This section contains certain information which has been derived from official, market and other third party sources. Our Directors believe the sources of such information are appropriate sources for the information. Our Company has exercised reasonable care in selecting and identifying the named information sources and in compiling, extracting and reproducing such information. Our Directors 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. However, such facts and statistics have not been independently verified by our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective affiliates, directors and advisers or any other parties involved in the Global Offering. None of them makes any representation as to the accuracy or completeness of such information which may not be consistent with other information available and may not be accurate and should not be unduly relied upon.

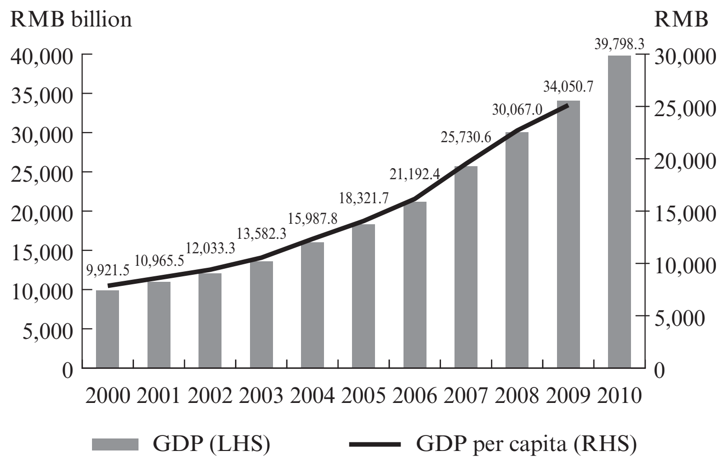
Certain information and statistics are extracted from the Packaging Report and the Honeycomb Report prepared by Shangpu and CENC, respectively. The information extracted from the Packaging Report and the Honeycomb Report reflects an estimate of market conditions based on research and analysis from Shangpu and CENC. The information extracted from the Packaging Report and the Honeycomb Report should not be viewed as a basis for investments provided by from Shangpu and CENC and references to the Packaging Report and the Honeycomb Report should not be considered as an opinion by Shangpu and CENC as to the value of any security or the advisability of investing in our Company. While reasonable care has been taken in the extraction, compilation and reproduction of such information and statistics by our Company, neither our Company, the Sole Sponsor, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective affiliates, directors or advisers, nor any party involved in the Global Offering have independently verified such information and statistics directly or indirectly derived from official government publications, and such parties do not make any representation as to their accuracy. The information and statistics may not be consistent with other information and statistics compiled by other parties.

OVERVIEW OF THE ECONOMY IN THE PRC

Robust Economic Growth in the PRC

The PRC's economy has experienced a fast growing rate since its economic reform in 1978. According to statistics released by the National Bureau of Statistics of China, the GDP of the PRC grew steadily and significantly from approximately RMB9,921.5 billion in 2000 to approximately RMB39,798.3 billion in 2010, representing a CAGR of approximately 14.9% from 2000 to 2010. Despite the outbreak of the global financial crisis in the fourth quarter of 2008, the PRC economy was resilient and recorded robust growth following the timely implementation of a series of economic stimulus plans by the PRC government and its GDP maintained a growth of approximately 16.9% in 2010. The GDP per capita of the PRC for 2009 amounted to approximately RMB25,125, increased at a CAGR of approximately 13.8% from 2000 and increased by approximately 10.7% as compared to the previous year. Currently, our Group has its production bases in Guangdong Province and will set up its production bases in Henan Province and Anhui Province in the near future. According to the Statistics Bureau of Guangdong Province, the GDP of Guangdong Province reached approximately RMB3,679.7 billion, RMB3,948.3 billion and RMB4,547.3 billion respectively, for the three years ended 31 December 2010, representing approximately 12.2%, 11.6% and 11.4% respectively of the total national GDP. According to the Statistics Bureaux of Anhui Province and Henan Province, the GDP of Anhui Province reached approximately RMB885.2 billion, RMB1,006.3 billion and RMB1,226.3 billion respectively, for the three years ended 31 December 2010, representing approximately 2.9%, 3.0% and 3.1% respectively. The GDP of Henan Province amounted to approximately RMB1,840.8 billion, RMB1,936.7 billion and RMB2,294.3 billion for the three years ended 31 December 2010 respectively, representing approximately 6.1%, 5.7% and 5.8% respectively.

GDP and GDP per capita in the PRC 2000–2009



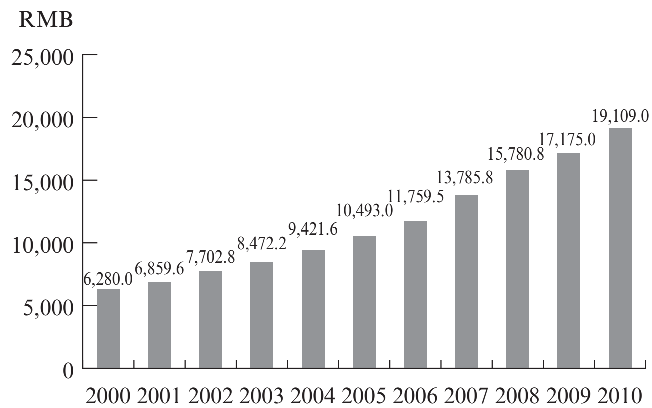
Source: National Bureau of Statistics of China

Note: As at the latest practicable date, the GDP per capita for 2010 is not available.

Growth of personal wealth fosters the purchasing power

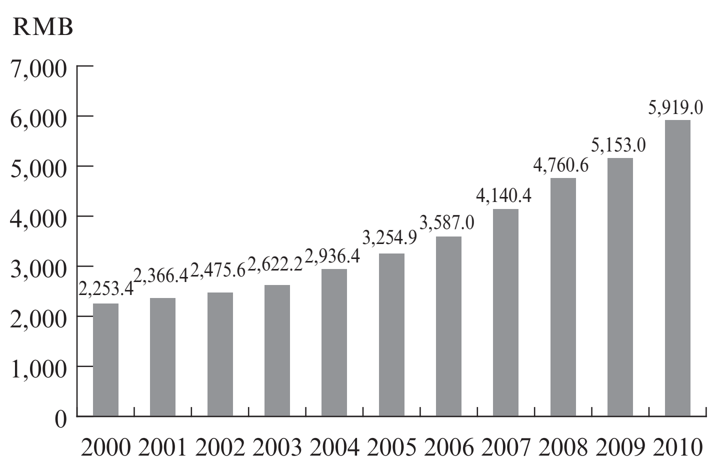
According to the National Bureau of Statistics of China, the annual disposable income per capita of urban households in the PRC increased at a CAGR of approximately 11.8% from 2000 to 2010 and increased by approximately 11.3% to RMB19,109.0 from 2009 to 2010 while the annual net income per capita of rural households in the PRC increased at a CAGR of approximately 10.1% from 2000 to 2010 and increased approximately 14.9% to RMB5,919.0 in 2010 as compared to the previous year. The growth in annual disposable income of urban households and annual net income of rural households in the PRC lead to an improvement in the purchasing power of people in the PRC. The demand for consumption is also expected to increase in view of the accelerating plan of urbanization in the PRC. The annual disposable income per capita of urban households and the annual net income per capita of rural households in the PRC from 2000 to 2010 are shown in the charts below.

Annual disposable income per capita of urban households in the PRC 2000–2010



Source: National Bureau of Statistics of China

Annual net income per capita of rural households in the PRC 2000–2010

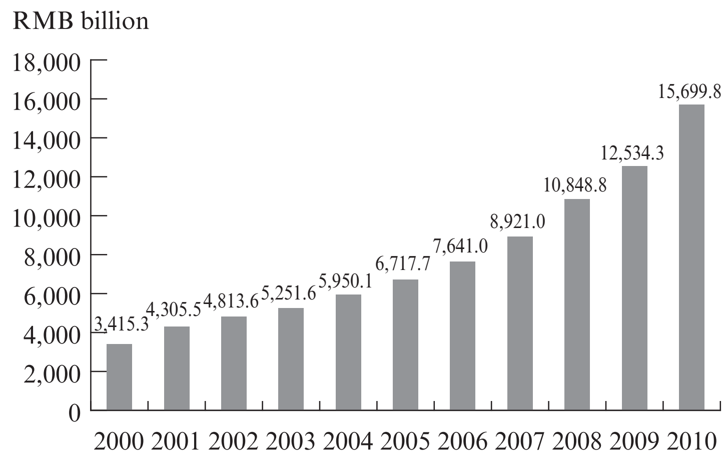


Source: National Bureau of Statistics of China

Rising retail revenue in the PRC

The improvement of personal wealth has fuelled the people's desire to improve their living standards, a driving factor for the increase in the demand of consumer goods. According to the National Bureau of Statistics of China, the total retail revenue of consumer goods increased steadily and significantly at a CAGR of approximately 16.5% from 2000. Leveraging the government policy to provide support on stimulating the domestic demand, as set out in the "Four Trillion Yuan Stimulus Plan", which was issued in November 2008, the total retail revenue in the PRC maintained a high growth rate in 2010 increased by 25.3% to approximately RMB15,699.8 billion compared with the same period from the previous year. The growth of retail revenue of consumer goods in the PRC from 2000 to 2010 is shown in the chart below.

Total retail revenue in the PRC 2000–2010

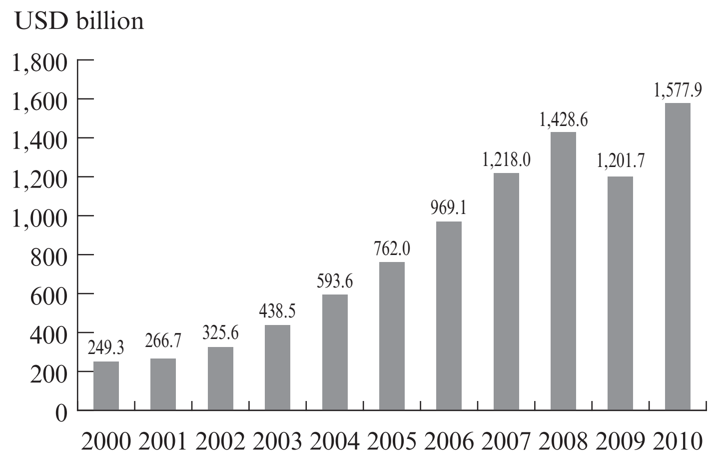


Source: National Bureau of Statistics of China

Total export is recovering in the PRC

The outbreak of the global financial crisis in the fourth quarter of 2008 adversely affected the demand of exports from the PRC in 2009 and led to a significant decline in the total export value during the year. According to the statistics from China Customs, the total value of exports dropped from 2008 to 2009 by approximately 15.9% to approximately USD1,201.7 billion. This is the first time in the past two decades that the PRC recorded a year over year drop in total export value. In 2010, overseas demand rose as export values in the PRC grew to approximately USD1,577.9 billion in 2010, representing a significant growth rate of approximately 31.3% compared to the previous year. The number exceeded the total value of exports before the outbreak of the global financial crisis in 2008, which was approximately USD1,428.6 billion. The chart below shows the total exports in the PRC from 2000 to 2010.

Total export value in the PRC 2000–2010



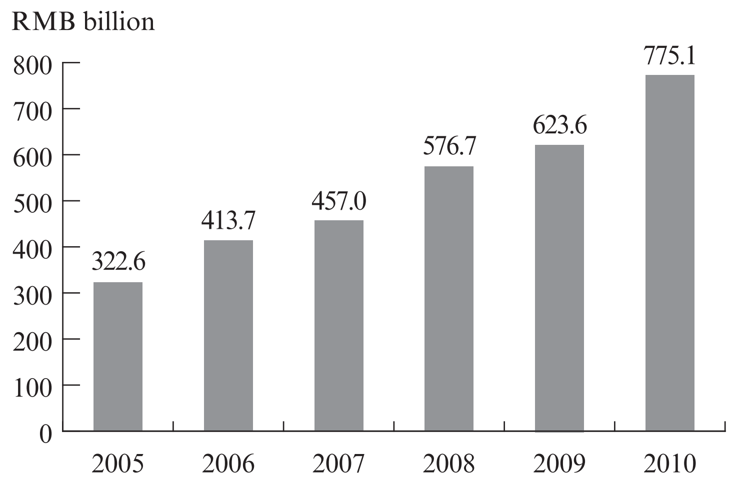
Source: China Customs

THE PACKAGING INDUSTRY IN THE PRC

Packaging not only serves the purpose of protecting products for transportation and storage, but also serves as a form of market promotion materials to attract potential customers to purchase the packed products. Message relating to products can be transferred efficiently and effectively to customers at large by fashionable design on the surface of the package.

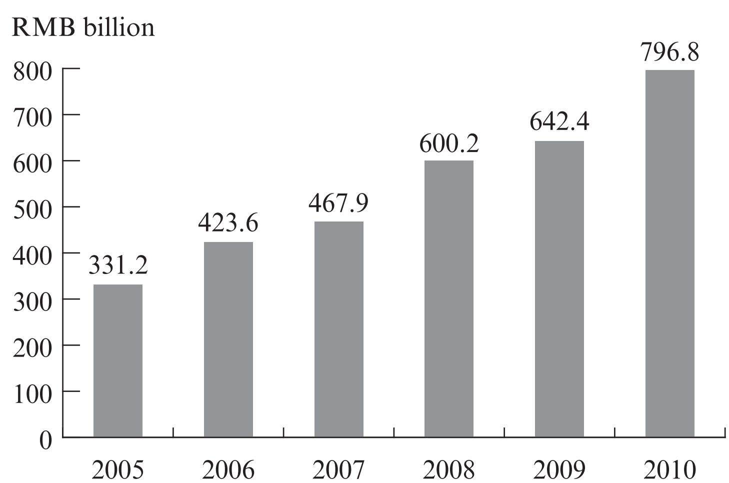
According to the Packaging Report, the total revenue of the packaging industry in the PRC was approximately RMB775.1 billion in 2010, representing a CAGR of approximately 19.2% compared with RMB322.6 billion in 2005. The total production value of packaging industry in the PRC was approximately RMB796.8 billion in 2010, representing a CAGR of approximately 19.2% compared with approximately RMB331.2 billion in 2005.

Total revenue of packaging industry in the PRC from 2005 to 2010



Source: The Packaging Report

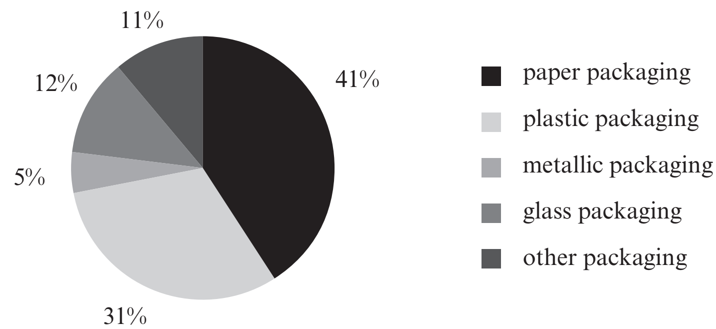
Total production value of packaging industry in the PRC from 2005 to 2010



Source: The Packaging Report

According to the Packaging Report, the total industrial production revenue of the packaging industry is mainly divided into five segments in the PRC, namely: (1) paper packaging sector; (2) plastic packaging sector; (3) metallic packaging sector; (4) glass packaging sector; and (5) other packaging sector. The paper packaging sector was the largest sector in the PRC's packaging industry in 2010 in terms of total revenue and contributed approximately RMB321.9 billion, or approximately 40.4% of the total revenue in the packaging industry.

Revenue distribution by sector in the PRC's packaging industry in 2010



Source: The Packaging Report

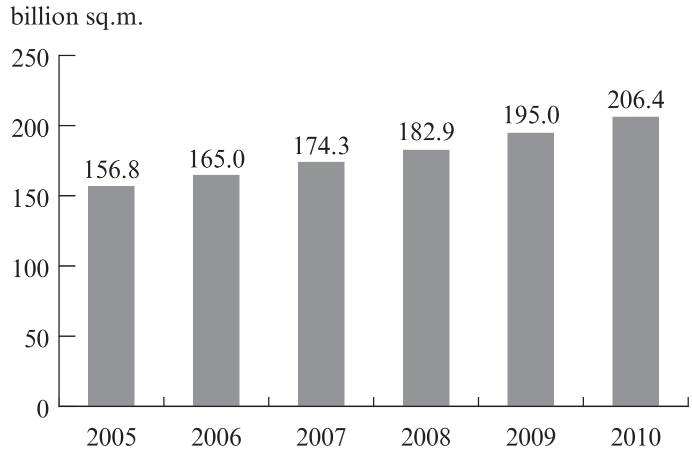
CORRUGATED CARTON PACKAGING INDUSTRY IN THE PRC

In light of the above statistics, paper packaging was the largest sector in the PRC's packaging industry in 2009. According to the Packaging Report, the paper industry is categorically divided into five sectors, namely: (1) corrugated medium paper; (2) functional protective paper; (3) decorating paper; (4) kraftlinerboard; and (5) whiteboard.

Corrugated carton packaging is a light, robust, practical and economic form of packaging. In packaging application the corrugated carton packaging can be used to replace other packaging products such as foam and plastic. In addition, as most corrugated carton packaging materials can be recycled, it is considered to be environmentally friendly. Corrugated paperboard is a rigid shipping and packaging medium that can be shaped, cut and folded into various forms and sizes. High resolution graphics and quality prints can be printed directly onto the surface of the corrugated carton. Corrugation is an effective form of transporting packages that provides effective protection and identification. Corrugated medium paper is made up from the cellulose fibres of recycled paper. This makes corrugated medium paper a recyclable and renewable resource.

According to the Packaging Report, the production output of global corrugated carton increased smoothly with a CAGR of approximately 5.7% from 2005 to 2010 as output reached approximately 206.4 billion sq.m. in 2010.

Global corrugated carton' production output from 2005 to 2010

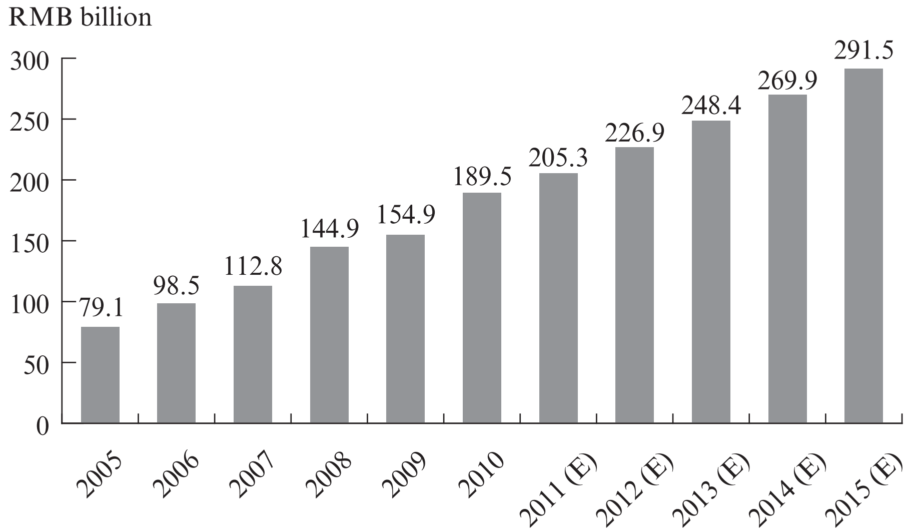


Source: The Packaging Report

The rapid growth rate of the corrugated carton packaging sector is supported by several indicators including its total revenue, production value and output. The production value in 2010 was approximately RMB197.4 billion, representing a CAGR of approximately 19.1% compared with approximately RMB82.3 billion in 2005. Moreover, the revenue of corrugated carton packaging industry in the PRC was approximately RMB189.5 billion in 2010, representing a CAGR of approximately 19.1%, as compared with approximately RMB79.1 billion in 2005. Total production output of the corrugated carton packaging industry in the PRC reached approximately 28.4 million tonnes in 2010, representing a CAGR of approximately 21.8%, as compared with approximately 10.6 million tonnes in 2005.

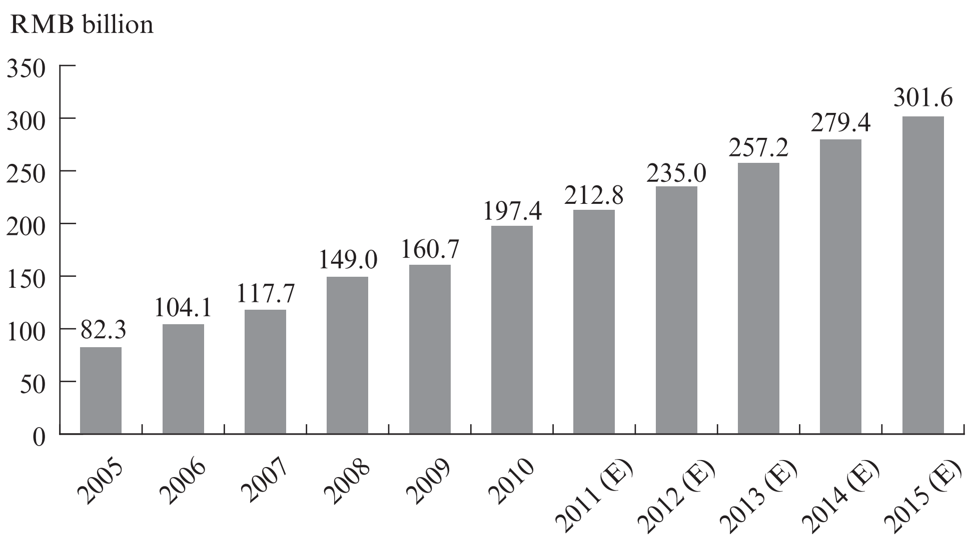
The production output and revenue of the corrugated carton packaging industry in the PRC increased sharply from 2005 to 2010 and outperformed the increase in the GDP of the PRC, despite the adverse impact on the world economies caused by the global financial crisis in the last quarter of 2008. The corrugated carton packaging sector is expected to continue growing. Moreover, the Twelfth Five-Year Plan has indicated that the increase in the GDP will be targeted at an annual rate 7% from 2011 to 2015. According to the Packaging Report, the forecast of the total revenue of the corrugated carton packaging industry in 2015 is expected to reach approximately RMB291.5 billion with a CAGR of approximately 9.0% from 2010; the total production output value is expected to reach approximately RMB301.6 billion in 2015 with a CAGR of approximately 8.8% from 2010; and the total production output is expected to reach approximately 42.8 million tonnes in 2015 with a CAGR of approximately 8.6% from 2010.

Total revenue of corrugated carton packaging industry in the PRC from 2005 to 2015



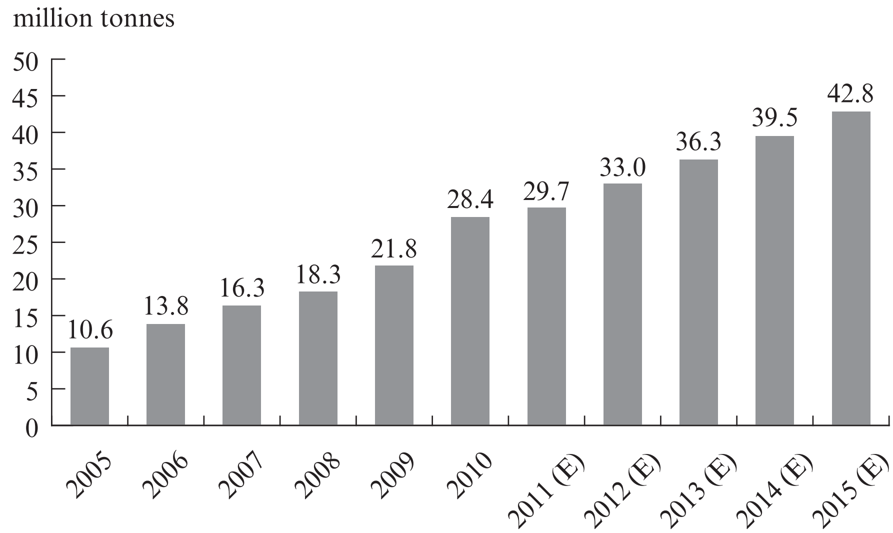
Source: The Packaging Report

Total production value of corrugated carton packaging industry in the PRC from 2005 to 2015



Source: The Packaging Report

Total production output of corrugated carton packaging industry in the PRC from 2005 to 2015



Source: The Packaging Report

THE PRC PAPER-BASED PACKAGING MARKET FOR HOUSEHOLD AIR-CONDITIONERS

Overview

In 2009, approximately 165.0 million of cartons for household air-conditioners were produced in the PRC, and the total revenue and sales volume were amounted to approximately RMB723.0 million and approximately 161.6 million, respectively. The top five suppliers, out of over a total of 100 suppliers in the PRC paper-based packaging market for household air-conditioners, accounted for approximately 62.9% of the total revenue of this industry in the PRC in 2009.

China has become the top air-conditioner production base in the world in recent years. All leading air-conditioner manufacturers would need a significant amount of paper-based packaging cartons in each of their production bases for their products. Moreover, efficient delivery of paper-based packaging cartons is desired for air-conditioner manufacturers, and hence, nearby packaging carton suppliers, with lower transportation cost, have a competitive advantage.

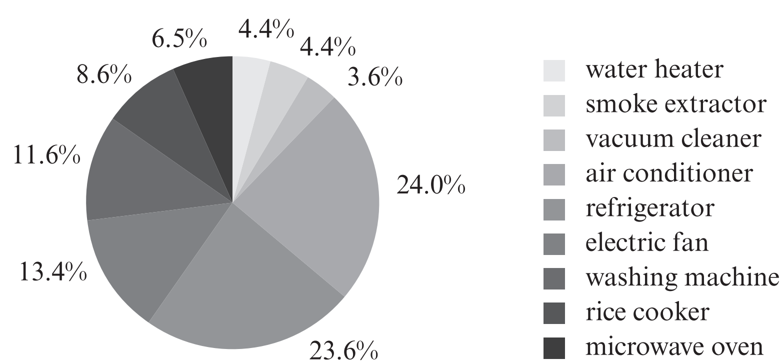
Market segmentation

Revenue

According to Synovate Report commissioned by our Group, packaging business for household air-conditioners in the PRC accounted for approximately 24.0% of the total revenue generated in the PRC packaging business for white goods in 2009. In 2009 the total sales revenue of paper-based packaging products for household air-conditioners in the PRC was approximately RMB723.0 million, representing the highest market share by total revenue among other white goods in 2009. Our Company held approximately RMB185.8 million, which represents approximately 25.7% of the total sales revenue of paper-based packaging products for household air-conditioners in the PRC, whereas the next competitor only held approximately 13.6% of the total sales revenue of cartons for household air-conditioners in the PRC. Our Company supplies to the two largest air-conditioner manufacturers in China, Gree and Midea, as well as Galanz, which are also amongst the leading air-conditioner manufacturers in the PRC. About 41.2 million sets of household air-conditioners were manufactured in Guangdong Province in 2009, representing about approximately 50.5% of the total market share in China. We believe that our Company is benefited by our proximity to the major production bases of the leading air-conditioner manufacturers in Guangdong Province. In 2009, total sales revenue of our paper-based packaging products for household air-conditioners to the top five suppliers accounted for approximately RMB454.8 million, or approximately 62.9%, of the total sales revenue of paper-based packaging products for household air-conditioners in the PRC. Among these top five paper-based packaging products suppliers for household air-conditioners, our Company had the highest revenue in 2009 of approximately RMB185.8 million, or 25.7%, of the total sales revenue of paper-based packaging products for household air-conditioners of the top five suppliers in the PRC.

The chart below shows that paper-based packaging products for household air-conditioners contributed most revenue in PRC among all paper-based packaging products for white goods in 2009, which accounted for approximately 24.0% of the total revenue of paper-based packaging products for white goods.

Total revenue of paper-based packaging product for white goods by goods types in China in 2009



Source: Synovate Report

During the Track Record Period, the revenue generated from paper-based packaging products for household air-conditioners were approximately RMB185.9 million, RMB185.8 million and RMB335.9 million which represent a significant part of our Group's revenue, approximately 50.0%, 47.8% and 59.4%, respectively of the revenue from the paper-based packaging products segment in the same period.

The table below illustrates the market share of each of the top five suppliers of paper-based packaging products for household air-conditioners in terms of sales revenue and sales volume of cartons for household air-conditioners in the PRC in 2009.

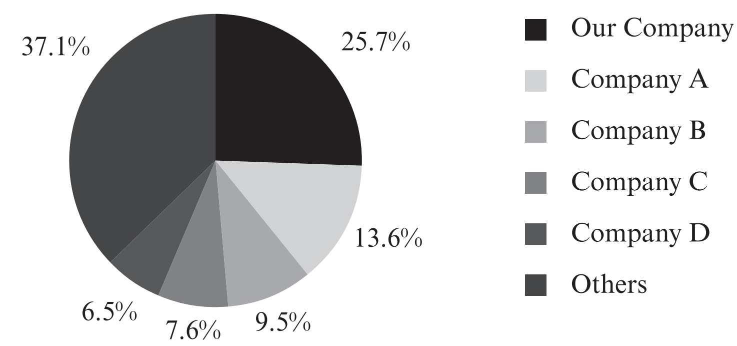
Market share of the top five paper-based packaging products suppliers in terms of sales revenue and sales volume of cartons for household air-conditioners in the PRC in 2009

Ranking	Name of manufacturer	Revenue	Sales volume	Market share by revenue	Market share by sales volume
		RMB million	*million of cartons*	*%*	*%*
1	Our Company	185.8	46.4	25.7%	28.7%
2	Company A	98.2	21.9	13.6%	13.6%
3	Company B	69.0	15.4	9.5%	9.5%
4	Company C	55.0	11.7	7.6%	7.2%
5	Company D	46.8	10.0	6.5%	6.2%
Sub-total for top five suppliers		454.8	105.4	62.9%	65.2%
Others		268.2	56.2	37.1%	34.8%
Total		723.0	161.6	100%	100%

Source: Synovate Report

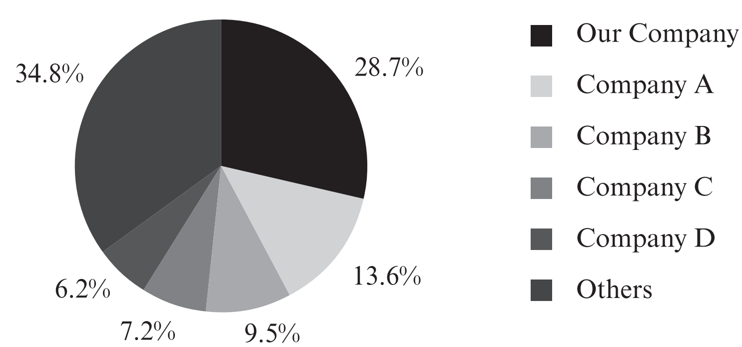
The chart below illustrates the breakdown in revenue of each of the top five paper-based packaging products suppliers for household air-conditioners in the PRC in terms of sales revenue as a percentage of the total sales revenue of paper-based packaging products suppliers for household air-conditioners.

Sales revenue of the top five paper-based packaging products supplier for household air-conditioners in the PRC



Source: Synovate Report

The chart below illustrates the breakdown in sales volume of each of the top five paper-based packaging products suppliers for household air-conditioners in the PRC in terms of sales volume of cartons as a percentage of the total sales volume of cartons for household air-conditioners.



Source: Synovate Report

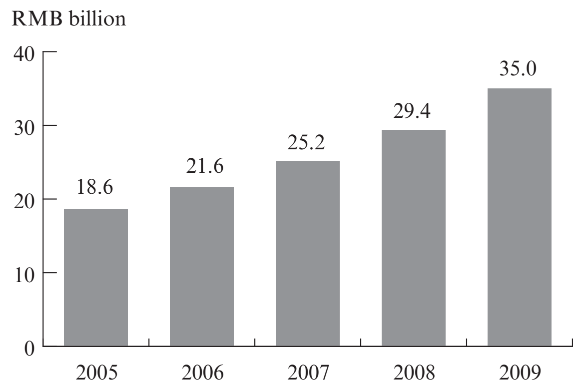
HONEYCOMB PAPER-BASED PRODUCTS

According to the Honeycomb Report, honeycomb paper-based products are very competitive in the packaging industry due to their recyclable and light properties. Moreover, more than 70% of wood packagings were replaced by honeycomb paper-based products in foreign countries in 2009 and rare supplements of honeycombs in the packaging industry in the PRC.

According to the Honeycomb Report, the global production value of honeycomb paper-based products in 2009 amounted to approximately RMB377.0 billion and, as compared with approximately RMB345.0 billion in 2008, this value represents a growth rate of approximately 9.28%.

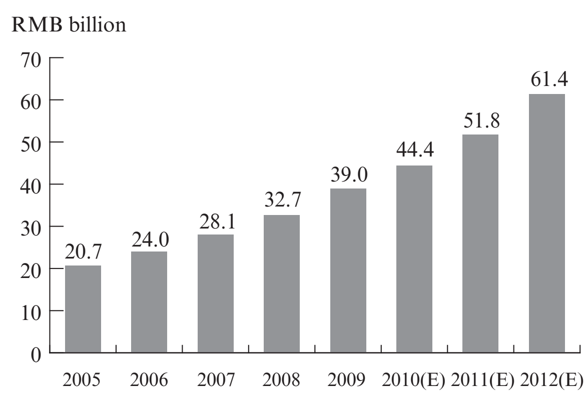
According to the Honeycomb Report, the demand for honeycomb paper-based products increased significantly in the PRC from 2005 to 2009 from approximately RMB18.6 billion to approximately RMB35.0 billion with a CAGR of approximately 17.1%. The production value of honeycomb paper-based products increased from approximately RMB20.7 billion to approximately RMB39.0 billion with a CAGR of approximately 17.2% in the PRC from 2005–2009.

Demand for honeycomb paper-based products in the PRC from 2005–2009



Source: The Honeycomb Report

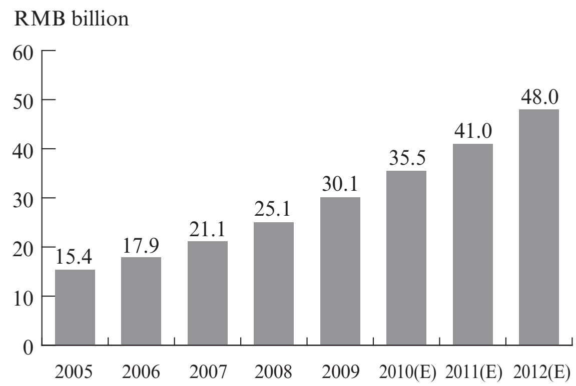
Production value of honeycomb paper-based products in the PRC 2005–2012



Source: The Honeycomb Report

The revenue of honeycomb paper-based products has been growing from approximately RMB15.4 billion to approximately RMB30.1 billion at a CAGR of approximately 18.2% in the PRC from 2005 to 2009.

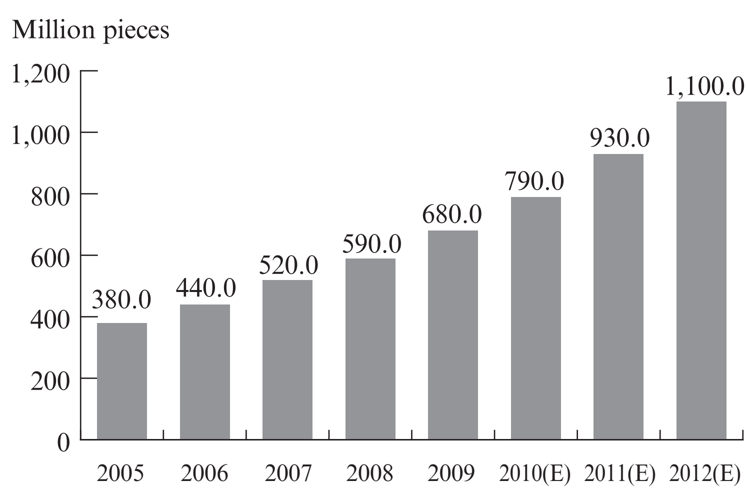
Revenue of honeycomb paper-based products in the PRC 2005–2012



Source: The Honeycomb Report

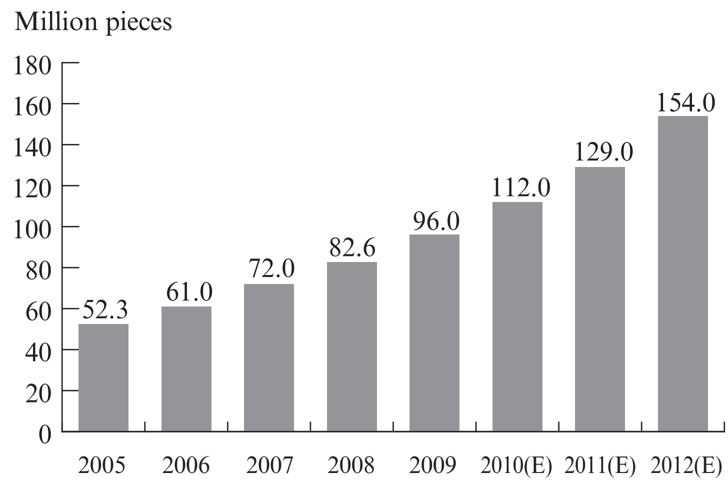
According to the Honeycomb Report, the honeycomb paper-based products can be divided into honeycomb cartons, honeycomb trays and other honeycomb paper-based products segments. The production output of honeycomb cartons increased from 380 million pieces in 2005 to 680.0 million pieces in 2009, representing a CAGR of approximately 15.7%. For the honeycomb trays products, the production volume increased to approximately 96.0 million pieces in the PRC in 2009, as compared with approximately 52.3 million pieces in 2005, representing a CAGR of approximately 16.4%.

Production output of honeycomb cartons in the PRC 2005–2012



Source: The Honeycomb Report

Production output of honeycomb trays in the PRC 2005–2012

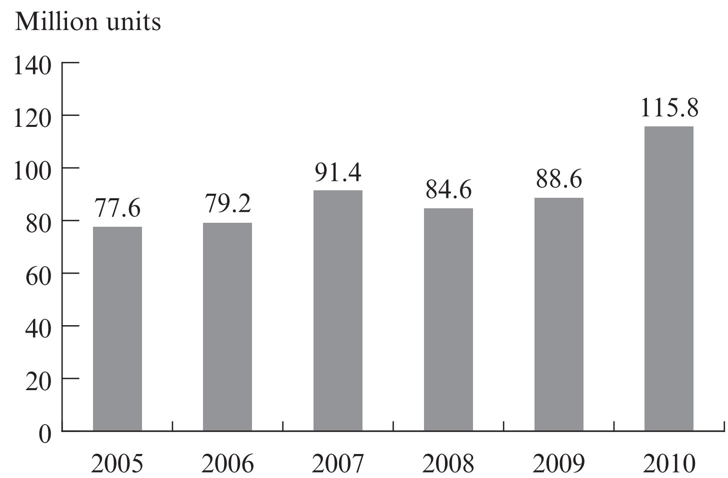


Source: The Honeycomb Report

THE HOUSEHOLD APPLIANCE INDUSTRY IN THE PRC

Corrugated cartons are extensively used for packaging of home appliances in the PRC. As such, production output, export output and relevant government policies of home appliances provide key indicators for the demand of corrugated carton. According to the National Bureau of Statistics of the PRC, the production output of home appliances, including air-conditioners, coloured televisions ("**TVs**"), refrigerators, washing machines, electric fans, microwave ovens, range hoods, rice cookers, vacuum cleaners, gas hobs, water-heaters and electric ovens, increased at a CAGR of approximately 12.2% from 2004 to 2010, to approximately 1.01 billion units in 2010. According to Wind, the production output of air-conditioners in the PRC increased at a CAGR of approximately 20.6% from 2000 to 2010, to approximately 115.8 million units in 2010. The production output in 2008 dropped approximately 7.4% due to the effect of global financial crisis.

Production output of air-conditioners in the PRC 2005–2010

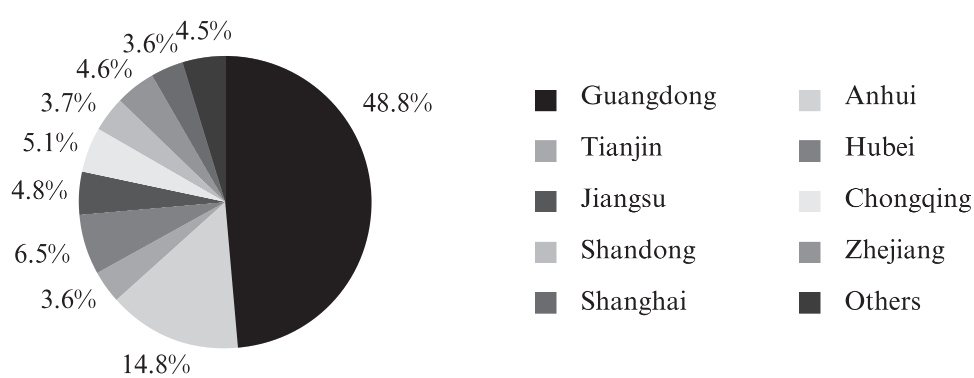


Source: Wind

Guangdong Province (and in particular the Pearl River Delta region) is the largest manufacturing base of household appliances in the PRC. According to the National Bureau of Statistics of China and China Economic Information Net, approximately 54.8 million units of air-conditioners were manufactured in Guangdong Province in 2010, representing approximately 48.8% of the total air-conditioners produced in the PRC.

Apart from Guangdong Province, Anhui Province accounted for approximately 14.8% of the total production volume and ranked second amongst other provinces in the PRC in 2010.

Geographical distribution of the production output of air-conditioners in the PRC in 2010



Source: National Bureau of Statistics of the PRC, China Economic Information Net

Export of household appliances in the PRC

Export of household appliances was impacted by the global financial crisis in the last quarter of 2008, and the effects extended to the first quarter of 2009. According to China Household Appliance Association, the export value of household appliances in 2009 decreased by approximately 13.2%

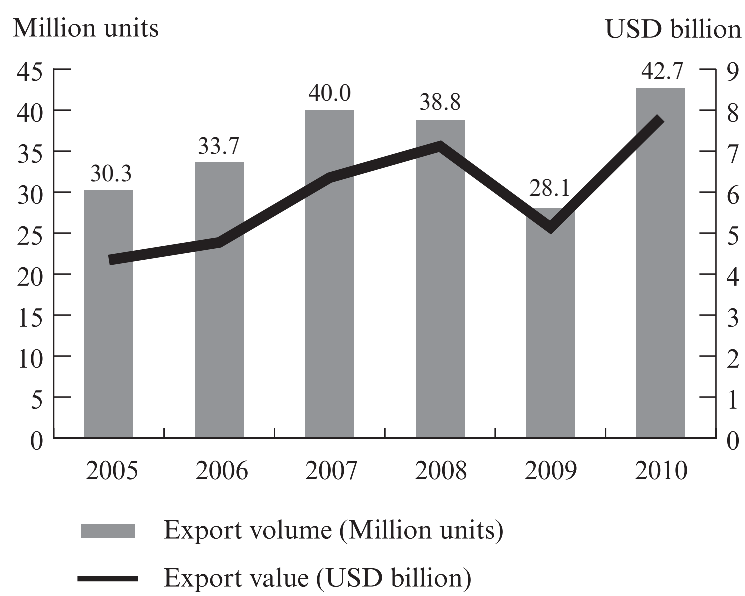
compared with the previous year to approximately USD30.8 billion. In light of the global economic recovery in 2009, export value of household appliances bounced significantly by approximately 29.7% to approximately USD19.1 billion in the first half of 2010.

The PRC government released a series of policy programs to deal with the global financial crisis and to speed up the reform of economic development. Backed by those subsidy programs, recovery of the economies in the PRC continued in 2010. Due to the low base in the first half of 2009, industrial productions maintained fast growth in the first half of 2010, and profits made by enterprises increased substantially.

Export of air-conditioners in the PRC

According to Wind, export volume and value of air-conditioners in 2009 decreased by approximately 27.6% and 27.9% compared with the previous year to approximately 28.1 million units and approximately USD5,135.8 million, respectively. In 2010, both export volume and value of air-conditioners bounced to approximately 42.7 million units and approximately USD7,812.4 million, respectively, which was even higher than the output and value prior to the global financial crisis in 2008.

Export of air-conditioners in the PRC 2005–2010



Source: Wind

SOURCES OF INFORMATION

Shangpu

Shangpu is a research, consulting and systems integration institution addressing diversified information needs of governmental and commercial clients. Shangpu is an Independent Third Party. Information disclosed in this prospectus from Shangpu is extracted from a report not commissioned by our Company or the Sole Sponsor. Certain information and statistics contained in this prospectus are extracted from the Packaging Report issued by Shangpu in August 2010. Shangpu was founded in 1999 and is located in Beijing, PRC. The research expertise of Shangpu involves 16 different industries, such as agriculture-food, steel, metallurgy, bio-medicine, energy, environmental, petrochemical, transportation, electronics, machinery processing, garment and textile, electrical power, financial services, construction, real estate, automotive, appliance communications and education. The business of Shangpu can be divided into 4 sectors, including: (i) industry research; (ii) market interviews; (iii) investment consulting; and (iv) commercial data. As of the end of 2009, Shangpu had completed approximately 3,000 consulting projects. The key clients of Shangpu include some Global 500 enterprises, government, banks, schools and commercial clients in the PRC.

CENC

CENC is a research, consulting and systems integration institution addressing diversified information needs of government, banks, schools and commercial clients. CENC is an Independent Third Party. Information disclosed in this prospectus from CENC is extracted from a report not commissioned by our Company or the Sole Sponsor. Certain information and statistics contained in this prospectus are extracted from the Honeycomb Report issued by CENC in September 2010. Founded in 2003, CENC was issued Class A qualification certificate by the Development and Reform Commission. With many years of experience in research, CENC had completed approximately 84,000 research reports till July 2009, covering 21 main industry categories such as energy, petrochemical, tourism and hotel, real estate, food, apparel, pharmaceutical, mechanical, cultural, building material, metallurgy and circulation industry research. The reports also covered more than 300 sub-industries and 17,600 products. The key clients of CENC include government, banks or investment institutions, research institutions, consulting companies and group companies.

PRC GOVERNMENT'S INITIATIVES TO ENCOURAGE SPENDING ON HOUSEHOLD APPLIANCES

Rural Appliance Rebate Program

Background

The Rural Appliance Rebate Program is aimed at boosting rural consumption and supplying the rural market with reliable and affordable household appliances and consumer electronics. Appliances included in this subsidy program are air-conditioners, coloured TVs, refrigerators, mobile handsets, washing machines, water heaters, personal computers, microwave ovens and other household appliances. This program became increasingly important to stimulate the domestic consumption and demand for the household appliances after the outbreak of the global financial crisis in the last quarter of 2008. Manufacturers in China have shifted their focus to the domestic market as the export market has weakened since 2009.

Launched in December 2007, the pilot scheme of the rebate program covered Henan Province, Shandong Province and Sichuan Province. This program helps manufacturers sell household appliances in rural areas by subsidizing 13% of the eligible merchandise price paid by rural consumers. Generally, the central government covers 80% of the rebate, and the local government is responsible for the remaining 20%, while in a small number of areas, the central government is responsible for all of the rebate.

According to the National Bureau of Statistics of China, these three provinces have the largest rural populations in China, accounting for approximately 22.5% of the total national rural population in 2007.

In October 2008, the PRC Government included Inner Mongolia Autonomous Region, Liaoning province (including Dalian), Heilongjiang Province, Anhui Province, Shandong Province (including Qingdao), Henan Province, Hubei Province, Hunan Province, Guangxi Province, Chongqing Municipality and Shaanxi Province in the program to bring the participating provinces, municipalities and autonomous regions to a total number of 14. According to the National Bureau of Statistics of China, these 14 provinces and regions accounted for more than half of the national rural population in 2007.

The duration of the program was supposed to last from 1 December 2007 to 31 May 2008. On 13 October 2008, the PRC Government decided to extend the program to 30 November 2012.

Pursuant to 加大家電下鄉政策實施力度的通知(財建[2009]48) (Notice on Intensifying the Implementation of the Policy of Household Appliances Going to the Rural Areas (No. 48 of 2009 of the Ministry of Finance)*) promulgated on 26 February 2009 by the Ministry of Finance, MOFCOM and the Ministry of Industry and Information Technology, the PRC government determined that rebates to consumers in rural areas for the purchase of any product in the six designated categories of household appliances would be uniformly implemented nationwide. Previously, each province (or autonomous region or municipality) had the autonomy to select two categories among motorbikes, personal computers, water heaters and air-conditioners as being eligible for this program. On 16 April 2009, the Ministry of Finance, together with MOFCOM, the Ministry of Industry Information Technology, the National Development and Reform Commission and other members of Joint Meeting of Household Appliances Going to the Rural Areas promulgated 家電下鄉操作細則 (Detailed Operation Rules for Household Appliances Going to the Rural Areas*).

According to the statistics by MOFCOM, sales volume of household appliances under this program amounted to approximately 37.7 million units and 59.5 million units in 2009 and the first ten months of 2010 respectively, with a total sales value of approximately RMB69.4 billion and RMB132.3 billion respectively. For the figures in the first ten months of 2010, compared to the full year in 2009, both figures increased by approximately 57.8% and 90.6%, respectively. The accumulated sales volume and value of household appliances from the launch of the program to the end of March 2011 by this program reached approximately 150.0 million units and RMB327.4 billion, respectively. The table below shows the registered sales of household appliances under the "Rural Appliance Rebate Program" in the PRC in 2009 and the first ten months of 2010.

Registered sales of household appliances under "Rural Appliance Rebate Program" in 2009

	Registered sales volume *million units*	Registered sales value *RMB billion*	Sales value share *%*
Refrigerators	15.6	32.0	46.1%
Coloured TVs	8.8	14.8	21.3%
Air-conditioners	3.0	8.1	11.7%
Washing machines	5.6	6.2	9.0%
Personal computer	1.3	4.4	6.3%
Water heaters	1.3	2.6	3.8%
Mobile handsets	1.8	1.1	1.6%
Micro-ovens	0.1	0.1	0.1%
Electric induction cookers	0.2	0.1	0.1%
Total	37.7	69.4	100.0%

Registered sales of household appliances under "Rural Appliance Rebate Program" in the first ten months of 2010

	Registered sales volume *million units*	Registered sales value *RMB billion*	Sales value share *%*
Refrigerators	20.8	46.2	34.9%
Coloured TVs	13.9	36.1	27.3%
Air-conditioners	1.2	0.9	0.7%
Washing machines	9.3	10.9	8.2%
Personal computer	3.3	11.7	8.9%
Water heaters	4.9	14.5	11.0%
Mobile handsets	4.7	11.1	8.4%
Micro-ovens	0.7	0.5	0.4%
Electric induction cookers	0.7	0.3	0.2%
Total	59.5	132.2	100.0%

Source: MOFCOM

Change of the Old for New Program

Pursuant to 國務院辦公廳關於轉發發改委等部門促進擴大內需鼓勵汽車家電以舊換新實施方案的通知(國辦發[2009]44) (*The Notice on Change of the Old for New Program in Motor Vehicle and Household Appliances Industry to Boost Domestic Consumption issued by the State Council of the PRC on behalf of PRC National Development and Reform Commission and other authorities (No. 44 of 2009 of the National Development and Reform Commission**) promulgated and implemented on 1 June 2009 and the relevant implementation rules issued on 28 June 2009, eligible citizens in Beijing, Tianjin, Shanghai, Jiangsu Province, Zhejiang Province, Shandong Province, Guangdong Province, Fuzhou (Fujian Province) and Changsha (Hunan Province) may enjoy rebates from the government by exchanging their old household appliances for new ones between 1 June 2009 and 31 May 2010.

Domestic households are entitled to a 10% discount for the purchase of new products in exchange for the old ones. Five products were included in the program, namely, TV sets, refrigerators, washing machines, air-conditioners and personal computers. The subsidy caps for five products were set at RMB400/set, RMB300/set, RMB250/set, RMB350/set and RMB400/set, respectively.

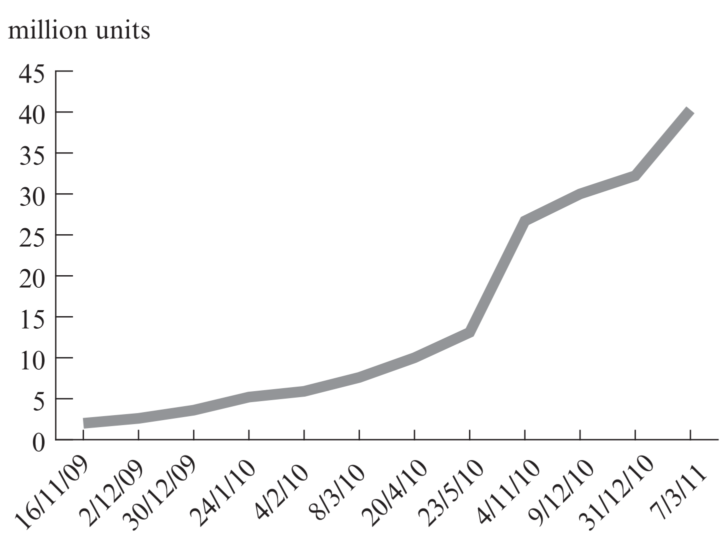
According to 商務部、財政部、環境保護部關於印發家電以舊換新推廣工作方案的函 (*The Letter of MOFCOM, Ministry of Finance and MEP regarding the Promotion Program of the Change Old for New Program of Household Electrical Appliances**) issued by the MOFCOM, Ministry of Finance of the PRC and MEP on 3 June 2010, the Change of the Old for New Program was extended in provinces and cities including Guangdong and Shenzhen (Guangdong) provisionally until 31 December 2011 and expanded to provinces including Anhui. 19 more cities were included in the program, amounted to 28 provinces and cities in total. According to the notice of the program issued on 21 June 2010, the category of subsidised products and subsidy caps remain the same.

Result from the implementation of the program

According to the Central People's Government of the PRC since the implementation of the program from June 2009 to 7 March 2011, approximately 14,346,000 TV sets, 5,478,000 refrigerators, 5,299,000 washing machines, 8,816,000 air-conditioners and 6,329,000 personal computers, with a total of 40,268,000 units were sold under the program, recording a sales value of over RMB152.1 billion.

According to the Economic and Information Commission of Guangdong Province, the accumulated sales volume of household appliances under the Old for New Program and Rural Appliance Rebate Program was approximately 3.3 million units and 1.3 million respectively with total value approximately RMB26.0 billion in 2010.

Accumulated sales output of household appliances under the Change of the Old for New Program

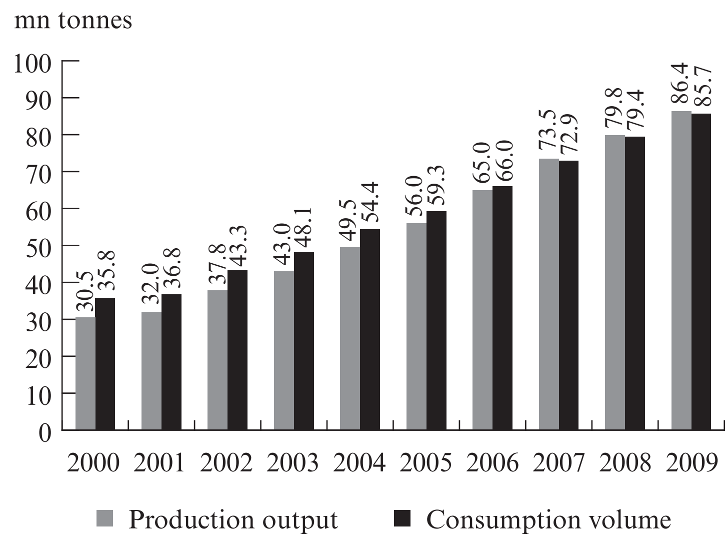


Source: MOFCOM

PAPER INDUSTRY IN THE PRC

The levels of production output and consumption volume of paper in the PRC have shown continuous growth in the past decade. According to China Paper Association, production output and consumption volume of paper and paperboard increased to approximately 86.4 million tonnes and 85.7 million tonnes in 2009 at a CAGR of approximately 12.3% and 10.2% from 2000, respectively.

Production output and consumption volume of paper and paperboard in the PRC 2000–2009

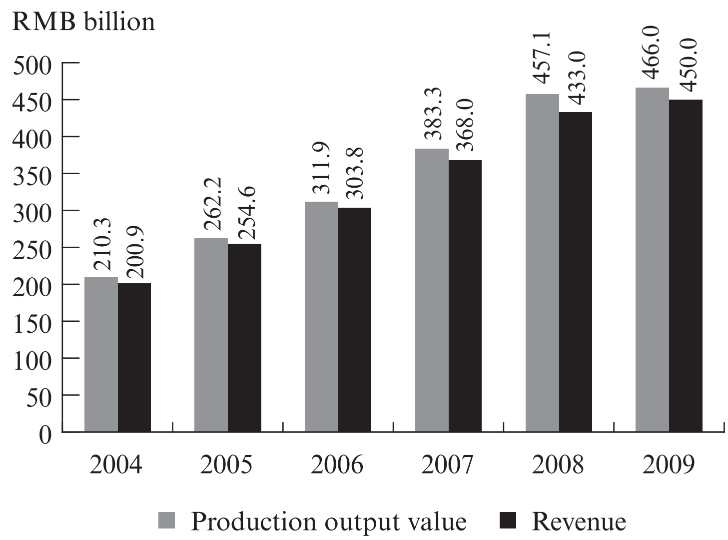


Source: China Paper Association

According to the 中國造紙工業2009年度報告 (China Paper Industry Report 2009*) issued by China Paper Association, the number of enterprises in the paper production industry increased from 3,500 in 2008 to 3,700 in 2009.

The production value and revenue of the paper industry in the PRC showed an increasing trend from 2004 to 2009 with approximately RMB466.0 billion and RMB450.0 billion in 2009, respectively. Compared with the production value amounting to approximately RMB210.3 billion and revenue of approximately RMB200.9 billion in 2004, the CAGR was approximately 17.2% and 17.5%, respectively.

Production value and revenue of paper industry in the PRC

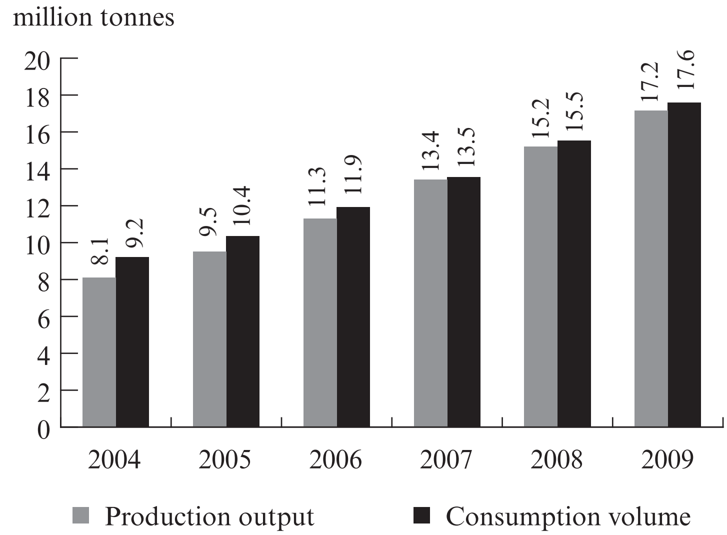


Source: China Paper Association

Corrugated medium paper

In 2009, the production output of corrugated medium paper was approximately 17.2 million tonnes, representing an approximately 13.2% increase as compared to 2008. The consumption volume of corrugated medium paper was approximately 17.6 million tonnes, representing an approximately 13.3% increase as compared to 2008. According to China Paper Association, the levels of production output and consumption volume of corrugated medium paper increased to approximately 17.2 million tonnes and 17.6 million tonnes at a CAGR of approximately 16.3% and 13.9%, respectively from 2004 to 2009.

Production output and consumption volume of corrugated medium paper in the PRC



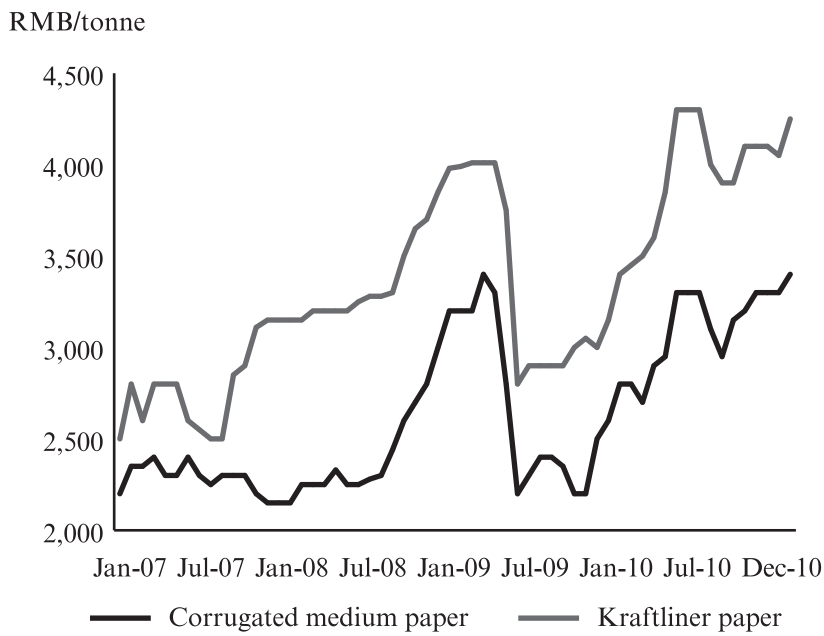
Source: China Paper Association

Prices of raw paper and waste paper

Corrugated medium paper and kraftliner paper are the major raw materials for paper-based packaging products by our Group. The prices of corrugated medium paper in the PRC market were volatile in the past few years. According to Umpaper, the price of corrugated paper and kraftliner paper in the PRC market increased significantly from RMB2,250 and RMB3,250 per tonne in October 2007 to RMB3,400 and RMB4,010 per tonne in September 2008, respectively. However, the global financial crisis in late 2008 deeply impacted the prices of these two kinds of raw paper used by our Group, and the prices of corrugated paper and kraftliner paper in the PRC market dropped dramatically to RMB2,200 and RMB2,800 per tonne, respectively, in the last quarter of 2008. For the year ended 2008, the average selling price of corrugated medium paper of our Group were in line with the average market price in general. On the other hand, the average selling price of corrugated medium paper of our Group for the year ended 31 December 2009 amounted to approximately RMB1,939 per tonne which was below the market average price in general. This was mainly attributable to more lower quality model of corrugated medium paper with lower price were sold to customers resulting from the impact brought from the financial crisis. As the global economy gradually picked up since early 2009, the prices of corrugated medium paper and kraftliner paper in the PRC market also bounced back during 2009 and reached the level prior to the global financial crisis during 2010, amounting to RMB3,400 and RMB4,250 per tonne, respectively.

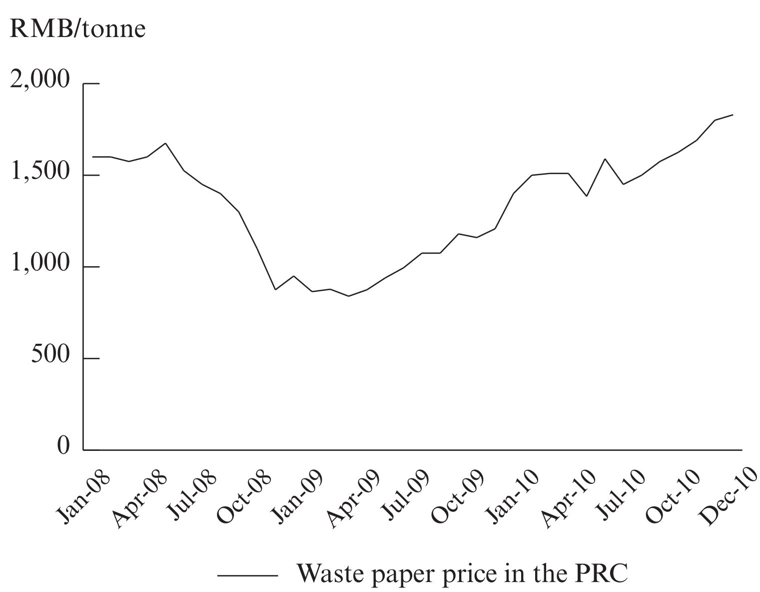
Price trends of corrugated medium paper and kraftliner paper

Average class A raw paper price trends in the PRC market



Source: Umpaper

Domestic waste paper price trends



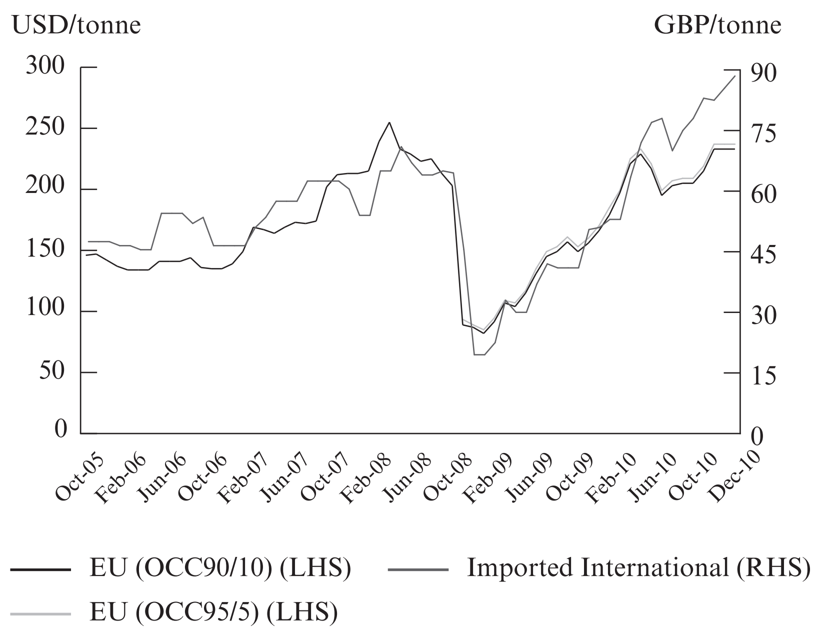
Source: Umpaper

Yellow paperboard, or it is called old yellow corrugated carton, is known as a common kind of waste paper in the PRC market. According to the Umpaper, the price of yellow paperboard dropped significantly from RMB1,675 per tonne in the mid of 2008 to RMB875 per tonne in late 2008 due to the global financial crisis. The price of yellow paperboard bounced back since the first quarter of 2009 and reached RMB1,830 per tonne in December 2010, exceeding the price prior to the global financial crisis.

Old Corrugated Cardboard ("**OCC**"), a form of waste paper, is a major component for the production of corrugated medium paper. The price of imported OCC was volatile in the past few years. According to World Scrap, the price of imported OCC rose to a high level of USD255 per tonne (EU waste paper OCC90/10) as at the end of March 2008. However, due to the combined impacts of the commodity bubble burst and global financial crisis that occurred in the last quarter of 2008, the price of imported OCC (EU waste paper OCC90/10) dropped to USD82 per tonne as at the end of December 2008. In light of the recovery of the global economy, the price of imported OCC (EU waste paper OCC90/10) bounced to USD237 per tonne as at the end of December 2010.

Price trends of imported OCC

Imported OCC price trends



Source: World Scrap

BACKGROUND OF THE SYNOVATE REPORT

We engaged the business consulting unit of Synovate Limited to undertake a research on the Competitor Ranking for Packaging Product Manufacturing in China at a fee of approximately HK$90,000. The research is set out in the Synovate Report. Our Directors confirm that Synovate Limited, including all of its subsidiaries, divisions and units, is independent of and not connected with us in any way.

Synovate Limited, on behalf of itself, its subsidiaries and units, has confirmed that the Synovate Report was prepared in its ordinary course of business, and has given its consent for us to quote from the Synovate Report and to use information contained in the Synovate Report in this prospectus.

The information contained in the Synovate Report is derived by means of data and intelligence gathering methodology which includes: (i) desk research conducted by the business consulting unit of Synovate Limited including specialised industry literature, government/regulatory sources, online data sources, third-party reports and surveys, industry reports and analyst reports, industry associations and the database maintained by Synovate Limited; and (ii) primary research by interviews with key stakeholders and industry experts.

According to the business consulting unit of Synovate Limited, Synovate Limited was formed in 2003 and is a research institute with close to 6,000 employees worldwide and coverage in over 100 cities spanning over 60 countries. It is a market research unit of Aegis Group plc, a company listed on the London Stock Exchange. Services of the business consulting unit of Synovate Limited include market profiling, market sizing, share and segmentation analysis, distribution and value analysis, competitor tracking and corporate intelligence.

This prospectus contains some information extracted from the Synovate Report, and they are in sections headed “Summary”, “Industry overview”, “Business” and “Financial information”.