether any countries that we export our products to become subject to any sanctions laws and regulations and whether any of our customers are blacklisted as such. Nevertheless, it is our intention to continue selling of aluminum aerosol cans to customers in these countries after Listing.

The Sponsor examined our customer lists for Syria, Lebanon, Egypt and Tunisia, and found none of our customers in these countries were the sanctioned entities/persons as blacklisted in the relevant sanction laws. Furthermore, the Sponsor reviewed the nationality of each of our Directors and members of our senior management, the legal and business domicile for each of our Group companies as well as the origins of the raw materials used in our production to ensure our Group is not caught violating any of the international sanction laws. Based on its own due diligence, the Sponsor concurs with our Directors' view that our sale of aluminum aerosol cans to customers in Syria, Lebanon, Egypt and Tunisia does not contravene any of the international sanction laws proclaimed by the international community.

RECENT DEVELOPMENT OF OUR BUSINESS

Sales to our top customer

Yunnan Baiyao Group was our top customer accounting for approximately 15.2% of our total sales for the year ended 31 December 2012. It was announced on 5 February 2013 that certain Yunnan Baiyao Group's products, including "Yunnan Baiyao Aerosol", were recalled at the request of the Department of Health in Hong Kong and the health authority in Macau because these products contained undeclared contents which could have undesirable effects on or may be harmful to human health.

Based on its published 2012 annual report, Yunnan Baiyao Group's total export sales (including sales to Hong Kong and Macau) for its entire product portfolio accounted for around 0.4% of its total turnover. Furthermore, during the year ended 31 December 2012, we sold to this customer a total quantity of 36.1 million aluminum aerosol cans. According to the distinct artwork for export sales printed on the cans, we understand that about 7,000 cans were used to package Yunnan Baiyao Group's products for Hong Kong and Macau markets. After the announcement of the product recall incident, we have sold to this customer a total of approximately 6.1 million aluminum aerosol cans during the period

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from February 2013 to April 2013, as compared to a total of approximately 4.8 million cans during the corresponding period in 2012. Despite the aforesaid product recall incident, we have not experienced with this customer any cancellation of purchase orders already placed with us, indication to reduce its purchases, or material product return. In addition, Yunnan Baiyao Group had fully settled the trade receivables amounting to approximately HK\$10.2 million which were outstanding as at the year ended 31 December 2012 within the credit period.

Export sales to Middle East

Middle East is one of our major export markets. Recently, certain countries in the Middle East such as Syria and Israel face political instability and social unrest. During the Track Record Period, our sales to the Middle East were mainly made to the UAE and Oman, accounting for approximately 28% of our revenue in 2012, whilst sales to other countries in the Middle East accounted for less than 5% of our total revenue. We have not experienced any adverse impact on our operating performance and position due to the current situation in the Middle East. We will continue to closely monitor the development in the Middle East and take approximate steps, such as increasing sales in the PRC or to other overseas markets, as and when necessary in order to maintain our growth.

Latest development trend of the aluminum aerosol can market

For the first four months of 2013, we notice that our proportion of sales to the PRC market increased as compared to that of the corresponding period in 2012, mainly due to the rising demand from our major PRC customers. We believe such growing trend will continue. As forecast by the CRI, the PRC aluminum aerosol can market is expected to achieve a CAGR of approximately 12% from 2013 to 2017 in terms of production volume, given the increasing demand for high-quality packaging for consumer products as well as the continuous growth of the consumer spending power in the PRC.

During the period from January to April 2013, the price of aluminum ingots, which are the largest component of our cost of sales, decreased by approximately 3% in the PRC. As a result of the aluminum overproduction in the global market, our Directors anticipate the price of aluminum ingots would not be able to sustain a rising trend for a certain period of time, which should provide a stable cost environment for the industry.

LAWS AND REGULATIONS

LAWS AND REGULATIONS ON OUR PRODUCTS

Product Standardization

The Standardization Law of the PRC (中華人民共和國標準化法) (“**Standardization Law**”), came into effect on 1 April 1989, and its Implementation Regulations were promulgated on 6 April 1990. National standards and industrial standards are divided into compulsory standards and voluntary standards. Currently, there are two standards applicable to the production of aluminum aerosol cans, namely the voluntary national standard “Packaging containers-25.4 mm aperture aluminum monobloc aerosol cans GB/T 25164-2010” 《包裝容器25.4 mm口徑鋁氣霧罐GB/T 25164-2010》 and the industrial standard “Packaging Containers of 20 mm Aperture Aluminum Monobloc Aerosol Cans BB0006-2004” 《包裝容器20 mm口徑鋁氣霧罐 BB0006-2004》. Some provisions, such as requirements on pressure tolerance as well as adhesiveness and evenness of coating materials, in the industrial standard are compulsory.

According to the Standardization Law, products that fail to meet compulsory standards are prohibited from being manufactured, sold or imported. Standards imposed to safeguard human health and safety and to ensure the safety of property, as well as those legally prescribed as compulsory are compulsory standards, while any others are voluntary standards. The production, sale or import of any product that does not conform to compulsory standards shall be handled by the relevant administrative authorities in accordance with the Standardization Law. Where the Standardization Law is silent on such handling, the product and any illegal income derived therefrom may be confiscated and a fine will be imposed. In circumstances where serious consequences are incurred and the offence constitutes a crime, the liabilities for responsible personnel may be investigated and established in accordance with law. Local standards formulated by the standardization administrative departments of provinces, autonomous regions and municipalities for the safety and sanitary requirements of industrial products are compulsory standards within their respective administrative areas. The PRC government encourages, but does not mandate, the adoption of voluntary standards by enterprises.

Product Quality

According to the Product Quality Law of PRC (中華人民共和國產品質量法) (“**Product Quality Law**”), which was promulgated by the Standing Committee on 22 February 1993 and as amended on 8 July 2000, products shall be free from any irrational dangers threatening the safety of people and property. If there are national standards or industrial standards for ensuring the health of the human body and safety of lives and property, the products shall conform to such standards. Products shall have the property they are due to have, except cases in which there are explanations about the defects of the property of the products. Products shall tally with the standards prescribed or specified on the packages and with the quality specified in the instructions for use or shown in the providing samples.

An enterprise producing products that do not conform to the national standard or the specific industrial standard for ensuring physical health and the safety of human body and property shall be ordered to stop production and sale; the products illegally produced and sold shall be confiscated; a fine shall be imposed upon the producer or seller; where there are illegal proceeds, such proceeds shall be confiscated; if the circumstances are serious, the business license shall be revoked.

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Regulations on Printing

Pursuant to the Regulations on the Administration of Printing Industry (《印刷業管理條例》) promulgated by the State Council on 2 August 2001, the PRC adopts the license system for printing operations. The packaging and decorative printing products (包裝裝潢印刷品) are subject to the said regulations and printing operation license (印刷經營許可證) shall be obtained in relation to the printing of the said products.

Pursuant to the Measures on Administration of Bar Code (《商品條碼管理辦法》) issued by the General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局) (“**AQSIQ**”) on 30 May 2005 and the Implementing Measures for Barcode Printing Qualification Work (商品條碼印刷資格認定工作實施辦法) issued by the former State Bureau of Quality and Technical Supervision (國家質量技術監督局) on 19 July 2000, enterprises engaged in the business of printing and bar codes are encouraged to be qualified and have qualification certificates issued by an organization under the AQSIQ. The qualification certificates are valid for three years and can be renewed upon application within two months before expiry.

Drug Administration Law of the PRC

The Drug Administration Law of People’s Republic of China”(中華人民共和國藥品管理法) (“**PRC Drug Administration Law**”), originally adopted on 20 September 1984 and revised on 28 February 2001, came into effect on 1 December 2001. According to the PRC Drug Administration Law, packaging materials and containers in direct contact with pharmaceutical products must be in compliance with the national standards, meet the requirement of medical use and fulfill the safety standard. The manufacturers of pharmaceutical products must obtain the approval from the pharmaceutical supervisory and administrative department before using the packaging materials and containers to store the pharmaceutical products.

According to the Administrative Measures Regarding the Packaging Materials and Containers in Direct Contact with Pharmaceutical Products (直接接觸藥品的包裝材料和容器管理辦法) promulgated by the State Food and Drug Administration (國家食品藥品監督管理局) (“**SFDA**”) on 20 July 2004 and came into effect on 20 July 2004, packaging materials and containers in direct contact with pharmaceutical products must comply with national standards and manufacturers of pharmaceutical products packaging materials and containers are required to apply for a pharmaceutical product packaging registration certificate by submitting the application materials and packaging samples to the SFDA at the provincial level which will conduct a preliminary review and forward the application, together with its opinion, to the SFDA. Successful applicants will be granted such certificates valid for a term of five years, which are renewable six months prior to expiration.

LAWS AND REGULATIONS ON OUR OPERATION

Intellectual Property Rights

Patent Law

The Patent Law of the PRC (中華人民共和國專利法) (“**Patent Law**”) was promulgated by the Standing Committee on 12 March 1984 which became effective on 1 April 1985 and latest amended on

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27 December 2008 and became effective on 1 October 2009. According to the patent law, a company can apply for an invention, utility or design patent based on the nature of the technical achievement. A patent is valid for a term of 20 years in the case of an invention and a term of 10 years in the case of a utility model and design, starting from the application date. A third-party user must obtain consent or a proper license from the patent owner to use the patent except for certain specific circumstances provided by law. Otherwise, the use will constitute an infringement of the patent rights. In the event of any acts which infringe upon the right to the exclusive use of a patent, the infringer would be ordered to stop the infringement acts immediately and give the infringed party compensation.

Trademark Law

According to the Trademark Law of PRC (中華人民共和國商標法) (“**Trademark Law**”) which was promulgated by the Standing Committee on 23 August 1982 and latest amended on 27 October 2001 and its Implementation Rules, a registered trademark refers to the trademark approved and registered by the Trademark Office (商標局). In the PRC, registered trademarks include commodity trademarks, service trademarks, collective marks and certificate marks.

In the event of any of the acts which infringe upon the right to the exclusive use of a registered trademark, the infringer would be imposed a fine, ordered to stop the infringement acts immediately, and give the infringed party compensation. Also, under the Trademark Law, a trademark registrant may, by concluding a trademark licensing contract, authorize another person to use its registered trademark. The licensor shall supervise the quality of the commodities on which the licensee uses the licensor’s registered trademark, and the licensee shall guarantee the quality of the commodities on which the registered trademark is to be used.

Environmental Protection

The major laws and regulations in PRC concerning environmental protection include: Environmental Protection Law of the PRC (中華人民共和國環境保護法) (the “**Environmental Protection Law**”), Appraising of Environment Impacts Law of the PRC (中華人民共和國環境影響評價法) (“**Appraising of Environment Impacts Law**”), Prevention and Control of the Water Pollution Law of the PRC (中華人民共和國水污染防治法) (“**Water Pollution and Prevention Law**”), Prevention and Control of the Noise Pollution Law of the PRC (中華人民共和國環境噪聲污染防治法) (“**Noise Pollution and Prevention Law**”), Prevention and Control of the Solid Waste Pollution Law of the PRC (中華人民共和國固體廢物污染環境防治法) (“**Solid Pollution and Prevention Law**”), and Regulations on Administration of Construction Project Environmental Protection (建設項目環境保護管理條例), and Cleaner Production Promotion Law of the PRC (中華人民共和國清潔生產促進法) (“**Cleaner Production Promotion Law**”).

Environmental Protection Law (promulgated by the Standing Committee) and effective as from 26 December 1989 specifies that any construction project shall comply with state regulations on administration of construction projects that pollute the environment. Enterprises and public institutions discharging pollutants shall report and register pollutants according to provisions of competent authority

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of environmental protection under the State Council and discharge pollutants in accordance with relevant pollutant discharge standard formulated by the competent authority of environmental protection under the State Council and local governments. Enterprises and public institutions discharging pollutants in excess of the specified national or local discharge standards shall pay fees for excess discharge according to state provisions and be responsible for pollution elimination and control. In respect of enterprises violating Environmental Protection Law, the relevant competent authority of environmental protection may impose administrative penalty thereon including fines and orders of business suspension and shutdown according to the extent of violation and circumstances thereof. Meanwhile, any enterprise causing environmental pollution hazard shall be liable for eliminating the hazard and compensating the entities or individuals directly damaged.

The PRC government has promulgated a series of laws on discharge of waste water, solid wastes and noise to the environment, including Water Pollution and Prevention Law (latest amended on 28 February 2008, and effective as from 1 June 2008), Noise Pollution and Prevention Law (promulgated by the Standing Committee on 29 October 1996 and effective as from 1 March 1997) and Solid Pollution and Prevention Law (latest amended on 29 December 2004 and effective as from 1 April 2005), which have respectively specified the prevention and control and supervision and administration of water pollution and pollution from noise and solid wastes. Pursuant to the aforesaid laws, in case of new construction, expansion and reconstruction of projects that discharge pollutants to water body, and/or produce noise or solid wastes, the relevant enterprise shall observe the state regulations concerning administration of construction project environmental protection and make pollutant discharge declaration according to law and discharge pollutants in accordance with regulations. With regard to enterprises violating the aforesaid laws, the relevant competent authorities of environmental protection may impose administrative penalties on them in accordance with laws and regulations. Any enterprises that have caused an environmental pollution hazard shall be responsible for eliminating it and compensating the entities or individuals directly damaged.

In accordance with Cleaner Production Promotion Law promulgated by the Standing Committee on 29 June 2002 and revised on 29 February 2012, in the designing of products and packages, consideration shall be given to their effects on human health and the environment during their life cycles, and priority shall be given to options for products and packages that are toxicant-free, harmless, easily dissolved or recycled. Enterprises shall properly pack their products, refraining from overusing the packages and preventing the generation of package waste.

Export of Products

The import and export of goods are mainly subject to the PRC Foreign Trade Law (中華人民共和國對外貿易法), the Regulation of the PRC on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例) (“**Import and Export Regulations**”), Administrative Regulations on the Registration of the General Administration of Customs Declaration Service Provider (中華人民共和國海關對報關單位註冊登記管理規定) and Cargo Export Permit Administrative Method (貨物出口許可證管理辦法).

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According to the PRC Foreign Trade Law, which was latest amended by the Standing Committee on 6 April 2004 and revised on 1 July 2004, foreign trade operator who is engaged in the import and export of goods or technologies shall process the filing and registration with the Department of Foreign Trade under the State Council or its authorized institute, unless otherwise provided by the laws and regulations. The specific method for filing and registration shall be formulated by the Department Of Foreign Trade under the State Council. For the foreign trade operators who fail to register in accordance with the provisions of the regulations, the Customs will not process the import and export goods declaration and clearance procedure.

According to the Administrative Regulations on the Registration of the General Administration of Customs Declaration Service Provider promulgated by the General Administration of Customs (海關總署) on 31 March 2005 and coming into effect on 1 June 2005, an organization or individual in the PRC who directly imports or exports goods shall register with the appropriate local customs. After such registration, that PRC organization or individual may carry out the customs clearance at any port or place in the PRC at which there is a customs office.

According to the Import and Export Regulations, which was promulgated by the State Council on 10 December 2001 and implemented since 1 January 2002, the State can prohibit and restrict the import and export of goods under the circumstances provided by the laws. No goods can be imported and exported when the State prohibits the import and export. The goods under national restriction on import quantity shall be subject to the quota administration. The goods under other import restriction shall be subject to the permit administration. No restriction is imposed on the goods of free import.

According to the Cargo Export Permit Administrative Method revised by MOFCOM on 7 May 2008, which took effect on 1 July 2008, export permits are applicable to goods subject to export restrictions. MOFCOM, in collaboration with the General Administration of Customs (海關總署), are responsible for formulating the annual Catalog of Goods subject to Export Permits (出口許可證管理貨物目錄).

Import and Export Commodity Inspection of the PRC

Law of the PRC on Import and Export Commodity Inspection (“**Commodity Inspection Law**”), originally adopted on 21 February 1989 and revised on 28 April 2002, came into effect on 1 October 2002. According to the Commodity Inspection Law, an enterprise manufacturing packagings for dangerous export goods must apply to the commodity inspection authorities for a test of the performance of such packagings. An enterprise producing dangerous export goods must apply to the same authorities for a test of the use of packagings. No permission shall be granted for the export of dangerous goods kept in packagings which have not passed a test.

Safe Production

The PRC Work Safety Law (中華人民共和國安全生產法) (“**Work Safety Law**”), was promulgated on 29 June 2002, came into effect on 1 November 2002 and was revised on 27 August

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2009. Pursuant to the Work Safety Law, the production and business operation entities must be equipped for safe production as provided in laws, administrative regulations, national standards and industry standards. Our Group must provide production safety training for its employees, ensure that the design, manufacture, installation, use, inspection and maintenance of its safety equipment comply with the relevant PRC national or industrial standards, and provide to its employees labor protection equipment in compliance with the PRC national or industrial standards.

Generally, any production and business operation entity with more than 300 employees shall establish an independent administrative body of safe production or have full-time personnel for the administration of safe production. If the enterprise has fewer than 300 employees, it shall have full-time or part-time personnel for the administration of safe production or entrust engineering technicians who have been equipped with the relevant professional technical qualifications as provided by the state to provide services in regard to the administration of work safety. Violations of the PRC Work Safety Law may result in the imposition of fines and penalties, the suspension of operation, an order to cease operation, and/or criminal liability in severe cases.

Labor and Social Insurance

According to the PRC Labor Law (中華人民共和國勞動法) implemented on 1 January 1995, workers are entitled to fair employment, choice of occupation, labor remuneration, leave, a safe workplace, a sanitation system, social insurance and welfare and certain other rights. Employers may not require their employees to work in excess of the prescribed time limits and must timely pay wages that meet certain minimum wage standards. Employers shall establish and improve their work safety and sanitation system, educate employees on safety and sanitation and provide employees with a working environment that meets the national work safety and sanitation standards.

The PRC Labor Contract Law (中華人民共和國勞動合同法) (“**Labor Contract Law**”) was promulgated on 29 June 2007 and came into effect on 1 January 2008, and its Implementation Regulations were implemented on 18 September 2008. According to the Labor Contract Law, labor contracts must be executed in writing to establish labor relationships between employers and employees. In the event of a violation of any legal provisions of the Labor Contract Law, administrative penalties may be imposed on employers by the competent PRC government authority in charge of labor administration, including warnings, rectification orders, fines, orders for payment of wages and compensation to employees, revocation of business licenses and other penalties.

Pursuant to the PRC Social Insurance Law (中華人民共和國社會保險法) promulgated on 28 October 2010, which became effective on 1 July 2011, employers in the PRC must register with the relevant social insurance authority and make contributions to the pension insurance fund, basic medical insurance fund, unemployment insurance fund, maternity insurance fund and work-related injury insurance fund. Pursuant to the PRC Social Insurance Law, pension insurance, basic medical insurance and unemployment insurance contributions must be paid by both employers and employees, while work-related injury insurance and maternity insurance contributions must be paid solely by employers. An employer must declare and make social insurance contributions in full and on time. The social

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insurance contributions payable by employees must be withheld and paid by employers on behalf of the employees. Employers who fail to register with the social insurance authority may be ordered to rectify the failure within a specific time period. If the employer fails to rectify the failure to register within a specified time period, a fine of one to three times the actual premium may be imposed. If the employer fails to make social insurance contributions on time and in full, the social insurance collecting agency shall order the employer to make up the shortfall within the prescribed time period and impose a late payment fee amounting to 0.05% of the unpaid amount for each day overdue. If the non-compliance continues, the employer may be subject to a fine ranging from one to three times the unpaid amount owed to the relevant administrative agency.

Pursuant to the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) which was amended and came into effective on 24 March 2002, employers are required to register with the local housing fund management center and set up a special housing fund account with an entrusted bank. Employers are also required to contribute no less than 5% of each employee's average monthly salary in previous year to the housing fund on behalf of their employees fully and timely. The subsequent late registration or no registration may be subject to the fine above RMB10,000 and below RMB50,000.

Real Estate Law

According to the Real Right Law of the PRC (中華人民共和國物權法) (“**Real Right Law**”), which was promulgated on 16 March 2007 and took effect on 1 October 2007, the term “real right” as mentioned in the Real Right Law means the exclusive right of direct control over a specific real estate enjoyed by the holder in accordance with law, including ownership, usufructuary right and real rights for security. Until it is registered in accordance with law, the creation, alteration, alienation or termination of the real right of a realty shall come into effect; unless it is otherwise prescribed by any law, it shall have no effect if it is not registered in accordance with law.

The Land Administration Law of the PRC (中華人民共和國土地管理法) was promulgated by the Standing Committee on 25 June 1986 and amended on 28 August 2004. According to this law, no units or individuals may misappropriate, buy and sell land, or illegally transfer land by other means, however, the right to the use of land may be transferred in accordance with law. State-owned land to be lawfully used by units or individuals shall be registered with and recorded by the people's government at or above the county level, which shall issue certificates upon verification to confirm their right to the use of such land.

In according with the Urban Real Estate Administration Law of the PRC (中華人民共和國城市房地產管理法), which was promulgated by the Standing Committee on 5 July 1994, and revised on 30 August 2007, the State practises system of using State-owned lands under due compensation and terms of using the land except the use of State-owned land allocated by the State according to this law. The right of use land shall be leased through auction, bidding or negotiations between the related parties.

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A written contract for the lease shall be signed on the lease of the right to use land, and the land users should pay the lease fees for the right of land use in accordance with the contract for the lease. Land users who need to change the use of the land prescribed by the contract must first of all get the consent from the land lessor and the urban planning department of the city or county people's government.

The Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法) was promulgated by Ministry of Housing and Urban-rural Construction (住房和城鄉建設部) on 1 December 2010 and took effect since 1 February 2011. According to this regulation, a written contract for the house lease shall be signed by the parties concerned, and be registered within 30 days after the conclusion of the contract. Within the term of lease, if the lessor intend to sell the rental house, the lessor shall notify the lessee before selling and the lessee have the right of preemption.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

Circulars Issued by the Chinese Government Regarding Listing and Restructuring

The Notification of the Foreign Exchange Administration regarding the Fundraising by Domestic Residents through Overseas Companies with Specific Purpose and the Returned Investment of SAFE (“**Circular No. 75**”), which was promulgated by SAFE on 21 October 2005, as well as the Notification of the Implementation Details for the Notification of the Foreign Exchange Administration regarding the Fundraising by Domestic Residents through Overseas Companies with Specific Purpose and the Returned Investment issued by the Comprehensive Department of SAFE (關於印發《國家外匯管理局關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》操作規程的通知) (“**Circular No. 106**”), require a PRC individual resident to proceed with the foreign exchange registration of investment before he establishes or gains control of any overseas company with specific purposes.

On 8 August 2006, six ministries and commissions including MOFCOM jointly promulgated the Regulations on the Acquisition of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (“**Circular No. 10**”), which took effect on 8 September 2006. In Circular No. 10, an overseas company with specific purpose refers to an overseas company directly or indirectly controlled by a non-foreign-invested PRC company or a PRC national for the purpose of listing out of the PRC that non-foreign-invested PRC company's or that PRC national's interest in a business in PRC. A non-foreign-invested PRC company, which intends to establish an overseas company with specific purpose, shall obtain approval from MOFCOM. Overseas listing of an overseas company with specific purpose is subject to the approval from the securities regulatory agency of the State Council (國務院證券監督管理機構).

As advised by our PRC legal advisors, on the basis that Euro Asia Packaging is a foreign-invested PRC company and the ultimate beneficial owner of the Company is a non-PRC national (not including Hong Kong, Macau and Taiwan), Circular No. 10 is not applicable to the Listing and it is not necessary to obtain approval from the regulatory authorities in the PRC in relation to the Listing.

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Establishment, Operation and Management of a Wholly Foreign-Owned Enterprise

The establishment, operation and management of corporate entities in China are governed by the Company Law of the PRC (中華人民共和國公司法) (the “**PRC Company Law**”), which was promulgated by the Standing Committee of the National People’s Congress (全國人民代表大會常務委員會) (the “**Standing Committee**”) on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004 and 27 October 2005. The PRC Company Law generally governs two types of companies — limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of a company to its debtors is limited to the value of assets owned by the company. Liability of shareholders of a limited liability company and a joint stock limited company is limited to the amount of registered capital they have contributed. The PRC Company Law shall also apply to foreign-invested companies. Where laws on foreign investment have other stipulations, such stipulations shall apply.

Such matters as incorporation, organization structure, management, annual inspection, foreign exchange administration, labor issues and all other relevant issues of wholly foreign-owned enterprises shall be subject to the Wholly Foreign-owned Enterprise Law of the PRC (中華人民共和國外資企業法) (the “**Wholly Foreign-owned Enterprise Law**”) promulgated on 12 April 1986 and amended on 31 October 2000, and Implementation Regulations under the Wholly Foreign-owned Enterprise Law promulgated on 12 December 1990 and amended on 12 April 2001.

Investments in the PRC conducted by foreign investors and foreign-owned enterprises shall comply with the Guidance Catalog of Industries for Foreign Investment (外商投資產業指導目錄) (the “**Catalog**”), which was jointly issued by MOFCOM and the National Development and Reform Commission (國家發展和改革委員會) in 1995, as amended in 1997, 2002, 2004, 2007 and 2011. The current effective Catalog was issued on 24 December 2011, and came into force on 30 January 2012. The Catalog contains specific provisions guiding market access to foreign capital, stipulating in detail the areas of entry pertaining to the categories of encouraged foreign-invested industries, restricted foreign-invested industries and prohibited foreign investment. Any industry not listed in the Catalog is a permitted industry. According to the Catalog, the production of aluminum aerosol cans, iron cans, aerosol valves, household-type spray, spray machinery and appliances is an encouraged foreign investment industry.

Dividend Distribution

The principal laws and regulations regulating the distribution of dividends by foreign-invested enterprises in the PRC include the PRC Company Law, the Wholly Foreign-owned Enterprise Law and its Implementation Regulations, the Equity Joint Venture Law amended on 15 March 2001 and its Implementation Regulations amended on 22 July 2001 and the Cooperative Joint Venture Law amended on 31 October 2000 and its Implementation Regulations promulgated on 4 September 1995.

Under China’s current regulatory regime, foreign-invested enterprises in the PRC may pay dividends only out of their accumulated profit, if any, determined in accordance with the PRC

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accounting standards and regulations. A PRC company is required to set aside as general reserves (法定公積金) at least 10% of its after-tax profit, until the cumulative amount of such reserves reaches 50% of its registered capital unless the provisions of laws regarding foreign investment otherwise provided. A PRC company shall not distribute any profits until any losses from prior fiscal years have been offset. Profits retained from prior fiscal years may be distributed together with distributable profits from the current fiscal year. After the PRC Company Law became effective, it was up to the board of directors of a wholly foreign-owned enterprise to decide whether or not to make appropriation to the staff welfare and incentive fund as well as the ratio of the staff welfare and incentive fund to the after-tax profit.

Foreign Exchange Control

The principal regulation governing foreign currency exchange in the PRC is the Regulation on Foreign Exchange Control (中華人民共和國外匯管理條例), which was promulgated on 29 January 1996 and came into effect on 1 April 1996, and subsequently amended on 14 January 1997 and 1 August 2008. The Regulation on Foreign Exchange Control classifies all international payments and transfers into basic account items and capital account items. According to the Regulation on Foreign Exchange Control, foreign currency payments under basic account items by domestic institutions, including payments for imports and exports of goods and services and payments of income and current transfers into and outside the PRC must be either paid with their own foreign currency with valid documentation or with the foreign currency purchased from any financial institution engaged in foreign currency sale and settlement, in accordance with the administrative provisions on payment and purchase of foreign currency promulgated by SAFE. Foreign currency income accounted for under basic account items may be retained or sold to financial institutions engaged in foreign currency sale and settlement in accordance with the relevant PRC laws and regulations. Foreign currency payments under capital account items include cross-border transfers of capital, direct investments, securities investments, derivative products and loans, and must, in accordance with the SAFE regulations relating to foreign payments and purchases, be made out of a domestic institution's own foreign currency with valid documentation or be made with foreign currency purchased from any financial institution engaged in foreign currency sale and settlement. For foreign-invested enterprises wound up in accordance with the law, funds denominated in Renminbi that belong to a foreign investor after liquidation and after payment of tax may be used to purchase foreign currency from any financial institution engaged in foreign exchange sale and settlement in order to remit the foreign currency outside of the PRC.

On 29 August 2008, the General Affairs Department of SAFE issued the Notice with Regard to the Issues of Administration of Settlement of Foreign Currency Capital of Foreign Investment Enterprise (國家外匯管理綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知). This notice further regulates the administration of settlement of foreign currency capital of foreign investment enterprises within the PRC. According to the notice, the capital of a foreign investment enterprise converted from foreign currency and settled in Renminbi may not be used for equity investment within the PRC, but may only be used for purposes as approved by the authorities in charge of the foreign investment. The use of such Renminbi capital may not be changed without SAFE's approval and may not in any case be used to repay RMB-denominated loans if the proceeds of such

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loans have not been used. In addition, any transfer of funds for the sake of equity investment in the PRC by foreign-invested enterprises approved by MOFCOM must first undergo examination and be approved by SAFE or its local branches. Any profits obtained by PRC entities or individuals through the sale of equities or interests in PRC enterprises to foreign investors must be conducted through an account reserved exclusively for foreign exchange. The opening of such account and any related transfer of funds must undergo examination and be approved by the local branches of SAFE as provided by the relevant regulations.

LAWS AND REGULATIONS ON TAXATION

Income Tax

According to the EIT Law, which was promulgated on 16 March 2007, the income tax for both domestic and foreign-invested enterprises will be at the same rate of 25% effective from 1 January 2008. The existing tax exemptions, reductions and preferential treatment which had been enjoyed by foreign-invested enterprises were abolished unless otherwise specified.

According to the Circular on Issues concerning Implementation of Preferential Enterprise Income Tax Treatment for High- and New-Technology Enterprise* (國家稅務總局關於實施高新技術企業所得稅優惠有關問題的通知), promulgated by SAT on 22 April 2009 and effective retrospectively as at 1 January 2008, upon the accreditation/re-examination of qualified high- and new-enterprise, such high accreditation/re-examination. The enterprises, upon obtaining the and new-enterprise can apply to enjoy the preferential enterprise income tax as at the current year beginning from the valid period approved by the accreditation/re-examination. The enterprises, upon obtaining the Certificate of High- and New-Technology Enterprise issued by the administrative departments for accreditation of high- and new-technology enterprises of province, autonomous region, municipality or municipality with independent planning status, can apply to the competent tax authorities for tax reduction and exemption; upon fulfillment of those procedures, the high-and new-technology enterprise can make advance enterprise income tax declaration at a rate of 15% or enjoy a transitional preferential tax treatment.

Withholding Tax On Dividend Distribution

Before the promulgation of the EIT Law, the principal regulations governing distribution of dividends paid by wholly foreign-owned enterprises include Foreign-Invested Enterprises Tax Law together with its Implementation Rules. Under these regulations, dividends paid to a foreign investor are exempt from withholding tax. However, this provision has been revoked by the New EIT Law. According to the EIT Law and its Implementation Rules, generally a withholding tax rate of 10% will be imposed on dividends paid to non-PRC resident investors, effective from 1 January 2008. The enterprise income tax rate on the dividends may be reduced pursuant to a tax treaty between the Mainland and the jurisdictions in which non-PRC investors reside.

According to the Arrangement between the PRC and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on

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Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排), effective on 1 January 2007, the withholding tax rate for dividends paid by a PRC resident enterprise to a Hong Kong resident enterprise is 5%, if the Hong Kong enterprise is the “beneficial owner” and holds at least 25% of equity interests of the PRC enterprise directly. According to the Notice of SAT on the Issues relating to the Administration of the Dividend Provision in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知) promulgated on 20 February 2009, the corporate recipients of dividends distributed by PRC enterprises must satisfy the direct ownership thresholds at all times during the 12 consecutive months preceding the receipt of the dividends.

Value-Added Tax

Pursuant to the Provisional Regulations of the PRC Concerning Value Added Tax (中華人民共和國增值稅暫行條例) (“**VAT Regulations**”) promulgated by the State Council of the PRC (“**State Council**”) which was subsequently amended and took effect on 1 January 2009 and its Implementation Rules, all entities and individuals in the PRC engaged in the sale of goods, the supply of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax (“**VAT**”). VAT payable is calculated as “output VAT” minus “input VAT.” The rate of VAT is 17% or in certain limited circumstances, 13%, depending on the product type.

CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions with parties who are connected persons, and these transactions will continue following Listing, thereby constituting continuing connected transactions of the Group under the Listing Rules.

Exempt Continuing Connected Transaction

1. *Lease Agreement*

On 31 December 2012, a lease agreement (the “**Lease Agreement**”) was entered into between Mr. Lin (as landlord) and Hong Kong Aluminum Cans (as tenant) in respect of the property situated at office Unit G, 20/F, Golden Sun Centre, Nos. 59/67 Bonham Strand West, Hong Kong (the “**Property**”). Since Mr. Lin is a connected person of our Company, the entering into of the Lease Agreement constitutes a continuing connected transaction of our Company under Chapter 14A of the Listing Rules.

The Property is leased for a term commencing on 1 January 2013 and ending on 31 December 2015 (both days inclusive) at a monthly rental of HK\$8,000 (exclusive of rates, government rent, management fees and other utilities outgoings which are payable by the tenant) and payable in advance. Under the Lease Agreement, a deposit of HK\$8,000 had been paid by the tenant to the landlord. The Property has a gross floor area of approximately 40.41 sq.m., and is currently used as the office to deal with bank remittances made by overseas customers for our export sales.

The rental under the Lease Agreement was determined by making reference to the market rates of neighboring properties. Stirling Appraisals Limited, an independent property valuer, has confirmed that the rent under the Lease Agreement is at market rate.

As the relevant applicable percentage ratios with respect to the transactions contemplated under the Lease Agreement on an annual basis is less than 5% and the annual consideration is less than HK\$1,000,000, the entering into of the Lease Agreement constitutes an exempt continuing connected transaction of our Company under Rule 14A.33 of the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Non-Exempt Continuing Connected Transactions

2. *Sales of our aluminum aerosol cans to Euro Asia Aerosol*

On 20 June 2013, Euro Asia Packaging and Euro Asia Aerosol entered into a master agreement (the “**Euro Asia Aerosol Agreement**”), pursuant to which Euro Asia Packaging has agreed to sell and Euro Asia Aerosol has agreed to purchase, aluminum aerosol cans from our Group at a price to be determined from time to time with reference to the product types and specification, sales volume and selling price offered to Independent Third Parties. The term of the Euro Asia Aerosol Agreement shall commence from the Listing Date until 31 December 2015, provided that either party may terminate the agreement by giving not less than three months’ prior written notice to the other party.

CONTINUING CONNECTED TRANSACTIONS

Euro Asia Aerosol is a limited liability company established in the PRC on 17 April 2006 and is engaged in the content filling of aerosol cans. Euro Asia Aerosol sources our aluminum aerosol cans as packaging materials mainly for personal care products. For each of the three years ended 31 December 2012, our total sales to Euro Asia Aerosol amounted to approximately HK\$0.37 million, HK\$0.51 million and HK\$1.56 million respectively.

Annual Caps: It is expected our total sales to Euro Asia Aerosol for each of the three years ending 31 December 2015 will not exceed HK\$3.2 million, HK\$3.5 million and HK\$3.9 million respectively. The proposed caps are determined by making reference to (i) the aggregate of sales made to Euro Asia Aerosol from 1 January 2013 and orders on hand amounting to approximately HK\$1.8 million up to the Latest Practicable Date; (ii) indicative orders from Euro Asia Aerosol based on its customers demand; and (iii) an annual increment of approximately 10% for each of the two years ending 31 December 2015 given the continuous growth in the PRC aerosol product market, which should bring about expected increase in demand for our products from Euro Asia Aerosol.

Since Euro Asia Aerosol is owned by European Asia Industrial which is in turn owned by Mr. Lin, Euro Asia Aerosol is a connected person of our Company and the transactions contemplated under the Euro Asia Aerosol Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

3. *Sales of our aluminum aerosol cans to Botny Chemical*

On 20 June 2013, Euro Asia Packaging and Botny Chemical entered into a master agreement (the “**Botny Chemical Agreement**”), pursuant to which Euro Asia Packaging has agreed to sell and Botny Chemical has agreed to purchase, aluminum aerosol cans from our Group at a price to be determined from time to time with reference to the product types and specification, sales volume and selling price offered to Independent Third Parties. The term of the Botny Chemical Agreement shall commence from the Listing Date until 31 December 2015, provided that either party may terminate the agreement by giving not less than three months’ prior written notice to the other party.

Botny Chemical is a limited liability company established in the PRC on 30 August 2000. It is engaged in the content filling of aerosol cans and production and sale of aerosol products. Botny Chemical sources our aluminum aerosol cans as packaging materials for its customers and its own products. For each of the three years ended 31 December 2012, our total sales to Botny Chemical amounted to approximately HK\$12.5 million, HK\$4.8 million and HK\$0.4 million respectively. We reduced our sales to Botny Chemical for the two years ended 31 December 2012 as we had to allocate two of our production lines to serve one of our major customers in the PRC, who increased its orders for a particular can model during such period.

Annual Caps: It is expected our total sales to Botny Chemical for each of the three years ending 31 December 2015 will not exceed HK\$13 million, HK\$14.3 million and HK\$15.7 million respectively. These cap amounts represent significant increases over the amounts of sales made to Botny Chemical for the two years ended 31 December 2012. As our PRC major customer as mentioned above changed

CONTINUING CONNECTED TRANSACTIONS

the dimension of the cans for packaging its products in 2013, we can release the relevant production capacity to handle the orders from Botny Chemical and will consider increasing the sales to Botny Chemical to the level similar to that in 2010. This PRC customer continues to place orders for our aluminum aerosol cans of other dimensions for packaging its different products and our Group considers that we have the available production capacity to serve the orders from this customer. The proposed caps are determined with reference to (i) the actual amount of sales made to Botny Chemical of approximately HK\$2.6 million for the three months ended 31 March 2013; (ii) the orders on hand of approximately HK\$3 million from Botny Chemical for the three months ending 30 June 2013; (iii) indicative orders from Botny Chemical based on its customers demand; and (iv) an annual increment of approximately 10% for each of the two years ending 31 December 2015 given the continuous growth in the PRC aerosol product market, which should bring about expected increase in demand for our products from Botny Chemical.

Since Botny Chemical is owned by European Asia Industrial which is in turn owned by Mr. Lin, Botny Chemical is a connected person of our Company and the transactions contemplated under the Botny Chemical Agreement constitute continuing connected transactions under Chapter 14A of the Listing Rules.

Pursuant to Rules 14A.25 and 14A.26 of the Listing Rules, the proposed transactions under the Euro Asia Aerosol Agreement and the Botny Chemical Agreement are aggregated to determine the relevant classification of the connected transactions, as both Euro Asia Aerosol and Botny Chemical are indirectly beneficially owned by Mr. Lin. When aggregated, the annual sales caps of our Group with Euro Asia Aerosol and Botny Chemical for each of the three years ending 31 December 2015 will be HK\$16.2 million, HK\$17.8 million and HK\$19.6 million respectively, and the applicable percentage ratios under Chapter 14A of the Listing Rules in respect thereof, on an annual basis, exceed 5% and HK\$10,000,000. Therefore, the transactions under the Euro Asia Aerosol Agreement and the Botny Chemical Agreement constitute continuing connected transactions for our Company and are subject to the reporting, annual review, announcement and independent shareholders' requirements under Chapter 14A of the Listing Rules.

WAIVER FROM COMPLIANCE WITH THE LISTING RULES

Given their recurring nature, the Directors consider that compliance with the announcement and independent shareholders' approval requirements pursuant to the Euro Asia Aerosol Agreement and the Botny Chemical Agreement would be unduly burdensome, impractical and add significant unnecessary administrative costs to our Company. Accordingly, we, pursuant to Rule 14A.42(3) of the Listing Rules, have applied for, and the Stock Exchange has granted to our Company, a waiver with respect to the continuing connected transactions contemplated under the Euro Asia Aerosol Agreement and the Botny

CONTINUING CONNECTED TRANSACTIONS

Chemical Agreement from strict compliance with the requirements under Rule 14A.47 to Rule 14A.54 of the Listing Rules on the following conditions:

- (i) the aggregate value of the transactions contemplated under each of the Euro Asia Aerosol Agreement and the Botny Chemical Agreement for each of the three years ending 31 December 2015 will not exceed their respective annual caps as stated above; and
- (ii) our Company shall comply with the relevant provisions and requirements under Chapter 14A of the Listing Rules, including in the event that the terms of such agreements are altered or our Group enters into any new transactions or agreements with any of its connected persons in the future.

CONFIRMATION FROM THE DIRECTORS

The Directors (including the independent non-executive Directors) confirm that each of the Lease Agreement, the Euro Asia Aerosol Agreement and the Botny Chemical Agreement has been and will be entered into in the ordinary and usual course of business of our Group on normal commercial terms, the terms of which and the respective proposed annual caps are fair and reasonable and in the interest of our Shareholders and our Group as a whole.

CONFIRMATION FROM THE SPONSOR

The Sponsor is of the view that each of the Euro Asia Aerosol Agreement and the Botny Chemical Agreement has been and will be entered into in the ordinary and usual course of business of our Group on normal commercial terms, the terms of which and the respective proposed annual caps are fair and reasonable and in the interests of our Group and our Shareholders as a whole.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

DIRECTORS

Our Board consists of eight Directors, of whom three are executive Directors, one is non-executive Director and four are independent non-executive Directors.

The following table sets forth certain information concerning the Directors.

Name	Age	Position	Date appointed as Director
Mr. Lin Wan Tsang (連運增)	47	Executive Director, chairman	12 September 2012
Ms. Ko Sau Mee (高秀媚)	46	Executive Director	28 March 2013
Mr. Chamlong Wachakorn (陳景輝)	69	Executive Director	28 March 2013
Mr. Kwok Tak Wang (郭德宏)	49	Non-executive Director	28 March 2013
Mr. Leung Man Fai (梁文輝)	48	Independent non-executive Director	20 June 2013
Dr. Lin Tat Pang (連達鵬)	57	Independent non-executive Director	20 June 2013
Ms. Guo Yang (郭楊)	51	Independent non-executive Director	20 June 2013
Mr. Chung Yi To (鍾詒杜)	46	Independent non-executive Director	24 June 2013

Executive Directors

Mr. Lin Wan Tsang (連運增), aged 47, is the founder and general manager of our Group, an executive Director and chairman of the Board. He is responsible for formulating our corporate strategies and overseeing the overall business of our Group.

Mr. Lin has over 18 years of experience in the aluminum packaging industry and has extensive experience in the aerosol manufacturing industry. Mr. Lin started his business in the production of aluminum aerosol cans when he established Chaoyang City Euro Asia Aluminum Cans Industrial Company Limited* (潮陽市歐亞鋁罐工業有限公司) in 1995. Leveraging upon his experience and business connection in the aluminum packaging industry for aerosols, he further expanded his business into the aerosol manufacturing and aerosol filling industries through the establishment of Botny Chemical in 2000 and Euro Asia Aerosol in 2006.

Mr. Lin is a director of Euro Asia Packaging. He is also the ultimate shareholder and director of Botny Chemical and Euro Asia Aerosol, holding the entire issued share capital of each of these companies. Further details of Botny Chemical and Euro Asia Aerosol are disclosed in the section headed “Relationship with the Controlling Shareholders” in this prospectus. Mr. Lin is also a director of European Asia Industrial which engages in investment holding and was a shareholder of Euro Asia Packaging before the Reorganization.

Mr. Lin is currently the vice-president of Guangdong Provincial Association of Standardization* (廣東省標準化協會), a standing member of CPF and the All-China Environment Federation* (中華環保聯合會), and a visiting professor of Zhongshan Torch Polytechnic (中山火炬職業技術學院).

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Mr. Lin was appointed as a member of the Conghua City Chinese People's Political Consultative Conference National Committee* (從化市政協委員會) in 2011, vice-principal of the Metal Containers Committee (金屬容器委員會) of CPF for the period from 2011 to 2016, vice-president of Zhongshan City Printing and Packaging Association* (中山市印刷包裝行業協會) for the period from 2011 to 2014, and the deputy director of the Aerosol Packaging Committee (氣霧劑專業委員會) of CPF for the period from 2008 to 2013. He was awarded as honorary citizen of Conghua City, Guangdong Province in 2010.

Ms. Ko Sau Mee (高秀媚), aged 46, is a founder and an executive Director. She is responsible for formulating corporate strategies and overseeing the overall business of our Group.

Mrs. Lin has over 10 years of experience in the aluminum packaging industry. She together with Mr. Lin established Euro Asia Packaging in 2002 to engage in the manufacture and sale of aluminum aerosol cans and Botny Chemical in 2000 to engage in the production and sale of aerosol.

Mrs. Lin has been a director of Euro Asia Packaging and Botny Chemical since 2002 and 2000 respectively.

Mr. Chamlong Wachakorn (陳景輝), aged 69, is an executive Director and has been a director of Euro Asia Packaging since June 2002. He is responsible for the formulation and development of business strategies for our Group.

He is currently the legal representative of Zhen Qiao Foods (Guangzhou) Co. Ltd.* (廣州真巧食品有限公司) (“**Zhen Qiao Foods**”). Our Group does not have any relationship with Zhen Qiao Foods. Between May 2009 and March 2013, he was also the director, legal representative and manager of Euro Asia Aerosol. Mr. Chamlong Wachakorn has confirmed that he will spend approximately 60% of his time with our Group upon Listing.

He has been the vice-president of Guangzhou Conghua City Resident Enterprises Association* (廣州從化市民營企業協會), vice-president of the 4th session of the Jiangpo Sub-council of the Conghua City Federation of Commerce and Industry* (從化市工商業聯合會江埔分會第四屆商會), vice-president of the 14th session of the executive committee of the General Chamber of Commerce of Conghua City* (從化市總商會十四屆執行委員會), vice-president of the Conghua City Sub-council of the China Council for the Promotion of International Trade* (中國國際貿易促進委員會從化市支會), vice-president of China Chamber of International Commerce Conghua Chamber of Commerce* (中國國際商會從化商會) and a member of the Conghua City Chinese People's Political Consultative Conference National Committee* (從化市政協委員會).

Non-executive Director

Mr. Kwok Tak Wang (郭德宏), aged 49, is a non-executive Director and was a director of Euro Asia Packaging from July 2008 to October 2011 and from October 2012 to January 2013. Mr. Kwok

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

obtained a Master's degree in Business Administration from University of Chicago in 1997 and obtained a Master's degree in Computer Engineering from University of Southern California in 1992. He graduated from University of Wisconsin-Madison with a Bachelor's degree in Electrical Engineering in 1990.

Mr. Kwok is experienced in financial management and investment. Prior to joining our Group, he served as the managing director in JRE Asia Capital (Hong Kong) Limited from 2010 to 2012. He also served as the managing director in Credit Suisse Capital Advisors (Hong Kong) Limited from 2008 to 2010.

Independent Non-executive Directors

Mr. Leung Man Fai (梁文輝), aged 48, is our independent non-executive Director. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Leung received a Bachelor of Arts degree in Accountancy from the City University of Hong Kong in 1991.

Mr. Leung has over 20 years of experience in accounting and finance. He is currently the chief financial officer and the company secretary of Da Ming International Holdings Limited (stock code: 1090), a company listed on the Main Board. Before joining Da Ming International Holdings Limited, Mr. Leung served as the financial controller and the company secretary of a private company from October 2003 to October 2006. From January 1996 to January 2003, he served various roles including financial controller, company secretary and finance manager in several listed companies within ITC Corporation Limited (stock code: 372). He also worked as a senior accountant in Hopewell Holdings Limited (stock code: 54) from November 1992 to January 1996.

Dr. Lin Tat Pang (連達鵬), aged 57, is our independent non-executive Director. Dr. Lin received his Doctor of Law, Master of Law and Bachelor of Law from Peking University (北京大學) in 2009, 1998 and 1992 respectively. He also completed his Postgraduate Certificate in Hong Kong Law in City University of Hong Kong (previously known as City Polytechnic of Hong Kong) in 1993. Dr. Lin is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Chartered Association of Certified Accountants, United Kingdom. He is also a member of the Chartered Institute of Arbitrators, United Kingdom.

Dr. Lin has over 30 years of experience in accounting, finance and public offerings. He worked for Hong Kong Exchanges and Clearing Limited and the Stock Exchange between 1992 and March 2013, and his last position was senior consultant to the Listing, Listing & Regulatory Affairs Division of Hong Kong Exchanges and Clearing Limited. He has served as an adjunct professor at Huazhong University of Science & Technology (華中科技大學) since December 2011.

Ms. Guo Yang (郭楊), aged 51, is our independent non-executive Director. Ms. Guo completed a professional course in economics management from Correspondence College of Party School of Central Committee of the Communist Party of China* (中共中央黨校函授學院) in 2001 and a professional course in industrial enterprise management from Beijing Open University (北京廣播電視大學) in 1986.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Guo has over 20 years of experience in the packaging industry. She has been the deputy secretary-general of the Aerosol Packaging Committee (氣霧劑專業委員會) of CPF since July 2011. During the period from January 1988 to July 2011, she worked in the following positions in CPF: the principal staff member of the Secretariat, the vice-chairman of the Office of Finance, the minister and the vice-minister of the Industry Department, the secretary-general of the Aerosol Packaging Committee (氣霧劑專業委員會) and the Aseptic Packaging Committee (無菌包裝委員會) as well as the deputy secretary-general of the Circular Economic Committee (循環經濟委員會). She also served as the manager of the Management Department of Concept Figure (Beijing) International Exhibition Company Limited* (觀圖(北京)國際展覽有限責任公司), the officer of the Federation of China Packaging Entrepreneurs* (中國包裝企業家聯合會).

Mr. Chung Yi To (鍾詒杜), aged 46, is our independent non-executive Director. He has over 20 years of experience in finance, particularly in the derivatives, futures and commodities sectors.

Mr. Chung worked as an assistant manager of the China Offshore Interest Rate Derivatives department in Tullett Prebon (Hong Kong) Limited, a financial services firm, from October 2012 to April 2013. Between November 2006 and November 2011, he served as the senior vice president of foreign exchange and listed derivatives sales in MF Global Holdings HK Limited, where he managed a team that provided 24-hour coverage in global listed futures such as fixed income and commodities in the energy and metal markets. He was the licensed responsible officer under the SFO for MF Global Hong Kong Limited in respect of Type 1 (dealing in securities) and Type 2 (dealing in futures contracts) regulated activities for the period from April 2007 to November 2011; and Type 4 (advising on securities) and Type 5 (advising on futures contracts) regulated activities for the period from July 2011 to November 2011. For the purpose of full disclosure under Rule 13.51(2) of the Listing Rules, MF Global Holdings HK Limited was ordered to conduct a creditors' voluntary liquidation pursuant to the court order dated 4 October 2012. The liquidation of MF Global Holdings HK Limited was, in any circumstances, not caused by or related to Mr. Chung. As such, our Company is of the view that the liquidation of MF Global Holdings HK Limited does not affect him to act as our independent non-executive Director.

During July 2005 to November 2006, Mr. Chung worked for Credit Suisse (Hong Kong) Limited, and his last position was the vice president of the fixed income division. From May 2004 to July 2005, he worked for HSBC Futures, Singapore Pte Ltd, (Hong Kong branch) and was responsible for marketing commodities futures, and his last position was the associate director. From February 1998 to April 2004, he was employed by ABN AMRO Bank N.V. and his last position was the assistant vice president, sales of ABN AMRO Asia Futures Limited in ABN AMRO Clearing and Execution Services.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above, each of our Directors has confirmed that he/she has not held any other directorships in listed companies during the three years immediately prior to the date of this prospectus and that there are no other matters concerning our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SENIOR MANAGEMENT

Mr. Luo Yong Qiang (駱永強), aged 41, has joined our Group since 2011. He is the deputy general manager of our Group and is responsible for the overall management of the production, quality control, research and development as well as engineering departments.

Mr. Luo was qualified as Guangdong Provincial Certified Junior Safety Management Personnel* (廣東省註冊初級安全管理人員) and Guangdong City Certified Fire Safety Management Personnel* (廣州市註冊消防安全管理人員). He took a two-year college course in Business Administration (Market Positioning) from The Open University of China* (中央廣播電視大學) in January 2010.

Mr. Luo has extensive working experience in production, production safety management, project planning, quality management system and human resources management. He participated in the planning and construction of large-scale aerosol-filling factories. From September 2000 to March 2011, he was the production director at Botny Chemical.

Mr. Lu Feng (路楓), aged 56, has been the secretary of the Board and deputy general manager of our Group since March 2008. Mr. Lu is responsible for our Group's overall capital management and maintaining public relation with various local government bodies and financial institutions.

Mr. Lu has more than 20 years of experience in business management and the securities industry. Mr. Lu obtained the Certificate of Completion of Training for Senior Management of Listed Companies* (上市公司高級管理人員培訓結業證書) issued by the Shenzhen Stock Exchange in 2011, the Secretary for Board of Directors Qualification Certificate issued by the Shenzhen Stock Exchange* (深圳證券交易所董事會秘書資格證書) in September 2009 and the Practitioner Qualification Certificate issued by the Securities Association of China* (中國證券業協會證券從業資格證書) in 2001. He was qualified as a hull engineer* (船體工程師資格) in 1992.

Prior to joining our Group, he served as the assistant to the general manager and manager of the assets management department of Zhongshan City National Health Technology Park (中山市國家健康科技產業基地) in Guangdong Province from January 2007 to February 2008. He also served as the general manager of the sales department and director of the Research Institute of Zhongshan Securities Company Limited* (中山證券有限責任公司研究所) from April 1996 to May 2005.

Ms. He Wan Zhu (賀琬株), aged 42, has been the chief financial officer of our Group since February 2013. She is responsible for the accounting and treasury matters of our Group.

Ms. He has extensive experience in the accounting and auditing profession. She was awarded as a certified public accountant and registered tax agent in the PRC and obtained a Bachelor's degree in Accounting from Renmin University of China (中國人民大學) in July 1998. Prior to joining our Group, she served as the department deputy manager of Shenzhen Pengcheng Certified Public Accountants Co., Ltd. (深圳市鵬城會計師事務所有限公司) from March 2005 to February 2012.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Ms. Xu Wei (徐蔚), aged 45, has joined our Group since 2004. She is the deputy general manager and is responsible for the sales and marketing for overseas markets of our Group. She obtained a Bachelor's degree in Arts from Shenzhen University (深圳大學) in July 1989.

Mr. Zuo Jie Hao (左結豪), aged 63, has joined our Group since June 2002. He is the deputy general manager and is responsible for the sales and marketing for the PRC market of our Group. Before he joined our Group, Mr. Zuo worked as the senior sales manager of Cebal Zhongshan Co. Ltd* (西博爾(中山)有限公司).

Mr. Zhang Yao Ping (章耀平), aged 42, has joined our Group since November 2009. He has been the assistant to the general manager and is responsible for overseeing the administration and human resources management of our Group.

Mr. Zhang is qualified as a senior chemical engineer* (化工高級工程師). He obtained a Bachelor's degree in Chemical Safety Engineering from Wuhan Institute of Iron and Steel* (武漢鋼鐵學院) in July 1993.

Prior to joining our Group, Mr. Zhang served as a deputy general manager of Zhongshan Lok Ko Party Time Company Limited* (中山樂高派對用品有限公司) in March 2008. He also served as a deputy general manager from June 2007 to May 2008, executive deputy general manager from January 2006 to May 2007 and assistant to chairman from November 2005 to June 2006 of Xiangxue Pharmaceutical Co., Ltd. (廣州市香雪製藥股份有限公司), and deputy officer of the general manager's office from March 2002 to December 2005 and deputy chief engineer from September 1995 to March 2002 of Aestar Fine Chemical Inc. Ltd. (中山市凱達精細化工股份有限公司).

Mr. Zhang was the deputy secretary-general of the Aerosol Packaging Committee (氣霧劑專業委員會) of CPF from November 2002 to December 2010. He was also a member of the National Technical Committee on Packaging of Standardization Administration of China* (全國包裝標準化技術委員會) and Guangdong Provincial Technical Committee on Packaging of Standardization Administration of China* (廣東省包裝標準化技術委員會委員).

COMPANY SECRETARY

Mr. Lam Chi Ming, Francis (林志明), aged 54, was appointed as our company secretary on 20 June 2013. Mr. Lam has over 20 years of experience in the field of financial and general management. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam obtained a Bachelor's degree of Arts in Economics and Social Studies from the University of Manchester in July 1982.

Mr. Lam has been the director of KL CPA Limited, Certified Public Accountants since March 2010. Prior to joining our Group, he was the general manager and director of Solartech International Holdings Limited (stock code: 1166) from April 2009 to December 2009, the financial controller of China Flavors and Fragrances Company Limited (stock code: 3318) from March 2004 to February

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

2009, the financial controller, qualified accountant, company secretary and authorized representative of Kinetana Hong Kong Herbal Pharmaceutical Limited from July 2001 to September 2002. Mr. Lam worked for Pam and Frank Industrial Co. Ltd (stock code: 0431, now renamed as Greater China Holdings Limited) between October 1991 and November 2000 and his last position was senior vice president.

CORPORATE GOVERNANCE

We consider our corporate governance structure is very important in establishing a strong relationship among our Board, senior management, our Shareholders and our stakeholders. Accordingly, we have put in place our corporate governance structure with a view to creating shareholder value and augmenting intracompany relationships. Our Board, which includes four independent non-executive Directors out of a total of eight Directors, is responsible for setting strategic, management and financial objectives and ensuring that the interests of our Shareholders, including those of minority Shareholders, are protected. To this end, our Board has established an audit committee, a remuneration committee, a nomination committee and a risk management committee.

AUDIT COMMITTEE

An audit committee was established by our Board on 20 June 2013 with written terms of reference in compliance with Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The members of the audit committee are Mr. Leung Man Fai, Dr. Lin Tat Pang, Ms. Guo Yang and Mr. Chung Yi To, all being independent non-executive Directors. Mr. Leung Man Fai is the chairman of the audit committee. The primary duties of the audit committee are, among other things, to make recommendations to the Board on the appointment and removal of the external auditor, to review the financial statements and related materials and provide advice in respect of the financial reporting process, and to oversee the internal control procedures of our Group.

REMUNERATION COMMITTEE

A remuneration committee was established by our Board on 20 June 2013 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The members of the remuneration committee are Mr. Leung Man Fai, Dr. Lin Tat Pang, Ms. Guo Yang, Mr. Chung Yi To, Mr. Lin and Mr. Kwok Tak Wang. Mr. Leung Man Fai is the chairman of the remuneration committee. The primary duties of the remuneration committee are mainly to make recommendations to the Board on the overall remuneration policy and structure relating to the Directors and senior management of our Group, to review and evaluate their performance in order to make recommendations on the remuneration package of each of the Directors and senior management personnel as well as other employee benefit arrangements.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

NOMINATION COMMITTEE

We established a nomination committee on 20 June 2013 with written terms of reference in compliance with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules. The nomination committee comprises Dr. Lin Tat Pang, Mr. Leung Man Fai, Ms. Guo Yang, Mr. Chung Yi To, Mr. Lin and Mr. Kwok Tak Wang. Dr. Lin Tat Pang is the chairman of the nomination committee. The nomination committee is mainly responsible for making recommendations to the Board on the appointment of Directors and the management of the Board succession.

RISK MANAGEMENT COMMITTEE

We established a risk management committee on 20 June 2013. The risk management committee comprises Mr. Chung Yi To, Dr. Lin Tat Pang, Mr. Leung Man Fai and Mr. Kwok Tak Wang. Mr. Chung Yi To is the chairman of the risk management committee. The risk management committee is mainly responsible for assisting the Board since the date of this prospectus in overseeing our Group's (i) risk governance structure; and (ii) hedging policies regarding its activities in forward purchases of aluminum ingots and entering into of foreign currency forward contracts. For details, please refer to the section headed "Business — Internal control on our hedging activities — Risk Management Committee" in this prospectus.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

Remuneration packages of our Directors are generally structured by reference to market terms and individual merits. Salaries are normally reviewed and discretionary bonuses are paid on annual basis based on our results, individual performance and other relevant factors.

The aggregate emoluments and benefits paid by us to our Directors during each of the three years ended 31 December 2012 were approximately HK\$0.3 million, HK\$0.3 million and HK\$0.4 million respectively.

The aggregate amount of remuneration (including fees, salaries, allowances and benefits in kind and contributions to pension scheme) which were paid by us to our five highest paid individuals for each of the three years ended 31 December 2012 were approximately HK\$1 million, HK\$1.1 million and HK\$1.1 million respectively.

Save as disclosed above, no other payments have been paid or are payable in respect of the Track Record Period by us or any of our subsidiaries to our Directors and senior management.

Going forward, our remuneration committee will review and determine the remuneration and compensation of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and senior management and performance of our Group.

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

SHARE OPTION SCHEMES

The purpose of the Pre-IPO Share Option Scheme and the Share Option Scheme is to provide us with a flexible means of retaining, incentivizing, rewarding, remunerating, compensating and/or providing benefits to participants and potential participants comprising of, among others, employees, Directors or non-executive Directors (including independent non-executive Directors) of any member of our Group. For further details, please see “Share Option Scheme” and “Pre-IPO Share Option Scheme” in Appendix V to this prospectus.

EMPLOYEES

As at the Latest Practicable Date, we had 386 full-time employees who are located in China. For each of three years ended 31 December 2012, our total staff costs including directors’ remuneration but excluding any contributions to pension scheme were approximately HK\$16.6 million, HK\$21.6 million and HK\$23.5 million respectively. For a breakdown of our employees by function as at the Latest Practicable Date, please refer to the paragraph headed “Business — Employees” in this prospectus. The relationship and cooperation between our management and employees has been good and is expected to remain amicable in the future.

Our employees have participated or may be entitled to participate in the Pre-IPO Share Option Scheme and the Share Option Scheme, details of which are set out in the section headed “Share Option Scheme” and “Pre-IPO Share Option Scheme” in Appendix V to this prospectus.

COMPLIANCE ADVISOR

We will appoint Shenyin Wanguo Capital as our compliance advisor upon Listing in compliance with Rule 3A.19 of the Listing Rules.

We expect to enter into a compliance advisor’s agreement with the compliance advisor, the material terms of which we expect to be as follows:

- (a) we will appoint the compliance advisor for the purpose of Rule 3A.19 of the Listing Rules for a period commencing on the date of listing of our Shares on the Stock Exchange and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of publication of our financial results for the first full financial year after the Listing Date, unless terminated earlier in accordance with the terms of the compliance advisor’s agreement;
- (b) the compliance advisor shall provide us with such advisory services as are required to be provided by a compliance advisor pursuant to Chapter 3A of the Listing Rules and advise us in the following circumstances:
 - (i) before the publication of any regulatory announcement, circular or financial report;

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including but not limited to share issues and share repurchases;
 - (iii) where our Company proposes to use the proceeds of the Listing in a manner different from that detailed in this prospectus or where its business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
 - (iv) where the Stock Exchange makes an inquiry with us regarding unusual movements in the price or trading volume of the shares of our Company.
- (c) we may terminate the appointment of the compliance advisor if the compliance advisor's work is of an unacceptable standard or if there is a material dispute (which cannot be resolved within 30 days) over fees payable to the compliance advisor as permitted by Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment by giving not less than one month's notice to us or if we commit a material breach of the agreement.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following completion of the Share Offer and the Capitalization Issue, without taking into account any Shares which may be taken up under the Share Offer and allotted and issued pursuant to the exercise of the Over-allotment Option and any options that have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will have interests or short positions in our Shares or underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or are directly and/or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

Long position in the Shares

<u>Name of Substantial Shareholders</u>	<u>Capacity/nature of interest</u>	<u>Number of Shares directly or indirectly held immediately following completion of the Capitalization Issue and the Share Offer</u>	<u>Approximate percentage of the issued share capital of our Company immediately following completion of the Capitalization Issue and the Share Offer</u>
Wellmass	Beneficial owner	300,000,000 Shares	75%

Note: Wellmass is 100% beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in the shares of Wellmass held by Mr. Lin. Accordingly, each of Mr. Lin and Mrs. Lin is deemed to be interested in the Shares held by Wellmass under the SFO.

NON-DISPOSAL UNDERTAKING

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange, our Company and the Sponsor (as the Lead Manager and the Public Offer Underwriter) that he/she/it shall not directly or indirectly and shall procure that the relevant registered holder(s) shall not (except pursuant to or in connection with any share lending arrangement in relation to the Share Offer as provided in Rule 10.07(3) of the Listing Rules):

- (a) during the First Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (within the meaning of Rule 10.07(2) of the Listing Rules); or
- (b) during the Second Lock-up Period, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares referred to in (a) above if, immediately following such disposal or upon the exercise of enforcement of such options, rights, interests or encumbrances, he/she/it, individually or together with each other as a group, would cease to be a Controlling Shareholder.

SUBSTANTIAL SHAREHOLDERS

Each of the Controlling Shareholders have also undertaken to the Stock Exchange, our Company and the Sponsor that within the period commencing on the date of this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it shall:

- (1) when he/she/it pledges or charges any Shares or the securities of our Company beneficially owned by him/her/it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of Shares or the securities of our Company so pledged or charged; and
- (2) when he/she/it receives indications, whether verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

We shall inform the Stock Exchange as soon as we have been informed of matters referred to in (1) and (2) above by a Controlling Shareholder and disclose such matters by way of an announcement in accordance with the Listing Rules as soon as practicable.

Further details of undertakings given by our Controlling Shareholders are set out under the section headed “Underwriting” of this prospectus.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

CONTROLLING SHAREHOLDERS

Immediately upon completion of the Capitalization Issue and the Share Offer, Mr. Lin and Mrs. Lin will through Wellmass hold 75% of our Company's entire issued share capital (without taking into account the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme). So far as the Directors are aware and save for the persons disclosed above, there are no other entities/persons who will, immediately following completion of the Capitalization Issue and the Share Offer, have interests, either directly or indirectly, in 10% or more of the voting power at general meetings of our Company.

Our Controlling Shareholders have confirmed that none of them and their respective associates is interested in any business which competes or is likely to compete, directly or indirectly with the business of our Group.

Mr. Lin, through European Asia Industrial, is interested in 100% of the issued share capital of the following companies, which have entered into transactions with the Group during the Track Record Period and are expected to continue such transactions with the Group after Listing. Further details are set out in the section headed "Continuing Connected Transactions" in this prospectus.

<u>Name of company</u>	<u>Principal activities</u>
Botny Chemical	content filling of aerosol cans and production and sale of aerosol
Euro Asia Aerosol	content filling of aerosol cans

Note: Neither Botny Chemical nor Euro Asia Aerosol itself manufactures aluminum aerosol cans, and they source our Group's aluminum aerosol cans as packaging materials for their products.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

The Directors consider that our Group is capable of carrying on its business independently from the Controlling Shareholders and their associates after Listing for the following reasons:

Management independence

Our management and operational decisions are made by our Board and senior management. Our Board comprises three executive Directors, one non-executive Director and four independent non-executive Directors. Save for Mr. Lin and Mrs. Lin, none of the other Directors nor do any of members of our senior management hold(s) any directorships and positions in companies privately owned by Mr. Lin or Mrs. Lin and their associates. We consider that our Board and senior management will function independently from our Controlling Shareholders because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests;

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (b) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant board meetings of our Company in respect of such transactions, and shall not be counted in forming quorum. Our Group has also adopted certain corporate governance measures for conflict situation, details of which are set out in the paragraph headed “Corporate governance measures” of this section; and
- (c) all our senior management members are independent from our Controlling Shareholders. They have substantial experience in the industry we are engaged in and have served our Group for a significant length of time during which period they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders.

Operational independence

We do not share operation team, facilities and equipment with our Controlling Shareholders and their associates, save for the directorships and positions of Mr. Lin and Mrs. Lin in companies privately owned by Mr. Lin. We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses necessary to carry on and operate our business and we have self-owned production facilities and sufficient workforce to operate independently from our Controlling Shareholders and their associates. Our Directors are of the view that there is no operational dependence by us on our Controlling Shareholders.

Financial independence

We have an independent financial system and make financial decisions according to our own business needs. As of the Latest Practicable Date, (i) we did not have any outstanding loans or borrowings from any of our Controlling Shareholders or any of their respective associates; (ii) there was a total of approximately HK\$89.4 million bank borrowings for which Mr. Lin has provided guarantees. Such guarantees will be released upon Listing and will be replaced by corporate guarantee from our Company. Our Directors confirm that we will not rely on our Controlling Shareholders for financing after the Share Offer as we expect that our working capital will be funded by our operating income and bank borrowings.

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

NON-COMPETITION DEED

In order to avoid any future competition between our Group on the one hand, and the Controlling Shareholders on the other hand, each of the Controlling Shareholders has under the Non-competition Deed undertaken and covenanted with our Company (for itself and as trustee for its subsidiaries) that for so long as he, she, it and/or his/her/its associates, directly or indirectly, whether individually or taken together, remain a Controlling Shareholder(s) of our Company:

- (i) he/she/it will not, and will procure his/her associates not to (other than through our Group or in respect of each covenantor (together with his/her/its associates), as a holder of not more than 5% of the issued shares or stock of any class or debentures of any company listed on any recognized stock exchange) directly or indirectly carry on, engage or otherwise be interested (in each case whether as shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which may be in competition with the business carried on by our Group from time to time (the “**Restricted Activity**”), except where our Company’s approval as mentioned in the paragraph below is obtained.

The Controlling Shareholders and their respective associates are entitled to engage or have an interest in any Restricted Activity if our Company has confirmed in writing (the “**Approval Notice**”) that none of our Group members wishes to be engaged or interested in the relevant Restricted Activity and it has approved the relevant Controlling Shareholders and their respective associates to engage or have any interest in the Restricted Activity. Any Director who is interested in the relevant Restricted Activity shall not vote on relevant resolutions approving the Approval Notice;

- (ii) if any of the Controlling Shareholders and/or his/her/its associates decide to invest, be engaged, or participate in any Restricted Activity, whether directly or indirectly, in compliance with the Non-competition Deed, he/she/it will and/or will procure his/her/its associates (other than members of our Group) to disclose the terms of such investment, engagement or participation to our Company and the Directors as soon as practicable and use his/her/its reasonable endeavors to procure that such investment, engagement or participation is offered to our Company on terms no less favorable than the terms on which such investment, engagement or participation is offered to him/her/it and/or his/her/its associates.

The Non-competition Deed and the rights and obligations thereunder are conditional and will take effect immediately upon Listing.

The obligations of a Controlling Shareholder under the Non-competition Deed will remain in effect until:

- (a) the date on which the Shares cease to be listed on the Stock Exchange; or

RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

- (b) such Controlling Shareholder and its/his/her associates, individually and/or collectively, cease to be deemed as controlling shareholder of our Company (within the meaning defined in the Listing Rules from time to time); or
- (c) the Controlling Shareholder and its/his/her associates, individually and/or collectively beneficially own or are interested in the entire issued share capital of our Company.

whichever occurs first.

Nothing in the Non-competition Deed shall prevent the Controlling Shareholders or any of their associates from carrying on any business whatsoever other than the Restricted Activity.

CORPORATE GOVERNANCE MEASURES

The following corporate governance measures will be adopted to monitor the compliance of the Non-competition Deed:

- (a) Our Company's independent non-executive Directors shall review, at least on an annual basis, the compliance with the Non-competition Deed by the Controlling Shareholders and their respective associates on their existing or future competing businesses.
- (b) The Controlling Shareholders shall promptly provide all information necessary for the annual review by our Company's independent non-executive Directors and the enforcement of the Non-competition Deed and provide to our Company a written confirmation relating to the compliance of the Non-competition Deed and make an annual declaration on compliance with the Non-competition Deed in the annual report of our Company.
- (c) Our Company shall disclose decisions on matters reviewed by its independent non-executive Directors relating to the compliance and enforcement of the undertakings provided by the Controlling Shareholders either through the corporate governance report as set out in the annual report of our Company, and/or by way of announcements to the public.
- (d) Further, if a Controlling Shareholder or a Director has a conflict of interest in a matter to be considered, it/he/she shall act in accordance with the requirements of the Listing Rules, regarding voting on such matter.
- (e) The compliance advisor of our Company shall provide our Company with professional advice on compliance of continuing obligations under the Listing Rules in accordance with the provisions of the compliance advisor agreement and the requirements of the Listing Rules.

SHARE CAPITAL

SHARE CAPITAL

The following table is prepared on the basis that the Capitalization Issue and the Share Offer have become unconditional. This table, however, takes no account of any Shares which may be allotted and issued by our Company pursuant to the exercise of the Over-allotment Option, any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme and of any Shares which may be allotted and issued or repurchased by our Company under the general mandates for the allotment and issue or repurchase of Shares granted to the Directors as referred to below.

Authorized share capital:

<u>780,000,000</u>	Shares	<u>HK\$7,800,000</u>
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Shares in issue or to be issued, fully paid or credited as fully paid:

1	Share in issue	HK\$0.01
299,999,999	Shares to be issued under the Capitalization Issue ^(Note)	HK\$2,999,999.99
<u>100,000,000</u>	Shares to be issued under the Share Offer ^(Note)	<u>HK\$1,000,000</u>

Total:

<u>400,000,000</u>	Shares	<u>HK\$4,000,000</u>
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Assuming the Over-allotment Option is exercised in full, the issued share capital of the Company immediately after completion of the Capitalization Issue and the Share Offer will be HK\$4,100,000 divided into 410,000,000 Shares.

Note: Pursuant to the written resolutions of the sole Shareholder passed on 20 June 2013, conditional upon the share premium account of our Company being credited as a result of the Share Offer, the Directors were authorized to capitalize the amount of HK\$2,999,999.99 from the amount standing to the credit of the share premium account of our Company and to apply such amount to pay up in full at par 299,999,999 Shares for allotment and issue to Wellmass. If the Over-allotment Option is exercised in full, 10,000,000 additional Shares will be issued, and the total number of Shares will be 410,000,000 Shares.

MINIMUM PUBLIC FLOAT

The minimum level of public float to be maintained by our Company at all times after Listing under the Listing Rules is 25% of its share capital in issue from time to time.

RANKING

The Offer Shares will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned herein, and will qualify for all dividends or other distributions declared, made or paid after the date of this prospectus, save for entitlements under the Capitalization Issue.

SHARE CAPITAL

SHARE OPTION SCHEMES

We have conditionally adopted the Pre-IPO Share Option Scheme and the Share Option Scheme. Details of the principal terms are summarized in the sections headed “Pre-IPO Share Option Scheme” and “Share Option Scheme” in Appendix V to this prospectus.

GENERAL MANDATE

Our Directors have been granted a general unconditional mandate to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of any options which might be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme or any other option scheme(s) or other similar arrangements or under the Share Offer or any scrip dividends in accordance with the Articles or a specific authority granted by the Shareholders, Shares or securities or options convertible into Shares and to make and grant offers and agreements which would or might require Shares to be allotted with an aggregate nominal value not exceeding the sum of:

- 20% of the aggregate nominal value of our share capital in issue the Share Offer and the Capitalization Issue (excluding Shares which may be issued under the Over-allotment Option or pursuant to the exercise of options under the Pre-IPO Share Option Scheme and the Share Option Scheme); and
- the aggregate nominal amount of Shares repurchased under the authority granted by us to our Directors pursuant to the Repurchase Mandate referred to below (if any).

This general mandate will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by the memorandum of association and the Articles or any applicable law to be held; or
- the revocation or variation by an ordinary resolution of the Shareholders in general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the section headed “Further Information about our Company — Written resolutions of the sole Shareholder passed on 20 June 2013” in Appendix V to this prospectus.

SHARE CAPITAL

REPURCHASE MANDATE

Our Directors have been granted a general unconditional mandate to exercise all our powers to repurchase on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of our share capital in issue immediately following completion of the Share Offer and the Capitalization Issue (excluding Shares which may be issued under the Over-allotment Option or pursuant to the exercise of options under the Pre-IPO Share Option Scheme and the Share Option Scheme).

The general mandate to repurchase Shares will remain in effect until:

- the conclusion of our next annual general meeting;
- the expiration of the period within which our next annual general meeting is required by the memorandum of association and the Articles or any applicable law to be held; or
- the revocation or variation by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

For further details of this repurchase mandate, please refer to the section headed “Further Information about our Company — Written resolutions of the sole Shareholder passed on 20 June 2013” in Appendix V to this prospectus.

FINANCIAL INFORMATION

You should read this section in conjunction with our combined financial information including the notes thereto, as set forth in the Accountants' Report. The Accountants' Report has been prepared on the basis set out in Appendix I to this prospectus and in accordance with our accounting policies that are in conformity with IFRS.

This section contains forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth in the section headed "Risk Factors" in this prospectus.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are a manufacturer of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray. Our customers are consumer brand manufacturers, mainly of personal care and pharmaceutical products, trading companies and aerosol filling companies which fill the contents and propellants into the aluminum aerosol cans.

Our products are sold in the PRC market as well as to different countries in the Middle East and Africa. For the year ended 31 December 2012, our revenue from the PRC, the Middle East and Africa were HK\$123.6 million, HK\$88.3 million and HK\$39.2 million, accounting for 45.1%, 32.2% and 14.3% of our total revenue respectively.

Our factory is located in Zhongshan City, Guangdong Province, the PRC with 11 operating production lines having an annual production capacity of approximately 230 million cans. As at the Latest Practicable Date, we had 386 employees. Since our establishment, we have adopted the "low-cost expansion" strategy to primarily use pre-owned production machineries in building up our existing production capacity. With the strong support from our dedicated team of experienced engineers and technicians, this strategy, without compromising our product quality and production efficiency, has enabled us to cut down our capital outlays on production machineries by more than 50% if we had purchased brand new production machineries in the first place. During the Track Record Period, we sold approximately 158 million, 176 million and 187 million cans respectively.

For further information about our business and operations, please refer to the section headed "Business" in this prospectus.

BASIS OF PREPARATION

The financial information in the Accountants' Report has been prepared in accordance with IFRS, which comprise all standards and interpretations approved by the International Accounting Standards Board.

FINANCIAL INFORMATION

We consider it is appropriate to present the financial information in the Accountants' Report in HK\$, as we expect the majority of our IPO investors will be Hong Kong based and future fund raising exercises will also be conducted in Hong Kong.

PRINCIPAL FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations are subject to the influence of numerous factors, the principals of which are set out below:

Price of aluminum ingots and slugs processing fees

Our products are made of aluminum. We purchase aluminum ingots from different suppliers. Aluminum ingots are then processed into aluminum slugs. The price of aluminum ingots fluctuates, depending on the market supply and demand conditions, whilst the slug processing fees are materially influenced by the price of fuel oil. Fluctuations in the prices of aluminum ingots and slug processing fees may increase our cost of sales and reduce our gross profit and gross profit margin. Therefore, in order to avoid our business from being negatively impacted by substantial increases in the cost of aluminum ingots, we hedged such risk through forward purchases of aluminum ingots from suppliers. During the Track Record Period, our average purchase price of aluminum ingots per tonne was approximately HK\$16,273, HK\$17,540 and HK\$17,693 and our average slug processing fee per tonne was approximately HK\$3,867, HK\$4,418 and HK\$4,659 respectively. The aggregate cost of aluminum ingots and slug processing fees accounted for approximately 57.5%, 54.8% and 54.6% of our cost of sales respectively. Should there be any increase in raw material costs and slug processing fees which cannot be passed on to our customers, our Group's profitability will be adversely affected.

Production capacity and product range

Our competitiveness to a large extent depends on our ability to expand production capacity and product range, and to increase our market share. We have expanded and will continue to expand our production capacity and product range in our aluminum packaging business to capture market opportunities. Details of our future expansion plans are set forth in the section headed "Future plans and use of proceeds" in this prospectus.

Our business strategies are subject to significant business, economic and competitive uncertainties and contingencies in the market, many of which are beyond our control and may delay or increase the costs of implementation. Such uncertainties and contingencies may include, but are not limited to, inability to finance or obtain capital to finance our expansion plans, delays in the delivery and installation of manufacturing equipment, operational difficulties resulted from technology imperfections and our lack of experience in the new target markets, labor shortage and related issues, raw material and other cost increases or the promulgation of new laws and regulations related to environmental, delays or failure in securing the necessary governmental approvals and further downturn in the economy. If we are unable to further expand our production capacity and develop our product range, we may lose our competitiveness in the market, which could materially and adversely affect our financial condition and results of operations, as well as the growth of our revenue and profits.

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Product pricing

We generally price our products on a cost-plus basis. Based on our past cost records as well as our forecast for potential price increase for each of the cost components for the coming year, we determine the cost basis in pricing our products and we set different margins for domestic and export sales, depending on the degree of competition in different markets. The suggested price list is fixed and adopted at the beginning of each year. We normally do not implement any interim price adjustment during the year in response to price fluctuations in raw materials and production costs, since most of our customers are consumer brand manufacturers who also need a stable packaging cost environment to price their own products. In the event that any of our sales persons needs to sell our products below the suggested price, prior approval has to be obtained from our general manager, Mr. Lin. On the other hand, we reward our sales staff with discretionary year-end bonus for selling above the suggested price. In general, leveraging on our leading market position in the aluminum aerosol can manufacturing industry in the PRC, we believe we have generally good bargaining power in pricing our products.

Business environment and impact of the global economic crisis

The global capital and credit markets have been experiencing extreme volatility and disruption since 2008. Concerns over inflation, energy costs, geopolitical issues, the availability and cost of credit, the U.S. mortgage market and the state of the residential real estate market in the U.S. and elsewhere have contributed to unprecedented levels of market volatility and weak investor sentiment for the global consumer markets in the future. These factors, combined with volatile oil prices, declining business activities and consumer confidence and increased unemployment, have precipitated an economic slowdown and a possible prolonged global recession. Further, the instability and social unrest in the Middle East has fueled the rise in oil prices and has caused volatility in the consumer market in the Middle East. These events have led to a slowdown in most of the global consumer markets which is expected to continue in the near future. As a result, consumer demand for our products may significantly decrease.

As it is difficult to predict how long these conditions will persist and whether business activities and consumer confidence will continue to decline, these developments could continue to present risks to our business and operations for an extended period of time, including a potential slowdown in our sales to customers, increase in interest expenses on bank borrowings, and reduction in the amount of banking facilities currently available to us. If this economic slowdown continues, our financial condition and results of operations may be materially and adversely affected.

Taxation

For the three years ended 31 December 2012, our PRC operating subsidiary, Euro Asia Packaging, was granted the status of “High- and New-Technology Enterprise” and, according to the applicable PRC laws and regulations, was entitled to the reduced EIT rate of 15%. Euro Asia Packaging has obtained the consent to the aforesaid tax reduction from local tax authorities. Under the relevant PRC laws and

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regulations, the 15% reduced EIT rate is subject to review and approval by the tax authorities every three years. The current status of Euro Asia Packaging as “High- and New-Technology Enterprise” and its entitlement to the reduced EIT rate will expire on 31 December 2013. In April 2013, we have obtained the consent from the local tax authority that the reduced EIT rate of 15% will be applied to Euro Asia Packaging’s profit for the financial year of 2013. We will apply to the local tax authority on or before 31 May 2014 for the renewal of our entitlement to the reduced EIT rate for another three years.

There is no assurance that the PRC policies on preferential tax treatments will not change or that the current preferential tax treatments we enjoy will not be cancelled. If such change and cancellation occur, the resulting increase in our tax liability or reduction in the amount of subsidies we receive would have an adverse effect on our net profits and cash flow. If we were not entitled to the preferential tax treatments during the Track Record Period, we would have been subject to the EIT rate of 25% and our net profit after tax for the respective year would have decreased by HK\$3.7 million, HK\$4.1 million and HK\$5.6 million, representing a decline of 1.9%, 1.7% and 2% in our net profit margin respectively.

Competition

We face competition from manufacturers of alternative packaging products made from other types of metal or glass. Changes in preferences for packaging products made from other materials could significantly influence our sales. In addition, a decrease in the costs of, or a further increase in consumer demand for, alternative packaging products could result in reduced revenue or profit for us.

CRITICAL ACCOUNTING POLICIES AND SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The discussion and analysis of our financial position and results of operations as included in this prospectus is based on the combined financial statements prepared in accordance with the significant accounting policies set out in note 4 of the Accountants’ Report, which conform with the IFRS.

In the application of our Group’s accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ under different assumptions or conditions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Set forth below are the most critical accounting policies, judgements and estimates used in the preparation of our financial statements:

Revenue recognition

We recognize revenue when it is probable that the economic benefits will flow to our Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that our Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial asset.

Financial assets

We classify our financial assets into two categories: (i) financial assets at fair value through profit or loss; and (ii) loans and receivables, depending on the purpose for which the assets are acquired. We determine the classification at initial recognition and re-evaluate the classification at the end of each reporting period.

Financial assets at fair value through profit or loss

We classify a financial asset as held for trading if it is principally acquired for the purpose of sale in the near term. This category includes derivative financial instruments unless they are designated as hedges. Our derivative financial instruments do not qualify for hedge accounting and are classified in this category. We recognize them initially at fair value on the dates when we enter into the derivative contracts and subsequently re-measure them at fair value. Positive fair value changes are presented as “other income and gains” and negative fair value changes are presented as “other expense” in the combined statements of comprehensive income.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. We initially recognize loans and receivables at fair value plus transaction costs and subsequently carry them at amortized cost using the effective interest method. At the end of each reporting period, we assess whether there is objective evidence that a financial asset or a group of financial assets is impaired. We derecognize financial assets when the rights to receive cash flow from the assets have expired or have been transferred and we have transferred substantially all risks and rewards of ownership.

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Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. We currently estimate the useful life of our property, plant and equipment to be from five to twenty years.

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate at least, at each financial year end.

In determining the useful life and residual value of an item of property, plant and equipment, our Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of our Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances.

FINANCIAL INFORMATION

MANAGEMENT DISCUSSION AND ANALYSIS

Summary of results of operations

The following table summarizes our Group's combined revenue and results for the Track Record Period, details of which are set out in the Accountants' Report. The financial information contained herein and in the Accountants' Report is prepared in accordance with IFRS and is presented as if our current group structure had been in existence throughout the periods presented.

	For the year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Revenue	198,264	237,124	273,923
Cost of sales	<u>(134,030)</u>	<u>(167,691)</u>	<u>(182,769)</u>
Gross profit	64,234	69,433	91,154
Other income and gains	5,727	6,146	5,138
Selling and distribution costs	(6,479)	(7,168)	(9,002)
Administrative expenses	(27,006)	(23,330)	(29,318)
Other expenses	(630)	(2,368)	(521)
Finance costs	<u>(2,895)</u>	<u>(6,536)</u>	<u>(8,154)</u>
Profit before tax	32,951	36,177	49,297
Income tax expense	<u>(5,733)</u>	<u>(6,114)</u>	<u>(8,433)</u>
Profit for the year	<u><u>27,218</u></u>	<u><u>30,063</u></u>	<u><u>40,864</u></u>

The table below sets forth the number of aluminum aerosol cans sold and the average selling price per unit for each of the three years ended 31 December 2012:

	For the year ended 31 December		
	2010	2011	2012
Number of aluminum aerosol cans sold (million cans)	158	176	187
Average selling price (HK\$ per can) ^(Note)	1.26	1.34	1.46

Note: Average selling price is calculated by dividing revenue for each year by the number of aluminum aerosol cans sold for the relevant year.

Our revenue increased by approximately 19.6% from approximately HK\$198.3 million for the year ended 31 December 2010 to approximately HK\$237.1 million for the year ended 31 December 2011 and then further increased by approximately 15.5% to approximately HK\$273.9 million for the year ended 31 December 2012. Gross profit increased by 8.1% from approximately HK\$64.2 million for the

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year ended 31 December 2010 to approximately HK\$69.4 million for the year ended 31 December 2011, and then further increased by 31.4% to approximately HK\$91.2 million for the year ended 31 December 2012. The increase in our revenue and gross profit was primarily due to the increase in the sales volume and average unit selling price of our products.

For each of the three years ended 31 December 2012, we sold 158 million, 176 million and 187 million cans respectively. The increase in the sales volume was mainly due to (i) the increase in our production capacity; and (ii) the increase in orders from our customers as a result of growth in the demand for personal care and pharmaceutical products in the markets which we served.

Our average unit selling price also increased during the Track Record Period, which amounted to approximately HK\$1.26, HK\$1.34 and HK\$1.46 respectively. The increases were, to a large extent, to pass on the increase in our production costs but also helped to lift our operating margin slightly.

Our unaudited performance for the four months ended 30 April 2013

For the four months ended 30 April 2013, we sold approximately 65 million cans, as compared to approximately 67 million cans for the same period in 2012. However, the quantity of aluminum aerosol cans we sold to customers in the PRC for the first four months of this year increased by approximately 70.5% as compared to the quantity for the corresponding period in 2012, mainly due to the rising demand from our major PRC customers.

As extracted by us from the April 2013 Financial Statements, our unaudited revenue was approximately HK\$92.9 million. Our Directors are responsible for the preparation and fair presentation of the April 2013 Financial Statements in accordance with the International Accounting Standard 34 “*Interim Financial Reporting*”. The April 2013 Financial Statements are unaudited but have been reviewed by our Reporting Accountants in accordance with the Hong Kong Standard on Review Engagements 2410 “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*” issued by the Hong Kong Institute of Certified Public Accountants. Such review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable our Reporting Accountants to obtain assurance that the Reporting Accountants would become aware of all significant matters that might be identified in an audit and that accordingly no audit opinion is expressed. Our revenue for the four months ended 30 April 2013 slightly declined by 7.4% as compared to the same period in 2012. This slight decrease was due to the downward adjustment on our selling price at the beginning of the year in response to the decrease in the price of aluminum ingots in prior year. Our average unit selling price dropped to HK\$1.43 for the four months ended 30 April 2013 as compared to HK\$1.46 for the year ended 31 December 2012, representing a decrease of approximately 2.1%.

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Revenue by end-products

We derive our revenue from the sales of aluminum aerosol cans, which are mainly used in the packaging of personal care products, pharmaceutical products and refrigerants. The table below sets forth our revenue breakdown by the types of end-products which our aluminum aerosol cans were used to package during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Personal care products						
- <i>Body deodorant</i>	114,719	57.9	133,882	56.5	142,784	52.1
- <i>Others (Note)</i>	27,738	14.0	40,083	16.9	39,702	14.5
Pharmaceutical products	24,901	12.6	30,345	12.8	54,146	19.8
Refrigerants	2,176	1.1	7,371	3.1	15,352	5.6
Others	28,730	14.4	25,443	10.7	21,939	8.0
Total	198,264	100.0	237,124	100.0	273,923	100.0

Note: Other personal care products mainly include hair styling products and shaving cream.

Body deodorant

A significant portion of our products are used for the packaging of body deodorants and they are mainly sold to different countries in the Middle East and Africa. For the three years ended 31 December 2012, our revenue derived from the body deodorant market was approximately HK\$114.7 million, HK\$133.9 million and HK\$142.8 million respectively. Our Directors believe that the increase during the Track Record Period was mainly because of the well recognized quality of our products continuing to gain markets share in the Middle East as well as the growing popularity of aluminum aerosol packaging for body deodorant products.

Other personal care products

Our products for the packaging of other personal care products are mainly sold in the PRC market. The PRC's fast growing economy and the rising disposable income per capita lead to a growing consumption on these products, and hence increase the demand for our aerosol cans. For the three years ended 31 December 2012, our revenue from other personal care products packaging was approximately HK\$27.7 million, HK\$40.1 million and HK\$39.7 million respectively.

Pharmaceutical products

For the three years ended 31 December 2012, revenue derived from the pharmaceutical products packaging was approximately HK\$24.9 million, HK\$30.3 million and HK\$54.1 million respectively. A majority of our products used in the packaging of pharmaceutical products were sold to Yunnan Baiyao

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Group, which is a sizable company listed on the Shenzhen Stock Exchange and engaged in the manufacture and sales of proprietary Chinese pharmaceutical products. Yunnan Baiyao Group was one of our top five customers for each of the two years ended 31 December 2011 and became the largest customer for the year ended 31 December 2012, accounting for approximately 7.5%, 6.9% and 15.2% of our total revenue for the respective years. The increase in revenue derived from pharmaceutical products packaging during the Track Record Period was mainly due to increasing purchase orders received from Yunnan Baiyao Group.

Refrigerants

For the three years ended 31 December 2012, revenue derived from refrigerant packaging was approximately HK\$2.2 million, HK\$7.4 million and HK\$15.4 million respectively. The increase in our revenue derived from refrigerant packaging was mainly due to the increasing sales volume of aluminum aerosol cans for the packaging of environmental friendly refrigerants in the PRC. With the implementation of The Regulation on the Administration of Ozone Depleting Substances 《消耗臭氧層物質管理條例》 in June 2010, the PRC government forbids the use of any substances that damage the ozone layer in refrigerants, which is expected to increase the demand for environmental friendly refrigerants.

Revenue by geographical locations

Our revenue was mainly derived from the PRC, the UAE, Oman and Nigeria. The table below sets forth our revenue breakdown by geographical locations based on shipment destinations during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Asia Pacific						
- PRC	74,025	37.3	89,984	37.9	123,628	45.1
- Others ^(Note 1)	13,222	6.7	13,497	5.7	11,947	4.4
Middle East						
- UAE	55,462	28.0	59,848	25.2	75,279	27.5
- Oman	15,224	7.7	16,109	6.8	1,716	0.6
- Others ^(Note 2)	9,114	4.6	5,493	2.3	11,345	4.1
Africa						
- Nigeria	18,093	9.1	28,872	12.2	26,364	9.6
- South Africa	4,731	2.4	8,575	3.6	11,013	4.0
- Others ^(Note 3)	1,132	0.6	1,951	0.8	1,835	0.7
Others ^(Note 4)	7,261	3.6	12,795	5.5	10,796	4.0
Total	<u>198,264</u>	<u>100.0</u>	<u>237,124</u>	<u>100.0</u>	<u>273,923</u>	<u>100.0</u>

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Notes:

- (1) Others in Asia Pacific include Australia, Hong Kong, India, Japan, Russia, Taiwan, Thailand and the Philippines.
- (2) Others in Middle East include Israel, Jordan, Lebanon, Pakistan, Saudi Arabia and Syria.
- (3) Others in Africa include Egypt, Kenya and Tunisia.
- (4) Others include Europe and North America.

Asia Pacific

For each of the three years ended 31 December 2012, we recorded revenue of HK\$87.2 million, HK\$103.5 million and HK\$135.6 million from the Asia Pacific Region, accounting for approximately 44%, 43.6% and 49.5% of our Group's total revenue respectively. A substantial part of the sales in Asia Pacific region was contributed by the PRC market.

During the Track Record Period, our revenue derived from the PRC market increased by approximately 21.6% from HK\$74 million for the year ended 31 December 2010 to approximately HK\$90 million for the year ended 31 December 2011 and then increased by approximately 37.3% to approximately HK\$123.6 million for the year ended 31 December 2012. Revenue derived from the PRC accounted for approximately 37.3%, 37.9% and 45.1% of our Group's total revenue for each of three years ended 31 December 2012 respectively. The increase in revenue from the PRC market was primarily due to the increasing demand for personal care products and pharmaceutical products driven by the PRC's large population, fast growing economy and rising disposable income of the general public.

Middle East

For each of the three years ended 31 December 2012, we recorded revenue of HK\$79.8 million, HK\$81.5 million and HK\$88.3 million from the Middle East, accounting for approximately 40.3%, 34.3% and 32.2% of our Group's total revenue respectively. Our sales to the Middle East were mainly made to the UAE and Oman.

UAE

During the Track Record Period, our revenue derived from the UAE increased by approximately 7.9% from approximately HK\$55.5 million for the year ended 31 December 2010 to approximately HK\$59.8 million for the year ended 31 December 2011 and further increased by approximately 25.9% to approximately HK\$75.3 million for the year ended 31 December 2012. Revenue derived from the UAE accounted for approximately 28%, 25.2% and 27.5% of our Group's total revenue for each of three years ended 31 December 2012. The increase in revenue from the UAE was due to the increase in market demand for body deodorants in the UAE.

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Oman

During the Track Record Period, our revenue derived from Oman increased by approximately 5.8% from HK\$15.2 million for the year ended 31 December 2010 to approximately HK\$16.1 million for the year ended 31 December 2011 and then decreased by approximately 89.3% to approximately HK\$1.7 million for the year ended 31 December 2012. Revenue derived from Oman accounted for approximately 7.7%, 6.8% and 0.6% of our Group's total revenue for each of three years ended 31 December 2012. The increase in revenue from Oman for the year ended 31 December 2011 was due to the increase in market demand for body deodorants in Oman. The decline for the year ended 31 December 2012 was due to a significant drop in sales to one of our major customers in Oman as a fragrance company ended the business relationship with this customer during the year. Nevertheless, the new business partner of this fragrance company, is a trading company in Dubai, the UAE and had been an existing customer of our Group. This customer increased its purchases of aerosol cans for body deodorants from us, because of its new business relationship with the fragrance company.

Africa

During the Track Record Period, our revenue derived from Africa increased by approximately 64.2% from approximately HK\$24 million for the year ended 31 December 2010 to approximately HK\$39.4 million for the year ended 31 December 2011 and slightly decreased by 0.5% to approximately HK\$39.2 million for the year ended 31 December 2012. Revenue derived from Africa accounted for approximately 12.1%, 16.6% and 14.3% of our Group's total revenue for each of three years ended 31 December 2012 respectively. The increase in revenue from Africa during the year ended 31 December 2011 was due to the increase in market demand for body deodorants in Africa.

Revenue by customer category

Our customers are mainly consumer brand manufacturers, trading companies and aerosol filling companies. The table below sets forth our revenue breakdown by customer category during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Consumer brand manufacturers	122,450	61.8	142,849	60.2	178,036	65.0
Trading companies.	46,699	23.5	57,541	24.3	68,905	25.1
Aerosol filling companies	29,115	14.7	36,734	15.5	26,982	9.9
Total	198,264	100.0	237,124	100.0	273,923	100.0

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A majority of our sales was made to consumer brand manufacturers, mainly of personal care products and pharmaceutical products, generating revenue of approximately HK\$122.5 million, HK\$142.8 million and HK\$178 million for the three years ended 31 December 2012 respectively. The increase during the Track Record Period was primarily driven by the increasing demand for body deodorants in the Middle East and personal care and pharmaceutical products in the PRC market for the reasons explained above.

Cost of sales

Cost of sales mainly comprises the purchase costs of raw materials and consumables, slug processing fees, employee benefit expenses, utility expenses and depreciation of property, plant and equipment. The table below sets forth a breakdown of our cost of sales by each major category and the percentage of total cost of sales for each category represented, during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	% of total cost of sales	HK\$'000	% of total cost of sales	HK\$'000	% of total cost of sales
Raw materials and consumables used						
- Aluminum ingots	62,324	46.5	73,402	43.8	79,287	43.3
- Coating materials and printing ink . .	9,141	6.8	11,762	7.0	12,958	7.1
- Packaging materials and consumables	6,403	4.8	9,567	5.7	10,844	5.9
Slug processing fees	14,809	11.0	18,490	11.0	20,577	11.3
Employee benefit expenses	11,576	8.6	17,400	10.4	18,189	10.0
Utility expenses	13,817	10.3	15,488	9.2	16,769	9.2
Depreciation of property, plant and equipment	11,768	8.8	14,972	8.9	15,645	8.6
Others	4,192	3.2	6,610	4.0	8,500	4.6
Total	<u>134,030</u>	<u>100.0</u>	<u>167,691</u>	<u>100.0</u>	<u>182,769</u>	<u>100.0</u>

- Raw Materials and Consumables Used.** Cost of raw materials and consumables is the largest component of our cost of sales, accounting for approximately 58.1%, 56.5% and 56.3% of our total cost of sales for each of the three years ended 31 December 2012, respectively. The major raw material used in our production is aluminum ingot. During the Track Record Period, our average purchase price of aluminum ingots per tonne was HK\$16,273, HK\$17,540 and HK\$17,693 respectively. Since 2009, the aluminum price has been recovering quickly from the global financial crisis. The price of aluminum in the PRC open market increased from RMB10,000 per tonne in the early 2009 to RMB 15,200 per tonne in

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the third quarter of 2011. Faced with the rising trend of the aluminum price from 2009 to 2011, we forward purchased a majority of aluminum ingots for our production use with suppliers, in order to minimize our exposure to price fluctuations of aluminum ingots. For details of our forward purchases of aluminum ingots, please refer to the section headed “Business — Raw materials and suppliers — Procurement” in this prospectus.

During the Track Record Period, the cost of coating materials rose from HK\$8.6 million in 2010 to HK\$12.1 million in 2012, driven by the increasing price of coating materials. The increasing price of coating materials had no significant impact on our profit margin and results of operations as it was partially covered by the increase in our selling price and the cost of coating materials only accounted for approximately 7% of our total cost of sales.

Packaging materials mainly represent carton boxes used to package our aluminum aerosol cans before delivery to our customers, whilst consumables mainly include washing detergents and metal degreaser. The cost of packaging materials and consumables increased by approximately 49.4% from HK\$6.4 million for the year ended 31 December 2010 to HK\$9.6 million for the year ended 31 December 2011, and further increased by approximately 13.3% to HK\$10.8 million for the year ended 31 December 2012. Such cost increases were mainly attributable to the rises in the price of packaging materials and consumables. However, as a percentage of cost of sales, the aggregate cost of packaging materials and consumables only accounted for 4.8%, 5.7% and 5.9% of our cost of sales respectively, and therefore, the cost increase had a limited impact on our profit margin.

- **Slug Processing Fees.** Slug processing fees were paid to our aluminum slug suppliers for the processing of aluminum ingots into aluminum slugs for our production. For each of the three years ended 31 December 2012, slug processing fees accounted for approximately 11%, 11% and 11.3% of our total cost of sales respectively. During the Track Record Period, the average slug processing fee per tonne was HK\$3,867, HK\$4,418 and HK\$4,659 respectively (representing a CAGR of 10%). Such increases in the slug processing fee were mainly influenced by the movements in the price of fuel oil. According to the data from the U.S. Energy Information Administration, the average selling price of residual fuel oil increased at a CAGR of approximately 23% from US\$1.713 per gallon in 2010 to US\$2.592 per gallon in 2012. Pursuant to the framework agreement with Neuman, slug processing fee is subject to fluctuation in fuel oil prices. Neuman uses fuel oil to run its furnaces for smelting of aluminum ingots and the machineries for the processing of aluminum slugs. Please refer to the section headed “Business — Raw materials and supplier — Suppliers” for details of the framework agreements.

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- **Employee Benefit Expenses.** Employee benefit expenses consist of wages and benefits of our employees directly engaged in production activities. Our employee benefit expenses increased by approximately 50.3% from approximately HK\$11.6 million for the year ended 31 December 2010 to approximately HK\$17.4 million for the year ended 31 December 2011, and then further increased by approximately 4.5% to approximately HK\$18.2 million for the year ended 31 December 2012. The increase in our employee benefit expenses was the result of (i) the increase in headcount; and (ii) the increases in basic salaries of and overtime payments to our production staff due to the 23% rise in the statutory minimum wage in the PRC.
- **Utility Expenses.** Utility expenses mainly consist of water and electricity costs.
- **Depreciation of Property, Plant and Equipment.** Depreciation of property, plant and equipment mainly consists of depreciation of equipment used in the production process.

Gross profit

During the Track Record Period, our gross profit and gross profit margin were as follows:

	For the year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Gross profit	<u>64,234</u>	<u>69,433</u>	<u>91,154</u>
Gross profit margin	32.4%	29.3%	33.3%

For each of the three years ended 31 December 2012, our gross profit margin was 32.4%, 29.3% and 33.3% respectively. The decline in gross profit margin for the year ended 31 December 2011 was mainly attributable to the increases in the costs of packaging materials and consumables and our employee benefit expenses as explained above.

Our gross profit margin rebounded to 33.3% for the year ended 31 December 2012. This was primarily due to (i) the increase in our sales volume in the PRC, the market with the highest gross profit margin among other geographical locations during the Track Record Period; and (ii) the cost advantages derived from the economies of scale, as our production scale expanded.

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The table below sets forth our gross profit and gross profit margin by geographical locations during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	HK\$'000	%	HK\$'000	%	HK\$'000	%
PRC	29,220	39.5	34,083	37.9	49,823	40.3
Middle East	22,307	28.0	19,409	23.8	25,201	28.5
Africa	6,543	27.3	9,227	23.4	9,451	24.1
Others ^(Note)	6,164	30.1	6,714	25.5	6,679	29.4
Total	64,234	32.4	69,433	29.3	91,154	33.3

Note: Others include Australia, Europe, Hong Kong, India, Japan, North America, Russia, Taiwan, Thailand and the Philippines.

In general, sales to the PRC market have a higher profit margin than export sales, as a result of our leading market position in the PRC. In addition, export sales tend to be more competitive, since most of our overseas customers are also served by other aluminum aerosol can manufacturers in Europe.

Other income and gains

Other income and gains mainly comprised income from sales of scrap materials, realized gains on derivative financial instruments, interest income, government grants and exchange gains.

The table below shows the breakdown of our other income and gains for the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Sales of scrap materials	4,221	73.7	1,556	25.3	2,687	52.3
Realized gains on derivative financial instruments ^(Note)	74	1.3	1,893	30.8	620	12.1
Bank interest income	136	2.4	147	2.4	140	2.7
Government grants	1,027	17.9	577	9.4	699	13.6
Exchange gains	120	2.1	1,668	27.1	360	7.0
Others	149	2.6	305	5.0	632	12.3
Total	5,727	100.0	6,146	100.0	5,138	100.0

Note: Derivative financial instruments consisted of foreign currency forward contracts entered into by our Group.

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Sales of scrap materials

For the three years ended 31 December 2012, we recorded revenue from the sales of scrap materials of approximately HK\$4.2 million, HK\$1.6 million and HK\$2.7 million, representing 73.7%, 25.3% and 52.3% of our other income and gains respectively. The fluctuations in our scrap sales were mainly due to the fact that our senior management would only choose to bulk sell the scraps when the scrap metal prices offered by the dealers were favorable.

Realized gains on derivative financial instruments

During the Track Record Period, we entered into foreign currency forward contracts with state-owned banks in the PRC to hedge the foreign exchange risks arising out of the currency mismatch between the US\$ sales proceeds from our export sales and our predominantly RMB based operations in the PRC. Based on our sales forecast, we forward sell, up to one year, US\$ into RMB to hedge such risks for our export sales. As a result of the appreciation of RMB against US\$, we managed to book approximately HK\$0.07 million, HK\$1.9 million and HK\$0.62 million of realized gains on the forward contracts respectively during the Track Record Period.

Prior to the Listing, our general manager, Mr. Lin, had been in charge of making all the decisions relating to our Group's foreign currency hedging activities. Mr. Lin has over 21 years' experience in international trade and good knowledge about the foreign exchange markets. He has started to observe the US\$/RMB exchange rate since he established his business in the PRC in 1992. Besides, Mr. Lin keeps constant contacts with financial institutions in the PRC and Hong Kong in order to closely follow the general market views over US\$/RMB exchange rate.

Mr. Lin is assisted by our chief financial officer and assistant manager of our finance department to monitor the foreign currency hedging activities. At the start of each month, our chief financial officer coordinates with the sales and marketing department to update the estimated monthly export sales for the coming 12 months and presents the sales forecast to Mr. Lin for review. On a daily basis, the assistant manager advises Mr. Lin on the spot and forward rates quoted by financial institutions in the PRC and Hong Kong. Based on his own analysis and market information he has gathered, Mr. Lin has meetings with the finance department and decides on a weekly basis the amount of forward contracts to be entered into. Once the transaction is finalized, the relevant contract is passed to our finance department for record and monitoring. Upon the maturity of the forward contract, our finance department arranges settlement with the relevant financial institution. We have never entered into foreign currency forward contracts for speculation purpose. It is our Group's policy that the foreign currency forward contracts entered into by us are all for the purpose of converting the estimated US\$ sales proceeds derived from our export sales into RMB and the aggregate outstanding notional contract amount of each respective month should not exceed the amount of our export sales forecast for that particular month.

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Since the date of this prospectus, we have formed a hedging team, set up a risk management committee and implemented our hedging policies. Our hedging team handles all hedging activities. For details of our risk governance structure and hedging policies, please refer to the section headed “Business — Internal control on our hedging activities” in this prospectus.

Major terms of the foreign currency forward contracts outstanding at the end of each reporting period during the Track Record Period and the Latest Practicable Date were as follows:

31 December 2010

Notional amount	Forward contract rates	Contract date	Settlement period/date	Realized gains/ (losses)
				HK\$
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.7520	4 March 2010	From 10 January 2011 to 8 March 2011	133,684
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.7160	6 April 2010	From 8 March 2011 to 8 April 2011	143,531
1 contract to buy RMB in total of US\$1,500,000	US\$1 to RMB6.5791	11 October 2010	From 13 April 2011 to 13 May 2011	142,200
1 contract to buy RMB in total of US\$1,500,000	US\$1 to RMB6.5700	11 October 2010	From 13 May 2011 to 13 June 2011	153,333
1 contract to buy RMB in total of US\$1,500,000	US\$1 to RMB6.5599	11 October 2010	From 13 June 2011 to 13 July 2011	174,909
1 contract to buy RMB in total of US\$1,500,000	US\$1 to RMB6.5479	11 October 2010	From 13 July 2011 to 15 August 2011	304,542
1 contract to buy RMB in total of US\$1,500,000	US\$1 to RMB6.5360	11 October 2010	From 15 August 2011 to 13 September 2011	275,792
1 contract to buy RMB in total of US\$1,500,000	US\$1 to RMB6.5245	11 October 2010	From 13 September 2011 to 13 October 2011	267,460
1 contract to buy US\$ in total of RMB5,309,600 <i>(Note)</i>	US\$1 to RMB6.6370	15 January 2010	21 January 2011	(6,759)
1 contract to buy US\$ in total of RMB5,360,000 <i>(Note)</i>	US\$1 to RMB6.7000	4 March 2010	11 February 2011	(16,035)
1 contract to buy US\$ in total of RMB5,349,600 <i>(Note)</i>	US\$1 to RMB6.6870	4 March 2010	10 March 2011	(16,536)
1 contract to buy US\$ in total of RMB5,320,000 <i>(Note)</i>	US\$1 to RMB6.6500	6 April 2010	12 April 2011	(6,759)

Note: These contracts were to close out and lock-in the gains of the in-the-money outstanding forward positions for the respective months.

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31 December 2011

Notional amount	Forward contract rates	Contract date	Settlement period	Realized gains/ (losses)
				HK\$
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.3775	14 June 2011	From 16 January 2012 to 16 February 2012	106,825
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.3657	14 June 2011	From 16 February 2012 to 16 March 2012	68,166
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.3532	14 June 2011	From 16 March 2012 to 16 April 2012	63,950
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.3414	14 June 2011	From 16 April 2012 to 16 May 2012	43,356
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.3295	14 June 2011	From 16 May 2012 to 18 June 2012	(26,255)
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.3659	30 September 2011	From 13 December 2011 to 11 January 2012	60,526
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.3609	30 September 2011	From 12 January 2012 to 13 February 2012	74,975
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.3559	30 September 2011	From 14 February 2012 to 12 March 2012	72,229
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.3508	30 September 2011	From 13 March 2012 to 11 April 2012	66,630
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.3460	30 September 2011	From 12 April 2012 to 11 May 2012	51,410
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.3430	30 September 2011	From 14 May 2012 to 11 June 2012	(10,860)
1 contract to buy RMB in total of US\$800,000	US\$1 to RMB6.3401	30 September 2011	From 12 June 2012 to 11 July 2012	783
1 contract to buy RMB in total of US\$1,800,000	US\$1 to RMB6.3358	30 September 2011	From 12 July 2012 to 13 August 2012	(43,931)
1 contract to buy RMB in total of US\$1,800,000	US\$1 to RMB6.3324	30 September 2011	From 14 August 2012 to 11 September 2012	(1,256)
1 contract to buy RMB in total of US\$1,800,000	US\$1 to RMB6.3291	30 September 2011	From 12 September 2012 to 11 October 2012	79,443

As at 31 December 2012, we did not have any outstanding foreign currency forward contracts.

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As at the Latest Practicable Date

Notional amount	Forward contract rates	Contract date	Settlement period	Realized gains/ (losses) ^(Note)
1 contract to buy RMB in total of US\$750,000	US\$1 to RMB6.2361	23 January 2013	From 23 April 2013 to 25 June 2013	N/A
1 contract to buy RMB in total of US\$400,000	US\$1 to RMB6.2433	23 January 2013	From 23 May 2013 to 25 June 2013	N/A
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.2530	23 January 2013	From 1 July 2013 to 22 July 2013	N/A
1 contract to buy RMB in total of US\$1,200,000	US\$1 to RMB6.2608	23 January 2013	From 23 July 2013 to 25 September 2013	N/A
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.2689	23 January 2013	From 23 August 2013 to 25 September 2013	N/A
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.2804	23 January 2013	From 8 October 2013 to 22 October 2013	N/A
1 contract to buy RMB in total of US\$1,750,000	US\$1 to RMB6.2843	23 January 2013	From 23 October 2013 to 24 December 2013	N/A
1 contract to buy RMB in total of US\$1,450,000	US\$1 to RMB6.2922	23 January 2013	From 25 November 2013 to 24 December 2013	N/A
1 contract to buy RMB in total of US\$1,000,000	US\$1 to RMB6.2946	23 January 2013	From 2 December 2013 to 20 December 2013	N/A
1 contract to buy RMB in total of US\$650,000	US\$1 to RMB6.3048	23 January 2013	From 6 January 2014 to 22 January 2014	N/A

Note: No realised gains or losses were recognised on these contracts as they remained unsettled as at the Latest Practicable Date.

As at the Latest Practicable Date, we had outstanding foreign currency forward contracts with notional amounts of US\$10.2 million.

In accordance with the relevant accounting standard, the foreign currency forward contracts entered into by our Group are derivative financial instruments and the outstanding foreign currency forward contracts at the end of each reporting period should be measured at fair value. As set out in the above tables, we had some foreign currency forward contracts outstanding as at 31 December 2010 and 2011. Despite that, we did not recognize any change in fair value of these forward contracts in the respective years as it was immaterial to our Group.

Government grants

As a leading player in the aluminum aerosol can manufacturing industry, we have been gaining support from the Guangdong Provincial Government and the Zhongshan Municipal Government in recognizing our strong efforts to continuously improve our production techniques and upgrade our production facilities. During the Track Record Period, government grants of approximately HK\$1 million, HK\$0.58 million and HK\$0.7 million were obtained respectively.

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Net exchange gains

Our principal operation is in the PRC and RMB is our functional currency. Exchange differences represent the differences arising from (i) the translation of our foreign currency denominated assets and liabilities into our functional currency using the spot rate at the end of each reporting period; and (ii) the settlement of assets and liabilities denominated in foreign currencies. Given the fact that RMB had been appreciating against US\$, we recorded exchange gains of approximately HK\$0.12 million, HK\$1.67 million and HK\$0.36 million, principally due to the translation of our US\$-denominated bank borrowings to RMB.

Selling and distribution costs

Selling and distribution costs mainly consist of transportation expenses and declaration charges for delivery of our products to our customers, salaries, performance bonuses and employee benefits expenses for our sales and marketing staff, related business travel and entertainment expenses, and advertisement and promotion costs. Our selling and distribution costs were HK\$6.5 million, HK\$7.2 million and HK\$9 million for the three years ended 31 December 2012 respectively. The increase in our selling and distribution costs during the Track Record Period was primarily due to (i) the increase in basic salaries and performance bonuses paid to our sales personnel; and (ii) the increase in transportation expenses, as a result of the increase in the sales volume to our major markets.

The table below shows the breakdown of selling and distribution costs incurred by us during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Transportation expenses	1,640	25.3	2,073	28.9	3,491	38.8
Declaration charges	1,247	19.2	1,656	23.1	1,398	15.5
Staff costs (including performance bonus)	1,168	18.0	1,528	21.3	1,964	21.8
Travelling and entertainment expenses . . .	600	9.3	712	9.9	733	8.1
Advertisement and promotion costs	1,308	20.2	595	8.3	410	4.6
Others	516	8.0	604	8.5	1,006	11.2
Total	<u>6,479</u>	<u>100.0</u>	<u>7,168</u>	<u>100.0</u>	<u>9,002</u>	<u>100.0</u>

Administrative expenses

Administrative expenses mainly represented the salaries and benefits of our administrative and management staff, research and development expenses, professional consulting fees, depreciation and

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other miscellaneous administrative expenses. Our administrative expenses decreased by 13.6% from HK\$27 million for the year ended 31 December 2010 to HK\$23.3 million for the year ended 31 December 2011 as we wrote off all the professional fees of approximately HK\$4.7 million incurred in connection with the then proposed A-Share Listing in 2010.

The total estimated listing expenses (excluding underwriting commission) in connection with the Share Offer was approximately HK\$18.9 million. For the year ended 31 December 2012, the Group incurred listing expenses amounting to approximately HK\$5.7 million was fully charged to the profit and loss. For the year ending 31 December 2013, we estimate that the listing expenses to be incurred will amount to approximately HK\$13.2 million, of which approximately HK\$9.9 million will be charged to the profit and loss in the year and the remaining HK\$3.3 million will be charged against equity upon successful Listing under the relevant accounting standards.

The table below shows the breakdown of administrative expenses incurred by us during the Track Record Period:

	For the year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Staff costs	3,931	14.6	3,880	16.6	4,301	14.7
Research and development expenses ^(Note)	8,492	31.4	8,666	37.1	8,564	29.2
Depreciation	1,201	4.4	1,216	5.2	1,127	3.8
Insurance	561	2.1	387	1.7	178	0.6
Legal and professional fees	532	2.0	845	3.6	402	1.4
Rent & rates and building management fees	456	1.7	478	2.0	490	1.7
Travelling and entertainment expenses	1,813	6.7	2,084	9.1	1,533	5.2
Listing expenses	4,711	17.4	—	—	5,704	19.5
Others	5,309	19.7	5,774	24.7	7,019	23.9
Total	27,006	100.0	23,330	100.0	29,318	100.0

Note: Research and development expenses mainly comprise expenditures and costs relating to the development of dies for the manufacturing of aluminum aerosol cans, the improvement of our manufacturing process and other internal research and development programs.

Other expenses

Other operating expenses mainly represent loss on written off of property, plant and equipment. For each of the three years ended 31 December 2012, loss on written off of property, plant and equipment was nil, HK\$2 million and nil respectively.

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Finance costs

Finance costs represent interest on bank borrowings. Our finance costs increased from HK\$2.9 million for the year ended 31 December 2010 to approximately HK\$6.5 million for the year ended 31 December 2011 as we did not incur full year interest expenses on our additional bank borrowings of HK\$63 million obtained during the year ended 31 December 2010 and the year-end bank borrowing balance increased from approximately HK\$101.7 million as at 31 December 2010 to approximately HK\$112.3 million as at 31 December 2011.

Our finance costs further increased to approximately HK\$8.2 million for the year ended 31 December 2012, resulting from the increase in our annual effective interest rate (being the finance costs divided by the arithmetic mean of the annual opening and closing balances of bank borrowings) from 6.1% for the year ended 31 December 2011 to 7.3% for the year ended 31 December 2012. The increase in our annual effective interest rate was due to the change in the mix of our bank borrowings denominated in RMB and US\$. The interest rates on RMB-denominated bank borrowings ranged from 4.7% to 8.5%, which was significantly higher than our US\$-denominated bank borrowings, with interest rates ranging from 3.5% to 3.8%.

Income tax expenses

Income tax expenses on the profit for the year comprise current and deferred tax. Our Company and subsidiaries are incorporated in different jurisdictions, with different taxation requirements and they are illustrated as follows:

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

The PRC

Our PRC operating subsidiary, Euro Asia Packaging, was granted the status of “High- and New-Technology Enterprise” and, according to the applicable PRC laws and regulations, was entitled to the reduced EIT rate of 15% during the Track Record Period.

During the Track Record Period, our income tax expenses amounted to approximately HK\$5.7 million, HK\$6.1 million and HK\$8.4 million, respectively. Our effective income tax rate was approximately 17.4%, 16.9% and 17.1% for each of the three years ended 31 December 2012 respectively. Our effective income tax rates for the three years ended 31 December 2012 were higher than the reduced EIT rate as certain expenses were non-deductible for tax purposes in these three years. These expenses mainly included (i) intra-group expenses of HK\$3.5 million incurred in the year ended 31 December 2010;

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(ii) a loss on disposal of property, plant and equipment of HK\$2 million incurred in the year ended 31 December 2011; and (iii) listing expenses of HK\$5.7 million incurred in the year ended 31 December 2012, all of which were not considered as deductible expenses by the PRC tax authorities.

Period to period comparison of results of operations

Year ended 31 December 2012 compared with year ended 31 December 2011

Revenue

Our revenue increased by approximately 15.5% from approximately HK\$237.1 million for the year ended 31 December 2011 to approximately HK\$273.9 million for the year ended 31 December 2012. The increase in our revenue was mainly due to:

- i) the increase in our average unit selling price by approximately 9% from HK\$1.34 for the year ended 31 December 2011 to approximately HK\$1.46 for the year ended 31 December 2012; and
- ii) the increase in sales volume by approximately 6% from approximately 176 million cans in 2011 to approximately 187 million cans in 2012.

Cost of sales

Our cost of sales increased by approximately 9% from approximately HK\$167.7 million for the year ended 31 December 2011 to approximately HK\$182.8 million for the year ended 31 December 2012. The increase in cost of sales was mainly attributed to the increase in the volume of our products sold during the year.

Gross profit and gross profit margin

Gross profit increased by approximately 31.4% from approximately HK\$69.4 million for the year ended 31 December 2011 to approximately HK\$91.2 million for the year ended 31 December 2012.

The gross profit margin increased from approximately 29.3% for the year ended 31 December 2011 to approximately 33.3% for the year ended 31 December 2012. The increase in gross profit margin for the period was mainly attributed to the increase in sales volume in the PRC market, which had the highest gross profit margin as compared to other geographical locations. Furthermore, as our production scale expanded, we were benefitted from the cost advantages derived from our economies of scale.

Other income and gains

Other income and gains decreased by approximately 16.4% from approximately HK\$6.1 million for the year ended 31 December 2011 to approximately HK\$5.1 million for the year ended 31 December 2012, primarily due to the decrease in exchange gains and realized gains on our foreign currency forward contracts as a result of modest appreciation of RMB against US\$.

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Selling and distribution costs

Selling and distribution costs increased by approximately 25% from approximately HK\$7.2 million for the year ended 31 December 2011 to approximately HK\$9 million for the year ended 31 December 2012. The increase was primarily attributed to (i) the increase in transportation expenses; and (ii) the increase in performance bonuses paid to our sales personnel, as a result of the increase in our sales volume.

Administrative expenses

Administrative expenses increased by approximately 25.8% from approximately HK\$23.3 million for the year ended 31 December 2011 to approximately HK\$29.3 million for the year ended 31 December 2012. The increase was primarily attributed to the recognition of listing expenses of HK\$5.7 million.

Finance costs

Our bank borrowings remained stable amounting to approximately HK\$112.3 million and HK\$110.7 million as at 31 December 2011 and 2012 respectively. However, our finance costs grew by approximately 26.2% from approximately HK\$6.5 million for the year ended 31 December 2011 to approximately HK\$8.2 million for the year ended 31 December 2012. Our annual effective interest rate increased from 6.1% for the year ended 31 December 2011 to 7.3% for the year ended 31 December 2012. The increase in our annual effective interest rate was due to the change in the mix of our bank borrowings denominated in RMB and US\$. During the year ended 31 December 2012, the average monthly RMB-denominated bank borrowings increased by approximately 17.3% from HK\$76.7 million in 2011 to HK\$90 million, whereas the average monthly bank borrowings denominated in US\$ decreased by approximately 33% from HK\$46.7 million in 2011 to HK\$31.3 million. The interest rates on our RMB-denominated bank borrowings ranged from 4.7% to 8.5%, which were significantly higher than our bank borrowings denominated in US\$, with interest rates ranging from 3.5% to 3.8%. In order to minimize our finance costs, we have increased the proportion of our US\$-denominated bank borrowings by end of 2012.

Income tax expenses

Income tax expenses increased by approximately 37.7% from approximately HK\$6.1 million for the year ended 31 December 2011 to approximately HK\$8.4 million for the year ended 31 December 2012. The increase was mainly attributed to increase in taxable profits.

Profit for the year

As a result of the above factors, profit for the year increased by approximately 35.9% from approximately HK\$30.1 million for the year ended 31 December 2011 to approximately HK\$40.9 million for the year ended 31 December 2012. Net profit margin increased from approximately 12.7% for the year ended 31 December 2011 to approximately 14.9% for the year ended 31 December 2012.

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Dividends

We declared a dividend of HK\$48.5 million during the year ended 31 December 2012 and a dividend of HK\$21.4 million during the year ended 31 December 2011.

Year ended 31 December 2011 compared with year ended 31 December 2010

Revenue

Our revenue increased by approximately 19.6% from approximately HK\$198.3 million for the year ended 31 December 2010 to approximately HK\$237.1 million for the year ended 31 December 2011. The increase in our revenue was mainly due to:

- i) the increase in our average unit selling price by approximately 6.3% from HK\$1.26 for the year ended 31 December 2010 to approximately HK\$1.34 for the year ended 31 December 2011; and
- ii) the increase in sales volume from approximately 158 million cans in 2010 to approximately 176 million cans in 2011.

Cost of sales

Our cost of sales increased by approximately 25.1% from approximately HK\$134 million for the year ended 31 December 2010 to approximately HK\$167.7 million for the year ended 31 December 2011. The increase in cost of sales was mainly attributed to (i) the increase in headcount; (ii) the increase in sales volume; (iii) the increases in the purchase costs of aluminum ingots and packaging materials, as well as aluminum slug processing fees; and (iv) the increase in basic salaries and overtime payments to our production staff due to the rise in the statutory minimum wage in the PRC. Our production staff received salary increment of approximately 23% during the year ended 31 December 2011.

Gross profit and gross profit margin

Gross profit increased by approximately 8.1% from approximately HK\$64.2 million for the year ended 31 December 2010 to approximately HK\$69.4 million for the year ended 31 December 2011.

The gross profit margin decreased from approximately 32.4% for the year ended 31 December 2010 to approximately 29.3% for the year ended 31 December 2011. The decrease in gross profit margin was mainly attributed to the increases in employee benefit expenses and costs of packaging materials and consumables, but partially offset by the increase in our average unit selling prices.

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Other income and gains

Other income and gains increased by approximately 7% from approximately HK\$5.7 million for the year ended 31 December 2010 to approximately HK\$6.1 million for the year ended 31 December 2011, primarily due to the increase in exchange gains and realized gains on foreign currency forward contracts as a result of the appreciation of RMB against US dollars, but partially offset by the decrease in sales of scrap materials.

Selling and distribution costs

Selling and distribution costs increased by approximately 10.8% from approximately HK\$6.5 million for the year ended 31 December 2010 to approximately HK\$7.2 million for the year ended 31 December 2011. The increase was primarily attributed to (i) the increase in transportation expenses and declaration charges; and (ii) increase in performance bonuses paid to our sales personnel due to increase in sales, but partially offset by the decrease in advertisement and promotion costs as a result of our cost control. For the year ended 31 December 2011, we reduced the size of our exhibition booths and handled the decoration and setup of exhibition booths as well as the graphic design and printing of advertisements and brochures ourselves, which saved us approximately HK\$0.7 million.

Administrative expenses

Administrative expenses increased by approximately 4.4% from approximately HK\$22.3 million (excluding listing expenses of approximately HK\$4.7 million in connection with the then proposed A-Share Listing) for the year ended 31 December 2010 to approximately HK\$23.3 million. The increase was primarily due to the increase in staff costs resulting from the salary increment of approximately 20%.

Finance costs

Finance costs increased from approximately HK\$2.9 million for the year ended 31 December 2010 to approximately HK\$6.5 million for the year ended 31 December 2011, as we had a higher average monthly bank borrowings balance in 2011.

Income tax expenses

Income tax expenses increased by approximately 7% from approximately HK\$5.7 million for the year ended 31 December 2010 to approximately HK\$6.1 million for the year ended 31 December 2011. The increase was mainly attributed to the increase in taxable profits.

Profit for the year

As a result of the above factors, profit for the year increased by approximately 10.5% from approximately HK\$27.2 million for the year ended 31 December 2010 to approximately HK\$30.1 million for the year ended 31 December 2011. Net profit margin decreased from approximately 13.7% for the year ended 31 December 2010 to approximately 12.7% for the year ended 31 December 2011.

Dividends

We declared a dividend of HK\$45.3 million and HK\$21.4 million during each of the two years ended 31 December 2011.

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DESCRIPTION OF CERTAIN ITEMS FROM OUR COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth our combined statements of financial position as at 31 December 2010, 2011 and 2012, which have been derived from, and should be read in conjunction with our Accountants' Report.

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	215,459	212,677	201,635
Prepaid land lease payments	17,079	17,436	16,944
Non-current prepayments	821	496	14,004
Deferred tax assets	499	588	586
Total non-current assets	233,858	231,197	233,169
CURRENT ASSETS			
Inventories	19,627	28,194	25,462
Trade and bills receivable	23,264	37,713	39,141
Prepayments, deposits and other receivables	15,173	13,872	6,870
Due from a related party	—	13,282	—
Pledged deposits	2,302	3,735	2,980
Cash and cash equivalents	31,919	25,024	2,380
Total current assets	92,285	121,820	76,833
CURRENT LIABILITIES			
Trade payables	16,653	16,581	4,844
Other payables and accruals	15,670	20,414	20,784
Interest-bearing bank and other borrowings	67,313	87,679	56,253
Due to a non-controlling shareholder	—	2,467	—
Tax payable	4,751	7,116	6,179
Dividends payable	27,549	18,295	—
Deferred income	176	216	265
Total current liabilities	132,112	152,768	88,325
NET CURRENT LIABILITIES	(39,827)	(30,948)	(11,492)
TOTAL ASSETS LESS CURRENT LIABILITIES	194,031	200,249	221,677
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	34,378	24,600	54,465
Deferred income	3,151	3,703	3,643
Total non-current liabilities	37,529	28,303	58,108
Net assets	156,502	171,946	163,569
EQUITY			
Equity attributable to owners of the Company			
Issued capital	—	—	—
Reserves	127,835	150,281	161,328
	127,835	150,281	161,328
Non-controlling interests	28,667	21,665	2,241
Total equity	156,502	171,946	163,569

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Property, plant and equipment

The table below shows the net book value of our property, plant and equipment at the end of each of the reporting periods:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Buildings	38,821	38,445	36,838
Plant and machinery	135,510	167,194	161,516
Office and other equipment	1,028	902	1,357
Motor vehicles	2,219	1,767	1,323
Construction in progress	37,881	4,369	601
Total	<u>215,459</u>	<u>212,677</u>	<u>201,635</u>

Our property, plant and equipment mainly comprised of our office building, factory and warehouse located in Zhongshan City and the machineries for the production of aluminum aerosol cans. For the year ended 31 December 2010, we implemented our expansion plans in order to increase our production capacity to cope with the increasing demand from our customers. We incurred capital expenditure of approximately HK\$22 million in connection with the purchase of a pre-owned production line and approximately HK\$32.5 million spent on the upgrades of existing production lines. Our property, plant and equipment slightly decreased to approximately HK\$212.7 million as at 31 December 2011, and further decreased to approximately HK\$201.6 million as at 31 December 2012, primarily due to the depreciation charge for the year.

For the year ended 31 December 2012, we paid a deposit of HK\$13.2 million for the purchase of a pre-owned production line from Europe. Such deposit was classified as non-current prepayments in the combined statement of financial position.

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Inventory

The following table is a summary of our inventories as at each of the three years ended 31 December 2012 and the turnover days for the respective years:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Raw materials	8,950	13,222	11,877
Finished goods	10,677	14,972	13,585
Total	19,627	28,194	25,462
Inventory turnover days ^(Note)	28.9	36.8	35.7

Note: Turnover days of inventory are derived by dividing the arithmetic mean of the opening and closing balances of inventory by revenue for the relevant period and multiplying the number of days during the period generating the sales (i.e. 365 days for each of the three years ended 31 December 2012).

Our inventory consists of raw materials and finished goods. Raw materials mainly include aluminum slugs, packaging materials, coating materials and printing ink. As at each of the three years ended 31 December 2012, our Group had aluminum slugs inventory of approximately HK\$6.1 million, HK\$11.1 million and HK\$7.7 million, of which approximately HK\$5.2 million, HK\$4.5 million and HK\$7.6 million were sourced from Neuman respectively. Finished goods are the aluminum aerosol cans manufactured by us awaiting shipment or delivery.

Aluminum slugs are our most important raw material. In order to avoid interruption in our production activities resulting from shortfall of supply, we seek to maintain at least a level of aluminum slug inventory sufficient for one month production. In addition, we also closely monitor the price movements of aluminum ingots. Depending on our outlook towards the aluminum price in the future, we, from time to time, forward purchase aluminum ingots from suppliers. Please refer to the section headed “Business - Raw materials and suppliers - Procurement” for details on our forward purchase of aluminum ingots during the Track Record Period.

The turnover days of inventory were 28.9, 36.8 and 35.7 respectively, for each of the three years ended 31 December 2012. The increase in our inventory turnover days for the year ended 31 December 2011 was primarily due to the increase in finished goods awaiting shipment or delivery. Our inventory turnover days remained stable for the year ended 31 December 2012.

As at 28 February 2013, 96.2% of our Group’s raw materials as at 31 December 2012 had been utilized and all of our finished goods as at 31 December 2012 had been delivered. On an overall basis, 98.2% of our Group’s inventories as at 31 December 2012 had been utilized or delivered.

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Trade and bills receivables

The following table is a summary of our Group's trade and bills receivables as at each of the three years ended 31 December 2012 and the turnover days for the respective years:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	18,512	26,182	21,202
Bills receivables	<u>4,752</u>	<u>11,531</u>	<u>17,939</u>
Total	<u>23,264</u>	<u>37,713</u>	<u>39,141</u>
Trade and bills receivables turnover days ^(Note)	39.5	46.9	51.2

Note: Turnover days of trade and bills receivables are derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables by revenue for the relevant period and multiplying the number of days during the period generating the sales (i.e. 365 days for each of the three years ended 31 December 2012).

Most of our customers are required to make full payment before delivery of our products. For some long-term customers, we may offer them with credit terms of one to two months after delivery. The credit terms offered to a customer are determined by our senior management and depend on various factors such as financial strength, size of the business and payment history of the customer and length of business relationship with us.

The trade and bills receivable turnover days increased from 39.5 days for the year ended 31 December 2010 to 46.9 days for the year ended 31 December 2011, and further increased to 51.2 days for the year ended 31 December 2012. This was mainly due to the increase in bills receivables as a result of the growth in sales to Yunnan Baiyao Group, which settled its purchase by way of bank acceptance bills. Such bills receivables are generally settled by the relevant banks within a period ranging from two to six months.

As at 31 December 2010, 2011 and 2012, our Group endorsed certain bills receivables (the “**Derecognized Bills**”) with carrying amounts of HK\$0.2 million, HK\$0.9 million and HK\$11.9 million to our suppliers respectively. The Derecognized Bills represented the bills already accepted by the top four state-owned banks in the PRC. Our Directors are of the view that the risk of those banks going default is remote, and therefore our Group has transferred all risks and rewards relating to the Derecognized Bills to the suppliers. We confirmed that derecognizing those bills receivables fully complied with the relevant accounting standards.

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The following is an ageing analysis of trade receivables, based on the invoice date, at the end of each of the reporting periods:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	10,436	11,949	15,738
31 to 60 days	3,536	8,341	4,085
61 to 90 days	20	459	300
Over 90 days	4,520	5,433	1,079
	18,512	26,182	21,202

The following is an ageing analysis of trade receivables which are past due but not impaired:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within 60 days	20	459	1,205
Over 60 days	4,520	5,433	174
	4,540	5,892	1,379

Trade receivables that exceeded our normal credit terms but were not impaired were HK\$4.5 million, HK\$5.9 million and HK\$1.4 million as at 31 December 2010, 2011 and 2012 respectively. All the past due trade receivables as at each of the two years ended 31 December 2010 and 2011 were fully and subsequently settled. As at 28 February 2013, 84% of our trade receivables as at 31 December 2012 were settled.

Prepayments, deposits and other receivables

The table below shows the breakdown of our prepayments, deposits and other receivables as at each of the three years ended 31 December 2012:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Prepayments to suppliers	10,866	10,962	3,510
Current portion of prepaid land lease payments	467	490	490
Others	3,840	2,420	2,870
Total	15,173	13,872	6,870

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Prepayments, deposits and other receivables primarily consist of prepayments to suppliers for purchases of raw materials, and the current portion of our prepaid land lease payments.

Our prepayments to suppliers remained stable at HK\$10.9 million and HK\$11 million as at 31 December 2010 and 2011, and then decreased by approximately 68.2% to HK\$3.5 million as at 31 December 2012. Our prepayments to suppliers were mainly made to Neuman for the forward purchases of aluminum ingots. In June 2012, for the purpose of cost control, we started to source aluminum ingots from other suppliers and passed them to Neuman for processing. These suppliers requested full payment before delivery, together with the fact that we did not enter into any forward purchases with Neuman in 2012, which led to the decrease in our prepayments to suppliers as at 31 December 2012.

Trade payable

The following table sets forth the turnover days of our trade payables for each of the three years ended 31 December 2012.

	For the year ended 31 December		
	2010	2011	2012
Trade payables turnover days ^(Note)	26.0	25.6	14.3

Note: Turnover days of trade payables are derived by dividing the arithmetic mean of the opening and closing balances of trade payables by revenue for the relevant period and multiplying the number of days during the period generating the sales (i.e. 365 days for each of the three years ended 31 December 2012).

The trade payables turnover days for the two years ended 31 December 2011 remained stable. Starting from June 2012, our Group purchased aluminum ingots from different suppliers, which requested full payment before delivery. This led to decrease in accounts payable balance and the trade payables turnover days for the year ended 31 December 2012.

The following is an ageing analysis of trade payables at the end of each of the reporting periods:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	15,024	12,603	3,096
31 to 60 days	986	3,656	380
61 to 90 days	378	301	834
Over 90 days	265	21	534
	16,653	16,581	4,844

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As at each of the three years ended 31 December 2012, trade payables due to Neuman amounted to approximately HK\$12.3 million, HK\$9.4 million and nil, all of which were subsequently fully settled.

As at 28 February 2013, 48.5% of our trade payables as at 31 December 2012 were settled. We did not have any material defaults in payments of our trade payables during the Track Record Period.

Other payables and accruals

The table below shows the breakdown of our other payables and accruals as at each of the three years ended 31 December 2012:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Receipts in advance	10,542	14,210	12,745
Accrued employee benefit expenses	3,264	4,051	4,166
Others	1,864	2,153	3,873
Total	<u>15,670</u>	<u>20,414</u>	<u>20,784</u>

Other payables and accruals primarily consist of receipts in advance from our customers for our products, accrued employee benefit expenses and payables for distribution costs and utility expenses.

Receipts in advance from our customers increased by approximately 35.2% from HK\$10.5 million as at 31 December 2010 to HK\$14.2 million as at 31 December 2011, and then decreased by approximately 10.3% to HK\$12.7 million. In order to minimize our credit risk, we require most of our customers to make full payment before we deliver our products to them. The increase in our receipts in advance as at 31 December 2011 was primarily due to the increase in our sales volume. For some long-term customers, such as Yunnan Baiyao Group, we may offer them credit periods of one to two month(s) after delivery. During the year ended 31 December 2012, our increase in sales was mainly contributed by Yunnan Baiyao Group, which led to the slight decrease in receipts in advance from customers at the end of the respective year.

The Directors confirm that there had been no material defaults by the Group in payments of its other payables and accruals during the Track Record Period.

Deferred income

We have been receiving government grants from the Guangdong Provincial Government and the Zhongshan Municipal Government in recognizing our efforts to improve our production techniques and upgrade our production facilities. When we receive government grants related to our production facilities, such government grants are initially accounted for as deferred income in our combined statements of financial position and then recognized as other income in the combined statements of comprehensive income over the expected useful life of the relevant production facilities by equal annual installments.

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Net current assets and liabilities

The following table sets out the breakdown of our Group's current assets and liabilities as at each of the three years ended 31 December 2012 and 30 April 2013:

	As at 31 December			As at 30 April
	2010	2011	2012	2013
	HK\$'000	HK\$'000	HK\$'000	HK\$'000 <i>(unaudited)</i>
CURRENT ASSETS				
Inventories	19,627	28,194	25,462	26,330
Trade and bills receivables	23,264	37,713	39,141	58,770
Prepayments, deposits and other receivables	15,173	13,872	6,870	5,944
Due from a related party	—	13,282	—	171
Pledged deposits	2,302	3,735	2,980	3,012
Cash and cash equivalents	31,919	25,024	2,380	9,112
Total current assets	<u>92,285</u>	<u>121,820</u>	<u>76,833</u>	<u>103,339</u>
CURRENT LIABILITIES				
Trade payables	16,653	16,581	4,844	8,980
Other payables and accruals	15,670	20,414	20,784	24,341
Interest-bearing bank and other borrowings	67,313	87,679	56,253	47,966
Due to a non-controlling shareholder	—	2,467	—	—
Tax payable	4,751	7,116	6,179	6,101
Dividend payable	27,549	18,295	—	—
Deferred income	176	216	265	268
Total current liabilities	<u>132,112</u>	<u>152,768</u>	<u>88,325</u>	<u>87,656</u>
NET CURRENT (LIABILITIES)/ASSETS	<u>(39,827)</u>	<u>(30,948)</u>	<u>(11,492)</u>	<u>15,683</u>

Our Group recorded net current liabilities of HK\$39.8 million, HK\$30.9 million and HK\$11.5 million as at each of the three years ended 31 December 2012 respectively. The net current liabilities position was primarily attributable to the fact that short-term bank borrowings were obtained to partly finance the capital expenditure for the purchases and upgrades of production lines in order to enhance our production capacity. During the year ended 31 December 2012, we took out a long term loan in the amount of HK\$30.3 million to repay the short term bank borrowings, which significantly reduced our net current liabilities to approximately HK\$11.5 million at the end of the year.

As at 30 April 2013, our Group had a net current asset position of HK\$15.7 million. This was primarily due to the increase in trade and bills receivables and cash and cash equivalents generated by our operations for the four months ended 30 April 2013. Our Group had HK\$0.2 million due from a related company as at 30 April 2013 and this amount has been recovered as at the date of this prospectus.

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Off balance sheet transactions

As at the Latest Practicable Date, we did not enter into any material off-balance sheet transactions.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity management

We closely monitor our cash flow position to ensure we have sufficient working capital available to meet the operational needs. Our finance department, assisted by the cash flow management system which forms part of our overall accounting system, forecasts our Group's future financial liquidity for the next 30 days at the end of each month. The forecast takes into account of our trade receivables, trade payables (including settlement of forward purchases of aluminum ingots), cash at bank, interest payments and principal repayments on bank borrowings, routine operational expenses and capital expenditures.

Our finance department closely reviews the actual settlement records of our customers against the credit terms granted to them and informs the sales and marketing department to follow up on any overdue balances. In forecasting the future cash inflows, our finance department uses the past settlement behavior of our customers to project the cash inflows from our trade receivables. For procurements of raw materials, prior approval has to be obtained from our finance department before placing the purchase order with our supplier, so that our finance department can budget such cash outflow accurately in the forecast.

Our finance department keeps track of all the forward purchases of aluminum ingots and foreign currency, bank borrowings and approved capital expenditures and accounts for such cash outflows in the forecast as well. In the event that additional working capital is required for business expansion, we may approach banks in the PRC or Hong Kong to obtain additional banking facilities.

As at 31 December 2012, the Group had total banking facilities of approximately HK\$262.7 million of which, HK\$152 million remained unutilized.

Cash flows

The following table is a condensed summary of our combined statements of cash flow for the periods indicated:

	For the year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Net cash generated from operating activities	32,291	38,998	66,831
Net cash used in investing activities	(45,529)	(17,161)	(4,508)
Net cash generated from/(used in) financing activities	10,539	(29,525)	(84,456)
Cash and cash equivalents as at the beginning of the year	32,607	31,919	25,024
Cash and cash equivalents as at the end of the year	31,919	25,024	2,380

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Operating activities

Net cash generated from operating activities primarily consists of our profit before tax adjusted by non-cash adjustments, such as depreciation on property, plant and equipment and the effect of changes in working capital.

Our Group derives its cash inflow from operating activities principally from the sales of aluminum aerosol cans. Our Group's cash outflow from operating activities mainly consists of purchase of raw materials and payments for slug processing fees and employee benefit expenses.

Net cash generated from operating activities for the year ended 31 December 2012 was approximately HK\$66.8 million while our Group's profit before taxation for the same period was approximately HK\$49.3 million. The difference of approximately HK\$17.5 million was the combined effect of (i) the adjustment of non-cash items, mainly comprising depreciation of approximately HK\$16.3 million; (ii) decrease in prepayments, deposits and other receivables of approximately HK\$12.4 million; and (iii) decrease in trade payables of approximately HK\$11.7 million.

Net cash generated from operating activities for the year ended 31 December 2011 was approximately HK\$39 million while our Group's profit before taxation for the same period was approximately HK\$36.2 million. The difference of approximately HK\$2.8 million was the combined effect of (i) the adjustment of non-cash items, mainly comprising depreciation of approximately HK\$15.1 million; and (ii) increase in trade and bills receivables of approximately HK\$14.4 million.

Net cash generated from operating activities for the year ended 31 December 2010 was approximately HK\$32.3 million while our Group's profit before taxation for the same period was approximately HK\$33 million. The difference of approximately HK\$0.7 million was the combined effect of (i) the adjustment of non-cash items, mainly comprising depreciation of approximately HK\$12.9 million; (ii) increase in inventories of approximately HK\$7.9 million; (iii) increase in trade and bills receivables of approximately HK\$3.6 million; (iv) increase in other payables of approximately HK\$3.3 million; and (v) the payment of income tax of approximately HK\$7.1 million.

Investing activities

Net cash used in investing activities for the year ended 31 December 2012 was approximately HK\$4.5 million, which was primarily attributable to the capital expenditure of approximately HK\$19 million on property, plant and equipment, including a pre-owned production line sourced from Europe, but partially offset by the recovery of an outstanding balance of approximately HK\$13.3 million due from a related party.

Net cash used in investing activities for the year ended 31 December 2011 was approximately HK\$17.2 million, which was primarily attributable to the acquisition of property, plant and equipment of approximately HK\$3.2 million and the increase in amount due from a related party of approximately HK\$13.3 million which was fully recovered in 2012.

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Net cash used in investing activities for the year ended 31 December 2010 was approximately HK\$45.5 million. The amount reflected primarily the cash used for capital expenditures of approximately HK\$22 million in connection with the purchase of a pre-owned production line and approximately HK\$32.5 million spent on the upgrade of existing production lines in order to enhance our production capacity, but partially offset by the release of pledged deposits of HK\$5.4 million.

Financing activities

Net cash used in financing activities for the year ended 31 December 2012 was approximately HK\$84.5 million which was mainly attributable to the payment of dividend of approximately HK\$66.8 million, finance costs of approximately HK\$8.2 million and listing expenses of approximately HK\$5.4 million.

Net cash used in financing activities for the year ended 31 December 2011 was approximately HK\$29.5 million which was mainly attributable to the payment of dividend of approximately HK\$30.6 million.

Net cash generated from financing activities for the year ended 31 December 2010 was approximately HK\$10.5 million, which was mainly attributable to the net increase in bank borrowings of approximately HK\$32.7 million.

Working capital

Our Directors are of the opinion that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated net proceeds of the Share Offer, we have sufficient working capital for our present requirements for at least in the next 12 months commencing from the date of this prospectus.

CAPITAL EXPENDITURES

During the Track Record Period, we incurred capital expenditures mainly for the purchases of properties and equipment. Our capital expenditures, including the deposits for the purchase of property, plant and equipment, were approximately HK\$52.4 million, HK\$3.2 million and HK\$19 million for each of the three years ended 31 December 2012 respectively.

We expect our capital expenditure for the year ending 31 December 2013 to be approximately HK\$31.3 million, which will be used for (i) the upgrading of our existing production facilities through modification and replacing some of the workstations of our production lines to enhance our production capacity and improve the quality of our products; and (ii) partial payment for the construction of a new production factory. We intend to finance these capital expenditures primarily through the proceeds from the Share Offer and internal resources.

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Our current plan with respect to future capital expenditures may be subject to change based on the implementation of our business plan, including potential acquisitions, the expansion of our production plant, market conditions and our outlook of future business conditions. As we continue to expand, we may incur additional capital expenditures.

INDEBTEDNESS

Bank borrowings

As at 30 April 2013, being the latest practicable date for the purpose of this statement prior to the printing of this prospectus, we had available unutilized banking facilities of approximately HK\$126.4 million and had total bank borrowings of approximately HK\$116.1 million, which were secured by our properties, plant and equipment, land use rights, trade receivables and pledged bank deposits.

The following table sets out our bank borrowings as at each of the three years ended 31 December 2012:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Current bank borrowings:			
Bank borrowings repayable within one year	<u>67,313</u>	<u>87,679</u>	<u>56,253</u>
Non-current bank borrowings:			
Bank borrowings repayable in the second year.	14,060	10,923	22,547
Bank borrowings repayable in the third to fifth years, inclusive	<u>20,318</u>	<u>13,677</u>	<u>31,918</u>
	<u>34,378</u>	<u>24,600</u>	<u>54,465</u>
Total bank borrowings	<u><u>101,691</u></u>	<u><u>112,279</u></u>	<u><u>110,718</u></u>

As at 31 December 2012, our bank borrowings repayable within one year were approximately HK\$56.3 million, of which HK\$18 million will be settled by the net proceeds from the Share Offer and the remaining balance will be settled by internal resources and/or new bank borrowings.

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Our bank borrowings as at each of the three years ended 31 December 2012 were denominated in the following currencies:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Bank borrowings denominated in:			
RMB	43,364	79,037	43,341
US\$	58,327	33,242	67,377
	<u>101,691</u>	<u>112,279</u>	<u>110,718</u>

As at 31 December 2011, our RMB-denominated bank borrowings increased by approximately 82% from approximately HK\$43.4 million as at 31 December 2010 to approximately HK\$79 million. The increase in RMB-denominated bank borrowings was primarily used to finance our daily operations. During the year ended 31 December 2011, we repaid some of our US\$-denominated bank borrowings, which were mainly used to finance the costs of production lines purchased in previous years. In order to control our financing costs during the year ended 31 December 2012, we switched to more US\$-denominated bank borrowings from RMB-denominated bank borrowings, as the US\$ cost of funding was much lower.

As at each of the three years ended 31 December 2012, the Group had outstanding bank borrowings of HK\$17.3 million, HK\$12.7 million and HK\$30.3 million with certain financial covenants that among other things, required the Group to maintain specified debt to asset ratio, debt to equity ratio and interest coverage ratio. During the Track Record Period and as at the Latest Practicable Date, we have been, and currently are, in compliance with all of the covenants under all of our bank borrowings. Our finance department monitors the maintenance of and ensures compliance with the specified financial ratios on a regular basis.

As at 31 December 2012, our Group had bank facilities of approximately HK\$172 million (of which HK\$98 million was utilized) guaranteed by Mr. Lin. We have obtained the written consents from the relevant banks for releasing Mr. Lin's personal guarantee before Listing.

Except as described above and apart from intra-group liabilities and normal trade payables, as at 30 April 2013, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Despite the volatile global financial market and implementation of credit tightening policies in the PRC, we have not experienced difficulties in obtaining banking facilities during the Track Record Period. Our Directors do not expect that such tightening environment will adversely affect the Group's ability to obtain banking facilities in the future.

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Our Directors confirm that there had been no defaults by our Group in payment of its bank borrowings during the Track Record Period.

Contingent liabilities

At the end of each of the reporting periods, our Group had the following contingent liabilities:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Guarantees given to a bank in connection with banking facilities granted to European Asia Industrial	487	227	—

The guarantees given to a bank in connection with banking facilities granted to European Asia Industrial were released in full during the year ended 31 December 2012.

CAPITAL COMMITMENTS

The table below sets forth the capital commitments of our Group as at each of the three years ended 31 December 2012:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Contracted, but not provided for:			
Plant and machinery	—	258	241

OPERATING LEASE COMMITMENTS

Our Group also leases its office premises in Hong Kong and staff quarters in the PRC under operating lease arrangements. Leases for these properties are negotiated for terms ranging from one to two years.

As at each of the three years ended 31 December 2012, our Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within one year	25	27	157
In the second and fifth years, inclusive	—	5	192
	25	32	349

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MAJOR FINANCIAL RATIOS

	For the year ended 31 December		
	2010	2011	2012
Current ratio ^(Note 1)	0.7	0.8	0.9
Quick ratio ^(Note 2)	0.6	0.6	0.6
Gearing ratio ^(Note 3)	65.0%	66.7%	67.7%
Debt to equity ratio ^(Note 4)	44.6%	50.7%	66.2%
Interest coverage ^(Note 5)	12.4	6.5	7.0
Return on equity ^(Note 6)	17.4%	17.5%	25.0%

Notes:

1. Current ratio is calculated by dividing current assets by current liabilities.
2. Quick ratio is calculated by dividing current assets after subtraction of inventories by current liabilities.
3. Gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include payables incurred not in the ordinary course of business.
4. Debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.
5. Interest coverage is calculated by dividing profit before interest and tax by interest.
6. Return of equity is calculated by dividing the profit for each year by total equity.

Current ratio

Our current ratio increased from 0.7 as at 31 December 2010 to 0.8 as at 31 December 2011, which was mainly due to the increase of our trade and bills receivables by approximately 62.1% from approximately HK\$23.3 million as at 31 December 2010 to approximately HK\$37.7 million as at 31 December 2011 as a result of the increase in the sales of our products. The current ratio further increased to 0.9 for the year ended 31 December 2012 due to the decrease in current liabilities as a result of the repayment of short term loans of approximately HK\$30.3 million by using a new long term loan.

Quick ratio

Our quick ratio remained stable at 0.6 as at each of the three years ended 31 December 2012.

Gearing ratio

Our gearing ratio remained relatively stable at 65%, 66.7% and 67.7% as at each of the three years ended 31 December 2012 respectively.

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Debt to equity ratio

Our debt to equity ratio was 44.6%, 50.7% and 66.2% as at each of the three years ended 31 December 2012. The increase in our debt to equity ratio as at 31 December 2011 and 2012 was primarily due to the increase in our net debt resulting from the decrease in our cash balances after the cash distribution of dividends of approximately HK\$30.6 million and HK\$66.8 million respectively for each of the two years ended 31 December 2012.

Interest coverage

Our interest coverage was 12.4, 6.5 and 7.0 for each of the three years ended 31 December 2012. The decrease in our interest coverage for the year ended 31 December 2011 was primarily due to the significant increase in our finance costs incurred in the additional bank borrowings obtained to finance our operations and the increase in the interest rate. Our interest coverage rebounded for the year ended 31 December 2012 as our profit before interest and tax increased by approximately 34.7% from approximately HK\$42.7 million for the year ended 31 December 2011 to approximately HK\$57.5 million for the year ended 31 December 2012.

Return on equity

Our return on equity remained stable at 17.4% and 17.5% as at 31 December 2010 and 2011. The significant increase in our return on equity to 25% as at 31 December 2012 was due to the increase in our profitability.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISKS

We are exposed to various types of market risks, including currency risk, interest rate risk, credit risk, liquidity risk, commodity price risk and product price risk, in the ordinary course of our business.

Currency risk

For each of the three years ended 31 December 2012, approximately 62.7%, 62.1% and 54.9% of our sales were denominated in US\$, whilst the remaining was in RMB. On the manufacturing side, over 90% of the production costs were settled in RMB during the Track Record Period. Therefore, there is a currency mismatch between our US\$ revenue and RMB production costs, which gives rise to exposure to foreign exchange risks. Furthermore, there is always a time lag between our invoicing and final settlement from customers for our export sales. This also makes us expose to foreign exchange risks if the foreign exchange rate at which we convert the US\$ sales proceeds from the customers for our export sales is different from the rate at which we book the US\$ sales transactions in our RMB accounts in the first place.

In addition, we are also exposed to foreign currency risk when we translate our assets and liabilities denominated in foreign currencies into our functional currency using the spot rate at the end of each reporting period.

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Since our exposure to fluctuations in foreign exchange rates may adversely affect our financial position and results of operations, we have been using foreign currency forward contracts to minimize our exposure to foreign exchange risks. Please see the paragraph headed “Other income and gains — Realized gains on derivative financial instruments” in this section for details on the foreign currency forward contracts entered into by us.

The following table sets forth a sensitivity analysis on our profit before tax and total equity with reference to the fluctuations in RMB against US\$ and HK\$ as at each of the three years ended 31 December 2012:

	Increase/ (decrease) in US\$/HK\$ rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	HK\$'000	HK\$'000
As at 31 December 2010			
If RMB weakens against US\$	5	(2,430)	—
If RMB strengthens against US\$	(5)	2,430	—
If RMB weakens against HK\$	5	—	(7,550)
If RMB strengthens against HK\$	(5)	—	7,550
As at 31 December 2011			
If RMB weakens against US\$	5	(996)	—
If RMB strengthens against US\$	(5)	996	—
If RMB weakens against HK\$	5	—	(8,205)
If RMB strengthens against HK\$	(5)	—	8,205
As at 31 December 2012			
If RMB weakens against US\$	5	(1,476)	—
If RMB strengthens against US\$	(5)	1,476	—
If RMB weakens against HK\$	5	—	(8,015)
If RMB strengthens against HK\$	(5)	—	8,015

Interest rate risk

Our Group is exposed to cash flow interest rate risk in relation to floating rate bank deposits and bank borrowings. As at 31 December 2012, approximately HK\$92.6 million of our bank borrowings were on a floating rate basis. Our Group does not have an interest rate hedging policy. However, the management of our Company monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

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The following table sets forth a sensitivity analysis on our profit before tax with reference to change in basis points on interest rates accruing on our RMB-denominated bank borrowings and US\$-denominated bank borrowings as at each of the three years ended 31 December 2012:

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		HK\$'000
As at 31 December 2010		
Interest rates accruing on:		
- RMB-denominated bank borrowings	0.25%	(64)
- US\$-denominated bank borrowings	0.25%	(195)
- RMB-denominated bank borrowings	-0.25%	64
- US\$-denominated bank borrowings	-0.25%	195
As at 31 December 2011		
Interest rates accruing on:		
- RMB-denominated bank borrowings	0.25%	(199)
- US\$-denominated bank borrowings	0.25%	(146)
- RMB-denominated bank borrowings	-0.25%	199
- US\$-denominated bank borrowings	-0.25%	146
As at 31 December 2012		
Interest rates accruing on:		
- RMB-denominated bank borrowings	0.25%	(107)
- US\$-denominated bank borrowings	0.25%	(91)
- RMB-denominated bank borrowings	-0.25%	107
- US\$-denominated bank borrowings	-0.25%	91

Credit risk

Our Group's credit risk is primarily attributed to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of account and other receivables, credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers.

Our Group has a concentration of credit risk in certain individual customers. As at each of the three years ended 31 December 2012, the five largest receivable balances accounted for approximately 55.7%, 43.5% and 42.1% of the trade and bills receivables. Our Group seeks to minimize its risk by dealing with counterparties which have good credit history. Majority of the trade receivables that are neither past due nor impaired and there have been no default payment history.

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Liquidity risk

In the management of the liquidity risk, our Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance our Group's operations and mitigate the effects of fluctuations in cash flows. The management of our Company monitors the utilization of banking facilities and ensures compliance with borrowing covenants.

Our Group relies on bank borrowings as a significant source of liquidity. As at each of the three years ended 31 December 2012, our Group has available unutilized bank loan facilities of approximately HK\$65.8 million, HK\$125 million and HK\$152 million respectively.

Commodity price risk

Our products are made of aluminum. The price of aluminum ingots fluctuates, depending on the market supply and demand conditions, whilst the slug processing fees are materially influenced by the price of fuel oil. During the Track Record Period, the cost of aluminum ingots and slug processing fees accounted for approximately 46.5% and 11%, 43.8% and 11%, and 43.3% and 11.3% of the cost of sales respectively. Fluctuations in the prices of aluminum ingots and slug processing fees may have a significant effect on our results of operations.

In order to minimize our exposure to price fluctuations of aluminum ingots, we may occasionally forward purchase aluminum ingots to cover part of the production requirement for the future months. For details about our forward purchase of aluminum ingots in the PRC during the Track Record Period, please refer to the section headed "Business — Raw materials and suppliers — Procurement" in this prospectus. Should the price of aluminum ingots and/or the slug processing fees increase and we cannot pass on such cost increases to our customers, our profit margin and our results of operations could be adversely affected. Please refer to the section headed "Risk Factors — Risks Relating to Our Business" in this prospectus.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in the price of aluminum ingots and slug processing fees on our cost of sales, gross profit, profit before tax and gross profit margin during the Track Record Period.

Sensitivity analysis — price of aluminum ingots

During the Track Record Period, the annual average of daily spot prices of aluminum ingots increased by approximately 7.3% from RMB13,442 per tonne for the year ended 31 December 2010 to RMB14,426 per tonne for the year ended 31 December 2011, but declined by approximately 7.3% to RMB13,367 per tonne for the year ended 31 December 2012. On the other hand, the high and low of

FINANCIAL INFORMATION

daily spot prices of aluminum ingots were RMB15,420 per tonne and RMB12,332 per tonne respectively, representing a fluctuation of 25%. Therefore, we apply 5%, 7%, 10%, 15%, 20% and 25% in our sensitivity analysis set out below.

Hypothetical fluctuation	HK\$'000, except percentages					
	± 5%	± 7%	± 10%	± 15%	± 20%	± 25%
<i>Impact on certain consolidated income statement items for the year ended 31 December 2010</i>						
Change in cost of sales	± 3,116	± 4,363	± 6,232	± 9,349	± 12,465	± 15,581
Change in gross profit	∓ 3,116	∓ 4,363	∓ 6,232	∓ 9,349	∓ 12,465	∓ 15,581
Change in gross profit margin	∓ 1.6%	∓ 2.2%	∓ 3.1%	∓ 4.7%	∓ 6.3%	∓ 7.9%
Change in profit before tax	∓ 3,116	∓ 4,363	∓ 6,232	∓ 9,349	∓ 12,465	∓ 15,581
<i>Impact on certain consolidated income statement items for the year ended 31 December 2011</i>						
Change in cost of sales	± 3,670	± 5,138	± 7,340	± 11,010	± 14,680	± 18,351
Change in gross profit	∓ 3,670	∓ 5,138	∓ 7,340	∓ 11,010	∓ 14,680	∓ 18,351
Change in gross profit margin	∓ 1.5%	∓ 2.2%	∓ 3.1%	∓ 4.6%	∓ 6.2%	∓ 7.7%
Change in profit before tax	∓ 3,670	∓ 5,138	∓ 7,340	∓ 11,010	∓ 14,680	∓ 18,351
<i>Impact on certain consolidated income statement items for the year ended 31 December 2012</i>						
Change in cost of sales	± 3,964	± 5,550	± 7,929	± 11,893	± 15,857	± 19,822
Change in gross profit	∓ 3,964	∓ 5,550	∓ 7,929	∓ 11,893	∓ 15,857	∓ 19,822
Change in gross profit margin	∓ 1.4%	∓ 2.0%	∓ 2.9%	∓ 4.3%	∓ 5.8%	∓ 7.2%
Change in profit before tax	∓ 3,964	∓ 5,550	∓ 7,929	∓ 11,893	∓ 15,857	∓ 19,822

Sensitivity analysis — slug processing fees

During the Track Record Period, we experienced fluctuations of 5% to 14% in slug processing fees and hence, we apply 5% and 14% in our sensitivity analysis. For details of the fluctuations in slug processing fees, please refer to the paragraph headed “Cost of sales — Slug processing fees” in this section.

For each of the three years ended 31 December 2012, holding all other factors constant, if the slug processing fees increase or decrease by 5%, our cost of sales will increase or decrease by HK\$0.7 million, HK\$0.9 million and HK\$1 million. Our gross profit and profit before tax will decrease or increase by approximately HK\$0.7 million, HK\$0.9 million and HK\$1 million. Our gross profit margin will decrease or increase by 0.4%, 0.4% and 0.4% respectively.

For each of the three years ended 31 December 2012, holding all other factors constant, if the slug processing fees increase or decrease by 14%, our cost of sales will increase or decrease by HK\$2.1 million, HK\$2.6 million and HK\$2.9 million. Our gross profit and profit before tax will decrease or increase by approximately HK\$2.1 million, HK\$2.6 million and HK\$2.9 million. Our gross profit margin will decrease or increase by 1%, 1.1% and 1.1% respectively.

FINANCIAL INFORMATION

Product price risk

We adopt a cost-plus pricing policy by adding our target profit margins for domestic and export sales on top of our production costs, in determining the suggested selling price for our products. Our salespersons can sell above the suggested selling price, depending on the prevailing competitive market environment at the time of negotiating with customers, or if they need to sell below the suggested price, prior approval has to be obtained from our general manager, Mr. Lin. If we are unable to achieve our intended profit margin when selling our products, our results of operations will be affected. Nevertheless, because of our leading market position in the aluminum aerosol can manufacturing industry in the PRC, we believe we have generally good bargaining power in pricing our products.

During the Track Record Period, the average unit selling price of our products was approximately HK\$1.26, HK\$1.34 and HK\$1.46 respectively (representing a CAGR of 7.6%).

For each of the three years ended 31 December 2012, holding all other factors constant, if the average unit selling price of our products increases or decreases by 5%, our revenue, gross profit and profit before tax will increase or decrease by approximately HK\$9.9 million, HK\$11.9 million and HK\$13.7 million. Our gross profit margin will increase by 3.2%, 3.4% and 3.2% or decrease by 3.6%, 3.7% and 3.5% respectively.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors have confirmed that, as at the Latest Practicable Date, there are no circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

PROPERTY INTERESTS

Details concerning our property interests are set out in Appendix III to this prospectus. Stirling Appraisals Limited, an independent property valuer, has valued our property interests as at 31 March 2013. The full text of the letter, summary of valuation and valuation certificates with respect to such property interests are set out in Appendix III to this prospectus.

The table below sets forth the reconciliation between the net book value of our property interests as at 31 December 2012 and the valuation of such property interests as at 31 March 2013:

	<u>HK\$'000</u>
Net book value of property interests as at 31 December 2012	54,272
Amortization	(123)
Depreciation	<u>(588)</u>
Net book value of property interests as at 31 March 2013	53,561
Valuation surplus	<u>51,019</u>
Valuation as at 31 March 2013 as per Appendix III to this prospectus	<u><u>104,580</u></u>

FINANCIAL INFORMATION

DIVIDEND POLICY

Dividends may be paid out by ways of cash or by other means we consider appropriate. For each of the three years ended 31 December 2012, our Group declared dividends of HK\$45.3 million, HK\$21.4 million and HK\$48.5 million respectively. All the dividends declared during the Track Record Period had been fully settled as at the Latest Practicable Date. Payment of any future dividends will be made at the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, statutory fund reserve requirements and any other conditions that our Directors consider relevant.

The declaration, payment and amount of any future dividends will be subject to our constitutional documents comprising the memorandum of association and the Articles including, where necessary, the approval of our Shareholders. Investors should note that historical dividend distributions are not indicative of our future dividend distribution policy.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set out in note 33 to the Accountants' Report, our Directors confirm that these transactions were conducted on normal commercial terms and that such terms were no less favorable to us than terms available to independent third parties which are fair and reasonable and in the interest of the Shareholders as a whole.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 12 September 2012 and has not carried out any business since the date of its incorporation save for investment holdings and the transactions related to the Reorganization. Our Company has no reserve available for distribution to the Shareholders as at the Latest Practicable Date.

FINANCIAL INFORMATION

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted combined net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of our Group attributable to owners of our Company as if the Share Offer had taken place on 31 December 2012. This unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of our Group had the Share Offer been completed as at 31 December 2012 or any future dates:

	Combined net tangible assets attributable to owners of our Company as at 31 December 2012	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)
Based on an Offer Price of				
HK\$1.0 per Share	160,750	79,784	240,534	0.60
Based on an Offer Price of				
HK\$1.2 per Share	160,750	99,284	260,034	0.65

Notes:

- (1) The combined net tangible assets attributable to owners of our Company as at 31 December 2012 is extracted from the Accountants' Report, which is based on the audited combined net assets of the Group attributable to owners of the Company as at 31 December 2012 of HK\$161,328,000 with an adjustment for the deferred tax assets attributable to owners of the Company as at 31 December 2012 of HK\$578,000.
- (2) The estimated net proceeds from the Share Offer are based on the Offer Shares, without taking into account any Shares which may be offered for subscription upon exercise of the Over-allotment Option or any Shares which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, and the Offer Price of HK\$1.0 or HK\$1.2 per Share, being the low and high end of the indicative Offer Price range, after deduction of the estimated underwriting fees and related expenses payable by the Company.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 400,000,000 Shares expected to be in issue immediately following the completion of the Share Offer without taking into account any Shares which may be offered for subscription upon exercise of the Over-allotment Option or any which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

FINANCIAL INFORMATION

NO ADVERSE MATERIAL CHANGE

Our Directors have confirmed that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position since 31 December 2012, being the end of period reported in the Accountants' Report, and there has been no event since 31 December 2012 which would materially affect the information shown in the Accountants' Report.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please see the section headed “Business — Business Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds (assuming the Over-allotment Option is not exercised) available to us from the Share Offer (after deducting underwriting commissions and estimated expenses payable by us in connection with the Share Offer) will be approximately HK\$90 million (assuming the Offer Price of HK\$1.1 per Offer Share, being the mid-point of the indicative Offer Price range). We intend to apply these net proceeds in the following manner:

- up to 60%, or approximately HK\$54 million, will be used to partially fund the expansion of our production capacity, including (i) HK\$27 million for upgrading three of our existing production lines by replacing necking machines, washing machines and trimming machines for further improvement of our product quality as well as enhancement of our production capacity and capabilities to turn out a greater variety of product models; and (ii) HK\$27 million for the acquisition of a brand new production line for aluminum aerosol cans. We expect that the upgrading of our production lines can enhance our annual production capacity by approximately 12 million cans upon completion in 2014, whilst our annual production capacity will be increased by approximately 30 million cans upon full operation of the new production line by the end of 2015;
- up to 15%, or approximately HK\$13.5 million, will be used to establish a new research and development laboratory, of which approximately HK\$2 million for recruiting research and development staff and approximately HK\$11.5 million for acquiring the necessary machineries and equipment including a three-ordinate measuring machine and two computer numerical control tooling machines;
- up to 20%, or approximately HK\$18 million, will be used to partially repay our US\$-denominated bank loan with outstanding balance as at the Latest Practicable Date of approximately HK\$31 million at an interest rate of SIBOR plus 2.5% and maturity in July 2013 (extendable for one year upon maturity); and
- the remaining balance of 5%, or approximately HK\$4.5 million, will be used for general working capital purposes.

In the event that the Offer Price is set at the low-end or high-end of the Offer Price and (i) if the Over-allotment Option is not exercised at all, the net proceeds from the Share Offer will decrease or increase by approximately HK\$10 million; and (ii) if the Over-allotment Option is exercised in full, the net proceeds from the Share Offer will decrease or increase by approximately HK\$11 million. Under such circumstances, we will adjust our allocation of the net proceeds in the same proportion as set out above.

FUTURE PLANS AND USE OF PROCEEDS

To the extent, if any, that the net proceeds to us from the Share Offer are not immediately applied for the above purposes, we intend to deposit the net proceeds into interest-bearing bank accounts or to purchase money market instruments e.g. capital preservation instruments excluding listed equity securities.

We will issue an announcement in Hong Kong if there is any material change in the above-proposed use of proceeds.

UNDERWRITING

UNDERWRITERS

Placing Underwriters

Shenyin Wanguo Capital (H.K.) Limited

Pacific Foundation Securities Limited

Public Offer Underwriter

Shenyin Wanguo Capital (H.K.) Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Public Offer Underwriting Agreement

Pursuant to the Public Offer, our Company is offering the Public Offer Shares for subscription by way of the Public Offer on the terms and subject to the conditions set out in this prospectus and the related Application Forms.

Pursuant to the Public Offer Underwriting Agreement, and conditional upon the Listing Committee granting approval of the listing of, and permission to deal in, the Shares, in issue and to be issued as mentioned in this prospectus and certain other conditions (including but not limited to the Placing Underwriting Agreement being executed and delivered by the Placing Underwriters and the parties thereto and the Placing Underwriting Agreement having become unconditional and not terminated prior to 8:00 a.m. (Hong Kong time) on the Listing Date, the Public Offer Underwriter has agreed to subscribe or procure subscribers to subscribe for, on the terms and conditions of the Public Offer Underwriting Agreement, the Public Offer Shares which are not taken up under the Public Offer.

Grounds for termination

The Lead Manager (for itself and on behalf of the Public Offer Underwriter) is entitled to terminate the Public Offer Underwriting Agreement by giving written notice before 8:00 a.m. (Hong Kong time) on the Listing Date (the “**Termination Time**”) to our Company if certain events, including the following events, shall occur prior to the Termination Time:

- (a) there comes to the notice of any of the Sponsor, the Lead Manager or the Public Offer Underwriter of any matter or event showing any of the representations, warranties or undertakings contained in the Public Offer Underwriting Agreement to be untrue, inaccurate or misleading in any material respect when given or repeated or there has been a breach of any of the warranties or any other obligations imposed on any party to the Public Offer Underwriting Agreement (other than those undertaken by the Public Offer Underwriter, the

UNDERWRITING

Sponsor and/or the Lead Manager) of the Public Offer Underwriting Agreement which, in any such cases, is considered, in the sole and absolute opinion of the Lead Manager (on behalf of the Public Offer Underwriter), to be material in the context of the Share Offer; or

- (b) any statement contained in this prospectus or the Application Forms has become or been discovered to be untrue, incorrect or misleading in any material respect or any matters arises or is discovered which would, if this prospectus were to be issued at that time, constitute an omission therefrom as determined, in its sole and absolute opinion of the Lead Manager (on behalf of the Public Offer Underwriter), to be material in the context of the Share Offer; or
- (c) any event, series of events, matters or circumstances occurs or arises on or after the date of the Public Offer Underwriting Agreement and before the Termination Time, being events, matters or circumstances which, if it had occurred before the date of the Public Offer Underwriting Agreement would have rendered any of the warranties contained in the Public Offer Underwriting Agreement untrue, incorrect or misleading in any respect, and comes to the knowledge of any of the Sponsor, the Lead Manager or the Public Offer Underwriter and which is considered, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriter), to be material in the context of the Share Offer; or
- (d) any matter which, had it arisen or been discovered immediately before the date of this prospectus and not having been disclosed in this prospectus, would have constituted, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriter), an omission in the context of the Share Offer; or
- (e) any event, act or omission which gives or is likely to give rise to any material liability of our Company or any of Controlling Shareholders and the executive Directors arising out of or in connection with any representations, warranties or undertakings contained in the Public Offer Underwriting Agreement; or
- (f) there comes to the notice of the Sponsor, the Lead Manager or the Public Offer Underwriter any breach by any party to the Public Offer Underwriting Agreement (other than the Sponsor, the Lead Manager or the Public Offer Underwriter) of any provision thereof which, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriter), is material; or
- (g) there shall have developed, occurred, existed or come into effect any event or series of events, matters or circumstances whether occurring or continuing before, on and/or after the date of the Public Offer Underwriting Agreement and including an event or change in relation to or a development of an existing state of affairs concerning or relating to any of the following:
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in

UNDERWRITING

Hong Kong, the Cayman Islands, the BVI, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to our Group; or

- (ii) any change in, or any event or series of events or development resulting or likely to result in any change in Hong Kong, the Cayman Islands, the BVI, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group, the local, national, regional or international financial, currency, political, military, industrial, economic, stock market, conflict-related, legal, fiscal, exchange control, regulatory, equity or other financial market or other market conditions or prospects, circumstances or matters (including without limitation any moratorium on suspension or material restriction of commercial banking activities in Hong Kong, the U.S., the European Union (“EU”) (or any member thereof), the PRC or elsewhere or trading in securities on the Stock Exchange shall have occurred, happened or come into effect); or
- (iii) any change in the conditions of Hong Kong, the U.S., the PRC or international equity securities or other financial markets (including, without limitation, stock and bond markets, money and foreign exchange markets and inter-bank markets); or
- (iv) the imposition of any moratorium, suspension or material restriction on trading in securities generally on any of the markets operated by the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (v) any change or development involving a prospective change in taxation or exchange control (or the implementation of any exchange control) or foreign investments regulation in Hong Kong, the Cayman Islands, the BVI, the PRC, any of the jurisdictions in which our Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or other jurisdiction relevant to our Group; or
- (vi) any change or prospective change in the business or in the financial or trading position or prospects of any member of our Group; or
- (vii) the imposition of economic or other sanction or withdrawal of trading privileges, in whatever form, by the U.S. or by EU (or any member thereof) or any other country or organization in Hong Kong, the PRC, or any other jurisdiction relevant to our Company; or
- (viii) a general moratorium on commercial banking activities in the PRC or Hong Kong declared by the relevant authorities; or

UNDERWRITING

- (ix) any event, or series of event of force majeure including, without limiting the generality thereof, any act of God, acts of government, war, riot, public disorder, civil commotion, economic sanctions, fire, flood, explosion, epidemic, outbreak of an infectious disease (including but not limited to the severe acute respiratory syndrome, the swine flu), calamity, crisis, terrorism, strike or lock-out (whether or not covered by insurance) shall have occurred, happened or come into effect; or
- (x) any outbreak or escalation of hostilities involving Hong Kong, the PRC, the U.S., EU (or any member thereof), or any other jurisdiction relevant to our Company; or
- (xi) there is, in the sole and absolute opinion of the Lead Manager, a change in the system under which the value of the Hong Kong dollar is linked to that of the US dollar; or
- (xii) there is, in the sole and absolute opinion of the Lead Manager, a material change in the exchange rate between the US dollar and the Renminbi, or between the HK dollar and the Renminbi; or
- (xiii) a demand by any creditor for repayment or payment of any indebtedness of our Company or in respect of which our Company is liable prior to its stated maturity which demand has or could be expected to have a material adverse effect on our Company; or
- (xiv) any loss or damage sustained by our Company (however caused and whether or not the subject of any insurance or claim against any person) which has or could be expected to have a material adverse effect on our Company; or
- (xv) a petition is presented for the winding-up or liquidation of our Company or our Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of our Company or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of our Company or anything analogous thereto occurs in respect of our Company; or
- (xvi) any other change whether or not ejusdem generis with any of the foregoing:

which in each case, in the sole and absolute opinion of the Lead Manager (for itself and on behalf of the Public Offer Underwriter):

- (aa) is or will be or is likely to be adverse, in any material respect, to the business, financial or trading condition or prospects of our Group taken as a whole or, in the case of sub-paragraph (v) above, on any present or prospective shareholder in his/its capacity as such Shareholder of our Company; or
- (bb) has or will have or is likely to have a material adverse effect on the success of the Share Offer as a whole or the level of the Offer Shares being demanded, applied for or accepted, the distribution of the Offer Shares; or

UNDERWRITING

- (cc) for any reason makes it impracticable, inadvisable or inexpedient for the Public Offer Underwriter to proceed with the Share Offer as a whole. For the above purpose, a change in the system under which the value of the Hong Kong currency is linked to that of the currency of the U.S. or any change of Hong Kong currency under such system shall be taken as an event resulting in a change in currency conditions; and any market fluctuations, whether or not within the normal range therefore, may be considered a change of market conditions.

Placing Underwriting Agreement

In connection with the Placing, it is expected that our Company, our executive Directors, our Controlling Shareholders, the Sponsor and the Placing Underwriters will enter into the Placing Underwriting Agreement and subject to the conditions set out therein, the Placing Underwriters would agree to procure the subscribers to subscribe for, or failing which, to subscribe as principal for, the Placing Shares being offered pursuant to the Placing. It is also expected that the Placing Underwriting Agreement may be terminated upon similar grounds as the Public Offer Underwriting Agreement as described in the section headed “Underwriting — Underwriting arrangements and expenses — Grounds for termination” in this prospectus. **Potential investors shall be reminded that in the event that the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.**

Undertakings

The Controlling Shareholder has undertaken to our Company, the Sponsor (as the Lead Manager and the Public Offer Underwriter) not to (except pursuant to or in connection with the Stock Borrowing Agreement) dispose of his/its interest in our Company during certain period. Such non-disposal undertakings are similar to those set out in the section headed “Substantial Shareholders — Non-disposal undertaking” in this prospectus.

Our Company has undertaken to and covenanted with the Sponsor, the Lead Manager (for itself and on behalf of the Underwriters) that, and each of the Controlling Shareholders and the executive Directors jointly and severally undertakes and covenants with the Sponsor, the Lead Manager (for itself and on behalf of the Underwriters) to procure that, without the prior written consent of the Sponsor (for itself and on behalf of the Lead Manager and the Underwriters), and subject always to the requirements of the Stock Exchange, (save for the Offer Shares, the Over-allotment Shares, the Shares to be issued pursuant to the Capitalization Issue, the grant of any options under the Pre-IPO Share Option Scheme and the Share Option Scheme, and any Shares which may fall to be issued pursuant to the exercise of any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, or by way of scrip dividend schemes or similar arrangements in accordance with the Articles), neither our Company nor any of its subsidiaries shall:

- (a) allot and issue or agree to allot and issue any Shares or securities in our Company or any subsidiaries of our Company or grant or agree to grant any options, warrants or other rights carrying any rights to subscribe for, or otherwise convert into, or exchange for, any securities of our Company or any subsidiaries of our Company within the period of six months from the Listing Date; and

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- (b) during the period of six months from the Listing Date purchase any Shares or securities of our Company.

Further, pursuant to Note (3) to Rule 10.07(2) of the Listing Rules, our Controlling Shareholder has undertaken to our Company, the Sponsor and the Lead Manager (for itself and on behalf of the Public Offer Underwriter) that within the First Lock-up Period and the Second Lock-up Period, he/she/it shall:

- (i) when he/she/it pledges or charges any of the Shares or the securities of our Company beneficially owned by him/her/it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of Shares or securities of our Company so pledged or charged; and
- (ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged Shares will be disposed of, immediately inform our Company in writing of such indications.

Our Company must inform the Stock Exchange as soon as we have been informed of the above matters by any of our Controlling Shareholder and disclose such matters by way of an announcement in accordance with the Listing Rules as soon as possible.

Commission and expenses

The Underwriters will receive an underwriting commission of 2.5% of the aggregate Offer Price payable for the Offer Shares, out of which they will (as the case may be) pay any sub-underwriting commissions. In addition, the Sponsor will receive advisory and documentation fees for acting as the Sponsor to the Share Offer. Assuming the Over-allotment Option is not exercised and on the basis of an Offer Price of HK\$1.1 per Offer Share (being the mid-point of the indicative Offer Price range), such underwriting commission and fees, together with the Stock Exchange listing fee, legal and other professional fees, applicable printing and other expenses relating to the Share Offer are estimated to amount to approximately HK\$20 million in total and will be borne by our Company.

Underwriters' interests in our Company

Save for their respective obligations and interests under the Underwriting Agreements as disclosed, none of the Underwriters has any shareholding interest in our Company or any member of our Group or has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

DETERMINING THE OFFER PRICE

The Offer Price is expected to be fixed by the Price Determination Agreement to be entered into between the Lead Manager (for itself and on behalf of the Underwriters), and our Company on or before

UNDERWRITING

the Price Determination Date, which is currently scheduled to be at or before 5:00 p.m. on or about Thursday, 4 July 2013 or by no later than 5:00 p.m. on Wednesday, 10 July 2013. **If the Lead Manager (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price by 5:00 p.m. on Wednesday, 10 July 2013, the Share Offer will not become unconditional and will lapse.**

Prospective Investors should be aware that the Offer Price to be determined on or before the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range as stated in this prospectus. The Offer Price will not be more than HK\$1.20 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share.

The Offer Price will fall within the indicative Offer Price range as stated in this prospectus unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer.

The Lead Manager (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interests expressed by prospective professional, institutional and other investors interested in subscribing for the Placing Shares in Hong Kong during a book-building process, and with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Public Offer. In such a case, our Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause to be published in South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) notice of such a change. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon with our Company, will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement, the offering statistics as currently set out in the section headed “Summary — Offering statistics” in this prospectus, and any other financial information which may change as a result of such reduction. **If applications for the Public Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Public Offer, then even if the indicative Offer Price range is so reduced such applications cannot be subsequently withdrawn.** In the absence of any notice being published in South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) of a reduction in the indicative Offer Price range as stated in this prospectus on or before the morning of the last day for lodging applications under the Public Offer, the Offer Price, if agreed upon with our Company, will under no circumstances be set outside the indicative Offer Price range as stated in this prospectus.

Our Company expects to announce the final Offer Price, the level of indication of interest under the Placing and the basis of allotment of the Public Offer Shares under the Public Offer on or before Thursday, 11 July 2013 in South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) and on our Company’s website at www.euroasia-p.com and the website of the Stock Exchange at www.hkexnews.hk.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

PRICE PAYABLE ON APPLICATION

Based on the Offer Price of HK\$1.20 per Offer Share plus 1% brokerage, 0.005% Stock Exchange trading fee and 0.003% SFC transaction levy, one board lot of 2,000 Shares will amount to a total of HK\$2,424.19 payable on application.

CONDITIONS OF THE SHARE OFFER

Acceptance of all applications for the Offer Shares is conditional upon the satisfaction of all of the following conditions:

1. Listing

The Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and the Shares to be issued pursuant to the Share Offer, the Capitalization Issue and Shares which fall to be allotted and issued upon the exercise of the Over-allotment Option and upon the exercise of any options which have been granted under the Pre-IPO Share Option Scheme and may be granted under the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date (and such listing and permission not subsequently being revoked prior to the commencement of dealings in the Shares on the Stock Exchange).

2. Underwriting agreements

The obligations of the Underwriters under the Underwriting Agreements becoming unconditional. Details of the Underwriting Agreements and grounds for termination are set out in the section headed “Underwriting”. If these conditions are not fulfilled on or before the time and date specified in the Underwriting Agreements or such later date as the Lead Manager (for itself and on behalf of the Underwriters) may agree with the Company, the Share Offer will lapse and your application money will be refunded to you, without interest, and by post at your own risk. The terms on which your application money will be returned to you are set out under the paragraph headed “Refund of your money” in the relevant Application Forms.

In the meantime, your application money will be held in one or more separate bank accounts with the receiving banker or other bank(s) licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

THE SHARE OFFER

The Share Offer comprises the Placing and the Public Offer. A total of 100,000,000 Shares will initially be made available under the Share Offer, of which 90,000,000 Shares, representing 90% of the total number of Shares initially being offered under the Share Offer, will initially be offered for subscription under the Placing. The remaining 10,000,000 Shares, representing 10% of the total number of Shares initially being offered under the Share Offer, will initially be offered for subscription

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

under the Public Offer. The number of Shares offered for subscription under the Placing and the Public Offer will be subject to re-allocation on the basis described below and the number of Shares offered for subscription under the Placing will be subject to the exercise of the Over-allotment Option below. No pre-emption right or right to subscribe for the Offer Shares has been granted.

THE PLACING

Our Company is initially offering, at the Offer Price, 90,000,000 Shares (subject to re-allocation as mentioned in the section headed “Structure and conditions of the Share Offer — Re-allocation of Offer Shares between the Public Offer and the Placing” in this prospectus), representing 90% of the total number of Shares being initially offered under the Share Offer (before any exercise of the Over-allotment Option), for subscription by way of Placing. The Placing is managed by the Lead Manager and fully underwritten by the Placing Underwriters. Pursuant to the Placing, it is expected that the Placing Underwriters or any selling agents which they nominate will, on behalf of our Company, conditionally place the Placing Shares at the Offer Price plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee with selected professional, institutional and other investors interested in subscribing for the Placing Shares in Hong Kong. Professional and institutional investors generally include brokers, dealers, companies and fund managers, whose ordinary businesses involve dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares to professional, institutional and other investors interested in subscribing for the Placing Shares in Hong Kong pursuant to the Placing will be based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the investor is likely to purchase further Shares, or hold or sell the Shares placed, after Listing. Such allocation is intended to result in a distribution of the Placing Shares on the basis which would lead to the establishment of a solid broad shareholder base to the benefit of our Company and our Shareholders taken as a whole. Investors to whom Placing Shares are offered are required to undertake not to apply for the Public Offer Shares under the Public Offer. The level of indication of interest in the Placing are expected to be published in South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) on Thursday, 11 July 2013. The Placing is subject to the conditions stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” in this prospectus.

OVER-ALLOTMENT OPTION

Our Company is expected to grant the Over-allotment Option in the Placing Underwriting Agreement, exercisable by the Lead Manager to require our Company at any time prior to 4:00 p.m. on the date falling 30 days after the last day for the lodging of applications under the Public Offer, to allot and issue up to an aggregate of 10,000,000 additional Shares, representing 10% of the Offer Shares initially being offered under the Share Offer, on the same terms as those applicable to the Share Offer, to cover over-allocations in the Placing. The additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option will be allocated to the Placing and/or to satisfy the Lead

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Manager's obligation to return Shares borrowed under the Stock Borrowing Agreement to be entered into between Wellmass and the Lead Manager. The Lead Manager may also cover any over-allocations under the Placing through the purchase of Shares in the secondary market or otherwise as may be permitted under applicable laws. Any purchases of Shares in the market to cover the over-allocations will be made at prices not exceeding the Offer Price. The number of Shares that may be over-allocated may not be greater than the number of Shares that may be allotted and issued under the Over-allotment Option. Assuming the Over-allotment Option is not exercised, the Offer Shares will represent 25% of our Company's enlarged issued share capital immediately after completion of the Capitalization Issue and the Share Offer. If the Over-allotment Option is exercised in full, the Offer Shares (including the Shares allotted and issued pursuant to the exercise of the Over-allotment Option) will represent approximately 26.8% of the enlarged issued share capital of our Company immediately after completion of the Capitalization Issue, the Share Offer and the exercise of the Over-allotment Option in full.

Based on the maximum Offer Price of HK\$1.20 per Offer Share, the net proceeds of the Share Offer, assuming that the Over-allotment Option is not exercised and after deducting related expenses, are estimated to be approximately HK\$98 million. If the Over-allotment Option is exercised in full, our Company will receive additional net proceeds of approximately HK\$12 million, after deducting underwriting commissions and any expenses payable by us in relation to the exercise of the Over-allotment Option.

The Public Offer is open to the public and the Placing involves selective marketing of the Placing Shares by the Placing Underwriters to institutional, professional and other investors interested in subscribing for the Placing Shares in Hong Kong. Investors may either apply for the Shares under the Public Offer or indicate interests for the Shares under the Placing, and may only receive an allocation of Shares under the Public Offer or the Placing but not both. The Offer Shares are not available for subscription by our Directors, chief executive of our Company, existing beneficial owners of the Shares or their respective associates.

DISCLOSURE MADE PURSUANT TO RULE 10.07(3)

In order to facilitate settlement of over-allocations (if any) in connection with the Placing, the Stock Borrowing Agreement is expected to be entered into between Wellmass and the Lead Manager whereby, if requested by the Lead Manager, Wellmass will, subject to the terms of the Stock Borrowing Agreement, make available to the Lead Manager up to 10,000,000 Shares held by it by way of stock lending in order to cover over-allocations in connection with the Placing, if any.

The Stock Borrowing Agreement will be in compliance with Rule 10.07(3) of the Listing Rules. Its terms and conditions are as follows:

- (a) such securities lending arrangement with Wellmass will only be effected by the Lead Manager for the sole purpose of covering any short position, if any, prior to the exercise of the Over-allotment Option;

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (b) the maximum number of Shares to be borrowed from Wellmass by the Lead Manager must not exceed 10,000,000 Shares (i.e. the maximum number of Shares which may be issued upon the full exercise of the Over-allotment Option);
- (c) the same number of Shares borrowed must be returned to Wellmass, within three Business Days after the last day on which the Over-allotment Option may be exercised; or if earlier, the date on which the Over-allotment Option is exercised in full;
- (d) the securities lending arrangement will be effected in compliance with all applicable laws, listing rules and other regulatory requirements; and
- (e) no payments will be made to Wellmass by the Lead Manager or the Placing Underwriter under the securities lending arrangement.

THE PUBLIC OFFER

Our Company is initially offering, at the Offer Price, 10,000,000 Shares (subject to re-allocation as mentioned in the section headed “Structure and conditions of the Share Offer — Re-allocation of Offer Shares between the Public Offer and the Placing” in this prospectus), representing 10% of the total number of Shares being initially offered under the Share Offer, for subscription under the Public Offer (before any exercise of the Over-allotment Option). The Public Offer is fully underwritten by the Public Offer Underwriter subject to the terms and conditions of the Public Offer Underwriting Agreement. Applicants for the Public Offer Shares are required on application to pay the maximum Offer Price of HK\$1.20 per Share plus 1% brokerage, 0.003% SFC transaction levy and 0.005% Stock Exchange trading fee.

The Public Offer is open to all members of the public in Hong Kong. An applicant for the Public Offer Shares will be required to give an undertaking and confirmation in the Application Form submitted by him/her that he/she has not applied for nor taken up any Placing Shares nor participated in the Placing. Applicants should note that if such undertaking and/or confirmation given by the applicant is breached and/or is untrue (as the case may be), such applicant’s application under the Public Offer is liable to be rejected.

The total number of the Offer Shares available under the Public Offer is to be divided into two pools of 5,000,000 Public Offer Shares for each of pool A and pool B, respectively, for allocation purposes:

- Pool A: The Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of HK\$5,000,000 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable thereon) or less; and
- Pool B: The Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Public Offer Shares with an aggregate subscription price of more than HK\$5,000,000 (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee payable thereon) and up to the value of pool B.

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

Investors should be aware that the allocation ratios for applications in the two pools, as well as the allocation ratios for applications in the same pool, are likely to be different. Where one of the pools is undersubscribed, the surplus Public Offer Shares will be transferred to satisfy demand in the other pool and be allocated accordingly.

Applicants can only receive an allocation of Public Offer Shares from any one pool but not from both pools and can only make applications to either pool A or pool B. Multiple applications or suspected multiple applications and any application made for more than 50% of the 10,000,000 Shares initially comprised in the Public Offer (i.e. 5,000,000 Public Offer Shares) are liable to be rejected.

Allocation of the Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of the Public Offer Shares validly applied for by each applicant. When there is over subscription under the Public Offer, allocation of the Public Offer Shares may involve balloting, which would mean that some applicants may be allotted more Public Offer Shares than others who have applied for the same number of the Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares. The results of the Public Offer and basis of allotment of the Public Offer Shares are expected to be published in South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) on Thursday, 11 July 2013.

Applications under the Public Offer from investors receiving the Placing Shares under the Placing will be identified and rejected and investors receiving the Public Offer Shares under the Public Offer will not be offered the Placing Shares under the Placing.

The Public Offer is subject to the conditions as stated in the section headed “Structure and conditions of the Share Offer — Conditions of the Share Offer” in this prospectus.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, agree to purchase or actually purchase, the newly issued securities in the secondary market, during a specified period of time, to retard and, if possible, to prevent a decline in the initial public offer prices of the securities. In Hong Kong, the stabilization price will not exceed the initial public offer price.

In connection with the Share Offer, the Lead Manager, as the Stabilizing Manager, or any person acting for it, may on behalf of the Placing Underwriters over-allocate Shares or effect transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager or any person acting for it, to conduct any such stabilizing action. Such stabilizing action, if commenced, may be discontinued at any time at the absolute discretion of the Stabilizing Manager, or

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

any person acting for it, and may be discontinued at any time, and must be brought to an end after a limited period. The number of Shares that may be over-allocated will not be greater than the maximum number of Shares which may be issued upon exercise of the Over-allotment Option, being 10,000,000 Shares, which is 10% of the Offer Shares initially available under the Share Offer. Stabilization action cannot be taken to support the price of the Offer Shares for longer than the stabilization period which begins on the Listing Date and ends on the 30th day after the last day for the lodging of applications under the Public Offer (the “**Stabilization Period**”). The Stabilization Period is expected to expire on Saturday, 3 August 2013, and that after this date, when no further stabilizing action may be taken, demand for the Shares, and therefore its price, could fall.

During the Stabilization Period, the Lead Manager, as the Stabilizing Manager, or any person acting for it, may purchase or agree to purchase, or offer, the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, which will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with any such stabilization actions as described above, the Lead Manager as the Stabilizing Manager, or any person acting for it, may allocate a greater number of Shares than the number that is initially offered, or sell or agree to sell Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares. It may close out any such short position by exercising the Over-allotment Option, as described above. It may also agree to sell or sell any Shares acquired by it in the course of any stabilization transactions in order to liquidate any position that has been established by such action.

The Lead Manager may, in connection with the stabilizing action, maintain a long position in the Shares. The size of the long position, and the time period for which the Lead Manager will maintain such a position during the Stabilization Period, are at the sole discretion of the Lead Manager and is uncertain. In the event that the Lead Manager liquidates this long position by making sales in the open market, this may lead to a decline in the market price of the Shares.

Investors should be aware that the price of the Shares cannot be assured to stay at or above its Offer Price by the taking of any stabilizing action. Stabilization bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price the investor has paid for the Offer Shares.

RE-ALLOCATION OF OFFER SHARES BETWEEN THE PUBLIC OFFER AND THE PLACING

The allocation of Offer Shares between the Placing and the Public Offer is subject to re-allocation. If the number of Shares validly applied for under the Public Offer:

- (a) represents 15 times or more but less than 50 times of the number of Shares initially available for subscription under the Public Offer, then 20,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 30,000,000 Shares will be available for subscription under the Public Offer, representing 30% of the Offer Shares initially available under the Share Offer (assuming the Over-allotment Option is not exercised);

STRUCTURE AND CONDITIONS OF THE SHARE OFFER

- (b) represents 50 times or more but less than 100 times of the number of Shares initially available for subscription under the Public Offer, then 30,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 40,000,000 Shares will be available for subscription under the Public Offer, representing 40% of the Offer Shares initially available under the Share Offer (assuming the Over-allotment Option is not exercised);
- (c) represents 100 times or more of the number of Shares initially available for subscription under the Public Offer, then 40,000,000 Shares will be re-allocated to the Public Offer from the Placing, so that an aggregate of 50,000,000 Shares will be available for subscription under the Public Offer, representing 50% of the Offer Shares initially available under the Share Offer (assuming the Over-allotment Option is not exercised); and
- (d) in each of the above cases, the additional Shares re-allocated to the Public Offer will be allocated, if applicable, equally between pool A and pool B, the number of Shares allocated to the Placing will be correspondingly reduced, subject to the exercise of the Over-allotment Option.

If the Public Offer is not fully subscribed, the Lead Manager (for itself and on behalf of the Underwriters) has the absolute discretion to re-allocate all or any of the unsubscribed Public Offer Shares originally included in the Public Offer to the Placing in such proportion as it deems appropriate to satisfy the demand under the Placing. If the Placing is not fully subscribed, the Lead Manager, for itself and on behalf of the Underwriters, has the authority to re-allocate all or any unsubscribed Placing Shares originally included in the Placing to the Public Offer, in such proportion as it deems appropriate provided that there is sufficient demand under the Public Offer to take up such unsubscribed Placing Shares. Details of any re-allocation of the Offer Shares between the Public Offer and the Placing will be disclosed in the results announcement, which is expected to be made on Thursday, 11 July 2013.

LISTING ON ANY OTHER STOCK EXCHANGE

Our Directors are not considering listing our Company's securities on any other overseas stock exchange. Our Company has not submitted any application nor obtained any approval for the listing of the Shares on any other overseas stock exchange.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

1. METHODS TO APPLY FOR THE PUBLIC OFFER SHARES

You may apply for the Public Offer Shares by using one of the following methods:

- using a **WHITE** or **YELLOW** Application Form;
- applying online through the designated website of the **HK eIPO White Form** Service Provider, referred to in this prospectus as the **HK eIPO White Form** service (www.hkeipo.hk); or
- electronically instructing HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf.

Except where you are a nominee and provide the required information in your application, you or your joint applicant(s) may not make more than one application (whether individually or jointly) by applying on a **WHITE** or **YELLOW** Application Form or applying online through **HK eIPO White Form** service or by giving **electronic application instructions** to HKSCC via CCASS.

2. WHO CAN APPLY FOR THE PUBLIC OFFER SHARES

You can apply for the Public Offer Shares available for subscription by the public on a **WHITE** or **YELLOW** Application Form if you, or any person(s) for whose benefit you are applying, are an individual, and:

- are 18 years of age or older;
- have a Hong Kong address;
- are not inside the United States (as defined in Regulation S under the U.S. Securities Act) when completing and submitting the Application Form and are not either (a) a person described in paragraph (h)(3) of Rule 902 of Regulation S under the U.S. Securities Act or (b) a qualified institutional buyer; and
- are not a legal or natural person of the PRC (except qualified domestic institutional investors).

If you wish to apply for the Public Offer Shares online through the **HK eIPO White Form** service, in addition to the above you must also:

- have a valid Hong Kong identity card number; and
- be willing to provide a valid e-mail address and a contact telephone number.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

You may only apply by means of the **HK eIPO White Form** service by submitting an electronic application instruction through the designated website at **www.hkeipo.hk** if you are an individual applicant. Corporations or joint applicants may not apply by means of the **HK eIPO White Form** service.

If the applicant is a firm, the application must be in the names of the individual members, not in the name of the firm. If the applicant is a body corporate, the application must be stamped with the company chop (bearing the company name) and signed by a duly authorized officer, who must state his or her representative capacity.

If an application is made by a person duly authorized under a valid power of attorney, the Lead Manager (as agent of our Company, for itself and on behalf of the Public Offer Underwriter), or their respective agents or nominees, may accept it at their discretion, and subject to any conditions as they think fit, including production of evidence of the authority of the attorney.

The number of joint applicants may not exceed four.

We, the Lead Manager or the **HK eIPO White Form** Service Provider (where applicable) in its capacity as our agent, will have full discretion to reject or accept any application, in full or in part, without assigning any reason.

The Public Offer Shares are not available to existing beneficial owners of Shares or shares in any of our subsidiaries, the Directors or chief executive of our Company or any of our subsidiaries or their respective associates or any other connected persons of our Company or persons who will become our connected persons immediately upon completion of the Share Offer.

You may apply for the Public Offer Shares under the Public Offer or indicate an interest for Placing Shares under the Placing, but may not do both.

3. WHICH APPLICATION METHOD YOU SHOULD USE

(a) **WHITE Application Forms**

Use a **WHITE** Application Form if you want the Public Offer Shares to be registered in your own name.

(b) **Use HK eIPO White Form service**

Instead of using a **WHITE** Application Form, you may apply for the Public Offer Shares by means of **HK eIPO White Form** service by submitting applications online through the designated website at **www.hkeipo.hk**. Use **HK eIPO White Form** service if you want the Public Offer Shares to be registered in your own name.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(c) **YELLOW Application Forms**

Use a **YELLOW** Application Form if you want the Public Offer Shares to be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

(d) **Instruct HKSCC to make an electronic application on your behalf**

Instead of using a **YELLOW** Application Form, you may electronically instruct HKSCC to cause HKSCC Nominees to apply for the Public Offer Shares on your behalf via CCASS. Any Public Offer Shares allocated to you will be registered in the name of HKSCC Nominees and deposited directly into CCASS for credit to your CCASS Investor Participant stock account or your designated CCASS Participant's stock account.

4. **WHERE TO COLLECT THE APPLICATION FORMS**

You can collect a **WHITE** Application Form and this prospectus during normal business hours from 9:00 a.m. on Friday, 28 June 2013 until 12:00 noon on Thursday, 4 July 2013 from:

- The following office of the Public Offer Underwriter:

Shenyin Wanguo Capital (H.K.) Limited

28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Central
Hong Kong

- Any one of the following branches of Standard Chartered Bank (Hong Kong) Limited:

Hong Kong Island

Des Voeux Road Branch	Standard Chartered Bank Building, 4-4A, Des Voeux Road Central, Central
Quarry Bay Branch	G/F, Westlands Gardens, 1027 King's Road, Quarry Bay
Causeway Bay Branch	G/F to 2/F, Yee Wah Mansion, 38-40A Yee Wo Street, Causeway Bay

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Kowloon

Kwun Tong Hoi Yuen Road	G/F, Fook Cheong Building, No. 63 Hoi Yuen Road, Kwun Tong, Kowloon
Mongkok Branch	Shop B, G/F, 1/F & 2/F, 617-623 Nathan Road, Mongkok
Tsimshatsui Branch	G/F, 8A-10 Granville Road, Tsimshatsui

New Territories

Tsuen Wan Branch	Shop C, G/F & 1/F, Jade Plaza, 298 Sha Tsui Road, Tsuen Wan
New Town Plaza Branch	Shop 215, 222 & 223, Phase 1, New Town Plaza, Shatin

You can collect a **YELLOW** Application Form and this prospectus during normal business hours from 9:00 a.m. on Friday, 28 June 2013 until 12:00 noon on Thursday, 4 July 2013 from:

- (i) the **depository counter of HKSCC** at 2nd Floor, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong; or
- (ii) your stockbroker, who may have such Application Forms and this prospectus available.

5. WHEN TO APPLY FOR THE PUBLIC OFFER SHARES

(a) WHITE or YELLOW Application Forms

Completed **WHITE** or **YELLOW** Application Forms, with a cheque or banker's cashier order attached, must be lodged by 12:00 noon on Thursday, 4 July 2013, or, if the application lists are not open on that day, by the time and date stated in the section headed "How to apply for the Public Offer Shares — When to apply for the Public Offer Shares — Effect of bad weather conditions on the opening of the application lists" in this prospectus.

Your completed **WHITE** or **YELLOW** Application Form, with payment attached, should be deposited in the special collection boxes provided at any of the branches of Standard Chartered Bank

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

(Hong Kong) Limited listed in the section headed “How to apply for the Public Offer Shares — Where to collect the Application Forms” in this prospectus at the following times:

Friday, 28 June 2013 — 9:00 a.m. to 5:00 p.m.
Saturday, 29 June 2013 — 9:00 a.m. to 1:00 p.m.
Tuesday, 2 July 2013 — 9:00 a.m. to 5:00 p.m.
Wednesday, 3 July 2013 — 9:00 a.m. to 5:00 p.m.
Thursday, 4 July 2013 — 9:00 a.m. to 12:00 noon

(b) **HK eIPO White Form**

You may submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk from 9:00 a.m. on Friday, 28 June 2013 until 11:30 a.m. on Thursday, 4 July 2013 or such later time as described under the paragraph below headed “How to apply through the **HK eIPO White Form** service — Effect of bad weather conditions on the last application day” (24 hours daily, except on the last application day) in this section. The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 4 July 2013, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the section headed “How to apply for the Public Offer Shares — How to apply through the **HK eIPO White Form** service — Effect of bad weather conditions on the last application day”.

You will not be permitted to submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(c) **Electronic applications instructions to HKSCC**

CCASS Clearing Participants and CCASS Custodian Participants should input **electronic application instructions** via CCASS at the following times:

Friday, 28 June 2013 — 9:00 a.m. to 8:30 p.m. ⁽¹⁾
Saturday, 29 June 2013 — 8:00 a.m. to 1:00 p.m. ⁽¹⁾
Tuesday, 2 July 2013 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
Wednesday, 3 July 2013 — 8:00 a.m. to 8:30 p.m. ⁽¹⁾
Thursday, 4 July 2013 — 8:00 a.m. ⁽¹⁾ to 12:00 noon

Note (1): These times are subject to such changes as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 28 June 2013 until 12:00 noon on Thursday, 4 July 2013. (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** via CCASS (if you are a CCASS Participant) is 12:00 noon on Thursday, 4 July 2013 or if the application lists are not opened on that day, by the time and date stated in the section headed “How to apply for the Public Offer Shares — When to apply for the Public Offer Shares — Effect of bad weather conditions on the opening of the application lists” in this prospectus.

(d) Application lists

The application lists will be opened from 11:45 a.m. to 12:00 noon on Thursday, 4 July 2013, except as provided in the section headed “How to apply for the Public Offer Shares — When to apply for the Public Offer Shares — Effect of bad weather conditions on the opening of the application lists” in this prospectus. No proceedings will be taken on applications for the Public Offer Shares and no allocation of any such Shares will be made until after the closing of the application lists.

(e) Effect of bad weather conditions on the opening of the application lists

The application lists will be opened between 11:45 a.m. and 12:00 noon on Thursday, 4 July 2013, subject to weather conditions. The application lists will not be opened in relation to the Public Offer if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning signal,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 4 July 2013, or if there are similar extraneous factors as are acceptable to the Stock Exchange. Instead, they will be opened between 11:45 a.m. and 12:00 noon on the next Business Day which does not fall within the above circumstances at any time between 9:00 a.m. and 12:00 noon in Hong Kong.

6. HOW TO APPLY USING A WHITE OR YELLOW APPLICATION FORM

- (a) Obtain a **WHITE** or **YELLOW** Application Form.
- (b) You should read the instructions in this prospectus and the relevant Application Form carefully. If you do not follow the instructions, your application is liable to be rejected and returned by ordinary post together with the accompanying cheque or banker’s cashier order to you (or the first-named applicant in the case of joint applicants) at your own risk to the address stated on your Application Form.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- (c) Decide how many Public Offer Shares you want to purchase. Calculate the amount you must pay on the basis of the maximum Offer Price of HK\$1.20 per Share, plus brokerage fee of 1%, the Stock Exchange trading fee of 0.005%, and the SFC transaction levy of 0.003%. The table in the Application Forms sets out the total amount payable for the specified number of the Public Offer Shares.

Your application must be for a minimum of 2,000 Public Offer Shares. Application for more than 2,000 Public Offer Shares must be in one of the numbers of Public Offer Shares set out in the table in the respective Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

- (d) Complete the Application Form in English (save as otherwise indicated) and sign it. Only written signatures will be accepted. Applications made by corporations, whether on their own behalf, or on behalf of other persons, must be stamped with the company chop (bearing the company name) and signed by a duly authorized officer, whose representative capacity must be stated. If you are applying for the benefit of someone else, you, rather than that person, must sign the Application Form. If it is a joint application, all applicants must sign it. If your application is made through a duly authorized attorney, our Company and the Sponsor (or their respective agents or nominees) may accept it at their discretion, and subject to any conditions they think fit, including production of evidence of the authority of your attorney.
- (e) Each Application Form must be accompanied by either one cheque or one banker's cashier order, which must be stapled to the top left-hand corner of the Application Form.

If you pay by cheque, the cheque must:

- be in Hong Kong dollars;
- not be post-dated;
- be drawn on your Hong Kong dollar bank account in Hong Kong;
- show your account name, which must either be pre-printed on the cheque, or be endorsed on the back by a person authorized by the bank. This account name must be the same as the name on the Application Form. If it is a joint application, the account name must be the same as the name of the first-named applicant;
- be made payable to "Horsford Nominees Limited - CHINA ALUMCAN Public Offer"; and
- be crossed "Account Payee Only".

Your application may be rejected if your cheque does not meet all these requirements or is dishonored on its first presentation.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you pay by banker's cashier order, the banker's cashier order must:

- be in Hong Kong dollars;
- not be post-dated;
- be issued by a licensed bank in Hong Kong and have your name certified on the back by a person authorized by the bank. The name on the back of the banker's cashier order and the name on the Application Form must be the same. If it is a joint application, the name on the back of the banker's cashier order must be the same as the name of the first-named joint applicant;
- be made payable to "Horsford Nominees Limited - CHINA ALUMCAN Public Offer"; and
- be crossed "Account Payee Only".

Your application is liable to be rejected if your banker's cashier order does not meet all these requirements.

- (f) If you are applying for the Public Offer Shares using a **WHITE** or **YELLOW** Application Form, you should lodge your Application Form in one of the collection boxes provided at any of the branches of Standard Chartered Bank (Hong Kong) Limited listed under the section headed "How to apply for the Public Offer Shares — Where to collect the Application Forms" above by the time referred to in paragraph 5(a) above.
- (g) Multiple or suspected multiple applications are liable to be rejected. Further information in this regard is set forth in the section headed "How to apply for the Public Offer Shares — How many applications you may make for the Public Offer Shares".
- (h) In order for the **YELLOW** Application Forms to be valid:
- If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):
 - the designated CCASS Participant must endorse the form with its company chop (bearing its company name) and insert its CCASS Participant I.D. in the appropriate box.
 - If you are applying as an individual CCASS Investor Participant:
 - you must fill in your full name and your Hong Kong Identity Card number; and
 - you must insert your CCASS Participant I.D. in the appropriate box.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- If you are applying as a joint individual CCASS Investor Participant:
 - you must insert all joint CCASS Investor Participants' names and the Hong Kong Identity Card numbers of all joint CCASS Investor Participants; and
 - you must insert your CCASS Participant I.D. in the appropriate box.
- If you are applying as a corporate CCASS Investor Participant:
 - you must insert your company name and your company's Hong Kong business registration number; and
 - you must fill in your CCASS Participant I.D. and stamp your company chop (bearing your company's name) in the appropriate box.

Incorrect or incomplete details of the CCASS Participant or CCASS Participant I.D. or other similar matters may render the application invalid.

- (i) Nominees who wish to submit separate applications in their names on behalf of different beneficial owners are requested to designate on each Application Form in the box marked "For nominees" an identification number for each beneficial owner.
- (j) You should note that by completing and submitting an Application Form, among other things:
 - (a) you agree with our Company and each of the Shareholders, and our Company agrees with each of the Shareholders, to observe and comply with the Companies Law, the Companies Ordinance, the memorandum of association and the Articles;
 - (b) you confirm that you have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations save as set out in any supplement to this prospectus;
 - (c) you agree that none of our Company, the Lead Manager, the Public Offer Underwriter, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Share Offer is or will be liable for any information and representations not contained in this prospectus (and any supplement thereto);
 - (d) you undertake and confirm that you (if the application is made for your benefit) or the person(s) or whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up, or indicate an interest for, any Placing Shares nor otherwise participated in the Placing; and

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- (e) you agree to disclose to our Company, and/or the share registrars, receiving banker, the Lead Manager, the Public Offer Underwriter and their respective advisors and agents any personal data which they require about you and the person(s) for whose benefit you have made the application.

7. HOW TO APPLY THROUGH THE HK eIPO WHITE FORM SERVICE

- (a) If you are an individual and meet the criteria set out above in relation to applying for the Public Offer Shares through the **HK eIPO White Form** service in the paragraph above headed “Who can apply for the Public Offer Shares”, you may apply through the **HK eIPO White Form** service by submitting an application through the designated website at www.hkeipo.hk. If you apply through the **HK eIPO White Form** service, the Shares will be issued in your own name.
- (b) Detailed instructions for application through the **HK eIPO White Form** service are set out on the designated website at www.hkeipo.hk. You should read these instructions carefully. If you do not follow the instructions, your application may be rejected by the designated **HK eIPO White Form** Service Provider and may not be submitted to our Company.
- (c) In addition to the terms and conditions set out in this prospectus, the designated **HK eIPO White Form** Service Provider may impose additional terms and conditions upon you for the use of the **HK eIPO White Form** service. Such terms and conditions are set out on the designated website at www.hkeipo.hk. You will be required to read, understand and agree to such terms and conditions in full prior to making any application.
- (d) By submitting an application to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (www.hkeipo.hk), you are deemed to have authorized the designated **HK eIPO White Form** Service Provider to transfer the details of your application to our Company and the Hong Kong Share Registrar.
- (e) You may submit an application through the **HK eIPO White Form** service in respect of a minimum of 2,000 Public Offer Shares. Each **electronic application instruction** in respect of more than 2,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms, or as otherwise specified on the designated website at www.hkeipo.hk.
- (f) You may submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk from 9:00 a.m. on Friday, 28 June 2013 until 11:30 a.m. on Thursday, 4 July 2013 or such later time as described under the paragraph below headed “Effect of bad weather conditions on the last application day” in this prospectus (24 hours daily, except on the last application day). The latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 4 July 2013, the last application day, or, if the application lists are not open on that day, then by the time and date stated in the paragraph below headed “Effect of bad weather conditions on the last application day” in this prospectus.

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- (g) You will not be permitted to submit your application to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close. You should make payment for your application made through the **HK eIPO White Form** service in accordance with the methods and instructions set out in the designated website at www.hkeipo.hk. If you do not make complete payment of the application monies (including any related fees) on or before 12:00 noon on Thursday, 4 July 2013 or such later time as described under the paragraph below headed “Effect of bad weather conditions on the last application day” in this prospectus, the designated **HK eIPO White Form** Service Provider will reject your application and your application monies will be returned to you in the manner described in the designated website at www.hkeipo.hk.

Effect of bad weather conditions on the last application day

The latest time for submitting an application to the designated **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service will be 11:30 a.m., and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 4 July 2013, the last application day. If there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 4 July 2013, the last application day will be postponed to the next business day which does not have either of those warning signals in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on such day.

Conditions of the HK eIPO White Form service

In using the **HK eIPO White Form** service to apply for the Public Offer Shares, the applicant shall be deemed to have accepted the following conditions:

That the applicant:

- **applies** for the desired number of the Public Offer Shares on the terms and conditions of this prospectus and **HK eIPO White Form** subject to the Articles;
- **undertakes** and agrees to accept the Public Offer Shares applied for, or any lesser number allotted to the applicant on such application;

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- **declares** that such application is the only application made and the only application intended by the applicant to be made whether on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the **HK eIPO White Form** Service Provider under the **HK eIPO White Form** service, to benefit the applicant or the person for whose benefit the applicant is applying;
- **undertakes** and **confirms** that the applicant or the person for whose benefit the applicant is applying has not applied for or taken up, or indicated interests for, or received or been placed or allocated (including conditionally and/or provisionally) and will not apply for or take up, or indicate interests for, any Placing Shares, nor otherwise participate in the Placing;
- **understands** that this declaration and representation will be relied upon by our Company in deciding whether or not to make any allotment of Public Offer Shares in response to such application;
- **authorizes** our Company to place the applicant's name on the register of members of our Company as the holder of any Public Offer Shares to be allotted to the applicant, and (subject to the terms and conditions set out in this prospectus) to send any share certificates by ordinary post at the applicant's own risk to the address in the electronic application instruction given by the applicant to the **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (except where the applicant has applied for 1,000,000 or more Public Offer Shares and collects any share certificate(s) in person in accordance with the procedures prescribed in the designated website of the **HK eIPO White Form** Service Provider and this prospectus);
- **requests** that any e-Auto Refund payment instruction(s)/refund cheque(s) be made payable to the applicant, and (subject to the terms and conditions set out in this prospectus) authorizes our Company to send any refund cheques by ordinary post and at the applicant's own risk to the address given in the electronic application instruction given by the applicant to the **HK eIPO White Form** Service Provider through the **HK eIPO White Form** service (except where the applicant has applied for 1,000,000 or more Public Offer Shares and collects any refund cheque(s) in person in accordance with the procedures prescribed in the designated website of the **HK eIPO White Form** and this prospectus);
- **has read** the terms and conditions and application procedures set out in the designated website of the **HK eIPO White Form** Service Provider (www.hkeipo.hk) and this prospectus and **agrees** to be bound by them;
- **represents, warrants and undertakes** that (i) the applicant or any persons for whose benefit the applicant is applying is outside the United States when completing and submitting the electronic application instructions through the **HK eIPO White Form** service and is not a U.S. person (as defined in Regulation S under the U.S. Securities Act, as amended), or is a person described in paragraph (h)(3) of Rule 902 of Regulation S under the U.S. Securities

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Act as amended, and (ii) the allotment of or application for the Public Offer Shares to or by the applicant or the persons for whose benefit the application is made would not require our Company, the Sponsor, the Lead Manager or the Public Offer Underwriter to comply with any requirements under any laws or regulations (whether or not having the force of law) of any territory outside Hong Kong; and

- **agrees** that such application, any acceptance of it and the resulting contract, will be governed by and construed in accordance with the laws of Hong Kong.

Effect of completing and submitting an application through the HK eIPO White Form service

By completing and submitting an application through the **HK eIPO White Form** service, you for yourself or as agent or nominee for and on behalf of any person for whom you act as agent or nominee shall be deemed to:

- **instruct and authorize** our Company, the Lead Manager (or their respective agents or nominees) as agent for our Company to do on your behalf all things necessary to register any Public Offer Shares allotted to you in your name as required by the Articles and otherwise to give effect to the arrangements described in this prospectus and the designated website www.hkeipo.hk;
- **confirm** that you have only relied on the information and representations in this prospectus in making your application and will not rely on any other information and representations save as set out in any supplement to this prospectus;
- **agree** that our Company and our Directors are liable only for the information and representations contained in this prospectus and any supplement thereto;
- **agree** (without prejudice to any other rights which you may have) that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (if the application is made for your own benefit) **warrant** that such application is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service;
- (if you are an agent or nominee for another person) **warrant** reasonable enquiries have been made of that other person that such application is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC via CCASS or to the **HK eIPO White Form** Service Provider via the **HK eIPO White Form** service, and that you are duly authorized to submit such application as that other person's agent or nominee;

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- **undertake and confirm** that, you (if the application is made for your benefit) or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for, take up or indicate an interest for, any Placing Shares;
- **agree** that your application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- **agree** to disclose to our Company, and/or its registrars, receiving banker, the Sponsor, the Lead Manager, the Public Offer Underwriter and their respective advisors and agents personal data and any information which they require about you or the person(s) for whose benefit you have made the application;
- **agree** with our Company and each Shareholder, and our Company agrees with each of its Shareholders, to observe and comply with the Companies Law, the Companies Ordinance, the memorandum of association and the Articles;
- **agree** with our Company and each Shareholder that the Shares are freely transferable by the holders thereof;
- **authorize** our Company to enter into a contract on your behalf with each Director and officer of our Company whereby each such Director and officer undertakes to observe and comply with his or her obligations to the Shareholders as stipulated in the memorandum of association and the Articles;
- **represent, warrant and undertake** that you are not, and none of the other person(s) (if any) for whose benefit you are applying, are a U.S. person (as defined in Regulation S);
- **represent and warrant** that you understand that the Shares have not been and will not be registered under the U.S. Securities Act and you are outside the United States (as defined in Regulation S) when completing the **HK eIPO White Form** or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus, the **HK eIPO White Form** and the designated website of the **HK eIPO White Form** Service Provider (www.hkeipo.hk) and agree to be bound by them;
- **undertake and agree** to accept the Shares applied for, or any lesser number allocated to you under your application; and
- if the laws of any place outside Hong Kong are applicable to your application, **agree and warrant** that you have complied with all such laws and none of our Company, the Sponsor, the Lead Manager and the Public Offer Underwriter nor any of their respective officers or

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advisors will infringe any laws outside Hong Kong as a result of the acceptance of your offer to purchase, or any actions arising from your rights and obligations under the terms and conditions contained in this prospectus, the **HK eIPO White Form** and the designated website of the **HK eIPO White Form** Service Provider (www.hkeipo.hk).

Our Company, the Sponsor, the Lead Manager, the Public Offer Underwriter and their respective directors, officers, employees, partners, agents, advisors, and any other parties involved in the Share Offer are entitled to rely on any warranty, representation or declaration made by you in such application.

Additional information

For the purposes of allocating Public Offer Shares, each applicant giving **electronic application instructions** through the **HK eIPO White Form** service to the **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk will be treated as an applicant.

If your payment of application monies is insufficient, or in excess of the required amount, having regard to the number of Public Offer Shares for which you have applied, or if your application is otherwise rejected by the designated **HK eIPO White Form** Service Provider, the designated **HK eIPO White Form** Service Provider may adopt alternative arrangements for the refund of application monies to you. Please refer to the additional information provided by the designated **HK eIPO White Form** Service Provider on the designated website at www.hkeipo.hk.

Please note that internet services may have capacity limitations and/or be subject to service interruptions from time to time. To ensure that you can submit your applications through the **HK eIPO White Form** service (www.hkeipo.hk), you are advised not to wait until the last day for submitting applications in the Public Offer to submit your **electronic application instructions**. In the event that you have problems connecting to the designated website for the **HK eIPO White Form** service (www.hkeipo.hk), you should submit a **WHITE** Application Form. However, once you have submitted **electronic application instructions** and completed payment in full using the payment reference number provided to you on the designated website, you will be deemed to have made an actual application and should not submit a **WHITE** Application Form. Further information in this regard is set forth in the section headed “How to apply for the Public Offer Shares — How many applications you may make for the Public Offer Shares” in this prospectus.

Warning

The application for the Public Offer Shares through the **HK eIPO White Form** service (www.hkeipo.hk) is only a facility provided by the designated **HK eIPO White Form** Service Provider to public investors. Our Company, the Directors, the Sponsor, the Lead Manager and the Public Offer Underwriter take no responsibility for such applications, and provide no assurance that applications through the **HK eIPO White Form** service (www.hkeipo.hk) will be submitted to our Company or that you will be allotted any Public Offer Shares.

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8. HOW TO APPLY BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC

General

CCASS Participants may give electronic application instructions to HKSCC to apply for the Public Offer Shares and to arrange payment of the application monies due on application and payment of refunds. This will be in accordance with their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give electronic application instructions through the CCASS Phone System by calling 2979 7888 or CCASS Internet System at <https://ip.ccass.com> (according to the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Centre
2nd Floor, Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

and complete an input request form.

Copies of this prospectus are available for collection from the above address. If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Public Offer Shares on your behalf.

You are deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application whether submitted by you or through your broker or custodian to our Company and the Hong Kong Share Registrar.

Application for the Public Offer Shares by HKSCC Nominees on your behalf

Where a **WHITE** Application Form is signed by HKSCC Nominees on behalf of persons who have given electronic application instructions to apply for the Public Offer Shares:

- (i) HKSCC Nominees is only acting as a nominee for those persons and shall not be liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

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(ii) HKSCC Nominees does the following things on behalf of each such person:

- **agrees** that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of that person's CCASS Investor Participant stock account or the stock account of the CCASS Participant who has inputted electronic application instructions on that person's behalf;
- **undertakes** and **agrees** to accept the Public Offer Shares in respect of which that person has given electronic application instructions or any lesser number;
- **undertakes** and **confirms** that that person has not applied for or taken up any Placing Shares under the Placing nor otherwise participated in the Placing;
- (if the electronic application instructions are given for that person's own benefit) **declares** that only one set of electronic application instructions has been given for that person's benefit;
- (if that person is an agent for another person) **declares** that that person has only given one set of electronic application instructions for the benefit of that person and that that person is duly authorized to give those instructions as that other person's agent;
- **understands** that the above declaration will be relied upon by our Company, our Directors and the Lead Manager in deciding whether or not to make any allotment of the Public Offer Shares in respect of the electronic application instructions given by that person and that that person may be prosecuted if he makes a false declaration;
- **authorizes** our Company to place the name of HKSCC Nominees on the register of members of our Company as the holder of the Public Offer Shares allotted in respect of that person's electronic application instructions and to send share certificate(s) and/or refund monies in accordance with the arrangements separately agreed between our Company and HKSCC;
- **confirms** that that person has read the terms and conditions and application procedures set out in this prospectus and agrees to be bound by them;
- **confirms** that that person has only relied on the information and representations in this prospectus (and any supplement thereto) in giving that person's electronic application instructions or instructing that person's broker or custodian to give electronic application instructions on that person's behalf;
- **agrees** that our Company, the Lead Manager, the Public Offer Underwriter, their respective directors, officers, employees, advisors and any other parties involved in the Share Offer will not be liable for the information and representations not so contained in this prospectus and any supplement thereto;

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- **agrees** to disclose that person's personal data to our Company, its registrars, receiving banker, the Sponsor, the Lead Manager and their respective advisor and agents and any information which they may require about that person;
- **agrees** (without prejudice to any other rights which that person may have) that once the application of HKSCC Nominees is accepted, the application cannot be rescinded for innocent misrepresentations;
- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable before the expiration of the fifth Business Day after the opening of the application lists or such later date as the application lists may open as described under the section headed "How to apply for the Public Offer Shares — When to apply for the Public Offer Shares — Effect of bad weather conditions on the opening of the application lists" in this prospectus, such agreement to take effect as a collateral contract with our Company and to become binding when that person gives the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the expiration of the fifth Business Day after the opening of the application lists except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the end of the fifth Business Day after the time of the opening of the application lists if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus;
- **agrees** that once the application of HKSCC Nominees is accepted, neither that application nor that person's electronic application instruction can be revoked, and that acceptance of that application will be evidenced by the announcement of the results of the Public Offer published by our Company;
- **agrees** to the arrangements, undertakings and warranties specified in the participant agreement between that person and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, in respect of the giving of electronic application instructions relating to the Public Offer Shares;
- **agrees** with our Company, for itself and for the benefit of each of the Shareholders (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for our Company and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Companies Law, the Companies Ordinance, the memorandum of association and the Articles;
- **agrees** with our Company (for itself and for the benefit of each of the Shareholders) that the Shares are freely transferable by the holders thereof;

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- **agrees** that that person's application, any acceptance of it and the resulting contract will be governed by and constructed in accordance with the laws of Hong Kong; and
- **agrees** that any application made by HKSCC Nominees on behalf of that person pursuant to electronic application instructions given by that person is irrevocable, save as provided for in this prospectus.

Effect of giving Electronic Application Instructions to HKSCC

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and if you are joint applicants, each of you jointly and severally) are deemed to have done the following things and neither HKSCC nor HKSCC Nominees will be liable to our Company or any other person in respect of the things mentioned below:

- **instructed and authorized** HKSCC to cause HKSCC Nominees (acting as nominee for the CCASS Participants) to apply for the Public Offer Shares on your behalf;
- **instructed and authorized** HKSCC to arrange payment of the Offer Price, brokerage, SFC transaction levy and Stock Exchange trading fee by debiting your designated bank account and, in the case of wholly or partly unsuccessful applications, refund of the application monies, in each case including brokerage, SFC transaction levy and Stock Exchange trading fee, by crediting your designated bank account; and
- **instructed and authorized** HKSCC to cause HKSCC Nominees to do on your behalf all the things which it is stated to do on your behalf in the **WHITE** Application Form.

Minimum subscription amount and permitted multiples

You may give or cause your broker or a custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions in respect of a minimum of 2,000 Public Offer Shares. Such instructions in respect of more than 2,000 Public Offer Shares must be in one of the numbers or multiples set out in the table in the Application Forms. No application for any number of the Public Offer Shares will be considered and any such application is liable to be rejected.

Multiple applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares in respect of which you have given such instructions and/or in respect of which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Public Offer Shares given by you or

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for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made. Further information in this regard is set forth in the section headed “How to apply for the Public Offer Shares — How many applications you may make for the Public Offer Shares” in this prospectus.

Allocation of the Public Offer Shares

For the purposes of allocating the Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit each such instruction is given will be treated as an applicant.

Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company and the registrars about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

Section 40 of the Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives, or causes to give, electronic application instructions is a person who may be entitled to compensation under section 40 of the Companies Ordinance.

Warning

The subscription of the Public Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Our Company, our Directors, the Sponsor, the Lead Manager and the Public Offer Underwriter take no responsibility for the application and provide no assurance that any CCASS Participants will be allotted any Public Offer Shares. To ensure that CCASS Investor Participants can give their electronic application instructions to HKSCC through the CCASS Phone System or CCASS Internet System, CCASS Investor Participants are advised not to wait until the last minute to input their electronic application instructions to the systems. In the event that CCASS Investor Participants have problems connecting to CCASS Phone System/CCASS Internet System for submission of electronic application instructions, they should either (i) submit the **WHITE** or **YELLOW** Application Form (as appropriate), or (ii) go to HKSCC’s Customer Service Centre to complete an application instruction input request form before 12:00 noon on Thursday, 4 July 2013 or such later time as described under the section headed “How to apply for the Public Offer Shares — When to apply for the Public Offer Shares — Effect of bad weather conditions on the opening of the application lists” in this prospectus.

9. HOW MANY APPLICATIONS YOU MAY MAKE FOR THE PUBLIC OFFER SHARES

- (a) There is only one situation where you may make more than one application for the Public Offer Shares. You may make more than one application for the Public Offer Shares if you are

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a nominee, in which case you may make an application by using a **WHITE** or **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant), and lodge more than one Application Form in your own name on behalf of different beneficial owners. In the box on the relevant Application Form marked “For nominee(s)” you must include:

- an account number; or
- some other identification code, for each beneficial owner or, in the case of joint beneficial owners, for each such joint beneficial owner. If you do not include this information, the application will be treated as being for your own benefit.

Otherwise, multiple applications are not allowed.

It will be a term and condition of all applications that by completing and delivering an Application Form or by giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider, you:

- if the application is made for your own benefit, warrant that this is the only application which will be made for your benefit on a **WHITE** or **YELLOW** Application Form or through giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider;
 - if you are an agent for another person, warrant that reasonable enquiries have been made of that other person that this is the only application which will be made for the benefit of that other person on a **WHITE** or **YELLOW** Application Form or through giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider, and that you are duly authorized to sign the relevant Application Form or give electronic application instructions as that other person’s agent.
- (b) Multiple applications or suspected multiple applications are liable to be rejected. Save as referred to (a) above, all of your applications are liable to be rejected as multiple applications if you, or you and your joint applicant(s) together:
- make more than one application (whether individually or jointly with others) on a **WHITE** or **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider;
 - apply (whether individually or jointly with others) on one **WHITE** Application Form and one **YELLOW** Application Form or one **WHITE** or **YELLOW** Application Form and by way of giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider;

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- apply (whether individually or jointly with others) on one **WHITE** or **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider for more than 50% of the 10,000,000 Shares initially comprised in the Public Offer (i.e. 5,000,000 Public Offer Shares); or
 - have applied for or taken up, or indicated interests for or have been or will be placed Placing Shares under the Placing and make application on **WHITE** or **YELLOW** Application Form or by way of giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider.
- (c) All of your applications will also be rejected as multiple applications if more than one application is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions) or you have applied for or taken up or otherwise indicated interests for the Placing Shares under the Placing. If an application is made by an unlisted company and
- the principal business of that company is dealing in securities; and
 - you exercise “statutory control” over that company, then the application will be treated as being for your benefit.

An unlisted company means a company with no equity securities listed on the Stock Exchange.

Statutory control means you:

- control the composition of the board of directors of that company; and/or
 - control more than half of the voting power of that company; and/or
 - hold more than one-half of the issued share capital of that company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).
- (d) If you apply by means of **HK eIPO White Form** service, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit to the designated **HK eIPO White Form** Service Provider to make an application for the Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you are suspected of submitting more than one application through the **HK eIPO White Form** service by giving **electronic application instructions** through the designated website at www.hkeipo.hk and completing payment in respect of such **electronic application instructions**, or of submitting one application through the **HK eIPO White Form** service and one or more applications by any other means, all of your applications are liable to be rejected.

10. HOW MUCH ARE THE PUBLIC OFFER SHARES

The Offer Price is HK\$1.20 per Offer Share. You must also pay brokerage of 1%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%. This means that for every 2,000 Public Offer Shares, you will pay HK\$2,424.19. Each Application Form has a table showing the exact amount payable for certain multiples of the Public Offer Shares. You must pay the Offer Price, the brokerage of 1%, the Stock Exchange trading fee of 0.005% and the SFC transaction levy of 0.003% in full when you apply for the Public Offer Shares.

Your payment must be made by one cheque or one banker's cashier order and must comply with the terms of the related Application Forms (if you apply by an Application Form). Your cheque or banker's cashier order will not be presented for payment before 12:00 noon on Thursday, 4 July 2013. If your application is successful, the brokerage of 1% is paid to participants of the Stock Exchange, the SFC transaction levy of 0.003% is paid to the Stock Exchange collecting on behalf of the SFC, and the Stock Exchange trading fee of 0.005% is paid to the Stock Exchange. Details of the procedures for refund are contained below in the section headed "How to apply for the Public Offer Shares — Despatch/collection of Share certificates and refund cheques/e-Auto Refund payment instructions" in this prospectus.

Our Company will not issue temporary documents of title, evidence of title or receipt for payment.

11. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED THE PUBLIC OFFER SHARES

Full details of the circumstances in which you will not be allocated the Public Offer Shares are set out in the notes attached to the related Application Forms, and you should read them carefully. You should note, in particular, the following two situations in which the Public Offer Shares will not be allocated to you:

If your application is revoked

By depositing the **WHITE** or **YELLOW** Application Form or submitting electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider, you agree that you cannot revoke your application or the application made by HKSCC Nominees on your behalf on or before the expiration of the fifth Business Day after the time of the opening of the application lists.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

This agreement will take effect as a collateral contract with our Company, and will become binding when you lodge your Application Form or submit your electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider and an application has been made by HKSCC Nominees or the **HK eIPO White Form** Service Provider on your behalf accordingly. This collateral contract will be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the end of the fifth Business Day after the time of opening of the application lists except by means of one of the procedures referred to in this prospectus.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before the fifth Business Day after time of the closing of the application lists, if a person responsible for this prospectus under section 40 of the Companies Ordinance gives a public notice under that section which excludes or limits the responsibility of that person for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application may withdraw their applications.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. Acceptance of application which are not rejected will be constituted by notification in the announcement of the results of allocation and, where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to satisfaction of such conditions or the results of such ballot, respectively.

Full discretion of our Company or its agents to reject or accept you application

Our Company and its agents have full discretion to reject or accept any application, or to accept only part of an application, and do not have to give any reason for any rejection or acceptance.

If your application is rejected

Your application will be rejected if:

- it is a multiple application or a suspected multiple application; or
- you or the person for whose benefit you are applying have applied for or taken up, or indicated interests for, or have been or will be placed or allocated (including conditionally and/or provisionally) the Placing Shares.

Reasonable steps will be taken to identify and reject applications in the Public Offer from investors who have received the Placing Shares; and to identify and reject indications of interests in the Placing from investors who have received Public Offer Shares in the Public Offer; or

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

- your Application Form is not completed correctly in accordance with the instructions printed thereon (if you apply by an Application Form); or
- your payment is not made correctly; or
- you pay by cheque or banker's cashier order and the cheque or banker's cashier order is dishonored on its first presentation; or
- our Company or any of its agents believes that by accepting your application, our Company would violate the applicable laws, rules or regulations of the jurisdiction in which your application is, or is suspected to have been, completed and/or signed or of any other jurisdiction; or
- your application is for more than 50% of the 10,000,000 Shares initially comprised in the Public Offer (i.e. 5,000,000 Public Offer Shares).

If your application is not accepted

Your application (including the part of an application made by HKSCC Nominees acting upon electronic application instructions) will not be accepted if either:

- the Public Offer Underwriting Agreement does not become unconditional; or
- the Public Offer Underwriting Agreement is terminated in accordance with its terms and conditions.

If the allotment of Public Offer Shares is void

Any allotment of the Public Offer Shares to you or to HKSCC Nominees (if you give electronic application instructions to HKSCC via CCASS or apply by a **YELLOW** Application Form) will be void if the Listing Committee does not grant the approval of the listing of, and permission to deal in, the Shares either:

- within three weeks from the closing of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing of the application lists.

12. RESULTS OF ALLOCATIONS

Our Company expects to announce the level of indication of interest under the Placing and the basis of allotment of the Public Offer Shares under the Public Offer on or before Thursday, 11 July 2013 in South China Morning Post (in English) and Hong Kong Economic Journal (in Chinese) and on our Company's website at www.euroasia-p.com and the website of the Stock Exchange at www.hkexnews.hk.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Results of allocations in the Public Offer, including the Hong Kong Identity Card/passport/Hong Kong business registration numbers of successful applicants (where supplied) and the number of Public Offer Shares successfully applied for under **WHITE** or **YELLOW** Application Forms or by giving electronic application instructions to HKSCC via CCASS (if you are CCASS participant) or to the designated **HK eIPO White Form** Service Provider will be made available at the times and dates and in the manner specified below:

- on our Company's website at www.euroasia-p.com and the website of the Stock Exchange at www.hkexnews.hk on Thursday, 11 July 2013 onwards;
- on the Public Offer results of allocations website at www.tricor.com.hk/ipo/result on a 24-hour basis from 8:00 a.m. on Thursday, 11 July 2013 to 12:00 midnight on Wednesday, 17 July 2013. The user will be required to key in the Hong Kong Identity Card/passport/Hong Kong business registration number provided in his/her/its Application Form to search for his/her/its own allocation result;
- from our Company's Public Offer allocation results telephone enquiry hotline. Applicants may find out whether or not their applications have been successful and the number of Public Offer Shares allocated to them, if any, by calling 852-3691 8488 between 9:00 a.m. and 6:00 p.m. from Thursday, 11 July 2013 to Tuesday, 16 July 2013 (excluding Saturday and Sunday); and
- from special allocation results booklets setting out the results of allocations which will be available for inspection during opening hours of designated branches of the receiving bank of the Public Offer from Thursday, 11 July 2013 to Saturday, 13 July 2013 at the addresses set out in the section headed "How to apply for the Public Offer Shares — Where to collect the Application Forms" in this prospectus.

13. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND CHEQUES/ e-AUTO REFUND PAYMENT INSTRUCTIONS

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the Offer Price of HK\$1.20 per Public Offer Share (excluding brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005% thereon) initially paid on application, or if the conditions of the Public Offer are not fulfilled in accordance with the section headed "Structure and conditions of the Share Offer — Conditions of the Share Offer" or if any application is revoked or any allotment pursuant thereto has become void, the application monies, or the appropriate portion thereof, together with the related brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, will be refunded, without interest. It is intended that special efforts will be made to avoid any undue delay in refunding application monies where appropriate.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

You will receive one share certificate for all the Public Offer Shares issued to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary documents of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application but, subject to personal collection as mentioned below, in due course there will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Forms:

- (a) for applications on **WHITE** Application Forms or through **HK eIPO White Form** service:
 - (i) share certificate(s) for all the Public Offer Shares applied for, if the application is wholly successful; or
 - (ii) share certificate(s) for the number of Public Offer Shares successfully applied for, if the application is partially successful (for wholly successful and partially successful applications on **YELLOW** Application Forms, share certificates for the Shares successfully applied for will be deposited into CCASS as described below); and/or
- (b) for applications on **WHITE** or **YELLOW** Application Forms or applications made to the designated **HK eIPO White Form** Service Provider where payment of relevant application monies are made through multiple bank accounts, refund cheque(s) crossed 'Account Payee Only' in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; and/or (ii) all the application monies, if the application is wholly unsuccessful, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest. Part of your Hong Kong Identity Card number/passport number, or, if you are joint applicants, part of the Hong Kong Identity Card number/passport number of the first-named applicant, provided by you may be printed on your refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Your banker may require verification of your Hong Kong Identity Card number/passport number before encashment of your refund cheque. Inaccurate completion of your Hong Kong Identity Card number/passport number may lead to delay in encashment of, or may invalidate, your refund cheque; or
- (c) for applications made to the designated **HK eIPO White Form** Service Provider where payment of relevant application monies are made through a single bank account, e-Auto Refund payment instructions for (i) the surplus application monies for the Public Offer Shares unsuccessfully applied for, if the application is partially unsuccessful; and/or (ii) all the application monies, if the application is wholly unsuccessful, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, attributable to such refund/surplus monies but without interest.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Subject to personal collection as mentioned below, refund cheques/e-Auto Refund payment instructions for surplus application monies (if any) in respect of wholly and partially unsuccessful applications and the difference between the Offer Price and the Offer Price per Share initially paid on application (if any) under **WHITE** or **YELLOW** Application Forms or **HK eIPO White Form** service; and Share certificates for wholly and partially successful applicants under **WHITE** Application Form or **HK eIPO White Form** service are expected to be posted on or around Thursday, 11 July 2013. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s).

Share certificates will only become valid certificates of title at 8:00 a.m. on the Listing Date provided that the Public Offer has become unconditional in all respects and the right of termination described in the section headed “Underwriting — Grounds for termination” in this prospectus has not been exercised.

(a) If you apply using a WHITE Application Form:

If you apply for 1,000,000 or more Public Offer Shares and have indicated your intention in your **WHITE** Application Form to collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) in person and have provided all information required by your Application Form, you may collect your refund cheque(s) (where applicable) and share certificate(s) (where applicable) from the Hong Kong Share Registrar, Tricor Investor Services Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 11 July 2013 or such other date as notified by us in the newspapers as the date of despatch/collection of share certificates/refund cheques/e-Auto Refund payment instructions. If you are an individual who opts for personal collection, you must not authorize any other person to make collection on your behalf. If you are a corporate applicant which opts for personal collection, you must attend by your authorized representative bearing a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to Tricor Investor Services Limited. If you do not collect your refund cheque(s) (where applicable) and/or share certificate(s) (where applicable) personally within the time specified for collection, they will be sent to the address as specified in your Application Form promptly thereafter by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares or you apply for 1,000,000 Public Offer Shares or more but have not indicated on your Application Form that you will collect your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) in person, your refund cheque(s) (where applicable) and/or Share certificate(s) (where applicable) will be sent to the address on your Application Form on Thursday, 11 July 2013, by ordinary post and at your own risk.

(b) If you apply using a YELLOW Application Form:

If you apply for 1,000,000 Public Offer Shares or more and you have elected on your **YELLOW** Application Form to collect your refund cheque(s) (where applicable) in person, please follow the same instructions as those for **WHITE** Application Form applicants as described above.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

If you have applied for 1,000,000 Public Offer Shares or above and have not indicated on your Application Form that you will collect your refund cheque(s) (if any) in person, or if you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) (if any) will be sent to the address on your Application Form on the date of despatch, which is expected to be on Thursday, 11 July 2013, by ordinary post and at your own risk.

If you apply for the Public Offer Shares using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your CCASS Investor Participant stock account or the stock account of your designated CCASS Participant as instructed by you in your Application Form on Thursday, 11 July 2013, (or in the event of contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees).

If you are applying through a designated CCASS Participant (other than a CCASS Investor Participant):

- for the Public Offer Shares credited to the stock account of your designated CCASS Participant (other than a CCASS Investor Participant), you can check the number of Public Offer Shares allocated to you with that CCASS Participant.

If you are applying as a CCASS Investor Participant:

- our Company expects to publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner as described in the section headed "How to apply for the Public Offer Shares — Results of allocations" in this prospectus on Thursday, 11 July 2013. You should check the results made available by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 11 July 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time). HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your stock account.

(c) If you apply by giving electronic application instructions to HKSCC

Allocation of Public Offer Shares

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit each such instructions is given will be treated as an applicant.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

Deposit of share certificates into CCASS and refund of application monies

- No temporary prospectus of title will be issued. No receipt will be issued for application monies received.
- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of the stock account of the CCASS Participant which you have instructed to give **electronic application instructions** on your behalf or your CCASS Investor Participant stock account on Thursday, 11 July 2013, or, in the event of a contingency, on any other date as shall be determined by HKSCC or HKSCC Nominees.
- It is expected to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, information relating to the relevant beneficial owner will be included, if supplied), your Hong Kong Identity Card number/passport number or other identification number (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the newspapers on Thursday, 11 July 2013. You should check the announcement published by us and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 11 July 2013 or such other date as shall be determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund cheques (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 11 July 2013. Immediately after the credit of the Public Offer Shares to your CCASS Investor Participant stock account and the credit of refund to your designated bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications, in each case including brokerage of 1%, SFC transaction levy of 0.003% and the Stock Exchange trading fee of 0.005%, will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 11 July 2013. No interest will be paid thereon.

(d) If you apply through HK eIPO White Form service

If you apply for 1,000,000 Public Offer Shares or more through the **HK eIPO White Form** service by submitting an electronic application to the designated **HK eIPO White Form** Service Provider

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

through the designated website at www.hkeipo.hk and your application is wholly or partially successful, you may collect your Share certificate(s) and/or refund cheque(s) (where applicable) in person from Tricor Investor Services Limited at 26/F Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Thursday, 11 July 2013, or such other date as notified by our Company in the newspapers.

If you do not collect your Share certificate(s) and/or refund cheque(s) (where applicable) personally within the time specified for collection, they will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider promptly thereafter, by ordinary post and at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your Share certificate(s) and/or refund cheque(s) (where applicable) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider through the designated website at www.hkeipo.hk on Thursday, 11 July 2013 by ordinary post and at your own risk.

If you apply through **HK eIPO White Form** service by paying the application monies through a single bank account and your application is wholly or partially unsuccessful and/or the final Offer Price is less than the Offer Price initially paid by you, e-Auto Refund payment instructions (if any) will be despatched to your application payment bank account on or around Thursday, 11 July 2013.

If you apply through **HK eIPO White Form** service by paying the application monies through multiple bank accounts and your application is wholly or partially unsuccessful and/or the final Offer Price is less than the Offer Price initially paid by you, refund cheque(s) (if any) will be sent to the address specified in your application instructions to the designated **HK eIPO White Form** Service Provider on or around Thursday, 11 July 2013, by ordinary post and at your own risk.

Please also note the additional information relating to the refund of application monies overpaid, application money underpaid or applications rejected by the designated **HK eIPO White Form** Service Provider set forth above in the section headed "How to apply for the Public Offer Shares — How to apply through the **HK eIPO White Form** Service — Additional Information" in this prospectus.

14. COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Friday, 12 July 2013. Shares will be traded in board lots of 2,000 Shares.

HOW TO APPLY FOR THE PUBLIC OFFER SHARES

15. SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the approval of the listing of, and permission to deal in, the Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for the Shares to be admitted into CCASS.

Investors should seek the advice of their stockbrokers or other professional advisors for details of the settlement arrangements, as such arrangements will affect their rights and interests.

The following is the text of a report, prepared for inclusion in this prospectus, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong. As described in the section headed "Documents delivered to the Registrar of Companies and available for inspection" in Appendix VI, a copy of the accountants' report is available for inspection.



22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 June 2013

The Directors

China Aluminum Cans Holdings Limited
Shenyin Wanguo Capital (H.K.) Limited

Dear Sirs,

We set out below our report on the financial information of China Aluminum Cans Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows of the Group for each of the three years ended 31 December 2010, 2011 and 2012 (the "Relevant Periods"), and the combined statements of financial position of the Group as at 31 December 2010, 2011 and 2012 together with the notes thereto (the "Financial Information"), prepared on the basis of presentation set out in note 2 of Section II below, for inclusion in the prospectus of the Company dated 28 June 2013 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 12 September 2012 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. Pursuant to the group reorganization as more fully explained in the paragraph headed "Corporate Reorganization" in Appendix V — "Statutory and General Information" to the Prospectus (the "Reorganization"), the Company became the holding company of the subsidiaries now comprising the Group. Apart from the Reorganization, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as the Company has not been involved in any significant business transaction other than the Reorganization described above.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the “Directors”) have prepared the combined financial statements of the Group (the “Underlying Financial Statements”) in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board (the “IASB”). The Underlying Financial Statements for each of the years ended 31 December 2010, 2011 and 2012, were audited by us in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

Directors' responsibility

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with IFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and Financial Information that are free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

Opinion in respect of the Financial Information

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2010, 2011 and 2012 and of the combined results and cash flows of the Group for each of the Relevant Periods.

(I) FINANCIAL INFORMATION

Combined statements of comprehensive income

	Notes	Year ended 31 December		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
REVENUE	7	198,264	237,124	273,923
Cost of sales		(134,030)	(167,691)	(182,769)
Gross profit		64,234	69,433	91,154
Other income and gains	7	5,727	6,146	5,138
Selling and distribution expenses		(6,479)	(7,168)	(9,002)
Administrative expenses		(27,006)	(23,330)	(29,318)
Other expenses		(630)	(2,368)	(521)
Finance costs	9	(2,895)	(6,536)	(8,154)
PROFIT BEFORE TAX	8	32,951	36,177	49,297
Income tax expense	12	(5,733)	(6,114)	(8,433)
PROFIT FOR THE YEAR		<u>27,218</u>	<u>30,063</u>	<u>40,864</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX				
Exchange differences on translation of foreign operations		5,084	6,761	(699)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>32,302</u>	<u>36,824</u>	<u>40,165</u>
Profit attributable to:				
Owners of the Company		22,232	25,129	38,273
Non-controlling interests		4,986	4,934	2,591
		<u>27,218</u>	<u>30,063</u>	<u>40,864</u>
Total comprehensive income attributable to:				
Owners of the Company		26,386	30,780	37,619
Non-controlling interests		5,916	6,044	2,546
		<u>32,302</u>	<u>36,824</u>	<u>40,165</u>

Details of the dividends paid and proposed during the Relevant Periods are disclosed in note 13 to the Financial Information.

Combined statements of financial position

	Notes	As at 31 December		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	215,459	212,677	201,635
Prepaid land lease payments	16	17,079	17,436	16,944
Non-current prepayments	19	821	496	14,004
Deferred tax assets	26	499	588	586
Total non-current assets		<u>233,858</u>	<u>231,197</u>	<u>233,169</u>
CURRENT ASSETS				
Inventories	17	19,627	28,194	25,462
Trade and bills receivable	18	23,264	37,713	39,141
Prepayments, deposits and other receivables	19	15,173	13,872	6,870
Due from a related party	33	—	13,282	—
Pledged deposits	20	2,302	3,735	2,980
Cash and cash equivalents	20	31,919	25,024	2,380
Total current assets		<u>92,285</u>	<u>121,820</u>	<u>76,833</u>
CURRENT LIABILITIES				
Trade payables	21	16,653	16,581	4,844
Other payables and accruals	22	15,670	20,414	20,784
Interest-bearing bank and other borrowings	23	67,313	87,679	56,253
Due to a non-controlling shareholder	33	—	2,467	—
Tax payable		4,751	7,116	6,179
Dividends payable		27,549	18,295	—
Deferred income	25	176	216	265
Total current liabilities		<u>132,112</u>	<u>152,768</u>	<u>88,325</u>
NET CURRENT LIABILITIES		<u>(39,827)</u>	<u>(30,948)</u>	<u>(11,492)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>194,031</u>	<u>200,249</u>	<u>221,677</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	23	34,378	24,600	54,465
Deferred income	25	3,151	3,703	3,643
Total non-current liabilities		<u>37,529</u>	<u>28,303</u>	<u>58,108</u>
Net assets		<u>156,502</u>	<u>171,946</u>	<u>163,569</u>
EQUITY				
Equity attributable to owners of the Company				
Issued capital	27	—	—	—
Reserves	28	127,835	150,281	161,328
		127,835	150,281	161,328
Non-controlling interests		28,667	21,665	2,241
Total equity		<u>156,502</u>	<u>171,946</u>	<u>163,569</u>

Combined statements of changes in equity

	Equity attributable to owners of the parent							Total equity
	Issued capital	Merger Reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Non- controlling interests	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		(Note 28(i))	(Note 28(ii))					
At 1 January 2010	—	92,090	5,035	6,243	35,059	138,427	31,043	169,470
Profit for the year	—	—	—	—	22,232	22,232	4,986	27,218
Other comprehensive income for the year:								
Exchange differences on translation of foreign operations	—	—	—	4,154	—	4,154	930	5,084
Total comprehensive income for the year	—	—	—	4,154	22,232	26,386	5,916	32,302
Transfer from retained profits	—	—	2,373	—	(2,373)	—	—	—
Dividends declared	—	—	—	—	(36,978)	(36,978)	(8,292)	(45,270)
At 31 December 2010	—	92,090 [#]	7,408 [#]	10,397 [#]	17,940 [#]	127,835	28,667	156,502

	Equity attributable to owners of the parent							Total equity
	Issued capital	Merger Reserve	Statutory	Exchange	Retained profits	Total	Non-	
			surplus funds	fluctuation reserve			controlling interests	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 31 December 2010 and								
1 January 2011	—	92,090	7,408	10,397	17,940	127,835	28,667	156,502
Profit for the year.	—	—	—	—	25,129	25,129	4,934	30,063
Other comprehensive income								
for the year:								
Exchange differences on translation of foreign operations	—	—	—	5,651	—	5,651	1,110	6,761
Total comprehensive income								
for the year	—	—	—	5,651	25,129	30,780	6,044	36,824
Transfer from retained profits.	—	—	2,578	—	(2,578)	—	—	—
Acquisition of non-controlling interests	—	6,446	636	985	1,063	9,130	(9,130)	—
Dividends declared	—	—	—	—	(17,464)	(17,464)	(3,916)	(21,380)
At 31 December 2011 and 1 January								
2012.	—	98,536 [#]	10,622 [#]	17,033 [#]	24,090 [#]	150,281	21,665	171,946
Profit for the year.	—	—	—	—	38,273	38,273	2,591	40,864
Other comprehensive loss								
for the year:								
Exchange differences on translation of foreign operations	—	—	—	(654)	—	(654)	(45)	(699)
Total comprehensive income/(loss)								
for the year	—	—	—	(654)	38,273	37,619	2,546	40,165
Transfer from retained profits.	—	—	4,352	—	(4,352)	—	—	—
Acquisition of non-controlling interests	—	12,660	1,596	2,153	(555)	15,854	(15,854)	—
Dividends declared	—	—	—	—	(42,426)	(42,426)	(6,116)	(48,542)
At 31 December 2012	—	111,196 [#]	16,570 [#]	18,532 [#]	15,030 [#]	161,328	2,241	163,569

Note:

These reserve accounts comprise the combined reserves of HK\$127,835,000, HK\$150,281,000 and HK\$161,328,000 as at 31 December 2010, 2011 and 2012, respectively, in the combined statements of financial position.

Combined statements of cash flows

	Notes	Year ended 31 December		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		32,951	36,177	49,297
Adjustments for:				
Finance costs	9	2,895	6,536	8,154
Bank interest income	7	(136)	(147)	(140)
Loss/(gain) on disposal of items of property, plant and equipment	8	—	2,047	(43)
Government grants released	7	(1,027)	(577)	(699)
Depreciation	15	12,901	15,077	16,302
Amortization of land lease prepayments	16	456	478	490
		48,040	59,591	73,361
(Increase)/decrease in inventories		(7,874)	(8,567)	2,732
Increase in trade and bills receivable		(3,588)	(14,449)	(1,427)
(Increase)/decrease in prepayments, deposits and other receivables		(6,473)	1,301	12,405
Increase/(decrease) in trade payables		5,040	(72)	(11,737)
Increase in other payables and accruals		3,338	4,641	422
Receipt of government grants		912	391	443
Cash received from operations		39,395	42,836	76,199
PRC tax paid		(7,104)	(3,838)	(9,368)
Net cash flows from operating activities		32,291	38,998	66,831
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(52,412)	(3,195)	(19,026)
(Increase)/decrease in an amount due from a related party		—	(13,282)	13,282
Interest received		136	147	140
(Increase)/decrease in pledged deposits		5,404	(1,433)	755
Proceeds from disposal of items of property, plant and equipment		—	—	94
Receipt of government grants		1,343	602	247
Net cash flows used in investing activities		(45,529)	(17,161)	(4,508)

	Notes	Year ended 31 December		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank loans		62,904	64,945	195,705
Repayment of bank loans		(30,109)	(59,535)	(197,245)
Capital element of finance lease rental payments . . .		(128)	—	—
Interest paid		(3,464)	(6,768)	(8,209)
Dividends paid		(17,721)	(30,634)	(66,837)
Increase/(decrease) in an amount due to a non-controlling shareholder		—	2,467	(2,467)
Payment of listing expenses		(943)	—	(5,403)
Net cash flows from/(used in) financing activities . .		<u>10,539</u>	<u>(29,525)</u>	<u>(84,456)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS				
Exchange realignment		(2,699)	(7,688)	(22,133)
Cash and cash equivalents at beginning of year		2,011	793	(511)
		<u>32,607</u>	<u>31,919</u>	<u>25,024</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	20	<u>31,919</u>	<u>25,024</u>	<u>2,380</u>

(II) NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 12 September 2012. The Company's registered office address is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. It became the holding company of the Group as a result of the Reorganization as described in the paragraph headed "Corporate Reorganization" in Appendix V — "Statutory and General Information" to the Prospectus.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries comprise the manufacture and sale of aluminum aerosol cans.

In the opinion of the Directors, as at the date of this report, the immediate holding company and ultimate holding company of the Company is Wellmass International Limited, a company incorporated in the British Virgin Islands ("BVI").

The Company and its subsidiaries now comprising the Group underwent the Reorganization as set out in the paragraph headed "Corporate Reorganization" in Appendix V — "Statutory and General Information" to the Prospectus.

As at the date of this report, the Company holds direct and indirect interests in its subsidiaries, all of which are all private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Company name	Notes	Place and date of incorporation/ registration and place of operations	Issued and paid-up/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Subsidiaries:						
Euro Asia Investments Global Limited	(1)	BVI 3 October 2012	US\$1	100	—	Investment holding
Hong Kong Aluminum Cans Limited	(2)	Hong Kong 6 September 2012	HK\$1	—	100	Investment holding
Euro Asia Packaging (Guangdong) Co., Ltd. ("Euro Asia Packaging") (廣東歐亞包裝股份有限公司)	(3)	Mainland China 27 June 2002	RMB80,000,000	—	98.6	Manufacture and sale of aluminum aerosol cans
European Asia Group Company Limited (歐亞行集團有限公司)	(4)	Hong Kong 2 April 2005	HK\$1,500,000	—	98.6	Sale of aluminum aerosol cans

Notes:

- (1) No statutory audited statements have been prepared for this company since its date of incorporation as it is not subject to any statutory audit requirements in its jurisdiction of incorporation.
- (2) No statutory financial statements have been issued for this company subsequent to its date of incorporation.
- (3) The statutory audited financial statements for the three years ended 31 December 2010, 2011 and 2012 were prepared in accordance with the Accounting Standards for Business Enterprise issued by the Ministry of Finance on 15 February 2006 and other related regulations and were audited by Zhongshan Zhongxin Certified Public Accountants Co., Ltd. (中山市中信會計師事務所有限公司), Ernst & Young Hua Ming Shenzhen Branch (安永華明會計師事務所深圳分所) and Zhongshan Promise Certified Public Accountants (中山市成諾會計師事務所), certified public accountants registered in Mainland China, respectively.
- (4) The statutory audited financial statements for the three years ended 31 December 2010, 2011 and 2012 were prepared in accordance with Hong Kong Financial Reporting Standards, which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations, issued by the HKICPA and were audited by Orient Mark Certified Public Accountants, Orient Mark Certified Public Accountants and SBC CPA Limited, respectively, certified public accountants registered in Hong Kong.

2. BASIS OF PRESENTATION AND PREPARATION

Basis of presentation

Pursuant to the Reorganization as more fully explained in the paragraph headed “Corporate Reorganization” in the section headed “Corporate Reorganization” in Appendix V — “Statutory and General Information” to the Prospectus, the Company became the holding company of the companies now comprising the Group on 15 March 2013. The companies now comprising the Group were under the common control of the controlling shareholders before and after the Reorganization. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

The combined statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the controlling shareholders, where this is a shorter period. The combined statements of financial position of the Group as at 31 December 2010, 2011 and 2012 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the controlling shareholders’ perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries held by parties other than the controlling shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

The Group had net current liabilities of approximately HK\$39,827,000, HK\$30,948,000 and HK\$11,492,000 as at 31 December 2010, 31 December 2011 and 31 December 2012, respectively. Having taken into account the cash flows from the operations, capital contributions from the shareholders, and the current available banking facilities, the Directors consider that it is appropriate to prepare the Financial Information on a going concern basis.

Basis of preparation

The Financial Information has been prepared in accordance with IFRSs, which comprise all standards and interpretations approved by the IASB. All IFRSs effective for the accounting periods commencing from 1 January 2012, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention. The Financial Information is presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IFRS 1 Amendments	Amendments to IFRS 1 <i>First-time Adoption of International Financial Reporting Standards — Government Loans</i> ²
IFRS 7 Amendments	Amendments to IFRS 7 <i>Financial Instruments: Disclosures — Offsetting Financial Assets and Financial Liabilities</i> ²
IFRS 9	<i>Financial Instruments</i> ⁴
IFRS 10	<i>Consolidated Financial Statements</i> ²
IFRS 11	<i>Joint Arrangements</i> ²
IFRS 12	<i>Disclosure of Interests in Other Entities</i> ²
IFRS 10, IFRS 11 and IFRS 12 Amendments	Amendments to IFRS 10, IFRS 11 and IFRS 12 — <i>Transition Guidance</i> ²
IFRS 10, IFRS 12 and IAS 27 (Revised) Amendments	Amendments to IFRS 10, IFRS 12 and IAS 27 (Revised) — <i>Investment Entities</i> ³
IFRS 13	<i>Fair Value Measurement</i> ²
IAS 1 Amendments	Amendments to IAS 1 <i>Presentation of Financial Statements — Presentation of Items of Other Comprehensive Income</i> ¹
IAS 19 (Revised)	Amendments to IAS 19 <i>Employee Benefits</i> ²
IAS 27 (Revised)	<i>Separate Financial Statements</i> ²
IAS 28 (Revised)	<i>Investments in Associates and Joint Ventures</i> ²

IAS 32 Amendments	Amendments to IAS 32 <i>Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities</i> ³
IFRIC 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i> ²
<i>Annual Improvements 2009-2011 Cycle</i>	Amendments to a number of IFRSs issued in May 2012 ²
IFRIC 21	<i>Levies</i> ³

¹ Effective for annual periods beginning on or after 1 July 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application, but is not in a position to state whether these new and revised IFRSs will have a significant impact on the Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Group in arriving at the Financial Information set out in this report, are set out below:

Basis of combination

As aforementioned, the Group's Reorganization is accounted for as business combination under common control using the merger accounting method.

The merger accounting method involves incorporating the financial statement items of the combining entities or businesses which underwent the Reorganization under common control as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values. No amount is recognized in respect of goodwill or excess of the acquirers' interest in the net fair value of acquirees' identifiable assets, liabilities and contingent liabilities over cost of investment at the time of common control combination, to the extent of the continuation of the controlling party's interest. The combined statements of comprehensive income included the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the Reorganization under common control.

Equity interests in subsidiaries held by parties other than the controlling shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting method. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities. The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, however not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortization) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group; or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;

- (ii) one entity is an associate or joint venture of the Group (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); and
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalized in the carrying amount of that asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.5%
Plant and machinery	4.5%-9%
Office and other equipment	18%
Motor vehicles	18%

Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate at least, at each financial year end.

An item of property, plant and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plant and machinery under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalized at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Asset held under capitalized finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the combined statements of comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognized on the straight-line basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognized initially, they are measured at directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognized on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive changes in fair value presented as other income and gains and negative net changes in fair value presented as other expense in the combined statements of comprehensive income. These net fair value changes not include any interest earned on these financial assets, which are recognized in accordance with the policy set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in other income and gains in the combined statements of comprehensive income. The loss arising from impairment is recognized in the combined statements of comprehensive income in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the assets. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group’s continuing involvement in the asset. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each of the Relevant Periods whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortized cost

For financial assets carried at amortized cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognized in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss and loans and borrowings, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing and other bank borrowings and amount due to a non-controlling shareholder.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held for trading are recognized in the combined statements of comprehensive income. The net fair value gain or loss recognized in the combined statements of comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognized initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of each of the Relevant Periods; and (ii) the amount initially recognized less, when appropriate, cumulative amortization.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognized in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently an enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Derivative financial instruments*Initial recognition and subsequent measurement*

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The derivative instruments entered into by the Group do not qualify for hedge accounting, and changes in the fair value of these derivative instruments are recognized in the combined statements of comprehensive income.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows). Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realizable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the combined statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is recognized when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognized for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

Revenue recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) interest income, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Employee retirement benefits

As stipulated by the rules and regulations of Mainland China, the Company's subsidiaries registered in Mainland China are required to contribute to a state-sponsored retirement plan for all its employees in Mainland China at certain percentages of the basic salaries predetermined by the local governments. The state-sponsored retirement plan is responsible for the entire retirement benefit obligations payable to retired employees and the Group has no further obligations for the actual retirement benefit payments or other post-retirement benefits beyond the annual contributions.

The costs of employee retirement benefits are recognized as expenses in profit or loss in the period in which they are incurred.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognized as a liability.

Foreign currencies

The Financial Information is presented in HK\$, which the Company adopts as the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in the combined statements of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

On consolidation, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group which is HK\$ at the exchange rates prevailing at the end of each of the Relevant Periods and their statements of comprehensive income are translated into HK\$ at the weighted average exchange rates for the year.

The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognized in the combined statements of comprehensive income.

5. SIGNIFICANT ACCOUNTING JUDGMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgment

In the process of applying the Group's accounting policies, management has made the following judgment, apart from those involving estimations, which has the most significant effect on the amounts recognized in the financial statements:

Tax

Determining income tax provisions requires the Group to make judgments on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. This requires significant judgment on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

The Group's determination as to whether to accrue for deferred tax for withholding taxes from the distribution of dividends from the subsidiary in Mainland China according to the relevant tax jurisdictions is subject to judgment on the timing of the payment of the dividend, where the Group considers that if it is probable that the profits of the subsidiary in Mainland China will not be distributed in the foreseeable future, no deferred tax for withholding taxes are provided.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances. The carrying amounts of property, plant and equipment at 31 December 2010, 2011 and 2012 were HK\$215,459,000, HK\$212,677,000 and HK\$201,635,000. Further details are given in note 15.

Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value in use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

6. SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment as follows:

The aluminum aerosol cans segment principally engages in the manufacture and sale of aluminum aerosol cans mainly for packaging household chemical products, such as medicines, personal care products, air fresheners, insecticides and other chemical products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Mainland China	74,025	89,984	123,628
United Arab Emirates	55,462	59,848	75,279
Nigeria	18,093	28,872	26,364
Other overseas countries	<u>50,684</u>	<u>58,420</u>	<u>48,652</u>
	<u>198,264</u>	<u>237,124</u>	<u>273,923</u>

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Mainland China	233,231	230,591	232,583
Hong Kong	<u>128</u>	<u>18</u>	<u>—</u>
	<u>233,359</u>	<u>230,609</u>	<u>232,583</u>

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about major customers

Revenue of approximately HK\$28,160,000, HK\$18,966,000 and HK\$41,741,000 was derived from sales to the Group's one single customer for the three years ended 31 December 2010, 2011 and 2012, respectively.

7. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts, for the Relevant Periods.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Revenue			
Sale of goods	<u>198,264</u>	<u>237,124</u>	<u>273,923</u>
Other income and gains			
Sale of scrap materials	4,221	1,556	2,687
Bank interest income	136	147	140
Government grants:			
— Related to assets* (note 25)	115	186	256
— Related to income**	912	391	443
Exchange gains	194	3,561	980
Others	<u>149</u>	<u>305</u>	<u>632</u>
	<u>5,727</u>	<u>6,146</u>	<u>5,138</u>

* The amount represents the subsidies for the aluminum aerosol cans production line technical renovation program received from the local government. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the combined statements of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

** The amount mainly represents rewards or subsidies on interest payments and research compensation received from the local government. There are no unfulfilled conditions or contingencies relating to these grants.

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
Cost of inventories sold		134,030	167,691	182,769
Depreciation	15	12,901	15,077	16,302
Amortization of prepaid land lease payments	16	456	478	490
Auditors' remuneration		1,108	41	63
Research and development costs		8,492	8,666	8,564
Minimum lease payments under operating leases		130	48	77
Employee benefit expense (including directors' remuneration (note 10)):				
Wages and salaries		16,620	21,591	23,519
Pension scheme contributions		889	1,280	1,274
		<u>17,509</u>	<u>22,871</u>	<u>24,792</u>
Exchange gains, net**	7	(194)	(3,561)	(980)
Loss on disposal of items of property, plant and equipment*		—	2,047	—
Gain on disposal of items of property, plant and equipment**		—	—	(43)

* Included in "Other expenses" in the combined statements of comprehensive income.

** Included in "Other income and gains" in the combined statements of comprehensive income.

9. FINANCE COSTS

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	3,497	6,870	8,154
Interest on finance leases	13	—	—
Less: Interest capitalized	<u>(615)</u>	<u>(334)</u>	<u>—</u>
	<u>2,895</u>	<u>6,536</u>	<u>8,154</u>

10. DIRECTORS' REMUNERATION

Details of directors' remuneration are as follows:

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind.	275	328	354
Pension scheme contributions	—	—	—
	<u>275</u>	<u>328</u>	<u>354</u>
Total.	<u>275</u>	<u>328</u>	<u>354</u>

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Mr. Leung Man Fai.	—	—	—
Dr. Lin Tat Pang.	—	—	—
Ms. Guo Yang	—	—	—
Mr. Chung Yi To	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors and a non-executive director

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Year ended 31 December 2010				
Executive directors:				
Mr. Lin Wan Tsang	—	275	—	275
Ms. Ko Sau Mee	—	—	—	—
Mr. Chamlong Wachakorn	—	—	—	—
	—	275	—	275
Non-executive director:				
Mr. Kwok Tak Wang	—	—	—	—
	—	275	—	275
Year ended 31 December 2011				
Executive directors:				
Mr. Lin Wan Tsang	—	328	—	328
Ms. Ko Sau Mee	—	—	—	—
Mr. Chamlong Wachakorn	—	—	—	—
	—	328	—	328
Non-executive director:				
Mr. Kwok Tak Wang	—	—	—	—
	—	328	—	328
Year ended 31 December 2012				
Executive directors:				
Mr. Lin Wan Tsang	—	354	—	354
Ms. Ko Sau Mee	—	—	—	—
Mr. Chamlong Wachakorn	—	—	—	—
	—	354	—	354
Non-executive director:				
Mr. Kwok Tak Wang	—	—	—	—
	—	354	—	354

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

11. FIVE HIGHEST PAID EMPLOYEES

The number of five highest paid employees of the Group during the Relevant Periods are analyzed as follows:

	Year ended 31 December		
	2010	2011	2012
Director	1	1	1
Non-director employees	4	4	4
	<u>5</u>	<u>5</u>	<u>5</u>

Details of the remuneration of the above non-director highest paid employees during the Relevant Periods are as follows:

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	663	694	735
Pension scheme contributions	43	58	48
	<u>706</u>	<u>752</u>	<u>783</u>

The number of these non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December		
	2010	2011	2012
Nil to HK\$500,000	<u>4</u>	<u>4</u>	<u>4</u>

During the Relevant Periods, no remuneration was paid by the Group to the director or any of the four highest paid non-director employees as an inducement to join or upon joining the Group or as compensation for loss of office.

12. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

The Company and its subsidiary incorporated in the BVI are exempted from taxation.

Pursuant to the PRC Income Tax Law and the respective regulations, the company which operate in Mainland China is subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's principal operating subsidiary, Euro Asia Packaging, since it was recognized as a High- and New-Technology Enterprise and is entitled to a preferential tax rate of 15% for the calendar years from 2010 to 2012.

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Group:			
Charge for the year			
Current — Mainland China	5,549	6,177	8,377
Current — Hong Kong	368	—	54
Deferred (note 26)	(184)	(63)	2
Total tax charge for the year	<u>5,733</u>	<u>6,114</u>	<u>8,433</u>

A reconciliation of the income tax expense applicable to profit before tax using the statutory rate for the location in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	Year ended 31 December					
	2010		2011		2012	
	HK\$'000	%	HK\$'000	%	HK\$'000	%
Profit before tax	<u>32,951</u>		<u>36,177</u>		<u>49,297</u>	
Tax at the statutory tax rate	8,238	25	9,044	25	12,324	25
Entities subject to lower statutory income tax rates	(3,322)	(10)	(3,629)	(10)	(4,925)	(10)
Expenses not deductible for tax.	817	2	568	2	1,034	2
Tax losses not recognized.	—	—	131	—	—	—
Tax charge at the Group's effective tax rate	<u>5,733</u>	<u>17</u>	<u>6,114</u>	<u>17</u>	<u>8,433</u>	<u>17</u>

13. DIVIDENDS

No dividend has been paid or declared by the Company since the date of its incorporation. The dividends declared by Euro Asia Packaging to its then shareholders during the Relevant Periods were as follows:

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
European Asia Industrial Limited ("European Asia Industrial")(歐亞行實業有限公司)	36,978	17,464	42,426
Non-controlling shareholders of Euro Asia Packaging	8,292	3,916	6,116
	<u>45,270</u>	<u>21,380</u>	<u>48,542</u>

14. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganization.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office and other equipment	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2010						
At 1 January 2010:						
Cost	44,167	131,879	1,386	3,601	—	181,033
Accumulated depreciation	(4,907)	(17,962)	(655)	(1,397)	—	(24,921)
Net carrying amount	<u>39,260</u>	<u>113,917</u>	<u>731</u>	<u>2,204</u>	<u>—</u>	<u>156,112</u>
At 1 January 2010, net of accumulated depreciation	39,260	113,917	731	2,204	—	156,112
Additions	576	3,168	487	665	60,708	65,604
Depreciation provided during the year (note 8)	(2,308)	(9,652)	(222)	(719)	—	(12,901)
Transfers	—	23,713	—	—	(23,713)	—
Exchange realignment	<u>1,293</u>	<u>4,364</u>	<u>32</u>	<u>69</u>	<u>886</u>	<u>6,644</u>
At 31 December 2010, net of accumulated depreciation	<u>38,821</u>	<u>135,510</u>	<u>1,028</u>	<u>2,219</u>	<u>37,881</u>	<u>215,459</u>
At 31 December 2010:						
Cost	46,213	163,977	1,933	4,387	37,881	254,391
Accumulated depreciation	(7,392)	(28,467)	(905)	(2,168)	—	(38,932)
Net carrying amount	<u>38,821</u>	<u>135,510</u>	<u>1,028</u>	<u>2,219</u>	<u>37,881</u>	<u>215,459</u>

	Buildings	Plant and machinery	Office and other equipment	Motor vehicles	Construction in progress	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2011						
At 1 January 2011:						
Cost	46,213	163,977	1,933	4,387	37,881	254,391
Accumulated depreciation	(7,392)	(28,467)	(905)	(2,168)	—	(38,932)
Net carrying amount	<u>38,821</u>	<u>135,510</u>	<u>1,028</u>	<u>2,219</u>	<u>37,881</u>	<u>215,459</u>
At 1 January 2011, net of						
accumulated depreciation	38,821	135,510	1,028	2,219	37,881	215,459
Additions	—	126	76	230	3,453	3,885
Disposals	—	(2,047)	—	—	—	(2,047)
Depreciation provided during						
the year (note 8)	(2,333)	(11,720)	(249)	(775)	—	(15,077)
Transfers	—	38,009	—	—	(38,009)	—
Exchange realignment	1,957	7,316	47	93	1,044	10,457
At 31 December 2011, net of						
accumulated depreciation	<u>38,445</u>	<u>167,194</u>	<u>902</u>	<u>1,767</u>	<u>4,369</u>	<u>212,677</u>
At 31 December 2011:						
Cost	48,506	195,436	2,107	4,813	4,369	255,231
Accumulated depreciation	(10,061)	(28,242)	(1,205)	(3,046)	—	(42,554)
Net carrying amount	<u>38,445</u>	<u>167,194</u>	<u>902</u>	<u>1,767</u>	<u>4,369</u>	<u>212,677</u>
31 December 2012						
At 1 January 2012:						
Cost	48,506	195,436	2,107	4,813	4,369	255,231
Accumulated depreciation	(10,061)	(28,242)	(1,205)	(3,046)	—	(42,554)
Net carrying amount	<u>38,445</u>	<u>167,194</u>	<u>902</u>	<u>1,767</u>	<u>4,369</u>	<u>212,677</u>
At 1 January 2012, net of						
accumulated depreciation	38,445	167,194	902	1,767	4,369	212,677
Additions	758	2,511	977	282	842	5,370
Disposals	—	—	—	(51)	—	(51)
Depreciation provided during						
the year (note 8)	(2,356)	(12,769)	(521)	(656)	—	(16,302)
Transfers	—	4,610	—	—	(4,610)	—
Exchange realignment	(9)	(30)	(1)	(19)	—	(59)
At 31 December 2012, net of						
accumulated depreciation	<u>36,838</u>	<u>161,516</u>	<u>1,357</u>	<u>1,323</u>	<u>601</u>	<u>201,635</u>
At 31 December 2012:						
Cost	49,256	202,521	3,083	4,039	601	259,500
Accumulated depreciation	(12,418)	(41,005)	(1,726)	(2,716)	—	(57,865)
Net carrying amount	<u>36,838</u>	<u>161,516</u>	<u>1,357</u>	<u>1,323</u>	<u>601</u>	<u>201,635</u>

The Group's buildings are located in Mainland China.

The net book value of the Group's fixed assets held under finance leases included in the total amount of plant and machinery amounted to HK\$128,000, HK\$18,000 and nil as at 31 December 2010, 2011 and 2012.

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with carrying values of HK\$29,797,000, HK\$29,624,000 and HK\$27,967,000 as at 31 December 2010, 2011 and 2012 (note 23).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with carrying values of HK\$98,616,000 as at 31 December 2012 (note 23).

16. PREPAID LAND LEASE PAYMENTS

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Carrying amount at 1 January	17,407	17,546	17,926
Recognized during the year (note 8)	(456)	(478)	(490)
Exchange realignment	595	858	(2)
Carrying amount at 31 December	17,546	17,926	17,434
Current portion included in prepayments, deposits and other receivables	(467)	(490)	(490)
Non-current portion	<u>17,079</u>	<u>17,436</u>	<u>16,944</u>

Certain of the Group's interest-bearing bank borrowings were secured by the Group's prepaid land lease payments with carrying values of HK\$17,546,000, HK\$17,926,000 and HK\$17,434,000 as at 31 December 2010, 2011 and 2012 (note 23).

The Group's leasehold land is held under a medium term lease and is situated in Mainland China.

17. INVENTORIES

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Raw materials	8,950	13,222	11,877
Finished goods	10,677	14,972	13,585
	<u>19,627</u>	<u>28,194</u>	<u>25,462</u>

18. TRADE AND BILLS RECEIVABLE

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Trade receivables	18,512	26,182	21,202
Bills receivable	4,752	11,531	17,939
	<u>23,264</u>	<u>37,713</u>	<u>39,141</u>

The Group requires most of its customers to make payment in advance, however, the Group grants certain credit periods to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing, and the carrying amounts of the trade and bills receivable approximate to their fair values.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	10,436	11,949	15,738
31 to 60 days	3,536	8,341	4,085
61 to 90 days	20	459	300
Over 90 days	4,520	5,433	1,079
	<u>18,512</u>	<u>26,182</u>	<u>21,202</u>

An aged analysis of the trade receivables, based on the credit term, that are not individually nor collectively considered to be impaired, is as follows:

	Total	Neither past due nor impaired	Past due but not impaired	
			< 60 days	Over 60 days
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2010	18,512	13,972	20	4,520
31 December 2011	26,182	20,290	459	5,433
31 December 2012	21,202	19,823	1,205	174

The trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

The 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, the Directors are of the opinion that no provision for impairment 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.

Certain of the Group's interest-bearing bank borrowings were secured by the Group's trade receivables with carrying values of nil, HK\$18,503,000 and HK\$18,992,000 as at 31 December 2010, 2011 and 2012, respectively (note 23).

Included in the trade receivables were amounts of HK\$5,700,000, HK\$5,489,000 and nil as at 31 December 2010, 2011 and 2012 due from fellow subsidiaries which are repayable on demand.

Transfers of financial assets

Financial assets not derecognized

As at 31 December 2010 and 2012, certain of the Group's financial assets were transferred to banks or suppliers by discounting or endorsing those bills receivable on a full recourse basis. In the opinion of the Directors, as the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognize the full carrying amount of the bills receivable and has recognized the cash received on the transfer as a secured borrowing (see note 23). The carrying amounts of these financial assets in the Group's combined statements of financial position are as follows:

31 December 2010

	Bills receivable discounted to banks with full recourse	Bills receivable endorsed to suppliers with full recourse	Total
	HK\$'000	HK\$'000	HK\$'000
Carrying amount of transferred assets	—	1,998	1,998
Carrying amount of associated liabilities	—	(1,998)	(1,998)
Net position	—	—	—

31 December 2012

	Bills receivable discounted to banks with full recourse	Bills receivable endorsed to suppliers with full recourse	Total
	HK\$'000	HK\$'000	HK\$'000
Carrying amount of transferred assets	740	—	740
Carrying amount of associated liabilities	(740)	—	(740)
Net position	<u>—</u>	<u>—</u>	<u>—</u>

Financial assets derecognized

At 31 December 2010, 2011 and 2012, the Group also endorsed or discounted certain bills receivable accepted by banks in the PRC (the “Derecognized Bills”), to certain of its suppliers or banks in order to settle the trade payables due to such suppliers (the “Endorsement”) with a carrying amount in aggregate of HK\$235,000, HK\$942,000 and HK\$11,863,000, respectively. The Derecognized Bills have a maturity from three to six months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognized Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognized Bills. Accordingly, it has derecognized the full carrying amounts of the Derecognized Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognized Bills and the undiscounted cash flows to repurchase these Derecognized Bills equal to their carrying amounts. In the opinion of the Directors, the fair values of the Group’s Continuing Involvement in the Derecognized Bills are not significant.

A maturity analysis of undiscounted cash outflows for the Derecognized Bills was set out below:

31 December 2010

	Total	Less than 1 month	2-3 months	4-6 months
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bills receivable	<u>235</u>	<u>235</u>	<u>—</u>	<u>—</u>

31 December 2011

	Total	Less than 1 month	2-3 months	4-6 months
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bills receivable	<u>942</u>	<u>—</u>	<u>942</u>	<u>—</u>

31 December 2012

	Total	Less than 1 month	2-3 months	4-6 months
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Bills receivable	<u>11,863</u>	<u>821</u>	<u>9,057</u>	<u>1,985</u>

During the Relevant Periods, the Group has not recognized any gain or loss on the date of transfer of the Derecognized Bills. No gains or losses were recognized from the Continuing Involvement, both during the Relevant Periods or cumulatively. The Endorsement has been made evenly throughout the Relevant Periods.

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Non-current prepayments	<u>821</u>	<u>496</u>	<u>14,004</u>
Current assets			
Prepayments	11,333	11,452	4,000
Tax recoverable	1,834	247	—
Receivables of tax refund	1,658	507	—
Deposits and other receivables	<u>348</u>	<u>1,666</u>	<u>2,870</u>
	<u>15,173</u>	<u>13,872</u>	<u>6,870</u>

20. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Cash and bank balances	34,221	28,759	5,360
Less: Pledged deposits			
Pledged for bank loans	(1,946)	(3,671)	(2,980)
Pledged for issuance of letter of credit	<u>(356)</u>	<u>(64)</u>	<u>—</u>
Cash and cash equivalents	<u>31,919</u>	<u>25,024</u>	<u>2,380</u>
Cash and bank balances denominated in			
— Renminbi (“RMB”)	24,045	21,096	1,595
— United States dollars (“US\$”)	7,764	3,864	613
— Other currencies	<u>110</u>	<u>64</u>	<u>172</u>
Cash and cash equivalents	<u>31,919</u>	<u>25,024</u>	<u>2,380</u>

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks' authorization to conduct foreign exchange business.

Pledged bank deposits represented balances pledged to banks for the Group's bank loans and issuance of letter of credit.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

21. TRADE PAYABLES

An aged analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within 30 days	15,024	12,603	3,096
31 to 60 days	986	3,656	380
61 to 90 days	378	301	834
Over 90 days	265	21	534
	<u>16,653</u>	<u>16,581</u>	<u>4,844</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days. The carrying amounts of the trade payables approximate to their fair values.

22. OTHER PAYABLES AND ACCRUALS

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Deposits received from customers	10,542	14,210	12,745
Salary and welfare payables	3,264	4,051	4,166
Tax payables other than current income tax liabilities	922	810	1,233
Other payables and accruals	942	1,343	2,640
	<u>15,670</u>	<u>20,414</u>	<u>20,784</u>

The salary and welfare payables are non-interest-bearing and are payable on demand. The other payables and accruals are non-interest-bearing and are due to mature within one year.

23. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	As at 31 December 2010			As at 31 December 2011			As at 31 December 2012		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current									
Interest-bearing bank loans — secured	5%/SIBOR+2%	2011	33,297	PBOC base rate-PBOC base rate*1.15/SIBOR+2%/8.5%	2012	51,468	SIBOR+2.5%/2.3%/6.4%	2013	50,819
Interest-bearing bank loans — unsecured	—	—	—	PBOC base rate	2012	12,335	—	—	—
Portion of long term bank loans due for repayment after one year which contain a repayment on demand clause — secured	SIBOR+2.5%	on demand	25,943	SIBOR+2.5%	on demand	13,212	—	—	—
Current portion of long term bank loans — secured	SIBOR+2.5%/PBOC base rate*0.9	2011	8,073	SIBOR+2.5%/PBOC base rate*0.9	2012	10,664	SIBOR+2.5%	2013	5,434
			<u>67,313</u>			<u>87,679</u>			<u>56,253</u>
Non-current									
Long term interest-bearing bank loans — secured	SIBOR+2.5%	2012-2014	13,507	SIBOR+2.5%	2013-2014	8,170	SIBOR+2.5%	2014	2,711
Long term interest-bearing bank loans — secured	PBOC base rate*0.9	2012-2015	20,871	PBOC base rate*0.9	2013-2015	16,430	PBOC base rate*0.9	2014	12,333
Long term interest-bearing bank loans — secured	—	—	—	—	—	—	PBOC base rate	2014-2016	30,269
Long term interest-bearing bank loans — secured	—	—	—	—	—	—	SIBOR+2.5%	2014-2016	9,152
			<u>34,378</u>			<u>24,600</u>			<u>54,465</u>
			<u>101,691</u>			<u>112,279</u>			<u>110,718</u>

Note:

“PBOC” stands for the People’s Bank of China (中國人民銀行), the central bank of China.

“SIBOR” stands for Singapore Interbank Offered Rate.

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Repayable:			
Within one year or on demand	67,313	87,679	56,253
In the second year.	14,060	10,923	22,547
In the third to fifth years, inclusive	<u>20,318</u>	<u>13,677</u>	<u>31,918</u>
	<u>101,691</u>	<u>112,279</u>	<u>110,718</u>

The above secured bank loans were secured by certain of the Group's assets and their carrying values are as follows:

	Notes	As at 31 December		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
Property, plant and equipment	15	29,797	29,624	126,583
Prepaid land lease payments	16	17,546	17,926	17,434
Trade receivables	18	—	18,503	18,992
Bills receivable.	18	—	—	740
Pledged deposits.	20	<u>1,946</u>	<u>3,671</u>	<u>2,980</u>
		<u>49,289</u>	<u>69,724</u>	<u>166,729</u>

The Group's banking loans amounting to HK\$58,326,000, HK\$60,378,000 and HK\$97,644,000 as at 31 December 2010, 2011 and 2012 were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group (note 33).

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings denominated in			
— RMB	43,364	79,037	43,341
— US\$	<u>58,327</u>	<u>33,242</u>	<u>67,377</u>
	<u>101,691</u>	<u>112,279</u>	<u>110,718</u>

The Group has the following undrawn banking facilities:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Floating rate			
— expiring within one year	35,483	72,000	99,680
— expiring over one year	<u>30,320</u>	<u>52,978</u>	<u>52,364</u>
	<u>65,803</u>	<u>124,978</u>	<u>152,044</u>

The Group's banking facilities amounting to HK\$73,436,000, HK\$100,471,000 and HK\$171,992,000 as at 31 December 2010, 2011 and 2012 were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group (note 33).

24. FINANCE LEASE PAYABLES

The Group leases certain of its motor vehicles for its business operation. These leases are classified as finance leases and have lease terms of five years. All the finance leases have been repaid in 2010.

25. DEFERRED INCOME

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
At 1 January	2,001	3,327	3,919
Grants recognized	1,343	602	247
Amortized as income (note 7)	(115)	(186)	(256)
Exchange realignment.	<u>98</u>	<u>176</u>	<u>(2)</u>
At 31 December.	3,327	3,919	3,908
Current portion	<u>(176)</u>	<u>(216)</u>	<u>(265)</u>
Non-current portion	<u>3,151</u>	<u>3,703</u>	<u>3,643</u>

26. DEFERRED TAX**Deferred tax assets**

Deferred tax assets have been recognized in respect of temporary differences between the carrying amounts and tax bases of government grants.

The movements in deferred tax assets are as follows:

	<u>Government grants</u>
	HK\$'000
At 1 January 2010	300
Credited to the combined statement of comprehensive income	184
Exchange realignment	<u>15</u>
At 31 December 2010 and 1 January 2011	499
Credited to the combined statement of comprehensive income	63
Exchange realignment	<u>26</u>
At 31 December 2011 and 1 January 2012	588
Charged to the combined statement of comprehensive income	(2)
Exchange realignment	<u>—</u>
At 31 December 2012	<u><u>586</u></u>

Deferred tax liabilities

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008.

Prior to the completion of the Reorganization, European Asia Industrial is the holding company of Euro Asia Packaging and is therefore liable to withholding tax on dividends distributed by Euro Asia Packaging. For all the profits distributed to European Asia Industrial during the Relevant Periods, no deferred tax liability has been recognized for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China, as Euro Asia Packaging has withheld and paid the withholding tax for dividends remitted to European Asia Industrial amounting to approximately HK\$1,878,000, HK\$916,000 and HK\$2,433,000 for the years ended 31 December 2010, 2011 and 2012, respectively.

In respect of the earnings generated before Reorganization but not distributed to European Asia Industrial, the Group has not provided deferred tax liability amounting to HK\$2,578,000 at 31 December 2012 for withholding tax that would be payable on undistributed earnings generated by Euro Asia Packaging, its subsidiary in Mainland China, during the Relevant Periods, because in the opinion of the Directors, it is not probable that the PRC subsidiary will distribute such earnings to the holding company outside Mainland China in the foreseeable future.

27. ISSUED CAPITAL

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 September 2012 with an authorized share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each, of which 1 share was issued and allotted fully paid to Reid Services Limited at par, and was transferred to Wellmass International Limited on 21 September 2012 at par.

Save for the aforesaid and the Reorganization, the Company has not conducted any business since the date of its incorporation.

28. RESERVES

Group

- (i) The merger reserve of the Group represents the difference between the nominal value of shares and contributed surplus of the subsidiaries acquired pursuant to the Reorganization completed on 15 March 2013 and the nominal value of the ordinary shares of a subsidiary of the Company in exchange therefore.
- (ii) In accordance with the PRC Company Law, the PRC subsidiary of the Group is required to allocate 10% of their profit after tax to the statutory surplus reserve (the “SSR”) until such reserve reaches 50% of the registered capital of the PRC subsidiary. Subject to certain restrictions set out in the PRC Company Law, part of the SSR may be converted to increase paid-up capital/issued capital of the PRC subsidiary, provided that the remaining balance after the capitalization is not less than 25% of the registered capital. The SSR of the PRC subsidiary attributable to the parent were HK\$7,408,000, HK\$10,622,000 and HK\$16,570,000 as at 31 December 2010, 2011 and 2012, respectively.

29. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties and dormitories under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 December 2010, 2011 and 2012, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Within one year	25	27	157
In the second to third years, inclusive	—	5	192
	<u>25</u>	<u>32</u>	<u>349</u>

30. COMMITMENTS

In addition to the operating lease commitments detailed in note 29 above, the Group had the following capital commitments as at 31 December 2010, 2011 and 2012:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Contracted, but not provided for:			
Plant and machinery	—	258	241
	<u>—</u>	<u>258</u>	<u>241</u>

31. NOTES TO THE COMBINED STATEMENTS OF CASH FLOWS

On 20 May 2011, Zhongshan City Kang Jian Joint Advisory Services Company Limited (中山市康健聯合諮詢服務有限公司) and Shenzhen City Li Feng He Investment Company Limited (深圳市利豐和投資有限公司) entered into share transfer agreements with European Asia Industrial, pursuant to which Zhongshan City Kang Jian Joint Advisory Services Company Limited and Shenzhen City Li Feng He Investment Company Limited transferred their 4.658% and 1.059% equity interest in Euro Asia Packaging to European Asia Industrial at the respective consideration of RMB10,736,000 and RMB2,865,000. The consideration was paid by European Asia Industrial.

During the year ended 31 December 2012, Zhongshan Health Technology Park Development Co., Limited (中山市健康科技產業基地發展有限公司) and Zhongshan City Jin Feng Industrial Investment Company Limited (中山市金豐實業投資有限公司) entered into share transfer agreements with European Asia Industrial, pursuant to which Zhongshan Health Technology Park Development Co., Limited and Zhongshan City Jin Feng Industrial Investment Company Limited transferred their 4.236% and 6.987% equity interest in Euro Asia Packaging to European Asia Industrial at the respective consideration of RMB11,462,000 and RMB16,104,000. The consideration was paid by European Asia Industrial.

32. CONTINGENT LIABILITIES

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Guarantees given to a bank in connection with banking facilities granted to:			
European Asia Industrial	487	227	—

The guarantees given to a bank in connection with the banking facilities granted to the above entity were released in full in 2012.

33. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

(1) Recurring transactions

	Notes	Year ended 31 December		
		2010	2011	2012
		HK\$'000	HK\$'000	HK\$'000
Sales of products to:				
Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司)				
("Botny Chemical")	<i>(i)&(ii)</i>	12,479	4,815	385
Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd. (廣州歐亞氣霧劑與日化用品製造有限公司)				
("Euro Asia Aerosol")	<i>(i)&(ii)</i>	370	506	1,560
		<u>12,849</u>	<u>5,321</u>	<u>1,945</u>

(i) Botny Chemical and Euro Asia Aerosol are companies which are owned and controlled by European Asia Industrial.

(ii) The sales to Botny Chemical and Euro Asia Aerosol were made on prices and conditions as mutually agreed.

(2) Non-recurring transactions

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Bank loans guaranteed by:			
Mr. Lin Wan Tsang *	<u>58,326</u>	<u>60,378</u>	<u>97,644</u>
Guarantees provided to:			
European Asia Industrial	<u>487</u>	<u>227</u>	<u>—</u>

* The ultimate controlling shareholder of the Group

Mr. Lin Wan Tsang has guaranteed certain banking facilities to the Group HK\$73,436,000, HK\$100,471,000 and HK\$171,992,000 as at the end of each of the Relevant Periods, as further detailed in note 23 to the Financial Information.

As at 31 December 2011, Euro Asia Packaging's 26.5 million ordinary shares were pledged by European Asia Industrial as to obtain banking facilities of US\$3.2 million from a bank. The pledge was released in full on 5 December 2012.

(3) Outstanding balances with related parties

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Due from a related party:			
European Asia Industrial	<u>—</u>	<u>13,282</u>	<u>—</u>
Due to a non-controlling shareholder:			
Zhongshan City Jin Feng Industrial Investment Co., Ltd.	<u>—</u>	<u>2,467</u>	<u>—</u>

The carrying amount of the balance with European Asia Industrial has no history of default.

These balances are unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximate to their fair values.

Details of the Group's trade balances with its fellow subsidiaries as at the end of each of the Relevant Periods are disclosed in note 18 to the Financial Information.

(4) Commitments with related parties

On 31 December 2012, a subsidiary of the Group entered into a three-year agreement ending 31 December 2015 with Mr. Lin Wan Tsang to rent an office for the Group's operation in Hong Kong. The Group expects an annual rental of HK\$96,000 for the three years ended 31 December 2013, 2014 and 2015, respectively.

(5) Compensation of key management personnel of the Group, including directors' remuneration as detailed in note 10 above.

	Year ended 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	867	1,149	1,328
Pension scheme contributions	43	58	68
Total compensation paid to key management personnel	<u>910</u>	<u>1,207</u>	<u>1,396</u>

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2010

	Loans and receivables
	HK\$'000
Financial assets	
Trade and bills receivable	23,264
Financial assets included in deposits and other receivables	348
Pledged deposits	2,302
Cash and cash equivalents	<u>31,919</u>
	<u>57,833</u>

	Financial liabilities at amortized cost
	HK\$'000
Financial liabilities	
Trade payables	16,653
Financial liabilities included in other payables and accruals	4,206
Interest-bearing bank and other borrowings	<u>101,691</u>
	<u>122,550</u>

As at 31 December 2011

	Loans and receivables
	HK\$'000
Financial assets	
Trade and bills receivable	37,713
Financial assets included deposits and other receivables	1,666
Due from a related party	13,282
Pledged deposits	3,735
Cash and cash equivalents	<u>25,024</u>
	<u>81,420</u>

	Financial liabilities at amortized cost
	HK\$'000
Financial liabilities	
Trade payables	16,581
Financial liabilities included in other payables and accruals	5,394
Interest-bearing bank and other borrowings	112,279
Due to a non-controlling shareholder	<u>2,467</u>
	<u>136,721</u>

As at 31 December 2012

	<u>Loans and receivables</u>
	HK\$'000
Financial assets	
Trade and bills receivable	39,141
Financial assets included deposits and other receivables	2,870
Pledged deposits	2,980
Cash and cash equivalents	<u>2,380</u>
	<u>47,371</u>
	<u>Financial liabilities at</u>
	<u>amortized cost</u>
	HK\$'000
Financial liabilities	
Trade payables	4,844
Financial liabilities included in other payables and accruals	6,806
Interest-bearing bank and other borrowings	<u>110,718</u>
	<u>122,368</u>

35. FAIR VALUE AND FAIR VALUE HIERARCHY

At 31 December 2010, 2011 and 2012, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

The fair values of the financial assets and liabilities are the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of cash and cash equivalents, pledged bank deposits, trade and bills receivable, amount due from a related party, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables and accruals, interest-bearing bank and other borrowings and amount due to a non-controlling shareholder approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, amounts due from a related party and due to a non-controlling shareholder, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, bills receivable, other receivables, trade payables, and other payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarized below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The contractual interest rates and terms of repayment of the interest-bearing bank and other borrowings of the Group are set out in note 23 above.

The following table demonstrates the sensitivity to a reasonably possible change in PBOC and SIBOR, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings) during the Relevant Periods.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000
As at 31 December 2010		
PBOC	0.25%	(64)
SIBOR	0.25%	(195)
PBOC	-0.25%	64
SIBOR	-0.25%	195
As at 31 December 2011		
PBOC	0.25%	(199)
SIBOR	0.25%	(146)
PBOC	-0.25%	199
SIBOR	-0.25%	146
As at 31 December 2012		
PBOC	0.25%	(107)
SIBOR	0.25%	(91)
PBOC	-0.25%	107
SIBOR	-0.25%	91

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales in currencies other than the units' functional currencies. Approximately 63%, 62% and 55% of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 96%, 96% and 95% of costs were denominated in the units' functional currencies for the years ended 31 December 2010, 2011 and 2012, respectively. The Group uses forward currency contracts to manage currency risk.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the US\$ exchange rate and the HK\$ exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in US\$/HK\$ rate	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
	%	HK\$'000	HK\$'000
As at 31 December 2010			
If RMB weakens against US\$	5	(2,430)	—
If RMB strengthens against US\$	(5)	2,430	—
If RMB weakens against HK\$	5	—	(7,550)
If RMB strengthens against HK\$	(5)	—	7,550
As at 31 December 2011			
If RMB weakens against US\$	5	(996)	—
If RMB strengthens against US\$	(5)	996	—
If RMB weakens against HK\$	5	—	(8,205)
If RMB strengthens against HK\$	(5)	—	8,205
As at 31 December 2012			
If RMB weakens against US\$	5	(1,476)	—
If RMB strengthens against US\$	(5)	1,476	—
If RMB weakens against HK\$	5	—	(8,015)
If RMB strengthens against HK\$	(5)	—	8,015

* Excluding retained profits

Credit risk

The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, pledged deposits, and financial assets included in prepayments, deposits and other receivables arise from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets. The Company is also exposed to credit risk through the granting of financial guarantees, further details of which are disclosed in note 32 to the Financial Information.

Since the Group trades only with recognized and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. The Group had certain concentrations of credit risk as 56%, 44% and 42% of the Group's trade and bills receivable were due from the Group's certain customers with the top 5 balances as at 31 December 2010, 2011 and 2012, respectively, including amounts due from Botny Chemical.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the Financial Information.

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution and financial support from related parties and bank borrowings.

The maturity profile of financial liabilities as at 31 December 2010, 2011 and 2012, based on the contractual undiscounted payments, was as follows:

	As at 31 December 2010			
	On demand	Less than 1 year	Over 1 year	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	—	16,653	—	16,653
Financial liabilities included in other payables and accruals	3,264	942	—	4,206
Interest-bearing bank and other borrowings	<u>26,679</u>	<u>44,007</u>	<u>36,103</u>	<u>106,789</u>
	<u>29,943</u>	<u>61,602</u>	<u>36,103</u>	<u>127,648</u>
	As at 31 December 2011			
	On demand	Less than 1 year	Over 1 year	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	—	16,581	—	16,581
Financial liabilities included in other payables and accruals	4,051	1,343	—	5,394
Interest-bearing bank and other borrowings	13,395	78,195	27,726	119,316
Due to a non-controlling shareholder	<u>2,467</u>	<u>—</u>	<u>—</u>	<u>2,467</u>
	<u>19,913</u>	<u>96,119</u>	<u>27,726</u>	<u>143,758</u>

	As at 31 December 2012			
	On demand	Less than 1 year	Over 1 year	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables	—	4,844	—	4,844
Financial liabilities included in other payables and accruals	4,166	2,640	—	6,806
Interest-bearing bank and other borrowings	—	59,581	58,515	118,096
	<u>4,166</u>	<u>67,065</u>	<u>58,515</u>	<u>129,746</u>

Bank loan with a repayment on demand clause is included in the “on demand” time band in the above maturity analysis. As at 31 December 2010 and 31 December 2011, the undiscounted principal amount of this bank loan amounted to HK\$26,679,000 and HK\$13,395,000 respectively. Taking into account the Group’s financial position, the Directors do not believe that it is probable that the bank will exercise its discretionary rights to demand immediate repayment. The Directors believe that such bank loan will be repaid in accordance with the scheduled repayment date set out in the loan agreement.

Capital management

The primary objective of the Group’s capital management is to safeguard the Group’s ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders’ value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2010, 2011 and 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated as interest-bearing bank borrowings, trade payables, financial liabilities included in other payables and accruals and amount due to a non-controlling shareholder less cash and cash equivalents and pledged deposits. Capital represents equity attributable to owners of the parent. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2010	2011	2012
	HK\$'000	HK\$'000	HK\$'000
Interest-bearing bank borrowings	101,691	112,279	110,718
Trade payables.	16,653	16,581	4,844
Financial liabilities included in other payables and accruals	4,206	5,394	6,806
Due to a non-controlling shareholder.	—	2,467	—
Less: Cash and cash equivalents and pledged deposits	<u>34,221</u>	<u>28,759</u>	<u>5,360</u>
Net debt	<u>88,329</u>	<u>107,962</u>	<u>117,008</u>
Equity attributable to owners of the parent.	<u>127,835</u>	<u>150,281</u>	<u>161,328</u>
Capital and net debt	<u>216,164</u>	<u>258,243</u>	<u>278,336</u>
Gearing ratio	<u>41%</u>	<u>42%</u>	<u>42%</u>

37. EVENTS AFTER THE RELEVANT PERIODS

The following significant events after the Relevant Periods took place subsequent to 31 December 2012:

- (a) The companies comprising the Group underwent the Reorganization in the preparation for the listing of the Company's shares on the Main Board of the Stock Exchange.

On 15 January 2013, Hong Kong Aluminum Cans Limited acquired 78,898,400 shares of Euro Asia Packaging from European Asia Industrial, which represented 98.6% of the entire equity interest of Euro Asia Packaging, in consideration of the allotment and issue of 1,000 shares of HK\$1 each of Hong Kong Aluminum Cans Limited credited as fully paid at par to European Asia Industrial.

On 15 March 2013, Euro Asia Investments Global Limited acquired 1,001 shares of HK\$1 each of Hong Kong Aluminum Cans Limited, which represented the entire issued share capital of Hong Kong Aluminum Cans Limited from European Asia Industrial at a consideration of HK\$1,001. As a result, Euro Asia Packaging became an indirect non-wholly owned subsidiary of the Company with 98.6% of the equity interest of Euro Asia Packaging held by the Group.

- (b) In January 2013, the Group borrowed bank loans totally amounting to RMB15,000,000, which have a term of 2 years and bear interest at 6.4575%. The bank loans are guaranteed by Mr. Lin Wan Tsang. In the opinion of the Directors, the guarantee will be released upon Listing.
- (c) Pursuant to a written resolution of the board of directors of the Company passed on 20 June 2013, the Company has adopted a pre-IPO share option scheme.
- (d) On 10 January 2013, the Group and its major supplier entered into agreements, pursuant to which the supplier has agreed to supply to the Group certain amounts of aluminum slugs for the two years ending 31 December 2014.

(III) SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2012.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The information sets out in this Appendix does not form part of the Accountants' Report prepared by Ernst & Young, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, as set forth in Appendix I to this prospectus, and is included herein for illustrative purpose only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and the Accountants' Report.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED COMBINED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of adjusted combined net tangible assets of the Group prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Share Offer on the combined net tangible assets of the Group attributable to owners of the Company as if the Share Offer had taken place on 31 December 2012. This unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group had the Share Offer been completed as at 31 December 2012 or any future dates:

	Combined net tangible assets attributable to owners of the Company as at 31 December 2012	Estimated net proceeds from the Share Offer	Unaudited pro forma adjusted combined net tangible assets	Unaudited pro forma adjusted combined net tangible assets per Share
	HK\$'000 (Note 1)	HK\$'000 (Note 2)	HK\$'000	HK\$ (Note 3)
Based on an Offer Price of HK\$1.0 per Share	160,750	79,784	240,534	0.60
Based on an Offer Price of HK\$1.2 per Share	160,750	99,284	260,034	0.65

Notes:

- (1) The combined net tangible assets attributable to owners of the Company as at 31 December 2012 is extracted from the Accountants' Report, which is based on the audited combined net assets of the Group attributable to owners of the Company as at 31 December 2012 of HK\$161,328,000 with an adjustment for the deferred tax assets attributable to owners of the Company as at 31 December 2012 of HK\$578,000.
- (2) The estimated net proceeds from the Share Offer are based on the Offer Shares, without taking into account any Shares which may be offered for subscription upon exercise of the Over-allotment Option or any Shares which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, and the Offer Price of HK\$1.0 or HK\$1.2 per Share, being the low or high end of the indicative Offer Price range, after deduction of the estimated underwriting fees and related expenses payable by the Company.
- (3) The unaudited pro forma adjusted combined net tangible assets per Share is calculated based on 400,000,000 Shares expected to be in issue immediately following the completion of the Share Offer without taking into account any Shares which may be offered for subscription upon exercise of the Over-allotment Option or any which may be issued upon exercise of the options granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

B. LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the unaudited pro forma financial information on the Group.



22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

28 June 2013

The Directors
China Aluminum Cans Holdings Limited

Shenyin Wanguo Capital (H.K.) Limited

Dear Sirs,

We report on the unaudited pro forma adjusted combined net tangible assets (the “Unaudited Pro Forma Financial Information”) of China Aluminum Cans Holdings Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which have been prepared by the directors of the Company (the “Directors”) for illustrative purposes only, to provide information about how the public offer of shares of the Company might have affected the financial information presented, for inclusion in Section A of Appendix II to the prospectus of the Company dated 28 June 2013 (the “Prospectus”). The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

Respective Responsibilities of the Directors and Reporting Accountants

It is the responsibility solely of the Directors to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”).

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of Opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 *Accountants' Reports on Pro Forma Financial Information in Investment Circulars* issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments, and discussing the Unaudited Pro Forma Financial Information with the Directors. This engagement did not involve independent examination of any of the underlying financial information.

Our work did not constitute an audit or a review made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and accordingly, we do not express any such audit or review assurance on the Unaudited Pro Forma Financial Information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated, that such bases are consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the Directors, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Group as at 31 December 2012 or any future dates.

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the bases stated;
- (b) such bases are consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Stirling Appraisals Limited, an independent valuer, in connection with its valuation as at 31 March 2013 of the property interests of the Group.



Stirling Appraisals Limited
Unit A, 15th Floor,
Wing On Cheong Building,
No.5 Wing Lok Street, Central,
Hong Kong

28 June 2013

The Directors
China Aluminum Cans Holdings Limited
Unit G, 20/F, Golden Sun Centre,
59/67 Bonham Strand West,
Sheung Wan,
Hong Kong

Dear Sirs,

INSTRUCTIONS

We refer to your instructions for us to value the properties held or leased by China Aluminum Cans Holdings Limited (the “Company”) and its subsidiaries (hereinafter referred to as the “Group”) located in the People’s Republic of China (the “PRC”) and Hong Kong. We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the properties as at 31 March 2013 (the “date of valuation”) for the purpose of incorporation in an Initial Public Offer Document.

BASIS OF VALUATION

Our valuation of each of the property interests is our opinion of its Market Value which we would define as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

PROPERTY CATEGORISATIONS

In the course of our valuations, the portfolio of properties of the Group is categorized into the following groups:

Group I — Properties held and occupied by the Group in the PRC

Group II — Property leased by the Group in Hong Kong

Group III — Properties leased by the Group in the PRC

VALUATION METHODOLOGY

In valuing Properties No. 1 and 2 in Group I, we have adopted the Depreciated Replacement Cost Approach due to the nature of the buildings and structures of the property. Depreciated replacement cost is defined as “the current cost of replacement (reproduction) of a property less deductions for physical deterioration and all relevant forms of obsolescence and optimization.” It is based on an estimate of the market for the existing use of the land, plus the current cost of replacement (reproduction) of the improvements, less deductions for physical deterioration and all relevant forms of obsolescence and optimization. This basis has been used due to the lack of an established market upon which to base comparable transactions. This approach generally furnishes the most reliable indication of values for property in the absence of a known market based on comparable sales. This opinion of value does not necessarily represent the amount that might be realized from the disposition of the property in the open market and is subject to adequate potential profitability of the business.

We have attributed no commercial value to the properties in Groups II and III which are leased by the Group, due either to the short-term nature of the lease or the prohibition against assignment or otherwise due to the lack of substantial profit rents.

TITLE INVESTIGATION

We have been provided with copies of title documents and have been advised by the Group that no further relevant documents have been produced. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. In the course of our valuations, we have relied upon the advice and information given by the Company’s PRC legal advisors — 廣東華商律師事務所 (China Commercial Law Co., Limited) regarding the titles of the properties. All documents have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation of each property excludes an estimated price inflated or deflated by special terms or circumstances, such as atypical financing, sale and leaseback arrangement, joint ventures, management agreements, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

In addition, we have relied on the advice given by the Group that the Group has valid and enforceable title to the properties which are freely transferable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

VALUATION CONSIDERATIONS

We have inspected the exterior and wherever possible, the interior of the properties included within the attached valuation certificates. During the course of our inspections, we did not note any serious defects. However, no structural surveys have been conducted and we are therefore unable to report as to whether the properties are free from rot, infestation or other defects. No tests were carried out on any of the services.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the properties and all other relevant matters.

We have not carried out detailed on-site measurement to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimension, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

The site inspection was carried out in 15 August 2012 by Mr. Brian Li. He is a member of RICS and HKIS who is a qualified valuer.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your advice that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view. No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values. Our valuations have been prepared in accordance with the HKIS Valuation Standards (2012 Edition) published by the Hong Kong Institute of Surveyors and the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated are in Renminbi (RMB).

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
Stirling Appraisals Limited
Li Wing Kang
BSc.(Est. Man), MRICS, MHKIS, RPS(GP)
Associate Director

Note: Mr. Li Wing Kang, BSc.(Est. Man.) MRICS, MHKIS, RPS(GP) has been a qualified valuer and has about 30 years' experience in valuations of properties in Hong Kong and has about 15 years' experience in the valuation of properties in the People's Republic of China.

SUMMARY OF VALUES

Group I — Properties held and occupied by the Group in the PRC

No. Property	Market Value in existing state as at 31 March 2013 RMB
1. A parcel of land and industrial building and structures located at No. 12 Kang Tai Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC	27,410,000
2. 2 parcels of land and industrial building and structures located at Ya Bo Nan Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC	57,300,000
Sub-total:	<u>84,710,000</u>

Group II — Property leased by the Group in Hong Kong

No. Property	Market Value in existing state as at 31 March 2013 RMB
3. Unit G on 20th Floor, Golden Sun Centre, Nos.59/67 Bonham Strand West, Sheung Wan, Hong Kong	No Commercial Value
Sub-total:	<u>No Commercial Value</u>

Group III — Properties leased by the Group in the PRC

No. Property	Market Value in existing state as at 31 March 2013 RMB
4. 11 leased properties at National Health Technology Park located in Zhongshan City, Guangdong Province, The PRC	No Commercial Value
Sub-total:	<u>Nil</u>
Total:	<u><u>84,710,000</u></u>

VALUATION CERTIFICATE

Group I — Properties held and occupied by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2013 RMB
1.	A parcel of land and industrial building and structures located at No. 12 Kang Tai Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC	<p>The property comprises a parcel of land with a site area of approximately 28,913.2 sq.m. and an industrial building together with various ancillary structures which were completed in about 2005.</p> <p>The building has a total gross floor area (“GFA”) of approximately 7,528.96 sq.m.</p> <p>The building comprises the office portion and the storage portion.</p> <p>The land use rights of the property have been granted for a term expiring on 26 March 2048 for industrial use.</p>	The property is occupied by the Group for storage and office purposes.	27,410,000

Notes:

1. Pursuant to a State-Owned Land Use Rights Certificate — Zhong Fu Guo Young (2009) Di No. 150184 dated 25 March 2009 issued by the People’s Government of Zhongshan City (中山市人民政府), the land use rights of a parcel of land with a site area of approximately 28,913.2 sq.m. have been granted to Euro Asia Packaging (Guangdong) Co., Ltd (廣東歐亞包裝股份有限公司) (“Euro Asia Packaging”), a 98.623% indirectly owned subsidiary of the Company, for a term expiring on 26 March 2048 for industrial use.
2. Pursuant to a Real Estate Ownership Rights Certificate — Yue Fang Di Chan Quan Zheng Zi Di No. C7107899 dated 25 March 2009 and issued by the People’s Government of Guangdong Province (廣東省人民政府), a building of the property with a total gross area of approximately 7,528.96 sq.m. is owned by Euro Asia Packaging.
3. Pursuant to a Mortgage Contract of Maximum Amount (SZMP2009-2) — a State-Owned Land Use Rights Certificate — Zhong Fu Guo Young (2009) Di No. 150184 with a site area of approximately 28,913.2 sq.m. and a Real Estate Ownership Rights Certificate — Yue Fang Di Chan Quan Zheng Zi Di No. C7107899 with a gross area of approximately 7,528.96 sq.m. are subject to a mortgage in favor of Bangkok Bank Public Company Limited Shenzhen Branch, as security to guarantee the principle obligation for a maximum amount of RMB27,902,600 with the security term from 2 July 2009 to 31 December 2018.

4. The opinion of the PRC legal advisors contains, inter alia, the following:
 - a. Euro Asia Packaging has legally obtained both the land use rights and building ownership rights of the property;
 - b. Euro Asia Packaging has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-said land use rights;
 - c. All land premium and other relevant fees have been settled in full; and
 - d. Pursuant to an Another Rights Building Land Ownership Certificate (房地產他項權證) — Yue Fang Di Ta Xiang Quan Zheng Zhong Fu Zi Di No. 0109003193, the property is subject to mortgage in favor of Bangkok Bank Public Company Limited Shenzhen Branch.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2013 RMB
2.	2 parcels of land and industrial building and structures located at Ya Bo Nan Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC	<p>The property comprises 2 parcels of land with a total site area of approximately 54,019.4 sq.m. and a building which were completed in about 2009.</p> <p>A building has a total gross floor area (“GFA”) of approximately 12,854.76 sq.m.</p> <p>The building comprises the production plant portion and ancillary office portion.</p> <p>The land use rights of the property have been granted for a term and expiring on 11 September 2048 and 22 May 2048 for industrial use.</p>	The property is occupied by the Group for industrial purpose.	57,300,000

Notes:

- Pursuant to a State-owned Land Use Rights Transfer Contract (國有土地使用權轉讓合同書) entered into between 中山市健康科技業基地發展有限公司 and 歐亞包裝(中山)有限公司 dated 10 August 2006, two parcels of land for industrial uses of area 81 mu (approximately 54,019.4 sq.m.) shown below were agreed to grant to 歐亞包裝(中山) 有限公司 at the total sum of RMB12,555,000.
- Pursuant to a State-Owned Land Use Rights Certificate — Zhong Fu Guo Young (2009) Di No. 150317 dated 20 April 2009 issued by the People’s Government of Zhongshan City (中山市人民政府), the land use rights of a parcel of land with a site area of approximately 45,605.6 sq.m. have been granted to Euro Asia Packaging, a 98.623% indirectly owned subsidiary of the Company, for a term expiring on 11 September 2048 for industrial use.
- Pursuant to a State-Owned Land Use Rights Certificate — Zhong Fu Guo Young (2009) Di No. 150318 dated 20 April 2009 issued by the People’s Government of Zhongshan City (中山市人民政府), the land use rights of a parcel of land with a site area of approximately 8,413.8 sq.m. have been granted to Euro Asia Packaging, a 98.623% indirectly owned subsidiary of the Company, for a term expiring on 22 May 2048 for industrial use.
- Pursuant to a Real Estate Ownership Rights Certificate — Yue Fang Di Chan Quan Zheng Zi Di No. C6704671 dated 21 April 2009 and issued by the People’s Government of Guangdong Province (廣東省人民政府), a building of the property with a total gross area of approximately 12,854.76 sq.m. is owned by Euro Asia Packaging.

5. Pursuant to a Mortgage Contract of Maximum Amount (GDY476440120090662) — the State-Owned Land Use Rights Certificates — Zhong Fu Guo Young (2009) Di No. 150317 and Zhong Fu Guo Young (2009) Di No. 150318 with a site area of approximately 45,605.6 sq.m. and 8,413.8 sq.m. respectively and a Real Estate Ownership Rights Certificate — Yue Fang Di Chan Quan Zheng Zi Di No. C6704671 with a total gross area of approximately 12,854.76 sq.m. are subject to a mortgage in favor of Bank of China, Zhongshan Branch, as security to guarantee the principle obligation for a maximum amount of RMB35,721,900 with the security term from 4 January 2009 to 4 January 2019.

6. The opinion of the PRC legal advisors contains, inter alia, the following:
 - a. Euro Asia Packaging has legally obtained both the land use rights and building ownership rights of the property;
 - b. Euro Asia Packaging has the rights to use, lease, mortgage, transfer or otherwise dispose of the property for the remaining term of the above-said land use rights;
 - c. All land premium and other relevant fees have been settled in full; and
 - d. Pursuant to the mortgage agreement, the property is subject to mortgage in favor of Bank of China, Zhongshan Branch.

VALUATION CERTIFICATE

Group II — Property leased by the Group in Hong Kong

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2013 HK\$
3.	Unit G on 20th Floor, Golden Sun Centre, Nos.59/67 Bonham Strand West, Sheung Wan, Hong Kong	The property comprises an office unit on 20th Floor of a 25-storey commercial building completed in 1994. The gross floor area of the property is approximately 40.41 sq.m. (approximately 435 sq.ft.).	The property is occupied by the Group for office purpose.	No Commercial Value

Notes:

1. The registered owner of the property is Lin Wan Tsang registered vide Memorial No. 06121401660062 dated 14 December 2006 at a consideration of HK\$2,270,000 as registered in the Land Registry.
2. The landlord and the registered owner of the property is Lin Wan Tsang, who is the director and the controlling shareholder of the Company, and is therefore the connected person of the Company.
3. The property is subject to legal charge in favor of Wing Hang Bank Limited registered vide memorial no. 11032501840233 dated 25 March 2011 at the consideration in all moneys.
4. Pursuant to tenancy agreement between Lin Wan Tsang and Hong Kong Aluminum Cans Limited (a wholly owned subsidiary of the Company), gross floor area of approximately 40.41 sq.m. in the property is rented to Hong Kong Aluminum Cans Limited at the monthly rent of HK\$8,000 excluding water, electricity, gas, telecommunication and management charges for three years term from 1 January 2013 to 31 December 2015.

VALUATION CERTIFICATE

Group III — Properties leased by the Group in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 March 2013 <i>HK\$</i>
4.	11 leased properties at National Health Technology Park located in Zhongshan City, Guangdong Province, The PRC	<p>The properties comprise 11 residential units with a total gross floor area of approximately 765.55 sq.m. which were mainly completed in 2005 to 2008.</p> <p>The properties are rented to the Group from various independent third parties (the "Lessors") for various terms with the latest expiry date on 4 March 2014.</p>	The property is occupied by the Group for residential purpose.	No Commercial Value

Note:

1. Pursuant to various tenancy agreements, 11 properties with a total gross floor area of approximately 765.55 sq.m. are leased to the Group from various independent third parties for various terms with the expiry dates between 31 May 2013 and 4 March 2014 for residential use.
2. We have been provided with a legal opinion on the legality of tenancy agreements to the properties issued by the Company's PRC legal advisors, which contains, inter alia, the following:
 - a. The lease agreements have not been registered with relevant local authorities. The relevant tenancy agreements are legal, valid and binding between the two parties to such agreements. The non-registration of tenancy agreements will not affect the validity of the tenancy agreement. However, according to the PRC laws and regulations, it may result in monetary penalty.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 12 September 2012 under the Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (the "**Memorandum**") and the Amended and Restated Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and since the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on 20 June 2013. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Share certificates*

Every person whose name is entered as a member in the register of members shall be entitled to receive a certificate for his shares. No shares shall be issued to bearer.

Every certificate for shares, warrants or debentures or representing any other form of securities of the Company shall be issued under the seal of the Company, and shall be signed autographically by one Director and the Secretary, or by 2 Directors, or by some other person(s) appointed by the Board for the purpose. As regards any certificates for shares or debentures or other securities of the Company, the Board may by resolution determine that such signatures or

either of them shall be dispensed with or affixed by some method or system of mechanical signature other than autographic or may be printed thereon as specified in such resolution or that such certificates need not be signed by any person. Every Share certificate issued shall specify the number and class of shares in respect of which it is issued and the amount paid thereon and may otherwise be in such form as the Board may from time to time prescribe. A Share certificate shall relate to only one class of shares, and where the capital of the Company includes shares with different voting rights, the designation of each class of shares, other than those which carry the general right to vote at general meetings, must include the words “restricted voting” or “limited voting” or “non-voting” or some other appropriate designation which is commensurate with the rights attaching to the relevant class of shares. The Company shall not be bound to register more than 4 persons as joint holders of any share.

(b) Directors

(i) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that upon the happening of a specified event or upon a given date and either at the option of the Company or the holder thereof, they are liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate thereof shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate thereof has been destroyed and the Company has received an indemnity in such form as the Board shall think fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(ii) *Power to dispose of the assets of the Company or any subsidiary*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iii) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(iv) *Loans and provision of security for loans to Directors*

There are provisions in the Articles prohibiting the making of loans to Directors and their associates which are equivalent to provisions of Hong Kong law prevailing at the time of adoption of the Articles.

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective associates, or if any one or more of the Directors hold (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(v) *Disclosure of interest in contracts with the Company or with any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and, upon such terms as the Board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director or other officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favor of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, either as vendor, purchaser or otherwise, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship thereby established. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any Share by reason that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

A Director shall not vote (nor shall he be counted in the quorum) on any resolution of the Board in respect of any contract or arrangement or other proposal in which he or his associate(s) is/are materially interested, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters namely:

- (aa) the giving of any security or indemnity to the Director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

- (cc) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (dd) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to Directors, his associate(s) and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the employees to which such scheme or fund relates; or
- (ee) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

(vi) ***Remuneration***

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board, or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided amongst the Directors in such proportions and in such manner as they may agree or failing agreement, equally, except that in such event any Director holding office for only a portion of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he has held office. The Directors shall also be entitled to be repaid all travelling, hotel and other expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with other companies (being subsidiaries of the Company or with which the Company is associated in business), or may make contributions out of the Company's monies to, such schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

In addition, the Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vii) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

At each annual general meeting, one third of the Directors for the time being will retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors who shall retire in each year will be those who have been longest in the office since their last re-election or appointment but as between persons who become or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the registration office. The period for lodgment of such notices will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting and the minimum length of the period during which such notices to the Company may be given must be at least 7 days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to the Board or retirement therefrom.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. The number of Directors shall not be less than two.

In addition to the foregoing, the office of a Director shall be vacated:

- (aa) if he resigns his office by notice in writing delivered to the Company at the registered office or head office of the Company for the time being or tendered at a meeting of the Board;
- (bb) if he dies or becomes of unsound mind as determined pursuant to an order made by any competent court or official on the grounds that he is or may be suffering from mental disorder or is otherwise incapable of managing his affairs and the Board resolves that his office be vacated;
- (cc) if, without special leave, he is absent from meetings of the Board for six (6) consecutive months, and the Board resolves that his office is vacated;
- (dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) if he is prohibited from being a director by law;
- (ff) if he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles;
- (gg) if he has been validly required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director and the relevant time period for application for review of or appeal against such requirement has lapsed and no application for review or appeal has been filed or is underway against such requirement; or
- (hh) if he is removed from office by notice in writing served upon him signed by not less than three-fourths in number (or, if that is not a round number, the nearest lower round number) of the Directors (including himself) then in office.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director or Directors and other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(viii) ***Borrowing powers***

Pursuant to the Articles, the Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party. The provisions summarized above, in common with the Articles of Association in general, may be varied with the sanction of a special resolution of the Company.

(ix) ***Register of Directors and officers***

Pursuant to the Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(x) ***Proceedings of the Board***

Subject to the Articles, the Board may meet anywhere in the world for the dispatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(c) Alterations to the constitutional documents

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed by the Company by special resolution.

(d) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings shall *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(e) Alteration of capital

The Company may, by an ordinary resolution of its members, (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach thereto respectively any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; and (e) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorized and subject to any conditions prescribed by law.

Reduction of share capital — subject to the Companies Law and to confirmation by the court, a company limited by shares may, if so authorized by its Articles of Association, by special resolution, reduce its share capital in any way.

(f) Special resolution - majority required

In accordance with the Articles, a special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorized

representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 21 clear days' notice, specifying the intention to propose the resolution as a special resolution, has been duly given. However, except in the case of an annual general meeting, if it is so agreed by a majority in number of the members having a right to attend and vote at such meeting, being a majority together holding not less than 95% in nominal value of the shares giving that right and, in the case of an annual general meeting, if so agreed by all members entitled to attend and vote thereat, a resolution may be proposed and passed as a special resolution at a meeting of which less than 21 clear days' notice has been given.

Under Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorized representatives or, where proxies are allowed, by proxy at a general meeting of which not less than 14 clear days' notice has been given and held in accordance with the Articles. A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(g) Voting rights (generally and on a poll) and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting on a show of hands, every member who is present in person or by proxy or being a corporation, is present by its duly authorized representative shall have one vote, and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorized representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purpose as paid up on the share. Notwithstanding anything contained in the Articles, where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) (or its nominee(s)), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded or otherwise required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles). A poll may be demanded by:

- (i) the chairman of the meeting; or

- (ii) at least two members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (iii) any member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (iv) a member or members present in person or, in the case of a member being a corporation, by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s), be a member of the Company, such person or persons may be authorized as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized in accordance with this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s), as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(h) Annual general meetings

The Company must hold an annual general meeting each year. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorized by the Stock Exchange at such time and place as may be determined by the Board.

(i) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the assets and liabilities of the Company and of all other matters required by the Companies Law necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account or book or document of the Company except as conferred by the Companies Law or ordered by a court of competent jurisdiction or authorized by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who has, in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles), consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory (as defined in the Articles), and must be sent to the shareholders not less than 21 days before the general meeting to those shareholders that have consented and elected to receive the summarized financial statements.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(j) Notices of meetings and business to be conducted thereat

An annual general meeting and any extraordinary general meeting at which it is proposed to pass a special resolution must be called by at least 21 days' notice in writing, and any other extraordinary general meeting shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting, and particulars of the resolution(s) to be considered at that meeting, and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a Share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member either personally or by sending it through the post in a prepaid envelope or wrapper addressed to such member at his registered address as appearing in the Company's register of members or by leaving it at such registered address as aforesaid or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which for the purpose of service of notice shall be deemed to be his registered address. Where the registered address of the member is outside Hong Kong, notice, if given through the post, shall be sent by prepaid airmail letter where available. Subject to the Companies Law and the Listing Rules, a notice or document may be served or delivered by the Company to any member by electronic means to such address as may from time to time be authorized by the member concerned or by publishing it on a website and notifying the member concerned that it has been so published.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the issued shares giving that right.

All business transacted at an extraordinary general meeting shall be deemed special business and all business shall also be deemed special business where it is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of Directors in place of those retiring;
- (dd) the appointment of auditors;
- (ee) the fixing of the remuneration of the Directors and of the auditors;

(ff) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued shares of the Company representing not more than 20% in nominal value of its existing issued share capital (or such other percentage as may from time to time be specified in the rules of the Stock Exchange) and the number of any securities repurchased by the Company since the granting of such mandate; and

(gg) the granting of any mandate or authority to the Board to repurchase securities in the Company.

(k) Transfer of shares

Subject to the Companies Law, all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve provided always that it shall be in such form prescribed by the Stock Exchange and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers in any case in which it in its discretion thinks fit to do so, and the transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members of the Company in respect thereof.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share option scheme upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The Board may decline to recognize any instrument of transfer unless a fee of such maximum sum as the Stock Exchange may determine to be payable or such lesser sum as the Board may from time to time require is paid to the Company in respect thereof, the instrument of transfer is properly stamped

(if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant Share certificate(s) and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules (as defined in the Articles), be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction with respect to the right of the holder thereof to transfer such shares (except when permitted by the Stock Exchange) and shall also be free from all liens.

(l) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles, code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price, and if purchases are by tender, tenders shall be available to all members alike.

(m) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(n) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share; and

- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, installments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared on the share capital of the Company, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, but in the case of joint holders, shall be addressed to the holder whose name stands first in the register of members of the Company in respect of the shares at his address as appearing in the register, or addressed to such person and at such address as the holder or joint holders may in writing so direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise made use of by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(o) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized in writing, or if the appointor is a corporation, either under seal or under the hand of an officer or attorney duly authorized. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for use by him for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favor of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(p) Calls on shares and forfeiture of shares

The Board may from time to time make such calls as it may think fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times. A call may be made payable either in one sum or by installments. If the sum payable in

respect of any call or installment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for the payment thereof to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or installments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or installment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve not less than 14 days' notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice will name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and it shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(q) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. However, the members of the Company will have such rights as may be set forth in the Articles. The Articles provide that for so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of member is closed) without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

An exempted company may, subject to the provisions of its articles of association, maintain its principal register of members and any branch registers at such locations, whether within or outside the Cayman Islands, as its directors may, from time to time, think fit.

(r) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorized representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(s) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(t) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company shall be wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company shall be wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, on the shares held by them respectively.

In the event that the Company is wound up (whether the liquidation is voluntary or compelled by the court) the liquidator may, with the sanction of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets

of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator shall think fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(u) Untraceable members

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

In accordance with the Articles, the Company is entitled to sell any of the shares of a member who is untraceable if:

- (i) all cheques or warrants, being not less than three in total number, for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years;
- (ii) upon the expiry of the 12 years and 3 months period (being the 3 months notice period referred to in sub-paragraph (iii)), the Company has not during that time received any indication of the existence of the member; and
- (iii) the Company has caused an advertisement to be published in accordance with the rules of the stock exchange of the Relevant Territory (as defined in the Articles) giving notice of its intention to sell such shares and a period of three months has elapsed since such advertisement and the stock exchange of the Relevant Territory (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(v) Subscription rights reserve

Pursuant to the Articles, provided that it is not prohibited by and is otherwise in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 12 September 2012 subject to the Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

As an exempted company, the Company must conduct its operations mainly outside the Cayman Islands. Moreover, the Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorized share capital.

(b) Share capital

In accordance with the Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, the Companies Law provides that no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

It is further provided by the Companies Law that, subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorized to do so by its articles of association, by special resolution reduce its share capital in any way.

The Articles include certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company when proposing to grant such financial assistance discharge their duties of care and acting in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorized by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. Nonetheless, if the articles of association do not authorize the manner and terms of purchase, a company cannot purchase any of its own shares without the manner and terms of purchase first being authorized by an ordinary resolution of the company. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Under Section 37A(1) the Companies Law, shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if (a) the memorandum and articles of association of the company do not prohibit it from holding treasury shares; (b) the relevant provisions of the memorandum and articles of association (if any) are complied with; and (c) the company is authorized in accordance with the company's articles

of association or by a resolution of the directors to hold such shares in the name of the company as treasury shares prior to the purchase, redemption or surrender of such shares. Shares held by a company pursuant to section 37A(1) of the Companies Law shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

With the exception of sections 34 and 37A(7) of the Companies Law, there are no statutory provisions relating to the payment of dividends. Based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid only out of profits. In addition, section 34 of the Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account (see sub-paragraph 2(n) of this Appendix for further details). Section 37A(7)(c) of the Companies Law provides that for so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions thereto) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge:

- (i) an act which is ultra vires the company or illegal;
- (ii) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company; and
- (iii) an irregularity in the passing of a resolution the passage of which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members thereof holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report thereon.

Moreover, any member of a company may petition the court which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions in the Companies Law on the power of directors to dispose of assets of a company, although it specifically requires that every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interest of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

Section 59 of the Companies Law provides that a company shall cause proper records of accounts to be kept with respect to (i) all sums of money received and expended by the company and the matters with respect to which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company and (iii) the assets and liabilities of the company.

Section 59 of the Companies Law further states that proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If the Company keeps its books of account at any place other than at its registered office or at any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (i) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) in addition, that no tax be levied on profits, income gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of twenty years from 10 October 2012.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

The Companies Law contains no express provision prohibiting the making of loans by a company to any of its directors. However, the Articles provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of the company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. The Companies Law contains no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2009 Revision) of the Cayman Islands.

(o) Winding up

A Cayman Islands company may be wound up either by (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company occurs where the Company so resolves by special resolution that it be wound up voluntarily, or, where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due; or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or where the event occurs on the occurrence of which the memorandum or articles provides that the company is to be wound up. In the case of a voluntary winding up, such company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators shall be appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that (i) the company is or is likely to become insolvent; or

(ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order shall take effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, there may be appointed one or more persons to be called an official liquidator or official liquidators; and the court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one persons are appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(p) Reconstructions

Reconstructions and amalgamations are governed by specific statutory provisions under the Companies Law whereby such arrangements may be approved by a majority in number representing 75% in value of members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member would have the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, nonetheless the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(q) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may at any time within two months after the expiration of the said four months, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the court of the Cayman Islands within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(r) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

4. GENERAL

Appleby, the Company's legal advisors on Cayman Islands law, has sent to the Company a letter of advice which summarizes certain aspects of the Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 September 2012. Our Company has been registered as a non-Hong Kong company under Part XI of the Companies Ordinance on 7 February 2013 and the principal place of business in Hong Kong is at Unit G, 20/F, Golden Sun Centre, Nos. 59/67 Bonham Strand West, Sheung Wan, Hong Kong. Mr. Lin who resides at Apartment No. 27 on 57th and 58th Floors Duplex, Celestial Heights, No. 80 Sheung Shing Street, Kowloon, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was incorporated in the Cayman Islands, it is subject to the relevant laws of the Cayman Islands and its constitution documents which comprises the Memorandum of Association and the Articles of Association. A summary of the relevant aspects of the Companies Law and certain provisions of the constitution documents are set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

- (a) As at the date of incorporation of our Company, the authorized share capital was HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each, of which one Share was allotted and issued fully paid to the initial subscriber at par. On 21 September 2012, the one Share was transferred to Wellmass at par.
- (b) On 20 June 2013, pursuant to the written resolutions of the sole Shareholder, the authorized share capital of our Company was increased from HK\$390,000 to HK\$7,800,000 by the creation of an additional of 741,000,000 Shares.

Immediately following completion of the Capitalization Issue and the Share Offer, but not taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, the authorized share capital of our Company will be HK\$7,800,000 divided into 780,000,000 Shares and the issued share capital of our Company will be HK\$4,000,000 divided into 400,000,000 Shares, all fully paid or credited as fully paid, and 380,000,000 Shares will remain unissued. Other than pursuant to the general mandate to issue Shares referred to in the paragraph headed “Written resolutions of the sole Shareholder passed on 20 June 2013” in this Appendix and the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, the Directors do not have any present intention to issue any of the authorized but unissued share capital of our Company and, without prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed in this prospectus, there has been no alteration in our Company's share capital since its incorporation.

3. Written resolutions of the sole Shareholder passed on 20 June 2013

Pursuant to the written resolutions of the sole Shareholder passed on 20 June 2013, among other things:

- (a) our Company approved and adopted the Articles, the terms of which are summarized in Appendix IV to this prospectus, with effect from the Listing Date;
- (b) the authorized share capital of our Company was increased from HK\$390,000 to HK\$7,800,000 by the creation of an additional of 741,000,000 Shares of HK\$0.01 each;
- (c) conditional on (a) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and Shares to be issued as mentioned in this prospectus (including any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and options that may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date), and (b) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise (collectively, the "**Conditions**"):
 - (i) the Share Offer and the Over-allotment Option were approved and the Directors were authorized to allot and issue the Offer Shares pursuant to the Share Offer and any Shares which are required to be issued pursuant to the exercise of the Over-allotment Option;
 - (ii) the rules of the Pre-IPO Share Option Scheme and the Share Option Scheme were approved and adopted and the Directors were authorized, subject to the terms and conditions of the Pre-IPO Share Option Scheme and the Share Option Scheme, to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant thereto and to take all such actions as they consider necessary or desirable to implement the Pre-IPO Share Option Scheme and the Share Option Scheme;
 - (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, upon the recommendation of the Directors, the sum of HK\$2,999,999.99, being part of the amount which would then be standing to the credit of the share premium account of our Company be capitalized and applied in paying up in full 299,999,999 Shares to be allotted credited as fully paid at par to Wellmass;

- (d) conditional upon the fulfillment of the Conditions, a general unconditional mandate was given to the Directors to exercise all the powers of our Company to allot, issue and deal with, otherwise than by way of rights issue or an issue of Shares upon the exercise of any subscription rights attached to any warrants or convertible securities or pursuant to the exercise of any options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme or any other option scheme or other similar arrangements or under the Share Offer or any scrip dividends in accordance with the Articles or a specific authority granted by the Shareholders in general meeting, Shares or securities or options convertible into Shares and to make and grant offers and agreements which would or might require Shares to be allotted (whether or not such securities or options involve the allotment or issue of Shares during or after the Relevant Period (as defined below)) with an aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme and such mandate to remain in effect during the Relevant Period. “Relevant Period” means the period from the date of passing the resolution until whichever is the earliest of:
- (i) the conclusion of the next annual general meeting of our Company; or
 - (ii) the expiration of the period within which the next annual general meeting of our Company is required by the memorandum of association and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held; or
 - (iii) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting;
- (e) conditional upon the fulfillment of the Conditions, a general unconditional mandate was given to the Directors authorizing them to exercise all powers of our Company to repurchase Shares listed on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, in accordance with all applicable laws and the requirements of the Listing Rules (or of such other stock exchange), such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme and such mandate to remain in effect during the Relevant Period;

- (f) conditional upon the fulfillment of the Conditions, the general unconditional mandate mentioned in sub-paragraph (d) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company repurchased by our Company pursuant to the mandate to repurchase Shares referred to in sub-paragraph (e) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme.

4. Corporate Reorganization

The companies comprising our Group underwent the Reorganization in preparation for the Listing, pursuant to which our Company became the holding company of our Group. The Reorganization included the following major steps:

- (a) On 18 July 2012, Wellmass was incorporated in the BVI with an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each, and one subscriber share was allotted to Mr. Lin at par.
- (b) On 12 September 2012, our Company was incorporated in the Cayman Islands with limited liability. At the time of incorporation, our Company had an authorized share capital of HK\$390,000 divided into 39,000,000 Shares of HK\$0.01 each of which one Share was allotted and issued fully paid to the initial subscriber at par. On 21 September 2012, the one Share was transferred to Wellmass at par.
- (c) On 3 October 2012, Euro Asia Investments was incorporated in the BVI with limited liability. At the time of incorporation, Euro Asia Investments had an authorized share capital of US\$50,000 divided into 50,000 shares of US\$1.00 each and one fully paid share was issued to our Company at par.
- (d) On 6 September 2012, Hong Kong Aluminum Cans was incorporated in Hong Kong with limited liability. At the time of incorporation, Hong Kong Aluminum Cans had an authorized share capital of HK\$10,000 divided into 10,000 shares of HK\$1 each and one share was allotted and issued fully paid to the initial subscriber at par. On 12 September 2012, the one share was transferred to European Asia Industrial at par.
- (e) On 18 September 2012, Euro Asia Packaging declared a dividend in the amount of RMB40,000,000 to its shareholders, which was fully paid and settled on 29 November 2012.

- (f) On 15 January 2013, Hong Kong Aluminum Cans acquired from European Asia Industrial and became the registered shareholder of 78,898,400 shares of Euro Asia Packaging, which represented 98.623% of the entire equity interest of Euro Asia Packaging, in consideration of the allotment and issue of 1,000 shares of HK\$1 each of Hong Kong Aluminum Cans credited as fully paid at par to European Asia Industrial. Such transfer has been approved by Department of Foreign Trade and Economic Cooperation of Guangdong Province* (廣東省對外貿易經濟合作廳) on 5 January 2013, and our Company has obtained legal opinion from the PRC legal advisors that our Group has obtained the necessary consent from the relevant government authority in respect of the transfer.
- (g) On 15 March 2013, Euro Asia Investments acquired from European Asia Industrial and became the registered shareholder of 1,001 shares of HK\$1 each of Hong Kong Aluminum Cans, which represented the entire issued share capital of Hong Kong Aluminum Cans, at a consideration of HK\$1,001. As a result, Euro Asia Packaging became an indirect non-wholly owned subsidiary of our Company with 98.623% of the equity interest of Euro Asia Packaging held by our Group and 1.377% of the equity interest of Euro Asia Packaging by Ron Investment.

5. Changes in share capital of subsidiaries

The subsidiaries of our Company are listed in the Accountant's Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in the section headed "Corporate reorganization" above, there has been no other change to the share capital of any of the subsidiaries of our Company within the two years immediately preceding the date of this prospectus.

6. Repurchase by our Company of its own securities

This section includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

(a) *Provisions of the Listing Rules*

The Listing Rules permit companies with a primary listing on the Stock Exchange to purchase their shares on the Stock Exchange subject to certain restrictions.

(i) *Shareholders' approval*

The Listing Rules provide that all proposed repurchases of shares (which must be fully paid) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval of a specific transaction.

Note: Pursuant to the written resolutions of the sole Shareholder passed on 20 June 2013, a general unconditional mandate (the “**Repurchase Mandate**”) was given to the Directors authorizing the Directors to exercise all powers of our Company to purchase Shares listed on the Stock Exchange, or any other stock exchange on which the Shares may be listed and recognized by the SFC and the Stock Exchange for this purpose, such number of Shares with an aggregate nominal value not exceeding 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Capitalization Issue and the Share Offer but excluding any Shares which may be issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, and the Repurchase Mandate shall remain in effect until whichever is the earliest of the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by the memorandum of association and the Articles or the Companies Law or any other applicable laws of the Cayman Islands to be held, or when the Repurchase Mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the memorandum of association and the Articles and the applicable laws of the Cayman Islands and the Listing Rules. A company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time.

Under the Cayman Islands law, any repurchases by our Company may be made out of profits of our Company or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if authorized by the memorandum of association and the Articles and subject to the Companies Law, out of capital and, in the case of any premium payable on the repurchase, out of profits of our Company or out of our Company’s share premium account or, if authorized by the memorandum of association and the Articles and subject to the Companies Law, out of capital.

(iii) *Connected parties*

The Listing Rules prohibit our Company from knowingly repurchasing the Shares on the Stock Exchange from a “connected person”, which includes a Director, chief executive or substantial Shareholder of our Company or any of the subsidiaries or an associate of any of them and a connected person shall not knowingly sell Shares to our Company.

(b) *Reasons for repurchases*

The Directors believe that it is in the best interests of our Company and the Shareholders for the Directors to have a general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of our Company's net asset value and/or earnings per Share and will only be made when the Directors believe that such repurchases will benefit our Company and the Shareholders.

(c) *Exercise of the Repurchase Mandate*

Exercise in full of the Repurchase Mandate, on the basis of 400,000,000 Shares in issue immediately after completion of the Capitalization Issue and Share Offer, but not taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, could accordingly result in up to 40,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(d) *Funding of repurchase*

In repurchasing the Shares, our Company may only apply funds legally available for such purpose in accordance with the memorandum of association, the Articles, the Listing Rules, the Companies Law and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Group.

(e) *General*

Under the Listing Rules, shares proposed to be repurchased by a company must be fully paid-up. Under Cayman Islands law, any shares repurchased will be treated as cancelled on repurchase.

None of the Directors or, to the best of their knowledge having made all reasonable enquiries, any of their associates (as defined in the Listing Rules), has any present intention if the Repurchase Mandate is exercised to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, our Articles and the applicable laws of the Cayman Islands.

If as a result of a repurchase of the Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert, depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and may become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase. Save as disclosed above, the Directors are not aware of any consequence that would arise under the Takeovers Code as a result of a repurchase pursuant to the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:


- (a) a share transfer agreement dated 4 December 2012 entered into between Hong Kong Aluminum Cans and European Asia Industrial pursuant to which European Asia Industrial agreed to transfer 78,898,400 shares of Euro Asia Packaging to Hong Kong Aluminum Cans, which represented 98.623% of the entire equity interest of Euro Asia Packaging, in consideration of the allotment and issue of 1,000 shares of Hong Kong Aluminum Cans to European Asia Industrial;
- (b) a sale and purchase agreement dated 14 February 2013 entered into between Euro Asia Investments and European Asia Industrial pursuant to which European Asia Industrial agreed to sell the entire issued share capital of Hong Kong Aluminum Cans to Euro Asia Investments at a consideration of HK\$1,001;

- (c) the Non-competition Deed;
- (d) a deed of indemnity dated 27 June 2013 executed by the Controlling Shareholders in favor of our Company on its own behalf and as trustee for its subsidiaries containing the indemnities referred to in the paragraph headed “Tax and other indemnities” in this Appendix; and
- (e) the Public Offer Underwriting Agreement.


2. Intellectual property rights

Trademark


As at the Latest Practicable Date, our Group owned, or had registered (as the case may be) the following trademark in Hong Kong:

Trademark	Applicant	Class ^(Note)	Registration date	Registration of number	Renewal of deadline
	Euro Asia Packaging	6	21-04-2009	301328256	20-04-2019

As at the Latest Practicable Date, our Group had applied for the registration of the following trademark in Hong Kong and the same is pending registration:

Trademark	Applicant	Class ^(Note)	Application date	Application number
	The Company	6, 35	13 March 2013	302547162

As at the Latest Practicable Date, our Group had registered the following trademark in the PRC:

Trademark	Applicant	Class ^(Note)	Registration date	Registration number	Renewal Deadline
	Euro Asia Packaging	6	28-04-2008	4584459	27-04-2018

Note:

Class 6 - Compressed gas or liquid air bottles (metal containers); metal storage boxes; tin cans; tinplate packaging containers; metal packaging containers; metal bucket/barrel; beer cans; metal plaques.

Class 35 - Advertising; business management; business administration; office functions.

Patent

As at the Latest Practicable Date, our Group had registered 76 patents with the State Intellectual Property Bureau in the PRC. Our registered patents include utility model patents (實用新型專利), invention patents (發明專利) and design patents (外觀設計專利), which are related to aluminum aerosol cans and aluminum bottles.

As at the Latest Practicable Date, we were the registered owner of the following patents which we believe are material to our business:

Patent	Registered Owner	Type	Patent Number	Date of Application	Expiry Date
Varying thickness along the wall of aluminum packaging can, its manufacturing method and special dies* (變壁鋁質包裝罐、其製造方法及專用模具)	Euro Asia Packaging	Invention Patent (發明專利)	ZL 200910039072.6	24 April 2009	23 April 2029
Packaging can (oblique)* (包裝罐(斜肩))	Euro Asia Packaging	Design Patent (外觀設計專利)	ZL 200330114641.2	13 October 2003	12 October 2013
Packaging can (20 mm aperture round shoulder)* (包裝罐(20 mm口徑圓肩))	Euro Asia Packaging	Design Patent (外觀設計專利)	ZL 200330114638.0	13 October 2003	12 October 2013
Packaging can (slot shoulder)* (包裝罐(槽肩))	Euro Asia Packaging	Design Patent (外觀設計專利)	ZL 200330114640.8	13 October 2003	12 October 2013
A kind of aluminum pharmaceutical packaging can* (一種鋁質醫用包裝罐)	Euro Asia Packaging	Utility Model Patent (實用新型專利)	ZL 200720056144.4	20 August 2007	19 August 2017
Varying thickness along the wall of aluminum packaging can* (變壁鋁質包裝罐)	Euro Asia Packaging	Utility Model Patent (實用新型專利)	ZL 200920055623.3	24 April 2009	23 April 2019

Domain name

As at the Latest Practicable Date, our Group had registered the following domain name:

Domain Name	1st Registration Date	Expiry Date
Euroasia-p.com	4 November 2002	4 November 2016

C. DISCLOSURE OF INTEREST

1. Interests and short positions of the Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following completion of the Capitalization Issue and the Share Offer, but not taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, the interests and short positions of the Directors or chief executive of our Company in the Shares, underlying Shares and debentures of our Company or any of the associated corporations (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests which they are taken or deemed to have under such provisions of the SFO) or will be required, pursuant to section 352 of the SFO, to be entered in the register as referred to therein, or will be required, or pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange, in each case once the Shares are listed on the Stock Exchange, will be as follows:

(a) *Long position in the Shares*

Name of Director	Nature of interest	Number of Shares	Approximate percentage of the issued share capital of our Company
Mr. Lin	Interest in a controlled corporation ^(Note)	300,000,000 Shares	75%
Mrs. Lin	Interest in a controlled corporation ^(Note)	300,000,000 Shares	75%

Note: Wellmass is 100% beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in the shares of Wellmass held by Mr. Lin. Accordingly, each of Mr. Lin and Mrs. Lin is deemed to be interested in the Shares held by Wellmass under the SFO.

(b) *Long position in Wellmass, an associated corporation of our Company*

Name of Director	Capacity/Nature of Interest	Percentage of the issued share capital of Wellmass
Mr. Lin	Beneficial owner	100%
Mrs. Lin	Family interest ^(Note)	100%

Note: Wellmass is 100% beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in the Wellmass shares held by Mr. Lin.

2. Interests and short positions of Substantial Shareholders in the Shares, and underlying Shares of our Company

So far as it is known to the Directors, immediately following completion of the Share Offer and the Capitalization Issue, but not taking into account of any Shares which may be taken up under the Share Offer and allotted and issued pursuant to the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, the following persons (not being a Director or chief executive of our Company) will have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who are, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group:

(I) *Long position in the Shares*

Name	Capacity	Number of Shares	Approximate percentage of interests
Wellmass	Beneficial owner	300,000,000 Shares	75%

Note: Wellmass is 100% beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in the shares of Wellmass held by Mr. Lin. Accordingly, each of Mr. Lin and Mrs. Lin is deemed to be interested in the Shares held by Wellmass under the SFO.

3. Particulars of service agreements

Each of the executive Directors has entered into a service contract with our Company for an initial fixed term of three years commencing from the Listing Date and shall continue thereafter until terminated by either party by giving not less than three months' notice in writing at any time after such initial fixed term to the other, provided that our Company may terminate the contract by giving to the Director not less than three months' prior notice in writing at any time after the date of the contract. The appointment shall terminate automatically in the event of the executive Director ceasing to be a Director for whatever reason.

Each of these executive Directors is entitled to the respective director's fee set out below. In addition, each of the executive Directors may also be entitled to a discretionary bonus, if so recommended by the remuneration committee of our Company and approved by the Board having regard to the operating results of our Group and the performance of the executive Director, provided that the aggregate amount of bonuses payable to all the executive Directors for any financial year may not exceed five percent of the audited consolidated net profits of our Group after taxation and minority interests but before extraordinary items attributable to Shareholders of our Company of the relevant year.

Each of the non-executive Director and independent non-executive Directors (other than Mr. Chung Yi To) has entered into a service contract with our Company on 20 June 2013 and Mr. Chung Yi To has entered into a service contract with our Company on 24 June 2013. Each service contract is for a term of two years commencing from (i) the date of the respective contracts (in relation to the contracts with the independent non-executive Directors); and (ii) the Listing Date (in relation to the contract with the non-executive Director), provided that either our Company or the non-executive Director or the independent non-executive Director (as the case may be) may terminate such appointment at any time by giving at least one month's notice in writing to the other. The appointment shall terminate automatically in the event of the Director ceasing to be a Director for whatever reason. Each of the non-executive Director and the independent non-executive Directors is entitled to a director's fee set out below.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

4. Directors' remuneration

- (a) The aggregate emoluments and benefits paid to the Directors by our Group in respect of the three years ended 31 December 2010, 2011 and 2012 were approximately HK\$0.3 million, HK\$0.3 million and HK\$0.4 million, respectively.
- (b) Under the arrangements currently in force, the aggregate emoluments (excluding payment pursuant to any discretionary benefits or bonus, granting of share options, or other fringe benefits) payable by our Group to the Directors for the year ending 31 December 2013 is approximately HK\$1.1 million.

- (c) Save as disclosed herein, none of the Directors or any past directors of any member of our Group has been paid any sum of money or shares or otherwise for each of the three years ended 31 December 2012 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group or (iii) otherwise for services rendered by him in connection with the promotion or formation of our Group.
- (d) There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three years ended 31 December 2012.
- (e) Under the arrangements currently proposed, conditional upon Listing, the basic annual remuneration (excluding payment pursuant to any discretionary benefits or bonus, granting of share options, or other fringe benefits) payable by our Group to each of the Directors will be as follows:

Executive Directors	HK\$
Mr. Lin	600,000
Mrs. Lin	300,000
Mr. Chamlong Wachakorn	300,000
Non-executive Director	HK\$
Mr. Kwok Tak Wang	360,000
Independent non-executive Directors	HK\$
Mr. Leung Man Fai	150,000
Dr. Lin Tat Pang	150,000
Ms. Guo Yang	150,000
Mr. Chung Yi To	150,000

Such annual salary may be reviewed annually after each year of service during the term of the service contract by the remuneration committee of our Company. Any adjustment of salary must be recommended by the remuneration committee and approved by the Board.

- (f) Each of the Directors is entitled to reimbursement for all reasonable expenses properly incurred in the performance of his duties.
- (g) An executive Director and the non-executive Director have been granted options under the Pre-IPO Share Option Scheme described in the section headed “Pre-IPO Share Option Scheme” below.

5. Fees or commission received

Save as disclosed in the paragraph headed “Commission and expenses” in the section headed “Underwriting” in this prospectus, none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in this Appendix had received any agency fee or commissions from our Group within the two years preceding the date of this prospectus.

6. Related party transactions

Details of the related party transactions during the two years preceding the date of this prospectus are set out under note 33 to the Accountant’s Report set out in Appendix I to this prospectus, and the section headed “Continuing Connected Transactions” in this prospectus.

7. Disclaimers

Save as disclosed in this prospectus:

- (a) there are no existing or proposed service contracts (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)) between the Directors and any member of our Group;
- (b) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in this Appendix has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (c) none of the Directors or the experts named in the paragraph headed “Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (d) taking no account of Shares which may be taken up under the Share Offer and allotted and issued pursuant to the exercise of the Over-allotment Option and any options which have been or may be granted under the Pre-IPO Share Option Scheme and the Share Option Scheme, none of the Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Share Offer and the Capitalization Issue, have any interest or short positions in Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

- (e) none of the Directors or chief executive of our Company has any interest or short position in the Shares, underlying Shares or debentures of our Company or any of the associated corporations (within the meaning of the SFO) or any interest which, once the Shares are listed on the Stock Exchange, will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including any interests and short positions which he will be taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies in the Listing Rules, to be notified to our Company and the Stock Exchange; and
- (f) none of the experts referred to under the heading “Qualifications of experts” of this Appendix has any shareholding in any member of our Group or the right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. PRE-IPO SHARE OPTION SCHEME

To recognize and motivate the contributions that certain executive and non-executive Directors, members of the senior management and other employees have made or may make to our Group, our Company conditionally adopted the Pre-IPO Share Option Scheme on 20 June 2013. The principal terms of the Pre-IPO Share Option Scheme, are substantially the same as the terms of the Share Option Scheme except for the following:

- (a) eligible participants of the Pre-IPO Share Option Scheme include only Eligible Employee (as defined in the section headed “Share Option Scheme”) and non-executive directors (including independent non-executive directors) of members of our Group or Invested Entities (as defined in the section headed “Share Option Scheme”);
- (b) subject to adjustment in the event of alteration to share capital of our Company as provided for in paragraph 14 of the section headed “Share Option Scheme”, the total number of Shares subject to the Pre-IPO Share Option Scheme is 17,490,000;
- (c) subject to adjustment in the event of alteration to share capital of our Company as provided for in paragraph 14 of the section headed “Share Option Scheme”, the exercise price for the Shares under the Pre-IPO Share Option Scheme shall be equivalent to 70% of the Offer Price;
- (d) the individual limit applicable to each proposed grantee and the restrictions on grant of options as referred to in paragraphs 6, 7, 8 of the section headed “Share Option Scheme” respectively, do not apply;

- (e) subject to paragraph (f) below and the provisions for early termination contained therein, the Pre-IPO Share Option Scheme shall be valid and effective until 9:00 a.m. on the day immediately prior to the Listing Date, after which period no further options may be issued. Subject to the above, in all other respects, in particular, in respect of options remaining then outstanding, the provisions of the Pre-IPO Share Option Scheme shall remain in full force and effect; and
- (f) the Pre-IPO Share Option Scheme (and the options granted thereunder) is conditional upon, among other things: (i) the Stock Exchange granting the approval of the listing of and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalization Issue, the Share Offer and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options under the Pre-IPO Share Option Scheme and the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date; (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and (iii) the commencement of dealings in the Shares on the Stock Exchange.

Present status of the Pre-IPO Share Option Scheme

As at the Latest Practicable Date, options to subscribe for an aggregate of 17,490,000 Shares had been granted to certain executive and non-executive Directors, members of the senior management and other employees of our Group, representing (i) approximately 4.37% of the total issued share capital of our Company immediately upon completion of the Capitalization Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon the exercise of any options which have been granted under the Pre-IPO Share Option Scheme or may be granted under the Share Option Scheme or the exercise of the Over-allotment Option); and (ii) approximately 4.19% of the total issued share capital of our Company immediately upon completion of the Capitalization Issue and the Share Offer and assuming that all options granted under the Pre-IPO Share Option Scheme are exercised at the same time (without taking into account any Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option).

A breakdown of the grantees by category under the Pre-IPO Share Option Scheme is set out below:

Category of grantees	Number of grantees	Number of Shares subject to options granted under the Pre-IPO Share Option Scheme
Executive and Non-executive Directors (“ Director Grantees ”) . . .	2	5,500,000
Senior management of our Group (“ Management Grantees ”). . . .	6	6,000,000
Employees of our Group (“ Employee Grantees ”)	46	5,990,000

Save as disclosed above, no options have been granted or will be granted under the Pre-IPO Share Option Scheme.

Pursuant to the Pre-IPO Share Option Scheme and the offer letters in respect of the grant of the options:

- (i) In respect of each grantee, the options conditionally granted to him/her under the Pre-IPO Share Option Scheme are subject to the following vesting and exercise period:
 - (1) 30% of the option shall become vested and exercisable on the 1st anniversary date of the Listing Date (the “**1st Vesting Date**”), and the exercise period in respect thereof shall commence on the 1st Vesting Date and end on the day immediately before the 10th anniversary date of the offer date (the “**Expiration Date**”) (both dates inclusive).
 - (2) 30% of the option shall become vested and exercisable on the 2nd anniversary date of the Listing Date (the “**2nd Vesting Date**”), and the exercise period in respect thereof shall commence on the 2nd Vesting Date and end on the Expiration Date (both dates inclusive).
 - (3) 40% of the option shall become vested and exercisable on the 3rd anniversary date of the Listing Date (the “**3rd Vesting Date**”), and the exercise period in respect thereof shall commence on the 3rd Vesting Date and end on the Expiration Date (both dates inclusive).
- (ii) Subject to adjustment in the event of alteration to share capital of our Company as provided for in paragraph 14 of the section headed “Share Option Scheme”, the exercise price for the Shares under the Pre-IPO Share Option Scheme shall be equivalent to 70% of the Offer Price.
- (iii) A nominal consideration of HK\$1 is payable by each grantee on acceptance of the grant of options under the Pre-IPO Share Option Scheme.

As at the Latest Practicable Date, other than the Director Grantees, none of the grantees is a connected person of our Company. Pursuant to Rule 8.24 of the Listing Rules, the Stock Exchange will not regard any Shares to be issued upon exercise of options under the Pre-IPO Share Option Scheme and held by a connected person as being “in public hands”. The Pre-IPO Share Option Scheme provides that a grantee shall not exercise an option to the extent that the public float of our Company will be less than 25% (or such higher percentage as required by the Stock Exchange or the Listing Rules) of the issued share capital of our Company immediately after the issue and allotment of the Shares upon such exercise of the options under the Pre-IPO Share Option Scheme. Each of the grantees has also undertaken to our Company that he/she will not exercise any options under the Pre-IPO Share Option

Scheme to the extent that the public float of our Company will be less than 25% (or such higher percentage as required by the Stock Exchange or the Listing Rules) of the issued share capital of our Company immediately after the issue and allotment of the Shares upon such exercise of the options under the Pre-IPO Share Option Scheme.

An application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued and allotted by our Company pursuant to the exercise of the options granted under the Pre-IPO Share Option Scheme.

Outstanding Pre-IPO Share Options

Particulars of the outstanding options which have been granted under the Pre-IPO Share Option Scheme as at the Latest Practicable Date are set out below:

Name of the grantees ^(Note)	Position within our Group	Residential address ^(Note)	Number of the underlying Shares	Approximate % of issued share capital of our Company immediately upon Listing
Director Grantees				
Chamlong Wachakorn	Executive Director	CM123, District D, Yi Quan Shan Zhuang, Guangzhou City, Guangdong, PRC	3,500,000	0.8750
Kwok Tak Wang	Non-executive Director	Flat F, 6/F, Tower One, Harbour Green, 8 Sham Mong Road, Kowloon, Hong Kong	2,000,000	0.5000
Management Grantees				
Luo Yong Qiang	Deputy general manager	No. 1 of 83 Dakuangyidui, Shuinan Village, Taiping Town Conghua City, Guangdong Province, PRC	1,000,000	0.2500
Lu Feng	Deputy general manager	Room 602, Block 1, Lianhua Pavilion, New Boyuan Village, East District, Zhongshan City, Guangdong Province, PRC	1,000,000	0.2500

Name of the grantees ^(Note)	Position within our Group	Residential address ^(Note)	Number of the underlying Shares	Approximate % of issued share capital of our Company immediately upon Listing
He Wan Zhu	Chief financial officer	5/F, Baofeng Building, 2006 Dongmen South Road, Luohu District, Shenzhen City, Guangdong Province, PRC	1,000,000	0.2500
Xu Wei	Deputy general manager	Room 502, 1 Sangong Temple, Shiqi District, Zhongshan City, Guangdong Province, PRC	1,000,000	0.2500
Zuo Jie Hao	Deputy general manager	Room 601, Maodan Pavilion No. 4, New Boyuan Village, East District, Zhongshan City, Guangdong Province, PRC	1,000,000	0.2500
Zhang Yao Ping	Assistant to general manager	Unit 601, Block B, 34 Dongle Street, Dongming Garden, Shiqi District, Zhongshan City, Guangdong Province, PRC	1,000,000	0.2500
Employee Grantees				
Lai Song Jian	Deputy manager	Room 304, No. 3 Da Feng Er Road, Tianhe District, Guangzhou City, Guangdong Province, PRC	400,000	0.1000
Lu Gang Hua	Manager	Room 402, No. 33 Heng Da Garden, East District, Zhongshan City, Guangdong Province, PRC	330,000	0.0825
Gao Nian Zhong	Deputy manager	No. 2 Yi Wan Du Lu San Road, Jia Mei Garden, Chengtian Town, Chaonan District, Shantou City, Guangdong Province, PRC	330,000	0.0825
Zou Dan	Sales representative	No. 5, Jin Feng Shan Village, Jin Feng Office, Xi Dongting, Ding Cheng District, Changde City, Hunan Province, PRC	330,000	0.0825
Wu Hai Chang	Deputy manager	Room 303, No. 9 6th An Shan Da Jie Xi Street, Shiqi District, Zhongshan City, Guangdong Province, PRC	330,000	0.0825
Tian Yu Zhen	Manager	Room 803, No. 60-2, Yidong Road, Haizhu District, Guangzhou City, Guangdong Province, PRC	330,000	0.0825

Name of the grantees ^(Note)	Position within our Group	Residential address ^(Note)	Number of the underlying Shares	Approximate % of issued share capital of our Company immediately upon Listing
Li Rong Yue	Deputy manager	Room 501, Block C, Building 12, Qi Le Garden, Shiqi District, Zhongshan City, Guangdong Province, PRC	330,000	0.0825
Li Run Miao	Manager	Room 702, Block 3, No. 31 Xian Hu Zheng Road, Shiqi District, Zhongshan City, Guangdong Province, PRC	330,000	0.0825
Luo Mei Kai	Manager	Room 502, Block 4, Xiang Quan Court, Xiang Hui Garden, Zhongshan Gang Ju Committee, Torch Development Zone, Zhongshan City, Guangdong Province, PRC	330,000	0.0825
Yin Jian Xin	Manager	No. 1, 24th Village, 224th Floor, Feng Gao Yi Fang, Lianhu District, Xi'an City, Shaanxi Province, PRC	330,000	0.0825
Zhao Jin Rong	Manager	Room 403, No. 44 Chong Bian Road, Zhong District, Zhongshan City, Guangdong Province, PRC	330,000	0.0825
Lian Ke Guang	Manager	No. 2-32-2 Wei Hou Er Street, Da Bu Xia Dong Hua Road, Si Mapu Town, Chaonan District, Shantou City, Guangdong Province, PRC	330,000	0.0825
Zhang Lin	Manager	No. 104 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, PRC	330,000	0.0825
Zeng Yun	Sales representative	No. 1 Xueyuan Road, Shiqi District, Zhongshan City, Guangdong Province, PRC	240,000	0.0600
Du Guo Sheng	Management representative	Room 503, No. 10-2 Ting Zi Xia Street, Shiqi District, Zhongshan City, Guangdong Province, PRC	100,000	0.0250
Zhan Yong Quan	Manager	Room 1602, No. 3 Xiangzhou Fu Shou Street, Xiangzhou District, Zhuhai City, Guangdong Province, PRC	100,000	0.0250

Name of the grantees ^(Note)	Position within our Group	Residential address ^(Note)	Number of the underlying Shares	Approximate % of issued share capital of our Company immediately upon Listing
Li Biao	Production supervisor	Room 503, Block F1, Kang Li Garden, No. 13 Kang Yue Dadao Zonghe Road, Torch Development Zone, Zhongshan City, Guangdong Province, PRC	100,000	0.0250
Zheng Xiao Feng	Production team head	Room 103, No. 25 Pinghe Dong Jiazi Chi, Wen Guang Road, Chaoyang District, Shantou City, Guangdong Province, PRC	50,000	0.0125
Zhou Tian Xi	Research and development supervisor	Zhou Jia Zou, Ya Gonggu Village, Baihe Pu Town, Qidong County, Hunan Province, PRC	50,000	0.0125
Zeng Yue	Deputy manager	Room 405, No. 5 Yi Da Street, Hubin Zhonglu East, Shiqi District, Zhongshan City, Guangdong Province, PRC	50,000	0.0125
Hou Guo Tian	Deputy manager	Room 301, Block A, No. 2 Dong Kang Street, Dong Ming Garden, Shiqi District, Zhongshan City, Guangdong Province, PRC	50,000	0.0125
Luo Xiong Xi	Production team head	Room 102, No. 32 Cong Shang Fang, Shiqi District, Zhongshan City, Guangdong Province, PRC	50,000	0.0125
Liang Shao Long	Production team head	No. 5, Hedai Village, Tang Chong Cun Committee, Xiaojiang Town, Yangshan County, Guangdong Province, PRC	50,000	0.0125
Li Jie Bin	Production team head	No. 101 Dong Ti, No. 31 Xin Cuo Xing Ang Dong Road, Huanggang Town, Raoping County, Guangdong Province, PRC	50,000	0.0125
Li Zhen Bo	Production team head	No. 4 Jiaoyu Road, Hejiang Town, Hua Zhou County, Guangdong Province, PRC	50,000	0.0125
Yan Xiao Dong	Production team head	Room 406, Block A1, Yu Hao Garden 2, Torch Development Zone, Zhongshan City, Guangdong Province, PRC	50,000	0.0125

Name of the grantees ^(Note)	Position within our Group	Residential address ^(Note)	Number of the underlying Shares	Approximate % of issued share capital of our Company immediately upon Listing
Lian Zi Hao	Production team head	No. 8, No. 12 Zhong Xian Lane, Wan Guang Street Committee, Chaoyang City, Guangdong Province, PRC	50,000	0.0125
Zhou Zhi Hua	Production team head	No. 52 Zhao Yang Street, Gangkou Town, Zhongshan City, Guangdong Province, PRC	50,000	0.0125
Xiao Wei Ping	Engineering team head	Room 602, Block O, Shenghua Garden, West District, Zhongshan City, Guangdong Province, PRC	50,000	0.0125
Hu Gui Xiong	Engineering technician	Room 208, No. 10-4 Ting Zi Xia Street, Shiqi District, Zhongshan City, Guangdong Province, PRC	50,000	0.0125
Fan Jian Xing	Engineering team head	Fan Jia Gou Village, Caijiaya Village, Xing County, Shanxi Province, PRC	50,000	0.0125
Zheng Zhi Peng	Procurement team head	115, No. 23 Block Zheng, Xin Cuo Building, Chi Du Garden, Ximen, Wen Guang Street, Chaoyang District, Shantou City, Guangdong Province, PRC	50,000	0.0125
Wang Da Zhou	Deputy manager	Bitan Village, Fengjiang Town, Jie Xi County, Jieyang City, Guangdong Province, PRC	50,000	0.0125
Chen Zhi Jun	Engineering team head	No. 12 Xia Street, Meihua Town, Lechang City, Guangdong Province, PRC	50,000	0.0125
Zhang Xing	Production team head	No. 5, Xinpu Village, Da Gong Xiang, Qi Chun County, Hubei Province, PRC	20,000	0.0050
Fang Fa Zhan	Production team head	No. 4, No. 7 Xingzheng Village, Fang Wu Building, Shuoli Town, Duji District, Huabei City, Anhui Province, PRC	20,000	0.0050
Peng Han Zhao	Production team head	Room 404, No. 30 Cong Shang Fang, Shiqi District, Zhongshan City, Guangdong Province, PRC	20,000	0.0050

Name of the grantees ^(Note)	Position within our Group	Residential address ^(Note)	Number of the underlying Shares	Approximate % of issued share capital of our Company immediately upon Listing
Liang Zhan Peng	Production team head	No. 26 Zhao Yang Er Street, Zhong District, Zhongshan City, Guangdong Province, PRC	20,000	0.0050
Li Shao Ze	Production team head	No. 9 Xi Ao Dong Yi Street, Zhelin Town, Rao Ping County, Guangdong Province, PRC	20,000	0.0050
Lin Jian Hong	Production team head	No. 10 He Bian Street, Tan Zhou Zhen, Zhongshan City, Guangdong Province, PRC	20,000	0.0050
Wang Gai Ping	Production team head	Jingxin, Mianyang Village, Shizhang Town, Ping Yuan County, Guangdong Province, PRC	20,000	0.0050
Luo Wei Jian	Production team head	No. 23 Sha Lu Street, Shiqi District, Zhongshan City, Guangdong Province, PRC	20,000	0.0050
Huang Hai Qi	Production technician	No. 80 Shang Feng Street, Yandun District, Zhongshan City, Guangdong Province, PRC	20,000	0.0050
Deng Hua Jie	Engineering staff	No. 542 Wen Guang Luohan Song, Wenguang Road, Chaoyang District, Shantou City, Guangdong Province, PRC	20,000	0.0050
Chen Shao Bo	Production staff	No. 11-1, Lianqing Village, Ao Village, Hai Yan Zhen, Taishan City, Guangdong Province, PRC	20,000	0.0050
Huang Bi Fen	Production staff	Room 204, No. 29 Cong Shan Fang, Shiqi District, Zhongshan City, Guangdong Province, PRC	20,000	0.0050
Total				
54			17,490,000	4.3725

Note: The English names of Chinese natural persons and their residential addresses are only unofficial English translation for identification purposes only, and in the event of any inconsistency between the Chinese names of the Chinese natural persons and their residential addresses and their English translation, the Chinese names and residential addresses shall prevail.

Effect on the earnings per share as a result of the options granted under the Pre-IPO Share Option Scheme

Any exercise of the options granted under the Pre-IPO Share Option Scheme and issuance of the Shares thereunder would result in the reduction in the percentage ownership of the Shareholders and may result in a dilution in the earnings per Share and net asset value per Share, as a result of the increase in the number of Shares outstanding after the issuance. If all such options are exercised in full, this would have a dilutive effect of approximately 4.19% on the percentage of shareholding of the Shares and a dilutive effect of approximately 4.19% on earnings per Share immediately upon completion of the Capitalization Issue and the Share Offer (without taking into account any Shares which may be allotted and issued upon the exercise of any option which may be granted under the Share Option Scheme or the exercise of the Over-allotment Option).

By virtue of granting these share options, share-based payment expenses of approximately HK\$2.7 million, HK\$3.9 million, HK\$1.9 million and HK\$0.6 million will be charged to our Group's income statement for each of the four years ending 31 December 2016, based on the fair value of the options granted under the Pre-IPO Share Option Scheme on the date of grant and the mid-point of the indicative Offer Price range.

E. SHARE OPTION SCHEME

The principal terms of the Share Option Scheme conditionally adopted under the written resolutions of the sole Shareholder passed on 20 June 2013 are set out below:

1. Purpose of the Share Option Scheme

The Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that Eligible Participants (as defined below) have made or may make to our Group.

The Share Option Scheme will provide the Eligible Participants with an opportunity to acquire proprietary interests in our Company with the view to achieving the following principal objectives:

- (a) motivate the Eligible Participants to optimize their performance and efficiency for the benefit of our Group; and
- (b) attract and retain or otherwise maintain ongoing business relationships with the Eligible Participants whose contributions are, will or expected to be beneficial to our Group.

For the purpose of the Share Option Scheme, "Eligible Participants" means any person who satisfies the eligibility criteria in paragraph 2 below.

2. Who may join and basis of eligibility

The Board may at its discretion grant options to:

- (i) any Eligible Employees. “**Eligible Employees**” means employees (whether full time or part time, including any executive Director but excluding any non-executive Director) of our Company, any subsidiary or any entity in which our Group holds at least 20% of its issued share capital (“**Invested Entity**”);
- (ii) any non-executive Directors (including independent non-executive Directors) of our Company, any subsidiary or any Invested Entity;
- (iii) any supplier of goods or services to any member of our Group or any Invested Entity;
- (iv) any customer of any member of our Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;
- (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;
- (vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and
- (viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group,

and, for the purposes of the Share Option Scheme, options may be granted to any company wholly owned by one or more Eligible Participants.

The basis of eligibility of any participant to be granted any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

3. Subscription Price of Shares

The exercise price for any Share under the Share Option Scheme shall be a price determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on the offer date of the relevant option, which must be a day on which the Stock Exchange is open for the business of dealing in securities (a “**Trading Day**”); (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five Trading Days immediately preceding the offer date of the relevant option;

and (iii) the nominal value of a Share on the offer date. For the purpose of calculating the exercise price where our Company has been listed for less than five Trading Days, the Offer Price of the Shares shall be used as the closing price of the Shares for any Trading Days falling within the period before the Listing Date.

4. Grant of options and acceptance of offers

An offer for the grant of options shall be deemed to have been accepted when our Company receives the letter containing the offer duly signed by the grantee together with a remittance of HK\$1.00 (or such other nominal sum in any currency as the Board may determine) in favor of our Company as consideration for the grant thereof within such time as may be specified in the offer (which shall not be later than 21 days from the offer date). Such remittance shall in no circumstances be refundable. Once accepted, the option is granted as from the date on which it was offered to the relevant Eligible Participant.

5. Maximum number of Shares

- (i) Subject to sub-paragraphs (ii) to (iv) below, the maximum number of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes (excluding options granted under the Pre-IPO Share Option Scheme in respect of 17,490,000 Shares) shall not, in aggregate, exceed 10% of the Shares in issue as at the Listing Date (i.e. 40,000,000 Shares) (the “**Scheme Mandate Limit**”) unless approved by the shareholders of our Company pursuant to sub-paragraph (iii) below. Options lapsed in accordance with the terms of the scheme(s) will not be counted for the purpose of calculating the Scheme Mandate Limit.
- (ii) Subject to sub-paragraphs (iii) and (iv) below, the Scheme Mandate Limit may be renewed by the shareholders of our Company in general meeting from time to time provided always that the Scheme Mandate Limit so renewed must not exceed 10% of the Shares in issue as at the date of approval of such renewal by the Shareholders of our Company. Upon such renewal, all options granted under the Share Option Scheme and any other share option schemes of our Company (including those exercised, outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) prior to the approval of such renewal shall not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to the shareholders of our Company containing such relevant information from time to time as required by the Listing Rules in connection with the general meeting at which their approval is sought.

- (iii) Subject to sub-paragraphs (iv) below, the Board may seek separate shareholders' approval in general meeting to grant options beyond the Scheme Mandate Limit provided that the options in excess of the Scheme Mandate Limit are granted only to the Eligible Participants specifically identified by our Company before such approval is sought and our Company must issue a circular to the shareholders of our Company containing such relevant information from time to time as required by the Listing Rules in relation to any such proposed grant to such Eligible Participants.
- (iv) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme, the Pre-IPO Share Option Scheme and any other share option schemes adopted by our Group must not, in aggregate, exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes adopted by our Group if such grant will result in the said 30% limit being exceeded.

6. Maximum entitlement of each participant

No option shall be granted to any Eligible Participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Share Option Scheme and the Pre-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the following requirements:

- (i) approval of the Shareholders of our Company at general meeting, with such Eligible Participant and its associates abstaining from voting;
- (ii) a circular in relation to the proposal for such further grant must be sent by our Company to its Shareholders with such information from time to time as required by the Listing Rules;
- (iii) the number and terms of the options to be granted to such proposed grantee shall be fixed before the Shareholders' approval mentioned in (i) above; and
- (iv) for the purpose of calculating the minimum exercise price for the Shares in respect of the further options proposed to be so granted, the date of board meeting for proposing such grant of further options shall be taken as the date of offer of such options.

7. Requirements on granting options to certain connected persons

Any grant of options to any director, chief executive or substantial shareholder of our Company, or any of their respective associates, must be approved by the independent non-executive Directors (excluding an independent non-executive director who or whose associate is a proposed grantee).

Where any grant of options to a substantial shareholder of our Company or an independent non-executive Director or any of their respective associates would result in the total number of the Shares issued and to be issued upon exercise of all options already granted and to be granted (including Options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- (i) representing in aggregate over 0.1% of the total number of Shares in issue; and
- (ii) having an aggregate value, based on the closing price of the Shares at the date of such grant, in excess of HK\$5 million,

such further grant of options must be approved by the Shareholders of our Company on a poll in a general meeting where all connected persons of our Company must abstain from voting in favor at such general meeting. Our Company will send a circular to the shareholders containing the information required under the Listing Rules.

8. Restrictions on the time of grant of options

No option shall be granted after inside information has come to the knowledge of our Company until our Company has announced the information. In particular, it may not grant any option during the period commencing one month immediately before the earlier of (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for our Company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement. No option may be granted during any period of delay in publishing a results announcement. "Inside information" has the meaning defined in the SFO.

The Board may not make any offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

9. Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof, and provided that the Board may determine the minimum period for which an Option has to be held or other restrictions before its exercise.

The grantee shall not exercise an option to the extent that the public float of our Company will be less than 25% (or such higher percentage as required by the Stock Exchange or the Listing Rules) of the issued share capital of our Company immediately after the issue and allotment of the Shares upon such exercise of the option.

10. Performance targets

Save as determined by the Board and provided in the offer of grant of the options, there is no performance target that must be achieved before the options can be exercised.

11. Ranking of Shares

The Shares to be allotted and issued upon exercise of an option shall be subject to all the provisions of the Articles for the time being in force and shall rank *pari passu* in all respects with the then existing fully paid Shares in issue on the allotment date and accordingly shall entitle the holders to participate in all dividends or other distributions paid or made on or after the allotment date other than any dividends or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the allotment date. Any Share allotted and issued upon the exercise of an option shall not carry voting rights until the name of the grantee has been duly entered into the register of members of our Company as the holder thereof.

12. Rights are personal to grantee

An option shall be personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest whatsoever in favor of any third party over or in relation to any option or enter into any agreement so to do.

13. Rights on cessation of employment

- (i) In the event of death of the grantee (being an individual) before exercising the option in full, his personal representatives may exercise the option up to the grantee's entitlement (to the extent exercisable as at the date of his death and not already exercised) within a period of 12 months following his death or such longer period as the Board may determine.
- (ii) In the event of the grantee who is an Eligible Employee ceasing to be an Eligible Employee for any reason other than his death, or the termination of his employment pursuant to paragraph 18(v), the grantee may exercise the option (to the extent exercisable as at the date of such cessation and not already exercised) within 30 days following such cessation or such longer period as the Board may determine.

14. Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company while an option remains exercisable or this scheme remains in effect, whether by way of capitalization of profits or reserves, rights issue, consolidation, reclassification, subdivision or reduction of capital of our Company, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares to which the Share Option Scheme or any option(s) relate so far as unexercised; and/or the exercise price; and/or the method of exercise of the options; and/or the maximum number of Shares subject to the Share Option Scheme.

Any adjustments required under this paragraph must be made in compliance with the Listing Rules, give a grantee the same proportion of the equity capital as that to which that grantee was previously entitled and shall be made on the basis that the aggregate exercise price payable by a grantee on the full exercise of any option shall remain as nearly as possible the same (but shall not be greater than) as it was before such event, but no such adjustments may be made to the extent that Shares would be issued at less than nominal value provided that in such circumstance, the exercise price shall be reduced to the nominal value. For the avoidance of doubt, the issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalization issue, the independent financial advisor of our Company or the auditors of our Company must confirm to the Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules.

15. Rights on a general offer

If a general or partial offer (whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner) is made to all the holders of Shares (or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror), our Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, Shareholders. If such offer becomes or is declared unconditional, the grantee shall be entitled to exercise the option (to the extent exercisable as at the date on which the offer becomes or is declared unconditional and not already exercised) in full or in part at any time within 14 days after the date on which the offer becomes or is declared unconditional.

16. Rights on winding-up

In the event notice is given by our Company to its shareholders to convene a shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind up our Company, our Company shall forthwith give notice thereof to the grantee and the grantee shall be entitled to exercise all or any of his/her options (to the extent exercisable as at the date of the notice of meeting and not already exercised) at any time not later than 2 Trading Days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting of our Company to consider the winding-up and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed shareholders' meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

17. Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and its members or creditors being proposed in connection with a scheme for the restructuring, reconstruction or amalgamation of our Company, our Company shall give notice thereof to all grantees on the same date as it gives notice of the meeting to its members or creditors to consider such a scheme, and thereupon the grantee shall

be entitled to exercise all or any of his/her option(s) (to the extent which has become exercisable as at the date of the notice and not already exercised) at any time not later than 2 Trading Days (excluding any period(s) of closure of our Company's share registers) prior to the proposed meeting and our Company shall, as soon as possible and in any event no later than the Trading Day (excluding any period(s) of closure of our Company's share registers) immediately prior to the date of the proposed meeting, allot and issue such number of Shares to the grantee which falls to be issued on such exercise.

18. Lapse of options

An option shall automatically lapse and not be exercisable on the earliest of:

- (i) the expiry of the option period;
- (ii) the expiry of any of the periods referred to in paragraph 13 above;
- (iii) subject to paragraph 16 above, the date of the commencement of the winding-up of our Company;
- (iv) subject to the scheme becoming effective, the expiry of the period referred to in paragraph 17 above;
- (v) the date on which the grantee who is an Eligible Employee ceases to be an Eligible Employee by reason of summary dismissal or being dismissed for misconduct or other breach of the terms of his employment contract or other contract constituting him an Eligible Employee, or the date on which he begins to appear to be unable to pay or has no reasonable prospect of being able to pay his debts or has become insolvent or has made any arrangements or composition with his or her creditors generally or on which he has been convicted of any criminal offence involving his or her integrity or honesty, unless otherwise resolved to the contrary by the Board;
- (vi) in respect of a grantee other than an Eligible Employee, the date on which the Board shall determine that (i) (aa) such grantee has committed any breach of any contract entered into between such grantee on the one part and our Group or any Invested Entity on the other part; or (bb) such grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) such grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by any other reason whatsoever; and (ii) the option shall lapse as a result of any event specified in sub-paragraph (i) (aa), (bb) or (cc) above, unless otherwise resolved to the contrary by the Board;
- (vii) the expiry of the period referred to in paragraph 15 above; and

(viii) the date on which the grantee commits a breach of paragraph 12 or any terms or conditions attached to the grant of the option or an event, in respect to a grantee, referred to in (2) below occurs, unless otherwise resolved to the contrary by the Board.

If the grantee is a company wholly owned by one or more Eligible Participants:

- (1) the provisions of paragraphs 13(i) and (ii), 18(v) and (vi) shall apply to the grantee and to the options granted to such grantee, mutatis mutandis, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in paragraphs 13(i) and (ii), 18(v) and (vi) shall occur with respect to the relevant Eligible Participant; and
- (2) the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant,

provided that the Board may decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

19. Cancellation of options granted but not yet exercised

The Board shall have the absolute discretion to cancel any options granted at any time if the grantee so agreed provided that where an option is cancelled and a new option is proposed to be issued to the same grantee, the issue of such new option may only be made with available but unissued options (excluding the cancelled options) within the limit approved by the Shareholders as mentioned in the Share Option Scheme from time to time.

20. Period of the Share Option Scheme

Subject to the terms of the Share Option Scheme, the Share Option Scheme shall be valid and effective for a period of 10 years after the adoption date, after which no further options may be issued. Subject to the above, in all other respects, in particular, in respect of Options remaining outstanding, the provisions of the Share Option Scheme shall remain in full force and effect.

The Board may impose such terms and conditions of the offer of grant either on a case-by-case basis or generally as are not inconsistent with the Share Option Scheme including but not limited to the minimum period for which an option must be held before it can be exercised.

21. Alteration to the Share Option Scheme

The Share Option Scheme may be altered in any respect by resolution of the Board except that the terms and conditions of the Share Option Scheme relating to the matters set out in Rule 17.03 of the Listing Rules (or any other relevant provisions of the Listing Rules from time to time applicable) cannot be altered to the advantage of grantees or prospective grantees without the prior approval of the shareholders of our Company in general meeting. No such alteration shall operate to affect adversely

the terms of issue of any option granted or agreed to be granted prior to such alterations except with the consent or sanction of such majority of the grantee as would be required of the shareholders of our Company under the Articles for the time being of our Company for a variation of the rights attached to Shares.

Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by the Shareholders in general meeting, except where such alterations take effect automatically under the existing terms of the Share Option Scheme.

Any change to the authority of the Directors or administrators of the Share Option Scheme in relation to any alterations to the terms of the Share Option Scheme must be approved by the Shareholders in general meeting.

The amended terms of the Share Option Scheme and/or the options must continue to comply with the relevant provisions of the Listing Rules and supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time (including the supplemental guidance attached to the letter from the Stock Exchange dated 5 September 2005 to all issuers relating to Share Option Scheme).

Subject to the above paragraphs, the Board may at any time alter, amend or modify the terms and conditions of the Share Option Scheme such that the provisions of the Share Option Scheme would comply with all relevant legal and regulatory requirements in all relevant jurisdictions to the extent as considered necessary by the Board to implement the terms of the Share Option Scheme.

22. Termination to the Share Option Scheme

Our Company by ordinary resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event, no further options will be offered but the provisions of the Share Option Scheme shall remain in force in all other respects.

Options complying with the provisions of the Listing Rules which are granted during the life of the scheme and remain unexpired immediately prior to the termination of the operation of the Share Option Scheme shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the Share Option Scheme.

23. Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon (i) the Stock Exchange granting the approval of the listing of and permission to deal in, the Shares in issue, the Shares to be issued pursuant to the Capitalization Issue, the Share Offer and any Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option and any options under the Pre-IPO Share Option Scheme and the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date; (ii) the obligations

of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any such condition(s)) and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise; and (iii) the commencement of dealings in the Shares on the Stock Exchange.

As at the Latest Practicable Date, no option had been granted by our Company under the Share Option Scheme. An application has been made to the Listing Committee of the Stock Exchange for the approval of the listing of, and permission to deal in the Shares to be issued and allotted by our Company pursuant to the exercise of options that may be granted under the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date.

The Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as at the Latest Practicable Date. Any such valuation will have to be made on the basis of certain option pricing model or other methodology, which depends on various assumptions including, the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. The Directors believe that any calculation of the value of options as at the Latest Practicable Date based on a number of speculative assumptions would not be meaningful and would be misleading to investors.

F. OTHER INFORMATION

1. Tax and other indemnities

The Controlling Shareholders have, entered into a deed of indemnity in favor of our Company (on its own behalf and as trustee for each member of our Group) referred to in paragraph (d) of the sub-section headed “Summary of material contracts” in this Appendix, pursuant to which the Controlling Shareholders have given indemnities in favor of our Group from and against, among other things, (a) any tax liability which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which Share Offer becomes unconditional (including but not limited to any tax liability arising from any additional assessment by any tax authority in respect of any member of our Group in relation to the tax years beginning from the respective date of establishment of our members of our Group and ending on the date on which the Share Offer becomes unconditional); or (ii) in respect of or in consequence of any act, omission or event occurring or deemed to occur on or before the date on which the Share Offer becomes unconditional; and (b) any claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred by any member of our Group as a result of or in connection with any litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which

the Share Offer becomes unconditional and not disclosed in this prospectus. The Controlling Shareholders will, however, not be liable under the deed of indemnity for taxation to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such taxation liability in the audited combined accounts of any member of our Group for each of the three years ended 31 December 2012; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Share Offer becomes unconditional; or
- (c) any provisions or reserve made for taxation in the audited accounts of our Group or any member of our Group for each of the three years ended 31 December 2012 which is finally established to be an over-provision or an excessive reserve provided that the amount of any such provision or reserve applied to reduce the Controlling Shareholders' liability in respect of taxation shall not be available in respect of any such liability arising thereafter; or
- (d) the taxation liability arises in the ordinary course of business of our Group after 31 December 2012 up to and including the date on which the Share Offer becomes unconditional.

provided that the exceptions in paragraphs (a), (c) and (d) above shall not apply to any tax liability which might be payable by any member of our Group arising from any additional assessment by any tax authority for the tax years beginning from the respective date of establishment of our members of our Group and ending on the date on which the Share Offer becomes unconditional.

In the event that the Controlling Shareholders have indemnified our Group of any tax liability and payment arising from any additional assessment by any tax authority pursuant to the deed of indemnity referred to above, our Company shall disclose such fact and relevant details by way of an announcement immediate after the payment of indemnification by the Controlling Shareholders.

The Controlling Shareholders have also undertaken to indemnify our Group, on a joint and several basis, against any costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by our Group arising from or in connection with the non-compliance to section 122 of the Companies Ordinance in relation to European Asia Group as referred to in the section headed "Business — Non-Compliance with Companies Ordinance".

The Directors have been advised that no material liability for estate duty under the laws of the Cayman Islands is likely to fall on our Group.

2. Litigation

As at the Latest Practicable Date, to the best of the Directors' knowledge, there is no litigation or arbitration (whether current, pending or threatened) proceedings against any member of our Group that is of material importance or could have a material adverse effect on our Group's financial condition or performance.

3. Application for Listing of Shares

The Sponsor has, on behalf of our Company, made an application to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein and the Shares falling to be issued pursuant to the exercise of the Over-allotment Option and any options which have been granted under the Pre-IPO Share Option Scheme and may be granted under the Share Option Scheme in respect of up to 10% of the Shares in issue as at the Listing Date.

4. Preliminary expenses

The preliminary expenses of our Company are estimated to be approximately HK\$25,000 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

6. Qualifications of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Shenyin Wanguo Capital (H.K.) Limited	A corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Stirling Appraisals Limited	Independent property valuer
China Commercial Law Firm	Legal advisors to the Company on PRC law
Appleby	Legal advisors to the Company on Cayman Islands law

7. Consents of experts

Each of the parties listed in the paragraph headed “Qualifications of experts” has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its letter, and/or report, and/or valuation certificate and/or opinions or statements and/or references to its name (as the case may be), all of which are dated the date of the prospectus, in the form and context in which they respectively appear in the prospectus.

8. Binding effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies Ordinance so far as applicable.

9. Share Registrar

The register of members of our Company will be maintained in the Cayman Islands by Appleby Trust (Cayman) Ltd. and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Save where the Directors otherwise agree, all transfers and other documents of title to Shares must be lodged for registration with, and registered by, our Company's branch share registrar in Hong Kong and may not be lodged in the Cayman Islands.

10. No material adverse change

The Directors confirm that there has been no material adverse change in the financial prospects of our Company or its subsidiaries since 31 December 2012 (being the date to which the latest audited financial statements of our Company were made up).

11. Miscellaneous

Save as disclosed herein:

- (a) within the two years immediately preceding the date of this prospectus:
 - (i) no share or loan capital of our Company or any of its subsidiaries has been issued, agree to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
 - (ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
 - (iii) no commission has been paid or payable (except to sub-underwriter) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares; and
 - (iv) no founder, management or deferred shares of our Company have been issued or agreed to be issued.
- (b) no share, warrant or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

- (c) none of the equity and debt securities of our Company is listed or dealt with in any other stock exchange nor is any listing or permission to deal being or proposed to be sought;
- (d) all necessary arrangements have been made enabling the Shares to be admitted into CCASS;
- (e) the Directors confirm that none of them shall be required to hold any shares by way of qualification and none of them has any interest in the promotion of our Company; and
- (f) there has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months immediately preceding the date of this prospectus

12. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

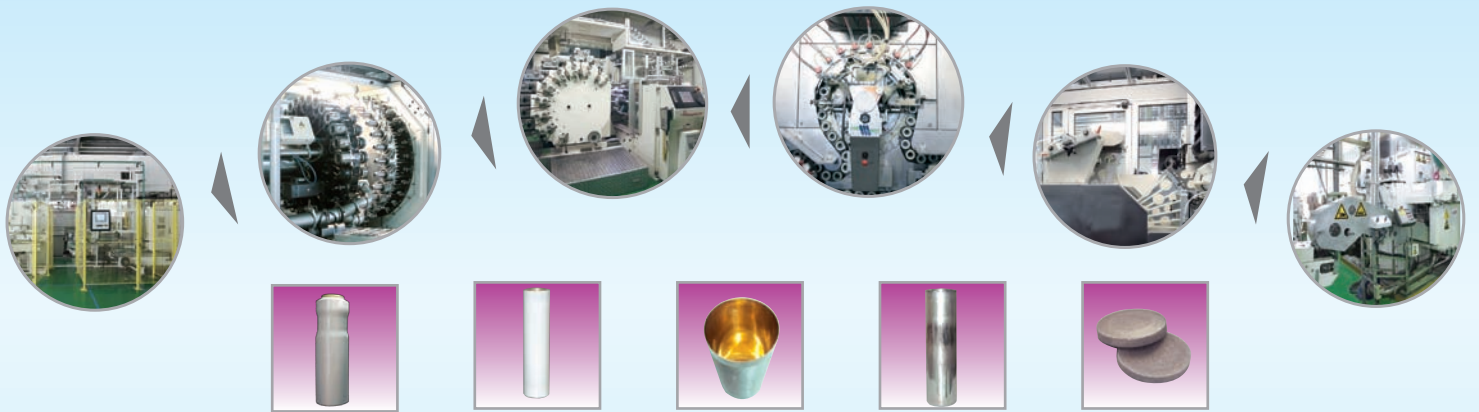
- (a) a copy of each of the Application Forms;
- (b) written consents referred to in the sub-paragraph headed “Consents of experts” in Appendix V to this prospectus; and
- (c) copies of the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the offices of Hastings & Co., at 5/F Gloucester Tower, The Landmark, 11 Pedder Street, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and the Articles of Association of the Company;
- (b) the Accountant’s Report prepared by Ernst & Young, the texts of which are set out in Appendix I to this prospectus;
- (c) the audited combined financial statements of the Company for the three financial years ended 31 December 2010, 2011 and 2012;
- (d) the letter received from Ernst & Young on unaudited pro forma financial information, the text of which is set out in Appendix II to this prospectus;
- (e) the letter, the summary of values and the valuation certificates relating to the property interests of our Group prepared by Stirling Appraisals Limited, the text of which is set out in Appendix III to this prospectus;
- (f) the material contracts referred to in the paragraph headed “Summary of material contracts” in Appendix V to this prospectus;
- (g) the written consents referred to in the paragraph headed “Consents of experts” in Appendix V to this prospectus;

- (h) the letter prepared by Appleby dated the date of this prospectus, summarizing certain aspects of the Companies Law referred to in Appendix IV to this prospectus;
- (i) the legal opinions prepared by China Commercial Law Firm, the PRC legal advisors dated the date of this prospectus in respect of certain aspects and property interests of the Group;
- (j) the service agreements referred to in the paragraph headed “Particulars of service agreements” in Appendix V to this prospectus;
- (k) the Companies Law; and
- (l) the rules of the Pre-IPO Share Option Scheme and the Share Option Scheme.



中國鋁罐控股有限公司
China Aluminum Cans Holdings Limited