THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Aluminum Cans Holdings Limited, you should at once hand this circular to the purchaser or the transferee or to the bank manager, licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

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This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

CHINA ALUMINUM CANS HOLDINGS LIMITED
中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6898)

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE;
(II) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES AND THE PLACING SHARES;
(III) PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL; AND
(IV) NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial adviser to the Company

Donvex 富域資本

Donvex Capital Limited
富域資本有限公司

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Nuada Limited
Corporate Finance Advisory

Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 7 to 43 of this circular. A letter from the Independent Board Committee is set out on pages 44 to 45 of this circular. A letter from Nuada Limited, the independent financial adviser of the Company, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 46 to 64 of this circular.

A notice convening an extraordinary general meeting of the Company to be held at 3:00 p.m. on 16 December 2014 at the conference room at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular. A form of proxy for use at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM, you are advised to complete the form of proxy enclosed in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as practicable but in any event not less than 48 hours before the time appointed for holding of the EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) should you so wish.

29 November 2014

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

"Acquisition"	the acquisition of the Sale Shares by the Purchaser pursuant to the Acquisition Agreement
"Acquisition Agreement"	the agreement entered into between the Purchaser and the Vendor on 3 October 2014 in relation to the Acquisition (including the documents signed by the relevant party pursuant or incidental to the Acquisition Agreement)
"Announcement"	the announcement of the Company dated 3 October 2014 in respect of, inter alia, the Acquisition, the proposed grant of Specific Mandate and the proposed increase of authorized share capital of the Company
"Aotou Production Plant"	Target Group's production plant located in Aotou County, Conghua City, Guangdong Province, the PRC
"associates"	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 under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company
"Botny Chemical Agreement"	the master agreement entered into between Euro Asia Packaging and Botny Chemical on 20 June 2013 in relation to the sale by the Group to Botny Chemical of aluminum aerosol cans
"Botny Corporation"	Botny Corporation Limited, a company incorporated under the laws of Hong Kong with limited liability and a direct wholly-owned subsidiary of the Target Company
"Botny HK"	Botny HongKong Co., Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Target Company
"Business Day(s)"	a day (other than a Saturday, Sunday or public holiday or a day on which typhoon signal 8 or above or black rainstorm is hoisted in Hong Kong at 9:00 a.m.) on which banks are generally open for business in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate

"Cash Consideration"	the portion of the Consideration to be satisfied in cash
"China Motor Management"	China Motor Management Services Limited, a company incorporated under the laws of Hong Kong with limited liability and beneficially owned by Mr. Lin
"Company"	China Aluminum Cans Holdings Limited, a company incorporated under the laws of the Cayman Islands with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange (stock code: 6898)
"Completion"	completion of the Acquisition in accordance with the terms and conditions of the Acquisition Agreement
"Completion Date"	the 3rd Business Day after the conditions precedent have been fulfilled or waived (or such other date as the Vendor and the Purchaser may agree)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the aggregate consideration of HK$900 million for the Acquisition
"Conversion Period"	the period commencing from the date of issue of the Convertible Note and ending on the Maturity Date
"Conversion Price"	HK$1.08, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Note
"Conversion Share(s)"	the new Share(s) to be allotted and issued upon the exercise of the conversion rights in respect of the Convertible Note
"Convertible Note"	the convertible note in the principal amount of HK$780 million to be issued by the Company to the Vendor at Completion pursuant to the Acquisition Agreement
"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 market research report dated 3 October 2014 issued by CRI in relation to the aerosol industry
"Director(s)"	the director(s) of the Company

"EGM"	the extraordinary general meeting of the Company to be convened and held on 16 December 2014 at 3:00 p.m. for the Independent Shareholders to consider and, if thought fit, approve the Acquisition Agreement and the transaction contemplated thereunder; the increase in authorized share capital and the Specific Mandate
"Enlarged Group"	the Group and the Target Group
"Euro Asia Aerosol"	Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited (廣州歐亞氣霧劑與日化用品製造有限公司), a company established under the laws of the PRC with limited liability and is wholly owned by European Asia Industrial
"Euro Asia Packaging"	Euro Asia Packaging (Guang Dong) Co., Limited (廣東歐亞包裝股份有限公司), a company established under the laws of the PRC with limited liability and a 98.623% owned subsidiary of the Company
"European Asia Industrial"	European Asia Industrial Limited, a company incorporated under the laws of the Hong Kong with limited liability and is wholly owned by Mr. Lin
"GDP"	gross domestic product
"Group"	the Company and its subsidiaries
"Guangzhou Chaoli"	Guangzhou Chaoli Insulation Coating Company Limited* (廣州超利隔熱塗料有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Target Company
"Guangzhou Shentian"	Guangzhou Shentian Woye Trading Company Limited* (廣州深田沃業貿易有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly owned subsidiary of the Target Company
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	a committee of the Board comprising the four independent non-executive Directors, namely Mr. Chung Yi To, Ms. Guo Yang, Mr. Leung Man Fai and Dr. Lin Tat Pang to be formed for the purpose of advising and giving recommendation to the Independent Shareholders regarding the Acquisition Agreement and the transactions contemplated thereunder

"Independent Shareholders"	Shareholders who are entitled to vote in the EGM in respect of the Acquisition Agreement and the transactions contemplated thereunder pursuant to the Listing Rules and all applicable laws (i.e. Shareholders other than Mr. Lin and his associates)
"Independent Third Party(ies)"	independent third party(ies) who is/are independent of the Company and its connected persons as defined in the Listing Rules
"Last Trading Day"	3 October 2014, the date of the Acquisition Agreement
"Latest Practicable Date"	26 November 2014, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Listing Date"	12 July 2013, the date on which dealings in the Shares on the Stock Exchange first commence
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	31 March 2015 or such other date as the Vendor and the Purchaser may agree
"Maturity Date"	the 5th anniversary date of the date of issue of the Convertible Note
"Noteholder"	the holder of the Convertible Note
"Nuada Limited"	Nuada Limited, a corporation licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to the fairness and reasonableness of the terms of the Acquisition Agreement and the transactions contemplated thereunder
"PBOC"	People's Bank of China (中國人民銀行), the central bank of China
"Placing Shares"	the new Share(s) to be allotted and issued upon the fulfilment of condition (j) of the condition precedent of the Acquisition Agreement
"PRC" or "China"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan)

"Prospectus"	the prospectus of the Company dated 28 June 2013
"Purchaser" or "Euro Asia Investments"	Euro Asia Investments Global Limited, a company incorporated under the laws of the BVI with limited liability and a wholly owned subsidiary of the Company
"Sale Share"	1 ordinary share of US$1.00 in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	ordinary share(s) of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of the Shares
"Shareholder Loan"	all and any loans and interests owing by the Target Company to the Vendor
"Specific Mandate"	a specific mandate to be granted to the Directors by the Independent Shareholders at the EGM to allot and issue the Conversion Shares and the Placing Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiaries"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers in Hong Kong
"Target Company"	Topspan Holdings Limited, a company incorporated under the laws of the BVI with limited liability and is wholly owned by the Vendor as at the Latest Practicable Date
"Target Group"	the Target Company and its subsidiaries
"Target Group Companies"	any company in the Target Group
"Vendor" or "Mr. Lin"	Mr. Lin Wan Tsang, an executive Director, the chairman and a controlling shareholder of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC

"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

* *For identification purpose only*

CHINA ALUMINUM CANS HOLDINGS LIMITED
中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6898)

Executive Directors:
Mr. Lin Wan Tsang *(Chairman)*
Mr. Chamlong Wachakorn
Ms. Ko Sau Mee

Non-executive Directors:
Mr. Kwok Tak Wang

Independent non-executive Directors:
Mr. Chung Yi To
Ms. Guo Yang
Mr. Leung Man Fai
Dr. Lin Tat Pang

Registered office:
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1–1108
Cayman Islands

Head Office and Principal Place of Business in Hong Kong:
Unit G, 20/F, Golden Sun Centre
Nos. 59/67 Bonham Strand West
Sheung Wan
Hong Kong

29 November 2014

To the Shareholders

Dear Sir/Madam,

(I) VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE; (II) PROPOSED GRANT OF SPECIFIC MANDATE TO ISSUE THE CONVERSION SHARES AND THE PLACING SHARES; (III) PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL; AND (IV) NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the Announcement of the Company dated 3 October 2014 in relation to, *inter alia*, the Acquisition, the proposed grant of Specific Mandate and the proposed increase of authorized share capital of the Company.

On 3 October 2014, the Purchaser and the Vendor, among others, entered into the Acquisition Agreement pursuant to which the Purchaser has conditionally agreed to purchase from the Vendor, and the Vendor has conditionally agreed to sell to the Purchaser, the Sale Share, representing the entire issued share capital of the Target Company, at a total

Consideration of HK$900 million which will be satisfied partly in cash and partly by the issuance of Convertible Note. Subject to and in accordance with the terms and conditions of the Acquisition Agreement, the Target Company shall become a wholly-owned subsidiary of the Company upon Completion.

The purpose of this circular is to provide you with, among others, (i) further details of the Acquisition Agreement and the transactions contemplated thereunder; (ii) a letter from the Independent Board Committee to the Independent Shareholders regarding the Acquisition Agreement; (iii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders; (iv) financial and other information of the Target Group; (v) the unaudited pro forma financial information of the Enlarged Group; (vi) the valuation report; and (vii) the notice of EGM.

(I) THE ACQUISITION AGREEMENT

Date

3 October 2014

Parties

Vendor:	Mr. Lin, an executive Director, the chairman and a controlling shareholder of the Company; and
Purchaser:	Euro Asia Investments, a wholly-owned subsidiary of the Company.

Assets to be acquired

Sale Share, being a total of 1 share of US$1.00 each in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company.

The Target Company is the ultimate holding company of a group of companies including Botny Corporation, Botny Chemical, Botny HK, Guangzhou Shentian and Guangzhou Chaoli. The Target Group is principally engaged in the content filling of aerosol cans, and production and sale of aerosol and non-aerosol products. For details of the Target Group, please refer to the paragraph headed ''Information on the Target Group'' below.

Consideration and payment

The aggregate consideration for the Sale Share is HK$900 million, of which HK$120 million shall be satisfied by cash and HK$780 million will be satisfied by the issuance of Convertible Note on Completion. The Cash Consideration of HK$120 million shall be satisfied in the following manner:

(a) a deposit of HK$20 million shall be paid by the Purchaser to the Vendor within 5 Business Days upon entering into the Acquisition Agreement and as at the Latest Practicable Date, the said deposit has been paid; and

(b) the remaining balance of HK$100 million shall be paid within 5 Business Days upon the fulfilment of condition (j) as mentioned in the paragraph headed "Conditions precedent" below.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser with reference to (i) the reasons for the Acquisition as discussed in the paragraph headed "Reasons for the Acquisition" below; (ii) the historical performance of the Target Company for the financial year ended 31 December 2013; and (iii) the business valuation of the Target Group as determined by Roma Appraisals Limited, an independent valuer, using the market-based approach by adopting the price-to-earnings multiple in the valuation, whereby the share price is compared to its per-share earnings. Based on the valuation report, the appraised market value of 100% equity interest in the Target Group as at 31 August 2014 was approximately HK$1,514 million. With reference to the valuation report, the median price-to-earnings ratio of comparable companies with similar businesses as the Target Group is approximately 23.2 times. The Consideration-to-earnings for the Acquisition, whereby the Consideration is compared to the Target Group's earnings for the year ended 31 December 2013, is approximately 15.4 times, which is below the median price-to-earnings ratio of the comparable companies.

The Directors consider that the Consideration is fair and reasonable after taking into account of the above factors.

Indemnities

The Vendor undertakes to fully indemnify and keep each of the Target Group Companies fully indemnified against all costs, expenses, claims, liabilities, penalties, losses or damages incurred or suffered by the Purchaser or any of the Target Group Companies in relation to the operation and business of the Target Group Companies which occurred on or before the Completion Date.

The Vendor further undertakes to provide funds to the Target Group forthwith upon request by the Purchaser if any of the Target Group Companies has insufficient working capital for its business and/or operation during the period from the Completion Date to 31 December 2015.

Conditions precedent

Completion of the Acquisition is conditional upon fulfillment or waiver (as the case may be) of the following conditions:

(a) the completion of a due diligence exercise to be carried out by the Purchaser in respect of the financial position, books and records and businesses of the Target Group, and the relevant results being satisfactory to the Purchaser in its absolute discretion and written notice to that effect having been given to the Vendor;

(b) the Stock Exchange having granted or having agreed to grant the listing of, and permission to deal in, the Conversion Shares and the Placing Shares;

(c) the passing by the Independent Shareholders in accordance with the Listing Rules and all applicable laws at the EGM of resolutions approving the Acquisition Agreement and the transactions contemplated thereunder (including but not limited to the issue of the Placing Shares and Conversion Shares);

(d) there shall have been delivered to the Purchaser by the Vendor (in form and substance satisfactory to the Purchaser, in its absolute discretion) legal opinion dated the Completion Date of legal advisers as to the PRC law acceptable to the Purchaser relating to the Target Group and their respective businesses, and such resolutions, consents, authorities, documents and clearance relating to the Vendor with respect to the Acquisition Agreement and the transactions contemplated thereunder;

(e) the obtaining by the Company and the Purchaser of all necessary consents, approvals and permissions from relevant organisations, institutions, government and regulatory authorities (including the Stock Exchange) in respect of the Acquisition Agreement and the transactions contemplated thereunder (if applicable);

(f) the Vendor shall have delivered to the Purchaser the completion accounts in respect of the Target Group as referred to in the Acquisition Agreement, which shall be in form and substance satisfactory to the Purchaser, in its absolute discretion;

(g) the Target Company shall have repaid to the Vendor the Shareholder Loan, if any. As at the Latest Practicable Date, the Target Company had no outstanding Shareholder Loan;

(h) the completion of restructuring of the Target Group (as stated under the paragraph headed "Shareholding Structure of the Target Group before and after Restructuring";

(i) all the representations, warranties and undertakings of the Vendor remaining true and accurate as at Completion, for which the Vendor shall have performed or complied with at or before Completion (as the case may be);

(j) the Company having raised immediately available funds at or before Completion of not less than HK$120 million in aggregate through the placing of new Shares to be issued under the Specific Mandate on terms that funding is available for, and arrangements having been made to the satisfaction of the Purchaser that the appropriate amount of proceeds raised can be paid in and toward the satisfaction of the Purchaser's payment obligations under the Acquisition Agreement;

(k) the Company shall ensure the public float of the Shares will not fall below 25% as required by the Listing Rules upon Completion; and

(l) the Vendor shall have provided the Purchaser with certificates executed by the Vendor, certifying that as of Completion, each of the above conditions (other than (b), (c), (e), (h), (j) and (k)) shall have been satisfied and it is not aware of any matter or thing which is in breach of any of the representations, warranties and undertakings of the Vendor or is inconsistent with any of the above items.

If the above conditions shall not have been fulfilled or waived by the Purchaser on or before the Long Stop Date (provided that conditions (b), (c), (e), (h), (j) and (k) cannot be waived), the Acquisition Agreement shall, subject to certain provisions of the Acquisition Agreement and the liability of any party to the other in respect of any antecedent breaches of the terms of the Acquisition Agreement, cease to have effect.

As at the Latest Practicable Date, conditions (a), (g) and (h) had been fulfilled and the Board has no present intention to waive any of the conditions prior to the Long Stop Date. The Board will consider all circumstances and the interest of the Company and its shareholders before exercising its discretion to waive any of the conditions.

In respect of condition (j), the Board has considered other settlement alternatives namely, bank borrowings, rights issue or open offer. However, the Company has difficulty to obtain favorable terms on bank borrowings due to recent unsatisfactory business and financial performances. Higher cost will be incurred and longer time will be required for rights issue or open offer as compared to placing. As such, the Company plans to raise funds of HK$120 million through the placing of new Shares to be issued under the Specific Mandate.

The placing price and the placees had yet been determined, but in any circumstances, the placing price should not be less than the higher of (a) HK$1.08; and (b) the average market price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the signing of the placing agreement and the number of placees will be more than six. The Company aims to seek independent corporate and institutional investors in the fund raising exercise. Such fund raising exercise will not result in the introduction of a new controlling shareholder (as defined in the Listing Rules) of the Company, nor does the Company intend such issue to be made to the Vendor or any of his associates. The placees will be independent of the Company and its connected persons. As the completion of the fund-raising exercise is inter-conditional on the Acquisition, the Company will at its best effort to fix relevant terms of the fund raising exercises after the Acquisition is tabled for the Independent Shareholders' approval at the EGM. The proceeds of HK$120 million from the placing will be used in relation to the payment of the Cash Consideration, of which HK$100 million will be applied to satisfy the remaining balance of the Cash Consideration and HK$20 million will be applied to make up the part of the general working capital of the Company which has been used to pay the deposit.

Completion

Completion shall take place on the Completion Date when all conditions set out in the Acquisition Agreement are fulfilled or otherwise waived. Upon Completion, the Target Company will become a wholly owned subsidiary of the Company and the financial results of the Target Group will be consolidated into the financial statements of the Group after Completion.

1. TERMS OF THE CONVERTIBLE NOTE

The terms of Convertible Note have been negotiated on an arm's length basis and the principal terms of which are summarised below:

Issuer	:	The Company
Principal amount	:	HK$780 million
Interest	:	Convertible Note will not carry any interest.
Term	:	A fixed term of five years from the date of issue of Convertible Note. Any principal amount of the Convertible Note which has not been converted in accordance with the terms and conditions of the Convertible Note instrument by the Maturity Date shall be converted into the Conversion Shares on the Maturity Date.
Conversion	:	The Noteholder may at any time during Conversion Period convert the whole or part (in multiples of HK$1,000,000) of the principal amount of Convertible Note into new Conversion Shares at the Conversion Price. Subject to the conditions provided in the instrument constituting the Convertible Note, the Company may at any time during Conversion Period by at least 7 days' prior notice in writing request the Noteholder to convert certain amount of Convertible Note as specified therein and the Noteholder shall convert such amount of Convertible Note registered in its names into Conversion Shares as so requested by the Company. No fraction of a Conversion Share shall be issued on conversion.

Under the terms of Convertible Note, the Noteholder cannot convert the Convertible Note or part thereof if upon the exercise of the conversion rights under the Convertible Note,

(i) the Noteholder and parties acting in concert with it are under an obligation to make a mandatory offer under the Takeovers Code; or

(ii) less than 25% or the minimum prescribed percentage as set out in the Listing Rules of the Company's issued shares would be held by the public.

In the event that the conversion of the Convertible Note on the Maturity Date will trigger the scenarios (i) and/or (ii) above, the Noteholder shall be allotted and issued such number of Conversion Shares to the extent allowable under the said restrictions and as to the outstanding principal amount of the Convertible Note not being converted, the conversion rights attached thereto shall cease and the Noteholder shall not be entitled to claim any cash or alternative form of settlement in respect thereof.

Conversion Price : HK$1.08 per Conversion Share, subject to adjustments as set out and in accordance with the terms and conditions of the Convertible Note.

The Conversion Price of HK$1.08 per Conversion Share represents:

(i) a premium of approximately 2% over the closing price of HK$1.06 per Share as quoted on the Stock Exchange on Last Trading Day;

(ii) a premium of approximately 2% over the average closing price of HK$1.06 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;

(iii) the average closing price of HK$1.08 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the parties, with reference to the recent performance of the Shares, the Group's existing financial position and current market conditions.

Adjustment events : The Conversion Price shall from time to time be subject to adjustment upon occurrence of the followings events:

(i) consolidation or subdivision of Shares;

(ii) capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

(iii) capital distribution or the grant of right to the Shareholders to acquire for cash assets of the Company or any of its subsidiaries;

(iv) offer of new Shares for conversion by way of rights, or a grant of options or warrants to subscribe for new Shares, at a price which is less than 90% of the market price per Share to Shareholders;

(v) issue wholly for cash being made by the Company of securities convertible into or exchangeable for or carrying rights of subscription for new Shares, if in any case the total effective consideration per new Share receivable is less than 90% of the market price, or the conversion, exchange or subscription rights of any such issue are altered so that the said total effective consideration receivable is less than 90% of such market price;

(vi) issue of Shares being made wholly for cash any share at a price less than 90% of the market price per Share; and

(vii) the Company makes an offer or invitation to Shareholders to tender for sale to the Company any Shares or if the Company purchases any Shares or securities convertible into Shares or any rights to acquire Shares and the Directors consider that it may be appropriate to make an adjustment to the Conversion Price.

Save for the events as set out above, the Conversion Price will not be subject to any other adjustments.

Conversion Shares :	Assuming there is an immediate exercise in full of the conversion rights attaching to the Convertible Note in the aggregate principal amount of HK$780 million at the Conversion Price by the Noteholder, the Company will allot and issue an aggregate of 722,222,222 new Shares, representing approximately (i) 180.6% of the existing issued share capital of the Company, and (ii) 64.4% of the issued share capital of the Company as enlarged by the exercise in full of the conversion rights attaching to the Convertible Note. The Conversion Shares will be issued pursuant to the Specific Mandate to be sought at the EGM.
Conversion Period :	The period commencing from the date of issue of the Convertible Note and ending on the Maturity Date.
Redemption :	The Company cannot redeem the Convertible Note or part thereof at any time on or before the Maturity Date.
Ranking :	The Conversion Shares, when allotted and issued, will rank *pari passu* in all respects with all existing Shares in issue on the date of allotment and issue of such Conversion Shares.
Status of the Convertible Note :	The Convertible Note constitutes a direct, unconditional, unsubordinated and unsecured obligation of the Company and rank pari passu without any preference (with the exception as may be provided by applicable legislation) equally with all other present and/or future unsecured and unsubordinated obligations of the Company.
Voting rights :	The Convertible Note does not confer any voting rights at any meetings of the Company.
Transferability :	The Convertible Note may be transferred to any person with the Company's consent provided that such transfer shall comply with the Listing Rules and relevant laws and regulations.
Application for listing :	No application will be made by the Company for the listing of the Convertible Note. Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

2. REASONS FOR THE ACQUISITION

Introduction

The Group is principally engaged in the manufacturing 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.

Aerosol cans are usually made of aluminum or tinplate. 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, aluminum aerosol cans are commonly used in the packaging of higher value consumer products, although their costs are usually higher than tinplate aerosol cans.

Change of economic environment

Despite the fact that our aerosol cans can be used in the packaging of high value consumer products, there is not much substantial growth in the profit margin of the Group as a result of the limitation in the business model of the Group which has been focused in supplying aerosol cans for its customers, who are engaged in the production of high value consumer products and demand for cost reduction of our aerosol can products.

The result of the Group for the first half of 2014 was further affected due to the fierce competition in the aluminum aerosol cans market arising from relatively small scale manufacturers of aerosol cans at overseas and the continuous slowdown in the demand of high value consumer products in PRC during 2014. The Group intended to focus on the development and expansion of its principal business in manufacturing aluminum aerosol cans upon listing on 12 July 2013 and had no intention in acquiring the Target Group at the time of listing. In view of the change of the economic environment in PRC and overseas, the Board, based on the experience of our current management team and after the assessment of the aerosol can industry, believes that recovery of the profitability of the Group may not be feasible in the short term. The Board is also of the view that a vertical integration strategy should allow the Group to capture downstream profit margins by gaining access to the downstream distribution channels.

Reasons for acquiring the Target Group

The Target Group is principally engaged in the content filling of aerosol cans, and production and sale of aerosol and non-aerosol products. One of its primary focuses is to develop high-end car care service products. With the Acquisition, our Group will be able to directly supply aluminum aerosol cans for the packaging of such high-end car care service products and the products of the Group will be able to enter into the consumer markets under the Group's brand name. Profitability of the aerosol cans of the Group can be guaranteed and the Target Group could ensure stable supply of high quality aerosol cans when developing the segment of high-end car care service products. As such, the Acquisition will create win-win situation for both the Group and the Target Group.

Having taken into account the business model and financial performance of the Target Group as disclosed in the section headed "Information on the Target Group", the Board believes that the Acquisition would further enhance the profitability of the Group given the track record of the Target Group. The Directors are of the view that the acquisition of the controlling interests in the Target Company will maximise the future revenue contribution to the Group by vertically integrating with the Target Group.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisition Agreement, including the Consideration, are fair and reasonable and on normal commercial terms and the Acquisition is in the interests of the Company and the Shareholders as a whole.

3. FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Following the Completion, members of the Target Group will become subsidiaries of the Company.

Assets and liabilities

The unaudited consolidated total assets and total liabilities of the Group as at 30 June 2014, as extracted from the 2014 interim report of the Company, were approximately HK$394.5 million and HK$93.7 million respectively. As set out in Appendix III to this circular, assuming Completion had taken place on 31 August 2014, the pro-forma total assets and total liabilities of the Enlarged Group would have been increased to approximately HK$792.4 million and HK$308.4 million respectively.

Earnings

Following the Completion, members of the Target Group will become subsidiaries of the Company and the Group will be able to consolidate revenue and costs from the Target Group. The audited net profit of the Group for the financial year ended 31 December 2013 as extracted from the 2013 annual report of the Company was approximately HK$38.1 million. According to the unaudited pro-forma income statement of the Enlarged Group as if the Acquisition had been completed on 1 January 2013, the pro-forma net profit of the Enlarged Group would have been approximately HK$91 million.

4. EFFECT OF THE ACQUISITION ON THE SHAREHOLDING STRUCTURE

As at the Latest Practicable Date, the Company has 402,785,000 Shares in issue. The following table sets forth the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately after the issue of the Placing Shares; (iii) immediately after the issue of the Placing Shares and Conversion Shares after Completion Date; and (iv) immediately after the issue of the Placing Shares and Conversion Shares after Completion Date and the satisfaction of the conversion restriction:

Name of Shareholders	**(i) As at the Latest Practicable Date**		**(ii) Immediately after the issue of the Placing Shares** *(Note 1)*		**(iii) Immediately after the issue of the Placing Shares and Conversion Shares after the Completion Date** *(Note 2)*		**(iv) Immediately after the issue of the Placing Shares, issue of Conversion Shares and the satisfaction of conversion restriction** *(Note 3)*	
	No. of Shares	*Approx. %*	*No. of Shares*	*Approx. %*	*No. of Shares*	*Approx. %*	*No. of Shares*	*Approx. %*
Mr. Lin	300,000,000	74.5%	300,000,000	58.4%	1,022,222,222	82.7%	641,688,333	75.0%
Independent Shareholders:								
— Existing Independent Shareholders	102,785,000	25.5%	102,785,000	20.0%	102,785,000	8.3%	102,785,000	12.0%
— Placees	—	—	111,111,111	21.6%	111,111,111	9.0%	111,111,111	13.0%
Subtotal Independent Shareholders	102,785,000	25.5%	213,896,111	41.6%	213,896,111	17.3%	213,896,111	25.0%
Total	402,785,000	100.00%	513,896,111	100.0%	1,236,118,333	100.0%	855,584,444	100.0%

Note 1: This column illustrates the shareholding interest of the Shareholders on the assumption that HK$120 million has been raised, in fulfillment of condition precedent (j) of the Acquisition Agreement at the assumed placing price of HK$1.08 per Placing Share.

Note 2: This column illustrates the shareholding interest of the Shareholders on the assumption that (i) HK$120 million has been raised, in fulfillment of condition precedent (j) of the Acquisition Agreement at the assumed placing price of HK$1.08 per Placing Share; and (ii) the issue of Conversion Shares.

Note 3: This column illustrates the shareholding interest of the Shareholders on the assumption that (i) HK$120 million has been raised, in fulfillment of condition precedent (j) of the Acquisition Agreement at the assumed placing price of HK$1.08 per Placing Share; (ii) the issue of Conversion Shares; and (iii) the satisfaction of conversion restrictions under the terms and conditions of the Convertible Note that no conversion right may be exercised to the extent that (a) the Noteholder and parties acting in concert with it are under an obligation to make a mandatory offer under the Takeovers Code; and (b) less than 25% or the minimum prescribed percentage as set out in the Listing Rules of the Company's issued shares would be held by the public.

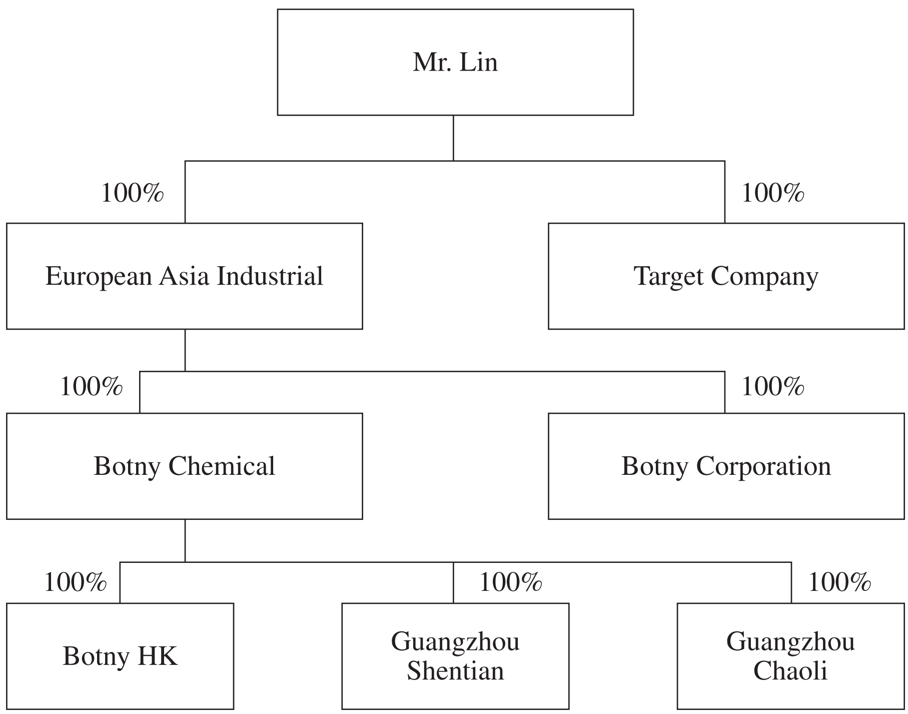
The Acquisition will not result in a change of control of the Company.

5. INFORMATION ON THE TARGET GROUP

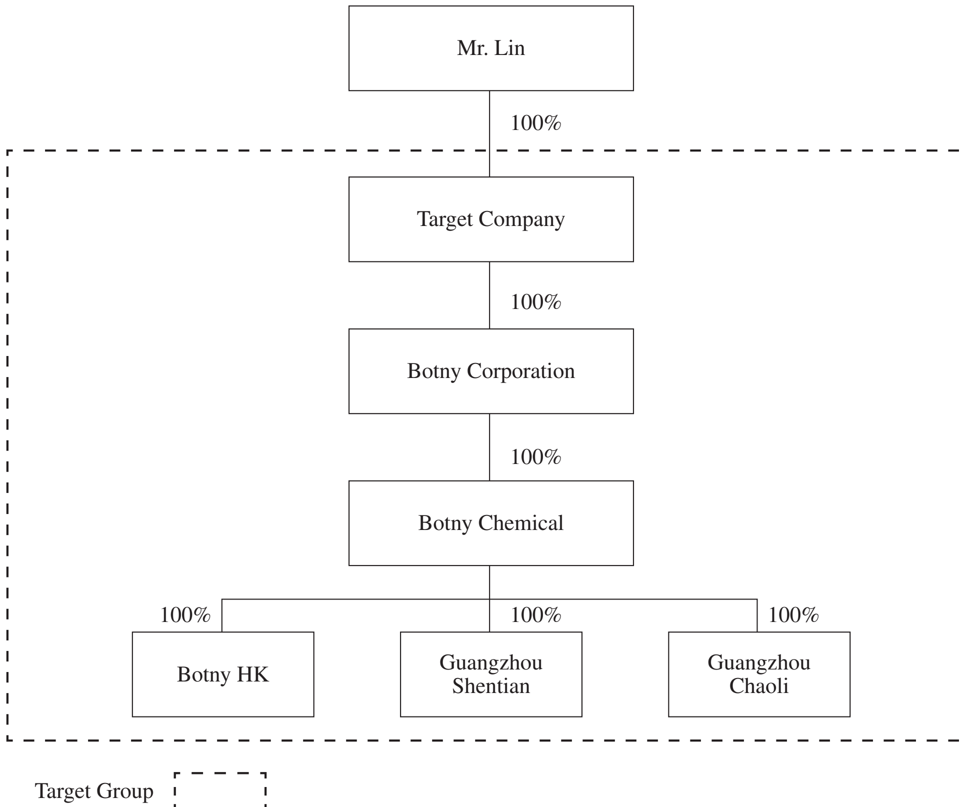
A. Shareholding structure of the Target Group before and after restructuring

As mentioned in the paragraph headed "The Acquisition Agreement", the Acquisition is subject to the completion of the restructuring of the Target Group as contemplated under the Acquisition Agreement.

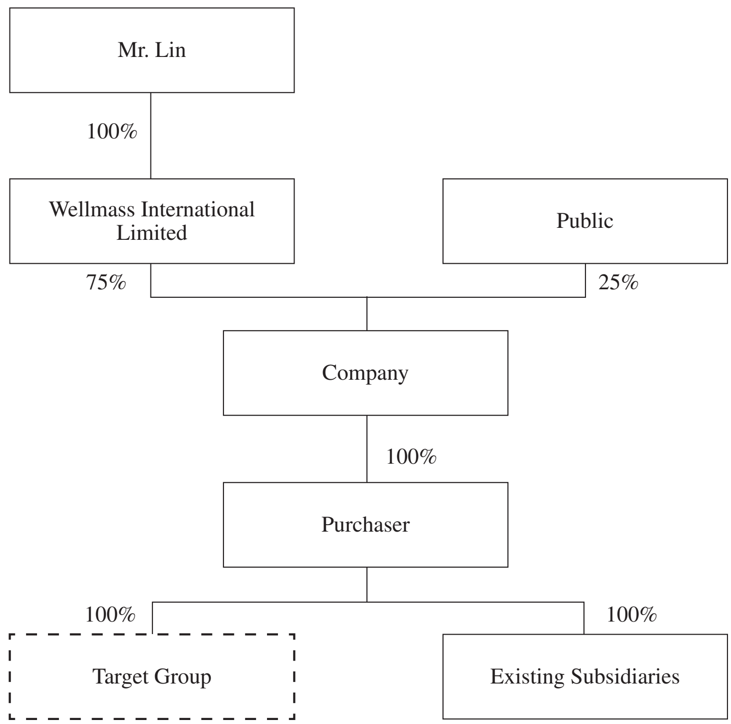
The following diagram shows the shareholding and corporate structure of the Target Group before restructuring:



The following diagram shows the shareholding and corporate structure of the Target Group after restructuring:



The following diagram shows the shareholding and corporate structure of the Enlarged Group after Completion:



Upon Completion, the Target Group will become subsidiaries of the Company.

The above restructuring has been completed as at the Latest Practicable Date.

B. The Target Group

The Target Group comprises the Target Company, Botny Corporation, Botny Chemical, Botny HK, Guangzhou Shentian and Guangzhou Chaoli.

Target Company

The Target Company is a limited liability company incorporated under the laws of the BVI on 3 July 2012. It has an issued share capital of US$1 divided into 1 share of US$1 each (i.e. the Sale Share). The Target Company is an investment holding company, holds five wholly owned subsidiaries after restructuring, namely Botny Corporation, Botny Chemical, Botny HK, Guangzhou Shentian and Guangzhou Chaoli. The Target Company had no significant operations as at the Latest Practicable Date.

Botny Corporation

Botny Corporation is a limited liability company incorporated under the laws of Hong Kong on 3 June 2013, and a direct wholly owned subsidiary of the Target Company. It is an investment holding company.

Botny Chemical

The principal operating subsidiary of the Target Group, Botny Chemical, was founded by Mr. Lin. It is a limited liability company established under the laws of the PRC on 30 August 2000. It has a registered capital of US$1.4 million and is principally engaged in the content filling of aerosol cans, and production and sale of aerosol products and non-aerosol products. Botny Chemical has been sourcing aluminum aerosol cans from the Group as packaging materials for its customers and its own products. As disclosed in the Prospectus, Euro Asia Packaging (a subsidiary of the Group) and Botny Chemical entered into the Botny Chemical Agreement, pursuant to which Euro Asia Packaging agreed to supply to Botny Chemical aluminum aerosol cans for the term commencing from the Listing Date (i.e. 12 July 2013) until 31 December 2015, subject to early termination as provided in the agreement. The transactions contemplated under the Botny Chemical Agreement constitute continuing connected transactions of the Company. The total sales by the Group to Botny Chemical amounted to approximately HK$3.9 million for the year ended 31 December 2013. For further details of the Botny Chemical Agreement, please refer to the section headed "Continuing Connected Transactions" of the Prospectus. Upon Completion, the Target Group Companies will become subsidiaries of the Company, and the transactions contemplated under the Botny Chemical Agreement will cease to be connected transactions of the Company.

Products sold by Botny Chemical

The products produced and sold by Botny Chemical can be identified in two major categories, aerosol products and non-aerosol products which represent approximately 80% and 20% of the Target Group's revenue, respectively. The products produced and sold by Botny Chemical are mainly applied on car care services. These products are primarily sold under the brand names of "BOTNY", "ATM", "NISSEI", "PiSCiS", "PARLUX", "Etoman", "Fox-D" and "Win". The trademarks of these brands are owned by Botny Chemical, except for the trademarks of "Fox-D" and "Win" which are owned by China Motor Management. The revenue contribution of these two brand names, "Fox-D" and "Win", represent 2.8% of the Target Group's total revenue. In view of the minimal revenue contribution, the Directors consider that it is not in the interest of the Company to purchase such trademarks from Mr. Lin.

The aerosol products produced and sold by Botny Chemical includes car refrigerants, air conditioner disinfectant cleaner, paint remover, spray paint, wax, air fragrance, multi-purpose foam cleaner, carburetor cleaner, anti-rust lubricating spray, furniture polisher and sticker remover.

The following pictures show some of the Target Group's aerosol products:


Botny Wheel Cleaner


Botny Engine Surface Degreaser


Botny Chrome Effect Spray Paint


NISSEI De-rust Lubricating Spray


ATM Dashboard Wax


WIN Paint Remover


Botny Leather & Type Wax


Botny Multi-purpose Foam Cleaner


Etoman Car Air Conditioner Cleaner


Botny Carburetor Cleaner

The non-aerosol products produced and sold by Botny Chemical include heat insulation coating, leather protecting and polishing agent, wax, multi-purpose cleaner, paint remover, retarder and formaldehyde scavenger.

The following pictures show some of the Target Group's non-aerosol products:


Fox-D Paint Remover


Parlux Retarder


PISCIS Formaldehyde Scavenger


Botny-Architectural Roof waterproof Thermal Insulation


Botny Coating Wax

The car care service products produced and sold by Botny Chemical are considered high-end due to (i) the branding of its product is well-known in the PRC; and (ii) the quality of its products is known to be better than its competitors, as such Botny Chemical prices its products higher than the average market price for similar items.

Botny Chemical Production Process

Aerosol products are produced in the following five major processes:

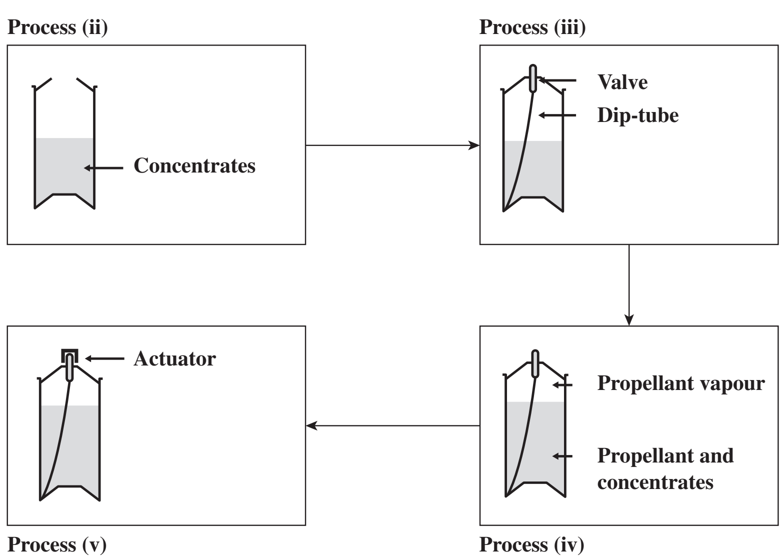
(i) Preparation of concentrates (contents); chemical compounds and other materials such as deionised water and alcohol, are put into reaction containers at controlled temperatures and with stirring throughout until the desired chemical reaction.

(ii) Concentrate (content) filling; concentrate are then filled into aerosol cans by filling machines.

(iii) Fitting the valve and dip-tube to the aerosol can; the valve and dip-tube are fitted to the aerosol can, which is then vacuumised. After vacuumisation, the valve is then crimped to the aerosol can.

(iv) Filling in the propellant; propellant filling machines are used to inject propellants into the aerosol cans.

(v) Installing plastic components; plastic components, such as the actuator and the overcap lid, will be installed or fitted to the aerosol can to form a complete aerosol product.



The production process of non-aerosol products are the same as above, except for (a) instead of aerosol cans, the concentrates are filled into plastic or metal containers; and (b) steps (iii) and (iv) above are not required for non-aerosol products.

Botny HK

Botny HK is a limited liability company incorporated under the laws of Hong Kong on 9 June 2010, and an indirect wholly owned subsidiary of the Target Company. It is principally engaged in the trading of both aerosol and non-aerosol products produced by Botny Chemical.

Guangzhou Shentian

Guangzhou Shentian is a limited liability company incorporated under the laws of PRC on 5 May 2014, and an indirect wholly owned subsidiary of the Target Company. It is an investment holding company.

Guangzhou Chaoli

Guangzhou Chaoli is a limited liability company incorporated under the laws of PRC on 18 July 2014, and an indirect wholly owned subsidiary of the Target Company. It is an investment holding company.

C. Financial information of the Target Group

Set out below is the audited financial information of the Target Group for each of the two financial years ended 31 December 2013 and for the eight months ended 31 August 2014:

	For the year ended 31 December 2012	**Profit Margin**	**For the year ended 31 December 2013**	**Profit Margin**	**For the eight months ended 31 August 2014**	**Profit Margin**
	HKD'000	*%*	*HKD'000*	*%*	*HKD'000*	*%*
Turnover	516,938		523,464		332,807	
Net Profits before taxation	54,814	10.6	69,274	13.2	45,476	13.7
Net Profits after taxation	46,917	9.1	58,546	11.2	37,328	11.2

	As at 31 December 2012	**As at 31 December 2013**	**As at 31 August 2014**
	HKD'000	*HKD'000*	*HKD'000*
Total assets	214,302	253,370	398,078
Total liabilities	184,913	163,636	208,521
Net assets	29,389	89,734	189,557

The Directors confirm that the financial information of the Target Group as contained in the accountants' report in Appendix II is prepared by using accounting policies which are materially consistent with those of the Group.

D. Management discussion and analysis of the Target Group

Set out below is the management discussion and analysis of the Target Group for each of the three years ended 31 December 2013 and eight months ended 31 August 2014:

Review of operations

Year ended 31 December 2012 compared to year ended 31 December 2011

During the year ended 31 December 2012, the Target Group achieved a turnover of approximately HK$516.9 million, representing an increase of HK$3.7 million or 0.7% from HK$513.2 million for the year ended 31 December 2011. Gross profit of approximately HK$111.5 million for the year ended 31 December 2012, an increase of HK$43.6 million or 64.2% as compared to the year ended 31 December 2011, such increase was primarily due to the change in the compositions of raw materials used for production which effectively reduced the cost of production. The net profit of the Target Group had increased from approximately HK$16.6 million for the year ended 31 December 2011 to HK$46.9 million for the year ended 31 December 2012. The increase in net profit was primarily due to the increase in gross profit margin of the products sold by the Target Group.

Year ended 31 December 2013 compared to year ended 31 December 2012

During the year ended 31 December 2013, the Target Group recorded a turnover of approximately HK$523.5 million, representing an increase of HK$6.5 million or 1.3% from HK$516.9 million for the year ended 31 December 2012. Gross profit of approximately HK$120.9 million for the year ended 31 December 2013, an increase of HK$9.4 million or 8.4% as compared to the year ended 31 December 2012, the increase in gross profit was primarily due to the reduction in production cost. The net profit of the Target Group had increased from approximately HK$46.9 million for the year ended 31 December 2012 to HK$58.5 million for the year ended 31 December 2013. The increase in net profit was mainly due to the increase in other income due to the increase in exchange gain from HK$2.4 million in 2012 to HK$9.3 million in 2013.

Eight months ended 31 August 2013 compared to eight months ended 31 August 2014

The turnover of the Target Group amounted to approximately HK$332.8 million for the eight months ended 31 August 2014, representing a decrease of HK$4.5 million or 1.3% from HK$337.3 million for the eight months ended 31 August 2013. However, gross profit increased from approximately HK$77.4 million for the eight months ended 31 August 2013 to HK$82.9 million for the eight months ended 31 August 2014, the increase in gross profit of HK$5.5 million was due to the increase in the sale of products with higher gross profit margin. The net profit of the Target Group had increased from approximately HK$29.1 million for the eight months ended 31 August 2013 to HK$37.3 million for the eight months ended 31 August

2014. The increase in net profit of HK$8.2 million was mainly due to (i) the increase in gross profit margin of the products sold by the Target Group; and (ii) the increase in other income due to increase in income from design service of HK$4.0 million and increase in government subsidies of HK$2.0 million.

Material acquisitions and disposals

On 25 July 2014, Botny Chemical, a subsidiary of the Target Company, and Euro Asia Aerosol entered into an agreement, pursuant to which, Botny Chemical agreed to acquire the non-controlling interests in Guangzhou Shentian from Euro Asia Aerosol at a consideration of RMB96.4 million (approximately HK$121.4 million). This transaction was completed on 30 September 2014 and Guangzhou Shentian became a wholly-owned subsidiary of the Target Company since then.

Other than the above, the Target Group did not have any material acquisitions and disposals during the three years ended 31 December 2013 and eight months ended 31 August 2014.

Liquidity and financial resources

	As at 31 December			As at 31 August
	2011	**2012**	**2013**	**2014**
Current ratio	0.9	1.0	1.4	1.1
Gearing ratio	74.6%	243.8%	81.4%	68.3%

Current ratio

The current ratio of the Target Group increased from 0.9 as at 31 December 2011 to 1.0 as at 31 December 2012. The increase in current ratio was mainly due to an increase in inventories of approximately HK$26.3 million.

The Target Group's current ratio increased from 1.0 as at 31 December 2012 to 1.4 as at 31 December 2013, which was primarily due to the decrease in short term loan of approximately HK$26.0 million.

The Target Group had net current assets of HK$21.3 million as at 31 August 2014. The decrease in current ratio from 1.4 as at 31 December 2013 to 1.1 as at 31 August 2014 was mainly due to the increase in short term loan of approximately HK$62.3 million.

Gearing ratio

The gearing ratio, which is calculated by dividing total debt by total equity, were approximately 74.6%, 243.8%, 81.4% and 68.3% as at 31 December 2011, 2012, 2013 and as at 31 August 2014, respectively. The fluctuation in the gearing ratio was primarily due to changes in the bank borrowings of the Target Group. In particular, the gearing ratio of 243.8% as at 31 December 2012 was caused by an increase in bank borrowings of approximately 227.7% or HK$35.2 million which was due to the increase in the need for working capital.

Cash and cash equivalents

As at 31 August 2014, the Target Group's cash and cash equivalents was HK$6.8 million, of which HK$5.1 million, HK$0.7 million and HK$1.0 million are denominated in RMB, US$ and other currencies.

Borrowing and pledge of assets

The bank borrowings of the Target Group are secured by the Target Group's properties, plant and equipment, land use rights and pledged bank deposits. As at 31 August 2014, the Target Group had bank borrowings of approximately HK$87.2 million (of which HK$57.9 million and HK$29.3 million were denominated in RMB and US$ respectively) with maturity date within one year. The interest rate of the Target Group's borrowing ranges from PBOC base rate to 1.1 times PBOC base rate.

As at 31 August 2014, the Target Group had available unutilized banking facilities of approximately HK$70.5 million. Further details of the Group's bank borrowings are set out in note 24 of Appendix II.

Treasury policy

The Target Group adopted a balance funding and treasury policies in cash and financial management. Cash was generally placed in short-term deposits mostly denominated in RMB. The Target Group financing requirements were regularly reviewed by the management.

Foreign exchange exposure and exchange rate risk

Approximately 44%, 42%, 38% and 35%, of the Target Group's revenue for the year ended 31 December 2011, 2012, 2013 and eight months ended 31 August 2014 were denominated in US$, respectively. However, over 90% of the production costs were settled in RMB. Therefore there is a currency mismatch between US$ revenue and RMB production costs, which give rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US$ sales proceeds received from export sales is different from the rate at which the Group used to book the US$ sales transactions at the time of sales.

The Target Group have 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. As a result of the appreciation of RMB against US$, we managed to account for approximately HK$1.7 million, HK$2.4 million, HK$9.3 million and HK$2.2 million of realized gains on the forward contracts for the year ended 31 December 2011, 2012, 2013 and eight months ended 31 August 2014.

As at 31 August 2014, the Target Group had outstanding foreign currency forward contracts with notional amounts of US$13.5 million. Save for the above, the Target Group has no other foreign currency hedging instruments.

Employees and remuneration

As at 31 December 2011, 2012, 2013 and 31 August 2014, the Target Group had 102, 449, 309 and 346 employees, respectively. For the year ended 31 December 2011, 2012, 2013 and eight months ended 31 August 2014, total staff cost was approximately HK$5.7 million, HK$15.0 million, HK$29.0 million and HK$17.0 million.

Charge on assets

As at 31 December 2011, 2012, 2013 and 31 August 2013, the carrying amounts of the assets pledged for the bank loans of the Target Group amounted to HK$0.7 million, HK$0.7 million, HK$0.7 million and HK$124.9 million, respectively.

Contingent liability

The Target Group has no significant contingent liabilities as at 31 December 2011, 2012, 2013 and 31 August 2014.

Dividend

During the year ended 31 December 2011, 2012, 2013 and the eight months ended 31 August 2014, the Target Group declared dividend amounted to HK$54.6 million, HK$38.3 million, Nil and HK$57.8 million, respectively.

Future plans for significant investments or capital assets

The Target Group has no future plans for material investments or capital assets in the coming year.

E. Industry overview

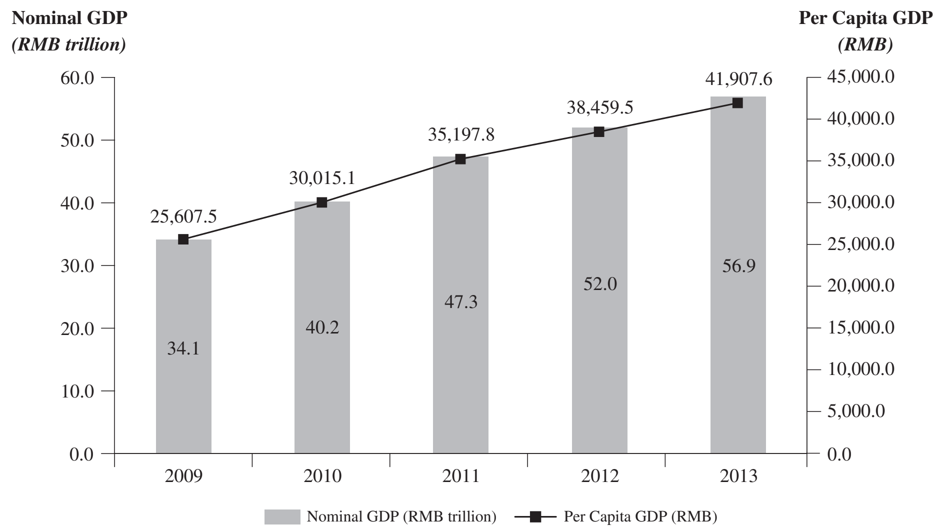
The paragraphs under this heading contain information, forecast and statistics relating to the economy in China and the industry in which the Target Group operates. The Directors believe that the sources of the information are appropriate sources for such information and the Directors have taken reasonable care in extracting and reproducing such information. The Directors have no reason to believe that such information is false or misleading or that any fact has been omitted that will render such information false or misleading in any material respect. The Directors have derived such information and data partly from publicly available governmental and official sources as well as a report the Company commissioned from CRI, an independent third party, which have not been independently verified by the Company, the Financial Adviser, the Independent Financial Adviser, nor any of their or our directors, affiliates, advisers or any other parties involved in the Acquisition. Furthermore, the information derived from governmental sources in the PRC may not be consistent with the information compiled within or outside of China by third parties. The Directors make no representation as to the correctness or accuracy of governmental or official information contained in this circular. Accordingly, such information should not be unduly relied upon. The Directors have, however, taken such care as they considered reasonable in the reproduction and extraction of such information.

The PRC Economy

Strong growth of the PRC economy

China's economy has expanded rapidly since the adoption of reform and market liberalization policies by the PRC Government in the late 1970's. China's economy has demonstrated strong and steady growth over the last three decades and has become one of the largest economies in the world. From 2009 to 2013, according to the National Bureau of Statistics, the nominal GDP in China increased from RMB 34.1 trillion to RMB 56.9 trillion and its GDP per capita grew from RMB 25,608.0 to RMB 41,907.6, representing a CAGR of approximately 13.7% and 13.1% respectively. The following chart illustrates the nominal GDP and GDP per capita growth in China from 2009 to 2013.

Nominal GDP and GDP per capita in China

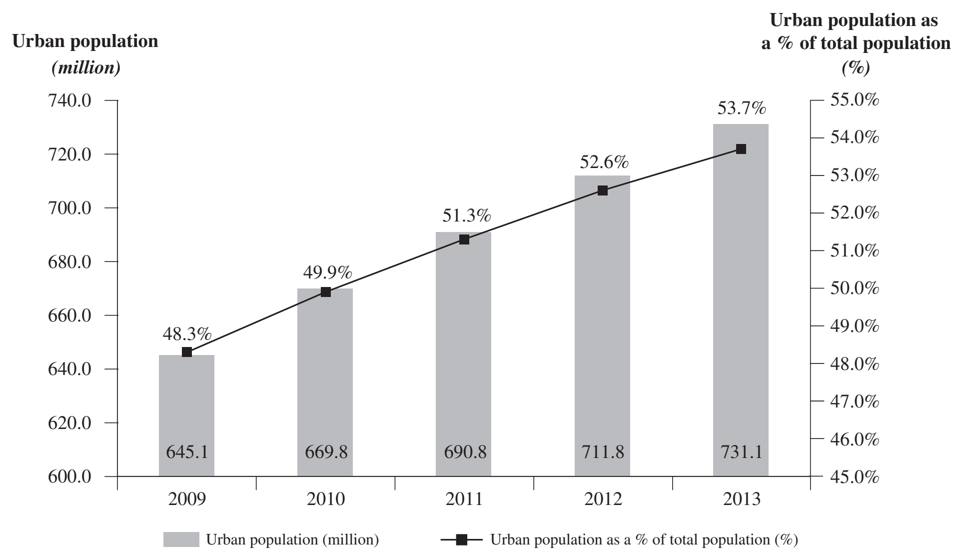


Source: National Bureau of Statistics

Rapid urbanisation and increasing disposable income

Industrialisation and economic growth in China have resulted in rapid urbanisation through the migration of rural populations to urban areas and the development of towns into cities. According to the National Bureau of Statistics, the total urban population in China increased from 645.1 million in 2009 to 731.1 million in 2013, representing an increase of 13.33% over the four year period. During the same period, the urban population as a percentage of the total population increased from 48.3% to 53.7%, and is projected to continue to increase rapidly over the next decade. The following chart illustrates the total urban population and the urban population as a percentage of the total population in China as at the end of the periods indicated.

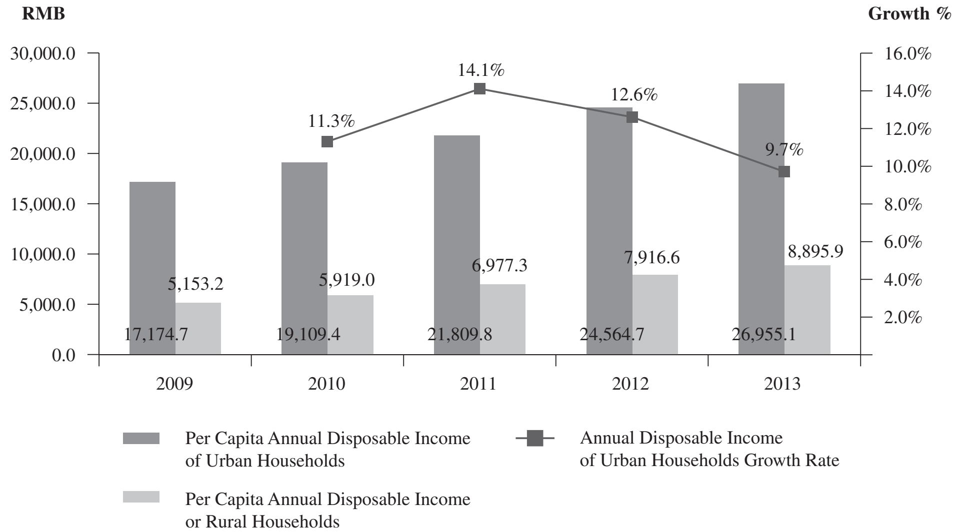
Population in China



Source: National Bureau of Statistics

Along with China's rapid economic growth, disposable income levels have grown significantly. According to the National Bureau of Statistics, from 2009 to 2013, the per capita annual disposable income of urban households in China increased from RMB 17,174.7 to RMB 26,955.1, representing a CAGR of 11.9%. During the same period, the per capita annual disposable income of rural households in China increased from RMB 5,153.2 to RMB 8,895.9, representing a CAGR of 14.6%. The following chart sets out the per capita annual disposable income of urban households and its year-on-year growth rate, as well as the per capita annual disposable income of rural households in China from 2009 to 2013.

Per capita annual disposable income of urban households and its year-on-year growth rate; per capita annual disposal income of rural households in China



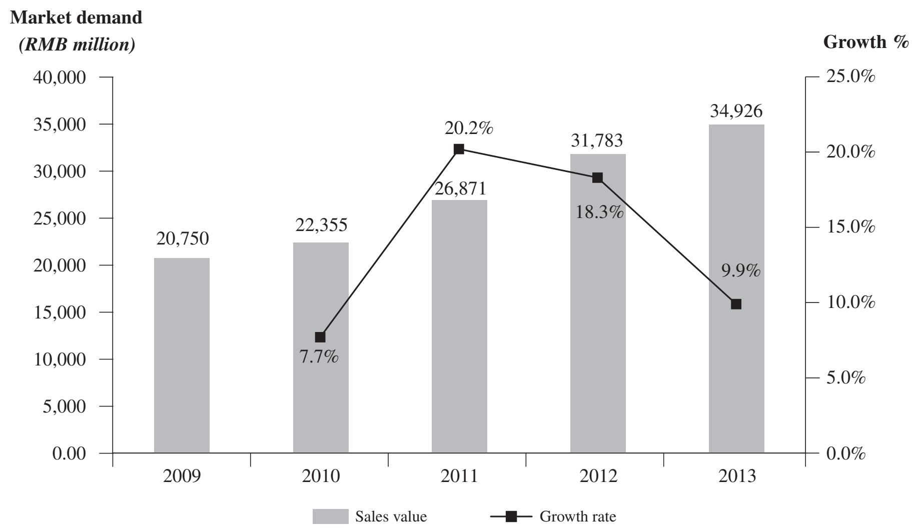
Source: National Bureau of Statistics

Aerosol industry in China

Market demand for aerosol products in China

According to the CRI Report, market demand for aerosol products in China increased from RMB 20,750 million in 2009 to RMB 34,926 million in 2013, representing a CAGR of 13.9%. The following charts illustrate the market size and the year-on-year growth rate of aerosol market in China from 2009 to 2013 by market demand.

Historical (2009–2013) market size and year-on-year growth rate of aerosol products in China by market demand

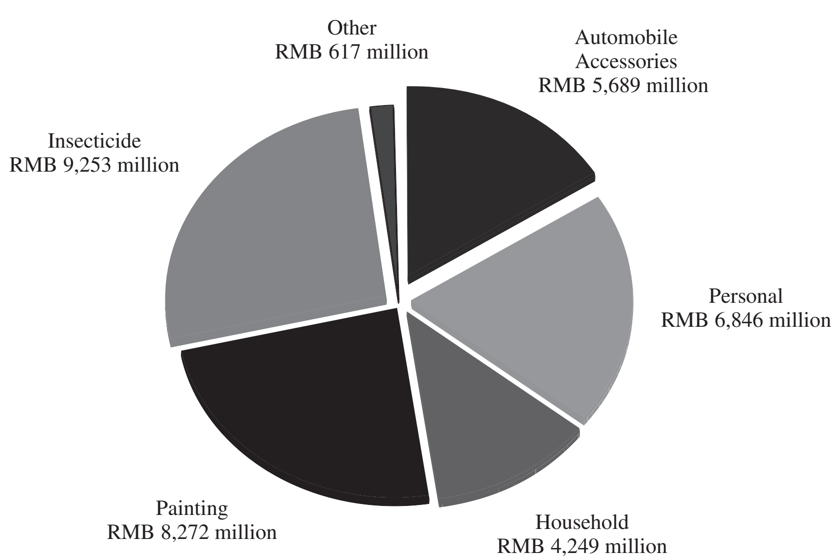


Source: CRI Report

Aerosol market by segment

Aerosol products can be classified according to the application area, including insecticide aerosol products, painting aerosol products, personal aerosol products, automobile aerosol products, household aerosol products, pharmaceutical aerosol products and food aerosol products. The charts below illustrate the market shares of the seven applications of aerosol in China, based on 2013 market size.

2013 Market size of each application area of aerosol



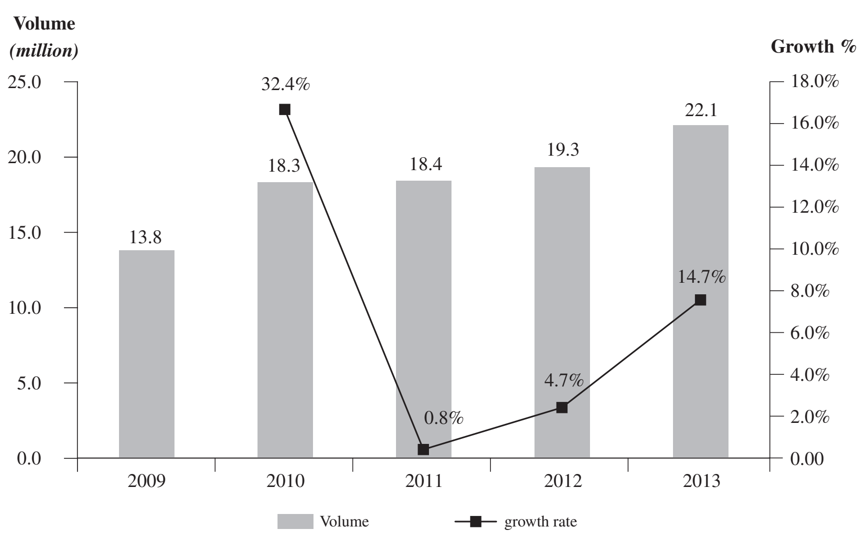
Source: CRI Report

Output volume of automobiles in China

The output volume and sales volume in Chinese automobile industry increased rapidly in 2013. The output volume of automobiles was 22.1 million while the sales volume was 22.0 million, which increased by 14.8% and 13.9% year-over-year respectively. The growth rates increased by 10.2% and 9.6% compared to 2012 while the output volume and sales volume remained top of the world for five consecutive years.

Urbanization will further promote the demand for automobiles. As the living standards of residents improve in China, the demand for automobiles will increase rapidly. The rapid development of Chinese automobile industry promotes the development of automobile accessory industry which includes an increase for automobile aerosol products. The charts below illustrate the output volume of automobiles in China from 2009 to 2013.

Historical (2009–2013) output volume of automobiles in China

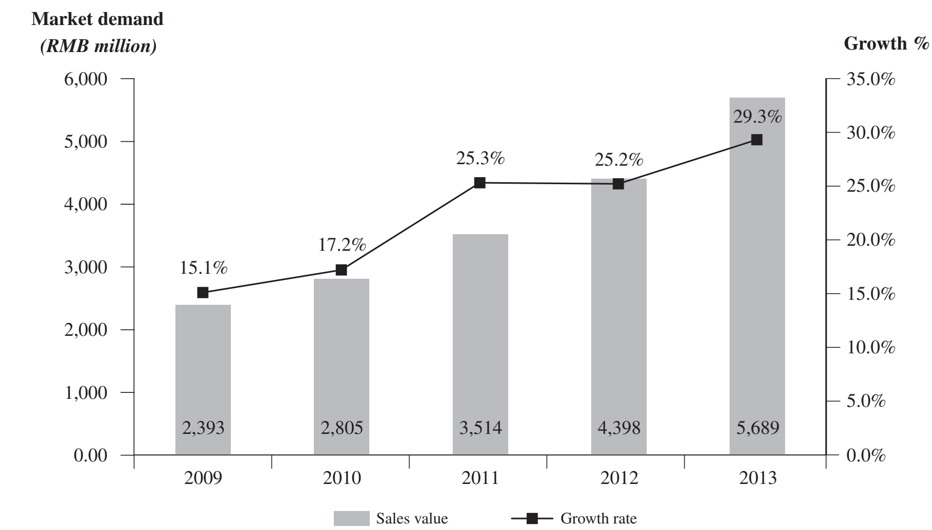


Source: CRI Report

Automobile aerosol products

As the number of automobiles in China continues to increase, consumer demands on the automobile care products increases. The market size of automobile aerosol products in China increased from RMB2,393 million to RMB5,689 million in 2009 to 2013 with a CAGR of 24.16%.

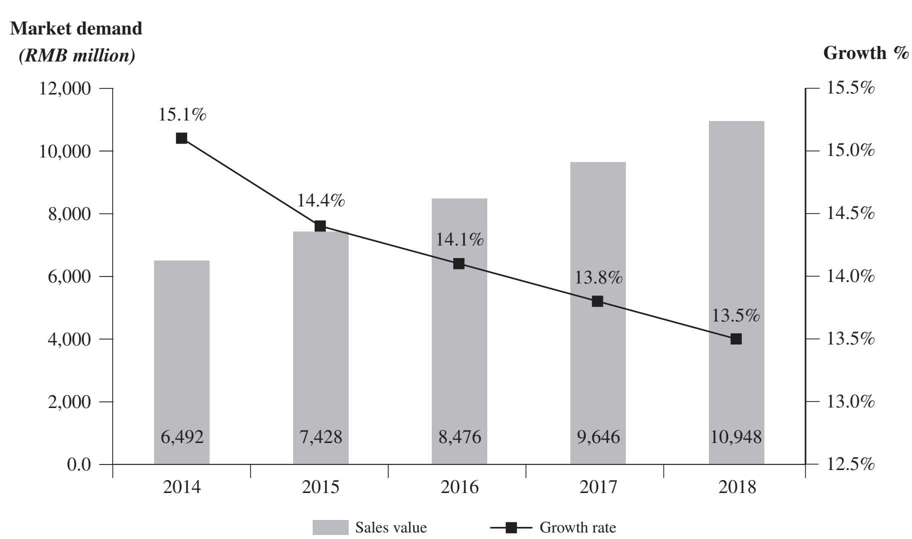
Historical (2009–2013) market size and year-on-year growth rate of automobile aerosol products in China by market demand



Source: CRI Report

The number of automobile in China is expected to maintain rapid growth in the coming years. The market size of automobile aerosol products is estimated to reach RMB10,948 million in China by 2018.

Estimated (2014–2018) market size and year-on-year growth rate of automobile aerosol products in China by market demand



Source: CRI Report

CRI

CRI, an independent market research company based in the PRC, was commissioned to analyse and report on the aerosol industry. CRI's 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 customised research services.

The CRI Report had been prepared by CRI independent of the Company's influence. The Directors are of the view that the CRI Report is considered independent and reliable.

The information contained in the CRI Report was derived from data and intelligence collected from various sources which include but not limited to government and regulatory statistics, industry association reports and data obtained from interviews with manufacturers, distributors and experts.

To ensure the credibility, accuracy and reliability of the forecasts, the market specialists at CRI firstly assessed and recalculated, if necessary, relevant data from different institutions according to actual conditions. They subsequently integrated a variety of information, including the assessed and recalculated data, and opinions gathered from the market research process and put forward their own views. Such views, in conjunction with (i) the aforesaid parameters such as the global and the PRC's macroeconomic data; and (ii) forecasts on economic trends, were then internally discussed on for validating the forecast data. Before finalizing the CRI Report, the market specialists verified the reliability and logic of the forecast data by sample inspecting various data or information in the reports and results of the interviews.

F. Risk factors

Shareholders and investors should be aware that the Acquisition will increase the level of risk exposure of the Enlarged Group and should consider carefully the risk factors set out below:

Risk relating to Target Group

The Target Group rely on a stable supply of labour at reasonable cost

The Target Group's production is highly labour-intensive. As at the Latest Practicable Date, the Target Group had a total of 346 employees. There is no guarantee that the supply of labour and labour cost will continue to be stable. If the Target Group fails to retain the existing labour and/or recruit sufficient labour in a timely manner, the Target Group may not be able to accommodate sudden increase in demand for products. If the Target Group is not able to manufacture and deliver the products to the customers as scheduled, the Target Group's business, financial condition, operations and prospects would be materially and adversely affected.

Furthermore, if there is a significant increase in labour cost, the cost of the Target Group's business operation would increase and its profitability would be adversely affected.

Possible shortage of electricity

The Target Group's production process involves consumption of substantial amount of electricity. Considering that there has been a significant increase in the demand for electricity supply in PRC in the recent years, there is no assurance that there will be sufficient electricity supply for the Aotou Production Plant.

The Target Group has its own diesel generator to generate power supply for maintaining the daily operation of the Aotou Production Plant on a contingency basis but the costs of running such generator are substantially higher than obtaining electricity from utility services. Therefore, any prolonged shortage in electricity supply from utility service providers may cause a significant increase in our production costs, or even disruption of our production. The Target Group's business and operation will thereby be adversely and materially affected.

Failure to maintain an effective quality control system may result in a loss

The effectiveness and quality of the Target Group's products are critical to the success of its business. These factors depend significantly on the effectiveness of the Target Group's quality control system, which in turn, depends on a number of factors, including the quality of the training programs offered to its staff, and the ability to ensure that the employees would adhere to the quality control policies and guidelines of the Target Group at all times. Any material failure or deterioration of the Target Group's quality control system could adversely affect its recognition in the aerosol industry and certifications, which in turn could have a material and adverse effect on the Target Group's reputation, business, financial condition and growth prospects.

The Target Group may not be able to maintain the increasing trend of gross profit margin or to maintain profit margins at the levels it recorded during the three years ended 31 December 2013 and for the eight months ended 31 August 2014

During the three years ended 31 December 2013 and for the eight months ended 31 August 2014, the Target Group's gross profit margin showed a general growing trend. For the three years ended 31 December 2011, 2012, 2013 and for the eight months ended 31 August 2014, the Target Group's gross profit margin was approximately 13.2%, 21.6%, 23.1% and 24.9% respectively.

There is no assurance that the Target Group will be able to maintain the general increasing trend of the gross profit margin or to maintain the gross profit margin at or higher than its historical level as the average unit selling price of products and raw material prices may be affected by a variety of factors, including changes in the market demand of products, supply of raw materials, changes in taxation, governmental policies and various other factors that are beyond the control of the Target Group.

The Target Group cannot assure you that it will continue to enjoy its preferable tax treatments in the future

Botny Chemical is recognized as a high-new technology enterprise and enjoy the income tax rate of 15% until 31 December 2013. Botny Chemical is in the process of renewing its high-new technology enterprise status. The Target Group cannot assure you that it will continue to be recognized as a high-new technology enterprise and can enjoy the relevant preferential tax treatments in the future. If Botny Chemical is not recognized as high-new technology enterprise, the income tax rate after the above periods will be 25%.

Risks relating to the industry

The Target Group is subject to intense competition

The competition in the industry in which the Target Group operates is becoming increasingly fierce. Many competitors have been listed with increasing financial resources to compete with the Target Group. They have not only aggressively recruit talents to strengthen their development capacity, but also constantly increase their marketing expenses. The increasing market competition may hinder the Target Group's ability to retain and recruit talents, secure new customers and maintain its growth.

Effect of changes in the PRC environmental laws and regulations

The Target Group had, up to the Latest Practicable Date, complied with all existing relevant PRC environmental protection laws, rules and regulations. However, the Target Group cannot give assurance that the PRC government will not impose stricter laws or regulations in relation to environmental protection. If the Target Group fails to comply with any change in the relevant laws and regulations, the Target Group may be subject to penalties or even suspension or closing down of our business by relevant authorities. Furthermore, compliance with any amended environmental law or regulation may force us to incur significant capital expenditure, which may adversely and materially affect our operation and profitability.

Outbreak of natural or other disasters

The outbreak of natural disasters, wars, terrorist attacks, political unrests and epidemics, or other events beyond our control, could adversely affect the overall business sentiment and the environment in the areas where the Target Group operates, especially if such outbreak is inadequately controlled. This would result in a decreased customer demand, a shortage in the supply of labour force as well as raw materials for our production, and even the deterioration of the general economic environment, which would have a material adverse impact on the Target Group's business.

6. INFORMATION OF THE GROUP AND THE ENLARGED GROUP

A. Present intention

The Company does not have any (i) present intention to change the composition of the Board and senior management of the Company; (ii) present intention to make any change to the Company's shareholding structure; and (iii) arrangement, agreement, understanding, negotiation (concluded or otherwise) on (a) any disposal, termination or scaling down of the Group's existing businesses; or (b) injection of any other new business to the Group apart from the Acquisition.

Given that the Company intends to retain the existing management team of the Target Group after Completion and one of the executive Directors, Mr. Lin, has relevant experience in the business of content filling of aerosol cans as he was the founder of Botny Chemical, the Company does not expect that there will be any interruption to the operations of the Target Group after Completion. The Company will consider recruiting candidates who possess the relevant industry experience to supplement the existing management of the Target Group when necessary.

B. Trading and financial prospects of the Enlarged Group

As mentioned under the paragraph headed "Reasons for the Acquisition" in this circular, the Directors believe that the Acquisition will allow the Group to capture downstream profit margins by gaining access to downstream distribution channels and enhance its revenue sources as well as to bring maximum return to its Shareholders.

The Target Group is generating positive cash flow from operating activities and has been profitable. As stated in the paragraph headed "Financial information of the Group" in this circular, the Directors confirms that the Group has sufficient working capital for the Group's requirements for at least the next twelve months from the date of this circular, taking into account available banking facilities, other financial resources available and cash flows from its operations and completion of the Acquisition.

Upon Completion, the key management of the Target Company will remain unchanged. The Directors consider that with such experienced management team, the Group will have sufficient management expertise and qualified personnel at operational level to operate the business of the Target Group, and the Group will also be benefited from the cost and operation efficiency and other synergy effect arising from the sharing of the management expertise and financial resources between the Group and the Target Group.

In light of the above, the Directors are of the view that the Acquisition will enhance the performance of the Enlarged Group and the return to the Shareholders as a whole.

7. LISTING RULES IMPLICATIONS

As all applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition pursuant to Rule 14.06(5) of the Listing Rules and a connected transaction of the Company pursuant to Rule 14A.25 of the Listing Rules by reason of the Vendor, being Mr. Lin, an executive Director, the chairman and a controlling shareholder of the Company. The Acquisition Agreement and the transactions contemplated therein are therefore subject to the approval by Independent Shareholders at the EGM by poll. Mr. Lin and his associates have abstained from voting at the Company's board resolutions and shall also abstain from voting at the EGM approving the Acquisition Agreement and the transaction contemplated therein. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the Latest Practicable Date, apart from Mr. Lin and his associates, which are interested in 75% of the issued share capital of the Company, no other Shareholder has a material interest in the Acquisition which is different from the other Shareholders, and is required to abstain from voting in respect of the Acquisition in the EGM under the Listing Rules.

(II) PROPOSED GRANT OF SPECIFIC MANDATE

As the Cash Consideration will be funded by the issue of the Placing Shares and part of the consideration for the Acquisition will be satisfied by way of the Company issuing the Convertible Notes, the Company will seek the grant of the Specific Mandate from the Independent Shareholders to allot and issue the Placing Shares and the Conversion Shares upon conversion of the Convertible Notes.

In any event, (i) the Placing Shares shall not be more than 30% of the Company's existing issued Shares; (ii) the issue price of the Placing Shares shall not be less than the higher of (a) HK$1.08; and (b) the average market price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the signing of the placing agreement. The Company estimated that in order to negotiate and conclude the placing agreement and given the timetable for the Acquisition, the Specific Mandate will be for a period of three months after approval is obtained from the Independent Shareholders at the EGM.

No listing of the Convertible Note will be sought on the Stock Exchange or any other stock exchanges. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon the conversion of the Convertible Note.

As Mr. Lin has material interest in the issue of Placing Shares and Conversion Shares under the Specific Mandate, Mr. Lin and his associates have abstained from voting at the Company's board resolutions and will abstain from voting at the EGM in respect of the resolution regarding the grant of the Specific Mandate.

(III) PROPOSED INCREASE OF AUTHORISED SHARE CAPITAL

As at the Latest Practicable Date, the Company has an unissued authorised share capital of HK$3,772,150 whereby 377,215,000 ordinary Shares of HK$0.01 each can be issued. For the purpose of the proposed issue of the Conversion Shares to settle part of the Consideration under the Acquisition Agreement, the Board proposes to increase the authorised share capital of the Company from HK$7,800,000 (which is currently divided into 780,000,000 ordinary Shares of HK$0.01 each) to HK$15,000,000 divided into 1,500,000,000 ordinary Shares of HK$0.01 each. The proposed increase of the authorised share capital of the Company is subject to, and shall take effect upon, the passing of an ordinary resolution by the Shareholders at the EGM.

Mr. Lin and his associates have abstained from voting at the Company's board resolution and will voluntarily abstain from voting at the EGM in respect of the resolution regarding the proposed increase of the authorised share capital of the Company due to Mr. Lin's material interest in the Conversion Shares. As such, the relevant resolution will be voted by the Independent Shareholders at the EGM.

EXTRAORDINARY GENERAL MEETING

The EGM will be held for considering and, if thought fit, passing the ordinary resolution to approve the Acquisition Agreement and the transactions contemplated thereunder. A notice convening the EGM to be held at 3:00 p.m. on 16 December 2014 at the conference room at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong is set out on pages EGM-1 to EGM-3 of this circular.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 22/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof if you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, the proposed resolution put to the vote of the Shareholders at the EGM will be taken by poll. The results of the voting at the EGM will be announced by the Company following the conclusion thereof.

An announcement of the results of the EGM will be published on the date of the EGM or not later than 30 minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the business day following the EGM as prescribed under Rule 13.39(5) of the Listing Rules.

RECOMMENDATION

The Independent Board Committee has been established to advise the Independent Shareholders whether the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition, the issue of the Convertible Bonds and the issue and allotment of the Conversion Shares and the Placing Shares) are fair and reasonable so far as the Independent Shareholders are concerned.

The Independent Financial Adviser, Nuada Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders in that connection.

The text of the letter from Nuada Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 46 to 64 of this circular and the text of the letter from the Independent Board Committee to the Independent Shareholders is set out on pages 44 to 45 of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, is of the opinion that the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition, the issue of the Convertible Bonds, and the issue and allotment of the Conversion Shares and Placing Shares) are fair and reasonable and are in the interest of the Company and the Shareholders as a whole and accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

In addition, the Board is of the view that the proposed increase of authorised share capital is in the best interest of the Company and the Shareholders as a whole and the Board recommends the Independent Shareholders to vote in favour of such resolution at the EGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

As Completion is subject to the fulfillment of conditions precedent which are detailed in this circular under the paragraph headed "Conditions Precedent", the Acquisition may or may not be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

By Order of the Board
China Aluminum Cans Holdings Limited
Chamlong Wachakorn
Executive Director

The following is the text of a letter of advice from the Independent Board Committee, prepared for the purpose of incorporation in this circular, setting out its recommendation to the Independent Shareholders.

CHINA ALUMINUM CANS HOLDINGS LIMITED
中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6898)

29 November 2014

To the Independent Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE

We refer to the circular of the Company dated 29 November 2014 (the "Circular"), of which this letter forms part. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Circular.

We have been appointed by the Board as members of the Independent Board Committee to advise you on the terms of the Acquisition Agreement and the transactions contemplated thereunder (including the Acquisition, the issue of the Convertible Bonds, the allotment and issue of the Conversion Shares). Nuada Limited have been appointed as the Independent Financial Adviser to advise you and us in this regard. Details of their advice, together with the principal factors and reasons they have taken into consideration in giving such advice, are set out on pages 46 to 64 of this circular. Your attention is also drawn to the "Letter from the Board" in this circular and the additional information set out in the appendices thereto.

Having considered the terms of the Acquisition Agreement and taking into account the advice of the Independent Financial Adviser, in particular the principal factors, reasons and recommendations as set out in their letter, we consider that the entering into of the Acquisition Agreement and the performance of the transactions contemplated thereunder are in the interests of the Group and the Independent Shareholders as a whole, and the terms of the Acquisition Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

We therefore recommend you to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully
the Independent Board Committee

Mr. Chung Yi To	**Ms. Guo Yang**	**Mr. Leung Man Fai**	**Dr. Lin Tat Pang**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of the letter of advice to the Independent Board Committee and Independent Shareholders from the Independent Financial Adviser dated 29 November 2014 prepared for incorporation in this circular.

Nuada Limited
Corporate Finance Advisory

Unit 1805-08, 18/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan, Hong Kong
香港上環永樂街93-103號
協成行上環中心18樓1805-08室

29 November 2014

To the independent board committee and the independent shareholders of
China Aluminum Cans Holdings Limited

Dear Sirs,

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION INVOLVING ISSUE OF CONVERTIBLE NOTE UNDER SPECIFIC MANDATE

INTRODUCTION

We refer to our appointment as the independent financial adviser to the independent board committee and the independent shareholders of China Aluminum Cans Holdings Limited (the "**Company**") in relation to the acquisition of the Sale Shares, which represent the entire issued share capital of the Target Company at an aggregate consideration of HK$900 million, details of which are set out in the letter from the board (the "**Letter from the Board**") contained in the circular to the shareholders of the Company dated 29 November 2014 (the "**Circular**"), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

After trading hour on 3 October 2014, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Acquisition Agreement with the Vendor in relation to the acquisition of the Sale Shares, which represent the entire issued share capital of the Target Company at an aggregate consideration of HK$900 million. The Consideration of HK$900 million will be satisfied (i) as to HK$120 million by cash; and (ii) as to HK$780 million by the issue of Convertible Note by the Company on Completion.

As the relevant applicable percentage ratios (as defined under Chapter 14 of the Listing Rules) in respect of the Acquisition exceed 100%, the Acquisition constitutes a very substantial acquisition transaction for the Company pursuant to Rule 14.06(5) of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of the Announcement and the Latest Practicable Date, as Mr. Lin, being the Vendor, is an executive Director and a controlling shareholder of the Company being beneficially interested in 300 million Shares (representing approximately 74.5% of the total issued share capital of the Company), the Vendor is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction for the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The EGM will be convened for the purpose of, among others, considering, and if thought fit, approving the Acquisition Agreement, including the issue and allotment of the Conversion Shares. The Vendor and its associates will abstain from voting in respect of the resolutions approving the Acquisition and the transactions contemplated under the Acquisition Agreement at the EGM.

The Independent Board Committee, comprising Mr. Leung Man Fai, Dr. Lin Tat Pang, Ms. Guo Yang and Mr. Chung Yi To, all of whom are independent non-executive Directors, has been established to give advice and recommendation to the Independent Shareholders in respect of the Acquisition. We, Nuada Limited, have been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in this regard.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Circular and provided to us by the Company, the management of the Company and the Directors. We have assumed that all information, opinions and representations contained or referred to in the Circular and all information, opinions and representations which have been provided by the Company, the management of the Company and the Directors, for which they are solely and wholly responsible, were true, accurate and complete at the time when they were made and continue to be so as at the date of the EGM.

Accordingly, we have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information, opinions and representations contained in the Circular, or the reasonableness of the opinions expressed by the management of the Company and the Directors provided to us. The Directors collectively and individually accept full responsibility for the accuracy of the information in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts the omission of which would make any statements in the Circular misleading. Furthermore, we relied on the Company that they have provided us sufficient information to reach an informed view and to provide a reasonable basis for our opinions. We have relied on such information and opinions but have not, however, conducted any independent in-depth investigation into the business, financial conditions and affairs or the future prospects of the Company nor have we considered the taxation implication on the Company or the Shareholders as a result of the Acquisition.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our advice with regard to the fairness and reasonableness of the terms of the Acquisition Agreement, we have taken into consideration the following factors and reasons:

1. Reason and benefit of the Acquisition

(i) Business of the Group

According to the Letter from the Board and the Company's annual report for the year ended 31 December 2013 ("**FY2013**") (the "**Annual Report**"), the principal activities of the Group are engaged in the manufacturing of monobloc aluminium 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.

Set out below are the breakdown of the Group's revenue and segment profit/(loss) for the two years ended 31 December 2012 and 31 December 2013 with reference to the Annual Report and the Company's interim reports for the six months period ended 30 June 2014 (the "**Interim Report**").

	For the year ended 31 December		**For the six months period ended 30 June**	
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Unaudited)	(Unaudited)
Revenue	273,923	260,311	130,353	112,618
Gross profit	91,154	96,768	49,530	37,755
Total comprehensive income for the period/ Total comprehensive income for the period, net of tax	40,165	43,784	22,120	7,615
Earnings per Share attributable to ordinary equity holders of the parent				
— Basic	HK12.8 cents	HK10.8 cents	HK6.2 cents	HK2.6 cents
— Diluted	HK12.8 cents	HK10.7 cents	HK6.2 cents	HK2.5 cents

As stated above, we noted that the revenue of the Group decreased from (i) approximately HK$273.9 million for the year ended 31 December 2012 ("**FY2012**") to approximately HK$260.3 million for FY2013 which represent a decrease of approximately 5.0%; and (ii) approximately HK$130.4 million for the six months period ended 30 June 2013 to approximately HK$112.6 million for the six months period ended 30 June 2014 which represent a decrease of approximately 13.7%.

As stated in the Annual Report and according to the Directors, the decrease in revenue for FY2013 was mainly due to the decease of the Group's overseas sales from approximately HK$150.3 million for FY2012 to approximately HK$112.7 million for FY2013 which represent a decrease of approximately 25.0% as a result of the competition from smaller overseas aerosol cans manufactures. And according to the interim report of the Company for the six months period ended 30 June 2013, the sales figure of the Group's overseas sales decreased from approximately HK$91.6 million for the six month period ended 30 June 2012 to approximately HK$53.6 million for the six month period ended 30 June 2013. The aforesaid decrease in overseas sales was partly compensated by the increase of the domestic sales in the PRC from approximately HK$123.6 million for FY2012 to approximately HK$147.6 million for FY2013 which represent an increase of approximately 19.4%.

However, the domestic sales of the Group also experienced a downward trend for the six months period ended 30 June 2014 due to the decrease in domestic demand of the Group's packaging products as a result of the slowdown of consumable. According to the Interim Report, the domestic sales of the Group decreased from approximately HK$76.8 million for the six month period ended 30 June 2013 to approximately HK$63.9 million for the six month period ended 30 June 2014. In addition to the decrease in the domestic sales of the Group, the overseas sales further deteriorate from approximately HK$53.6 million for the six month period ended 30 June 2013 to approximately HK$48.8 million for the six month period ended 30 June 2014 which represent a decrease of approximately 9.0%.

Set out below are the breakdown of the Group's sales by geographical area for the past two financial years.

	For the year ended 31 December		**For the six months period ended 30 June**		
	2012	**2013**	**2012**	**2013**	**2014**
	HK'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Unaudited)	(Unaudited)	(Unaudited)
Mainland China	123,628	147,622	54,382	76,750	63,851
Overseas	150,295	112,689	91,608	53,603	48,767

In addition, the earnings per Share (diluted) (i) decreased from approximately HK12.8 cents for the year ended 31 December 2012 to approximately HK10.7 cents for the year ended 31 December 2013 and (ii) decreased from approximately HK6.2 cents for the six months period ended 30 June 2013 to approximately HK2.5 cents for the six months period ended 30 June 2014. According to the management of the Company, the Annual Report, and the Interim Reports, we understand that the decrease of the earnings per Share was mainly due to unfavourable business performance of the Group as stated above.

As stated in the Letter from the Board and according to the Annual Report, as the Company has concentrated in manufacturing of monobloc aluminum aerosol cans for the customers in overseas and the high end personal care products in the PRC, we are of the view that any factor that affect the demand of the aforesaid two markets would resulting in the unfavourable business performance of the Group and it is the situation of the Company since the FY2013.

According to the management of the Company, it is the policy of the Company to broaden the Company's revenue and/or profit base through further development of the existing business and/or expansion into other profitable businesses. Based on the business nature of the Group and the business performance of the Group since FY2013 as stated above, the management of the Group decide to expand downstream into the aerosol industry through the Acquisition.

Based on (i) the downward trend of the overseas sales since the 1st half of FY2013; (ii) the decrease of the domestic sales since the 1st half of 2014; (iii) the positive market outlook of the Target Group (please refer to the section headed "Information of the Target Group" below); and (iv) the Acquisition can broaden the Company's revenue and/or profit base, we are of the view that the Acquisition is inline of the Company's policy to broaden its revenue and profit base.

(ii) Information of the Target Group

Please refer to the section headed "Information of the Target Group" in the Letter from the Board for the detailed information of the Target Group.

As stated in the Letter from the Board and the business licenses of each of the subsidiaries of the Target Group, we understand that the principal operating subsidiary of the Target Group is Botny Chemical and it is principally engaged in the content filling of aerosol cans, and production and sale of aerosol products and non-aerosol products. According to the management of the Company and according to the information provided by the Company, we understand that Botny Chemical has been sourcing aluminium aerosol cans from the Group as packaging materials for its customers and its own products for not less than six years.

Set out below is the financial information of the Target Group for each of the two financial years ended 31 December 2013 and eight months period ended 31 August 2013 and eight months period ended 31 August 2014 with reference to Appendix II "Accountants' Report of the Target Group" in this circular:

	For the year ended 31 December		**For the eight months period ended 31 August**	
	2012	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Unaudited)	(Audited)
Turnover	516,938	523,464	337,264	332,807
Net profits after taxation	46,917	58,546	29,097	37,328

	As at 31 December 2012	**As at 31 December 2013**	**As at 31 August 2014**
	HK$'000	*HK$'000*	*HK$'000*
Total assets	214,302	253,370	398,078
Net assets	29,389	89,734	189,557

The products produced and sold by Botny Chemical can be identified into two major categories, i.e. aerosol products and non-aerosol products which represent approximately 80% and 20% of the Target Group's revenue for the year ended 31 December 2013. Please refer to the paragraph headed "Products sold by Botny Chemical" in the Letter from the Board for the detailed information of the products sold by Botny Chemical. According to the management of the Group, we understand that around 80% of the Botny Chemical's products in terms of sales figures are used in car/motorcycle care services, such as air refrigerants, air conditioner disinfectant cleaner, paint remover, spray paint, wax, multi-purpose foam cleaner, carburettor cleaner, anti-rust lubricating spray, etc.

As stated in the table above, we understand that the financial performance of the Target Group is positive for the past two financial years. The net profit after taxation of the Target Group increased from approximately HK$46.9 million for the year ended 31 December 2012 to approximately HK$58.5 million for the year ended 31 December 2013 which represent an increase of approximately 24.7% and the figure was approximately HK$37.3 million for the eight months period ended 31 August 2014 which represent an increase of approximately 28.2% when compared with that for the same period in previous year.

The net profits margin of the Target Group also increased from approximately 9.1% for the year ended 31 December 2012 to approximately 11.2% for the year ended 31 December 2013. It remained at approximately 11.2% for the eight months period ended 31 August 2014.

We reviewed the relevant legal documents of Botny Chemical including, (i) Corporate Business License《企業法人營業執照》; (ii) Organization code certificate《組織結構代碼證》; (iii) Tax Registration Certificate《稅務登記證》; (iv) Foreign Exchange Registration Certificate《外匯投資卡》; (v) Certificate of Approval for Establishment of Enterprises with Investment of Taiwan, Hong Kong, Macao and overseas Chinese in the PRC《中華人民共和國台港澳僑投資企業批准證書》; (vi) Financial Registration Certificate of Foreign-invested Enterprises《外商投資企業財政登記證》; (vii) Certificate of Overseas Investment《企業境外投資證書》; (viii) Production Safety License《安全生產許可證》; (ix) Declaration Registration Certificate of the Customs of the PRC for the Consignor or Consignee of Imported Goods《中華人民共和國海關進出口貨物收發貨人報關注冊登記證書》. According to the final draft legal opinion (the "**Legal Opinion**") prepared by the PRC legal adviser of the Company (the "**PRC Legal Adviser**") and discussion with the PRC Legal Adviser, we understand that according to 《中華人民共和國企業法人登記管理條例》(Regulations of the PRC on Administration of the Registration of Enterprise Legal Persons),《中華人民共和國公司法》(Company Law of the PRC) and other relevant rules and restrictions, the aforesaid documents of Botny Chemical are legal and enforceable and the operation of Botny Chemical is legal.

We noted that the Target Company together with its subsidiaries owned 3 rights in utilizing land owned by the PRC government and 8 properties as justified by the corresponding Certificate of the Use of State-owned Land《國有土地使用權證》and Certificate of Real Estate Ownership《房地產權證》respectively as established by the PRC government. Based on the aforesaid certificates and the discussion with the PRC Legal Adviser and according to the Legal Opinion, we are of the view that the land use rights and properties owned by the Target Company and its subsidiaries are valid and enforceable.

As discussed with the PRC Legal Adviser and according to the Legal Opinion, the trademarks and patents owned by the Group, according to《中華人民共和國商標法》(Trademark Law of the PRC) as published by the Trademark Office of the State Administration for Industry & Commerce of the PRC and 《中華人民共和國專利法》(Patent Law of the PRC) published by State Intellectual Property Office of the PRC respectively, are valid in terms of legitimacy and enforceability.

In reviewing the Target Company's tax payment, we also reviewed various Certificate of Income Tax Payment 《稅收完稅證明》and Notice of Secret Tax Information of Taxpayers and Withholding Agents 《納稅人、扣繳義務人涉稅保密信息告知書》of Botny Chemical as established by the Conghua Local Taxation Bureau on 14 July 2014 and 12 September 2014 respectively. According to the discussion with the PRC Legal Adviser and the Legal Opinion, we understand that Botny Chemical has complied with,《中華人民共和國企業所得稅法》(Enterprise Income Tax Law of the PRC) and《中華人民共和國增值稅暫行條例》(The Provisional Regulation of the PRC on Value-added Tax).

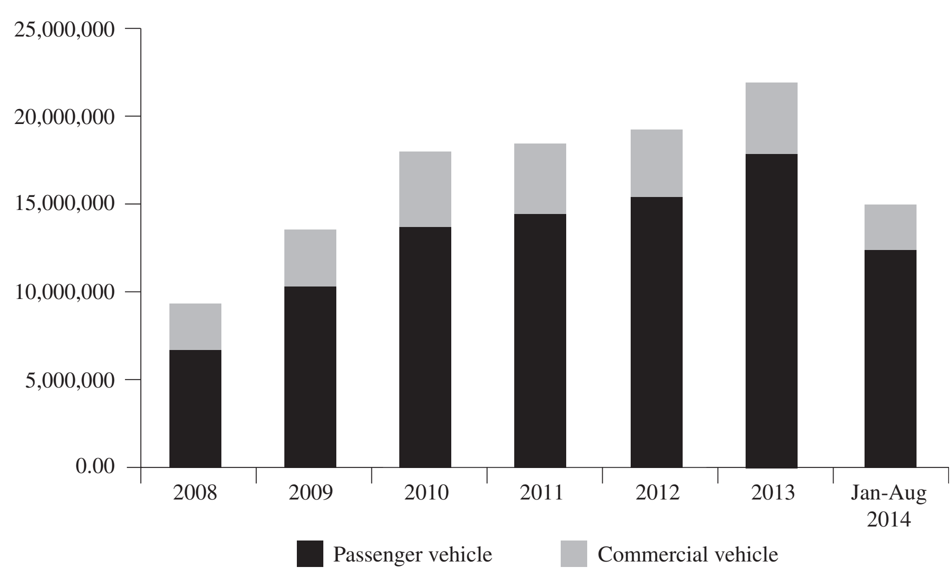
According to the management of the Company, we understand that Legal Opinion and discussion with the PRC Legal Adviser, we understand that Botny Chemical signed Labour Contract《勞動合同》with its employees and purchased social insurance with its employee which is legal and enforceable under the《中華人民共和國勞動法》(Labor Law of the PRC), 《中華人民共和國勞動合同法》(Employment Contract Law of the PRC) and Social Insurance Law of the PRC《中華人民共和國社會保險法》.

Having reviewed the above aspects of Botny Chemical, we are of the view that Botny Chemical are legally established and the business operation is legal according to the related PRC laws.

In order to demonstrate the performance of the target market of the Target Group in the past few years, we reviewed the historical performance of the PRC vehicles market as most of the Botny Chemical's revenue are derived from products are used in car/motorcycle care services as stated above.

According to China Association of Automobile Manufacturers, the graph below shows the number of passenger and commercial vehicle (which is the market of Botny Chemical) sales in China from 2008 to August 2014. The number of passenger and commercial vehicle sales in China surged from approximately 9.39 million units in 2008 to approximately 21.45 million units in 2013, with an increment rate of 128.43% during the aforesaid period. From January 2014 to August 2014, the total sale of passenger and commercial vehicle is recorded at approximately 15.02 million, with an increase of approximately 13.39 million when comparing with the corresponding period of 2013.

The graph below shows the number of passenger and commercial vehicle sales in China for a period from 2008 to August 2014.



Source: China Association of Automobile Manufacturers

In order to improve the environment condition and degree of the traffic congestion in city area, a number of local governments in the PRC, such as Beijing (2010), Guangzhou (2012), Tianjin (2013) and Hangzhou (2014) imposed some regulations to control the growing rate of the number of vehicle in the city area since year 2010. Since we cannot predict whether the local government would impose more strictly policy to control the growing rate of the vehicle in the PRC, we cannot predict the future growing trend of the number of the vehicle in the PRC. However, as stated in the figure above, we noted that the number of the vehicle sold still increase since 2010.

Since we cannot predict the future growing trend of the demand of the vehicles in the PRC, we focus on the figure of the fixed capital investment in road network by the PRC government as it is an indicator of the PRC government's expectation on the growth of the number of vehicles in the PRC in the near future. According to the Ministry of Transport of the PRC, from January 2014 to August 2014, approximately RMB899.3 billion has been invested for road and highway network construction in the PRC, representing an increase of approximately 14.2% compared to that of the corresponding period in 2013, in which the highway construction has increased by approximately 7.3% to approximately RMB449.7 billion while the general national and provincial road construction and rural roads construction has surged by approximately 21.5% and approximately 22.8% to approximately RMB280.5 billion and approximately RMB169.1 billion respectively.

Based on the above, we are of the view that the growth of the number of vehicles in the PRC is positive and as car care service products are complementary goods of vehicles, the consumption of car care service products would be in positive trend.

Overall, based on (i) the downward trend of the overseas sales of the Group's products since the 1st half of FY2013; (ii) the decrease of the domestic sales of the Group's products since the 1st half of 2014; (iii) the positive market outlook of the Target Group as stated above; (iv) the Acquisition can broaden the Company's revenue and/or profit base (please refer to the section headed "Financial effect of the Acquisition on the Group" below); (v) the historical business performance of the Target Group as stated above; (vi) the historical trend of the number of vehicles sold in the PRC as stated above; and (vii) the fixed capital investment in road network by the PRC government as stated above, we are of the view and concur with the view of the Directors that the Acquisition is beneficial to the Group and the Shareholders as a whole.

2. Consideration and funding for the Acquisition

(i) Basis of the Consideration

As stated in the Letter from the Board, the aggregate consideration for the Acquisition is HK$900 million which will be satisfied (i) as to HK$120 million by cash; and (ii) as to HK$780 million by the issue of Convertible Note by the Company on Completion.

Valuation Report

In order to access whether the Consideration is fair and reasonable, we compare the Consideration to the business valuation of the Target Group based on the valuation report (the "**Valuation Report**") prepared by Roma Appraisals Limited, an Independent Third Party (the "**Valuer**"). We have performed the following work done:

(1) Experience of the Roma Appraisals Limited and their engagement

After discussion with the Valuer, we noted that Mr. Luk Kee Yan, Kelvin ("**Mr. Luk**") and Mr. Terry Hui ("**Mr. Hui**") are responsible for the preparation of the Valuation Report. Mr. Luk is the member of the International Association of Consultants, Valuators and Analysts and has more than nine years of experience in business valuations and consultation and Mr. Hui is charterholder of the Chartered Financial Analyst designation administered by the Chartered Financial Analyst Institute, Financial Risk Manager certified by the Global Association of Risk Professionals and has more than four years of experience in business and other valuations and consultation. Given that Mr. Luk and Mr. Hui have plenty of practical experience in business valuations, we are of the view that they are qualified to provide a reliable valuation of the valuation of the Target Group. We, therefore, consider that the Valuer is qualified to provide a reliable valuation of the Target Group.

We asked the Company to provide the engagement letter with the Valuer to review its engagement. Based on the aforesaid engagement letter and our discussion with the Valuer in relation to their terms of engagement, in particular, their scope of work, we noted that as there is no limitation on the scope of work which might adversely impact on the degree of assurance given by them in their report, we consider that their scope of work is appropriate to the opinion required to be given.

(2) Site visit

We conducted the site visit on 8 October 2014 to review the status and conditions of the Target Group. We reviewed the production process of the Target Group by investigating their production line as well as all the relevant legal approvals and business certificates or licenses which would renew upon expiry as confirmed by the Target Group.

(3) Valuation assumptions and methodology

The Valuation Report is the opinion of the Valuer of the market value of the Target Group which the Valuer would define as intended to mean "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 and where the parties had each acted knowledgeably, prudently and without compulsion" according to the

International Valuation Standards established by the International Valuation Standards Council in 2011. According to the Valuer, the preparation of the Valuation Report is complied with the International Valuation Standards established by the International Valuation Standards Council.

a. Valuation assumptions

Please refer to Appendix IV to this circular for the detailed description of the valuation assumptions of the Valuation Report.

We discussed with the Valuer regarding the aforesaid assumptions and noted that it is the normal assumptions in relation to the valuation of the Target Group.

b. Valuation methodology

It is stated in the Valuation Report that the Valuer had considered three general accepted valuation approaches, i.e. market-based approach, income-based approach and asset-based approach.

In the valuation of the Target Group, the income-based approach has been rejected as a variety of assumptions had to be made, which could adversely affect the validity of the valuation result. The asset-based approach has also been rejected as the future earning potential of the Target Group could not been captured, indicating that the market value of the Target Group could not been reflected. As a result, the Valuer had adopted the market-based approach.

Under market-based approach, the Valuer has adopted the price-to earnings ratio ("**P/E ratio**"). The Valuer has adopted several listed companies with business scopes and operations similar to those of the Target Group as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria: (i) the companies are principally engaged in manufacturing and trading of chemical products for automotive and household uses in the PRC; (ii) the companies have sufficient listing and operating histories; and (iii) the financial information of the companies is available to the public. Based on the aforesaid selection criteria, the Valuer identified six comparable companies. According to the closing price of the share and the latest financial information of the aforesaid comparable companies, the Valuer adopted the median of the P/E ratio of the aforesaid comparable companies to establish the P/E ratio of the Target Company. As advised by the Valuer, the calculation basis for the median of the P/E ratio of aforesaid comparable companies is the numerical value separating the higher half of a data sample, i.e. the aforesaid comparable companies, from the lower half. The median of a finite list of numbers can be found by arranging all the observations from lowest value to highest value and picking the middle one. If there is an even number of data samples, i.e. the case of aforesaid comparable companies, then there is no single middle value, the median is then usually defined to be the mean of the two middle values. After discussion with the Valuer, we noted that the median can be used as a measure of location when one requires reduced importance to be attached to outliers, i.e. the aforesaid comparable companies with the highest and lowest P/E ratio and the aforesaid calculation basis is normally accepted. In calculation of the value of the Target Company, apart from the aforesaid P/E ratio of the Target Company, the Valuer also imposed the factor of marketability discount and control premium. According to the Valuer, the above factors are adopted because (i) as the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company, a marketability discount of 16.15% as referenced from 2014 edition of the FMV Restricted Stock Study Companion Guide issued by FMV Opinions, Inc., an independent firm offering a board range of financial advisory services, has to be adopted in the valuation; and (ii) as the Target Company is an entire issued share capital of the Target Group, a control premium of 26.40%, as referenced from the Mergerstat Control Premium Study (2nd Quarter 2014) issued by FactSet Mergerstat, LLC, a leading information provider related to global mergers and acquisitions, has to be adopted to reflect the higher marketability of a controlling interest. Based on the aforesaid calculation method, the Valuer considered that the value of the Target Group is HK$1,514 million. Please refer to paragraph headed "8.5 Marketability Discount and Control Premium" of the Valuation Report in Appendix IV to this circular for the detailed calculation methods of the valuation prepared by the Valuer.

As discussed with the Valuer, we consider that it is a general market practice to apply marketability discount and control premium in valuing non-marketable controlling interest. Based on the factors as stated above, we are of the view that the value of the Target Group, i.e. HK$1,514 million is justifiable.

As the Consideration represents a discount of approximately 40.55% to the value of the Target Group as stated in the Valuation Report, we are of the view that the Consideration is fair and reasonable.

In order to provide one more reference for the Independent Shareholders to assess the fairness of the Consideration, we compare the implied P/E ratio of the Consideration, i.e. ratio of the Consideration to the latest audited net profit figure of the Target Group, 15.4 times to other listed companies in the Stock Exchange and the stock market in the PRC with business scopes and operations similar to those of the Target Group (the "**Comparable Companies**").

The Comparable Companies were selected according to the following selection criteria: (i) similar business of the Target Company, i.e. over 80% revenue is contributed from the sale of aerosol products applied in car care services with reference to their relevant latest annual reports; (ii) over 50% of the revenue is generated from the PRC with reference to the geographical segment of revenue; and (iii) listed company on the Stock Exchange or the stock market in the PRC. Based on our initial findings, since we cannot identify any comparable which fulfils the abovementioned requirements, we relax our selection criteria to (i) the companies are principally engaged in manufacturing and trading of chemical products for automotive and household uses in the PRC as that of the Target Group; (ii) over 30% of the revenue is generated from the PRC with reference to the geographical segment of revenue; and (iii) listed company on the Stock Exchange or the stock market in the PRC. We consider that the selection criteria are fair and reasonable. Based on the above selecting criteria, we have identified six Comparable Companies. The table below shows the detail of the Comparable Companies that we have identified and reviewed and the list are exhaustive.

Company Name (Stock Code)	Business	Listing Location	Market Capitalization as at the Last Trading Day *HK$*	Closing Price per share of respective Comparable Companies as at the Last Trading Date *HK$*	Earnings per share of respective Comparable Companies according to their latest published annual report *HK$*	P/E ratio
Yip's Chemical Holdings Limited (408.HK)	Manufacture and trades high molecular chemical products and mixed solvents, paints, raw solvents, lubricants, and inks. The Company also sub-leases storage of solvents in bulk.	Hong Kong	2,943,209,487	5.23	0.446	11.73
China Ludao Technology Co. Ltd. (2023.HK)	Manufacturer of **aerosol** products in the PRC. The Company is principally engaged in the research and development, manufacture and sale of aerosol and related products. China Ludao's products include, household and auto care products, air fresheners, personal care products, and insecticides.	Hong Kong	536,000,000	1.34	0.088 *(Note)*	15.23
China Sanjiang Fine Chemicals Co Ltd. (2198.HK)	Manufactures and supplies consumer chemicals and their ingredients. Its main product is ethylene oxide and AEO surfactants which are the core components for household cleansing and cosmetic products.	Hong Kong	4,151,174,720	4.18	0.77 *(Note)*	5.43

Company Name (Stock Code)	Business	Listing Location	Market Capitalization as at the Last Trading Day *RMB*	Closing Price per share of respective Comparable Companies as at the Last Trading Date *RMB*	Earnings per share of respective Comparable Companies according to their latest published annual report *RMB*	P/E ratio
Shenzhen Rainbow Fine Chemical Industry Co., Ltd. (002256.CH)	Researches, manufactures and markets aerosol products.	China	4,243,954,000	13.49	0.19	71.00
Guangdong Delian Group Company Limited (002666.CH)	Manufactures and sells automotive fine chemicals. The Company's main products include antifreezing fluid, brake fluid, power steering fluid, automatic transmission fluid, engine oil, fuel additives, adhesives, and other related products.	China	5,152,000,000	16.10	0.5	32.20
Hubei Huitian New Materials Co., Ltd. (300041.CH)	Researches, produces and sells adhesives and chemicals. The Company offers products including organic silica gel, acrylic adhesive, anaerobic adhesive, epoxy glue, and polyurethane glue.	China	3,272,656,800	19.37	0.5262	36.81

	Consideration of the Acquisition *HK$*	Turnover as at 31 December 2013 *HK$*	P/E ratio
Target Group	900,000,000	523,464,000	15.37

Note: The value obtained from the source are in RMB, which is then transformed to HKD using a rate of HKD1.255:RMB1 as quoted from the Hang Seng Bank Foreign Currency Notes Exchange Rates as at 6 October 2014, the business date immediately after the date of the Announcement.

Source: the Stock Exchange web-site (www.hkex.com.hk), Bloomberg (http://www.bloomberg.com)

Based on the above table, we noted that the P/E ratio of the Comparable Companies ranged from approximately 5.43 times to approximately 71.00 times. In order to obtain the fair value of mean of the P/E ratio of the Comparable Companies, we exclude the highest and the lowest P/E ratio of the Comparable Companies (i.e. 5.43 times of China Sanjiang Fine Chemicals Co. Ltd. and 71.00 times of Shenzhen Rainbow Fine Chemical Industry Co., Ltd) to calculate the mean of the P/E ratio of the Comparable Companies, and obtain a mean of approximately 23.99 times. Since the implied P/E ratio of the Consideration is within the range and below the mean of that of the Comparable Companies, we are of the view that the Consideration is fair and reasonable.

(ii) Funding for the Acquisition

Placing Shares

As stated in the Letter, the Consideration shall be satisfied (i) as to HK$120 million by cash; and (ii) as to HK$780 million by the issue of Convertible Note by the Company on Completion.

According to the term of the Acquisition Agreement, the Cash Consideration, i.e. HK$120 million, will be funded by the issue of the Placing Shares. As stated in the Letter from the Board, the issue price of the Placing Shares shall not be less than the higher of (a) HK$1.08; and (b) the average market price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the signing of the placing agreement in relation to the placement of the Placing Shares.

In order to assess the fairness of the issue price of the Placing Shares, we compare the issue price of the Placing Shares to other issuance of new shares under specific mandate by other listed companies announced recently in the Stock Exchange recently (the "**Comparable Transactions**"), i.e. one month immediately before the date of the Acquisition Agreement (from 4 September 2014 to 3 October 2014). As the issue price of the Placing Shares shall not be less than the higher of (a) HK$1.08; and (b) the average market price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the signing of the placing agreement in relation to the placement of the Placing Shares, the issue price of the Placing Shares would not less than HK$1.08 per Placing Share (the "**Lowest Issue Price**") and we compare the Lowest Issue Price to the relevant issue price of the Comparable Transactions. The Lowest Issue Price represent a premium of approximately 1.9% over the closing price of HK$1.060 per Share as quoted on the Stock Exchange on the Last Trading Day; and represent a premium of approximately 1.7% over the average closing price of HK$1.062 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

According to the website of the Stock Exchange, we identified 4 Comparable Transactions, which is an exhaustive list according to our selection criteria; we consider the 4 Comparable Transactions represent fair and representative samples for comparison purpose as they (i) consist of issuance of new shares under specific mandate by other listed companies in the Stock Exchange in which the nature of the fund raising activities is similar to that of the Company and (ii) were announced recently i.e. one month immediately before the date of the Acquisition Agreement (from 4 September 2014 to 3 October 2014). The details of the Comparable Transactions are set out below.

Company	Stock code	Date of the respective announcement	Premium/ (Discount) of the respective placing price of the shares to their respective closing price of the shares as at the respective last trading day (%)	Premium/ (Discount) of the respective placing price of the shares to their respective average closing price of the shares of last five consecutive trading days (%)
Lianhua Supermarket Holdings Co., Ltd.	980.HK	19-Sep-14	(13.51)	(13.32)
Sound Global Ltd.	967.HK	18-Sep-14	(9.19)	(7.32)
Perception Digital Holdings Limited	1822.HK	15-Sep-14	(50)	(45.80)
National Agricultural Holdings Limited	1236.HK	26-Sep-14	3.81	2.38
Mean			(17.22)	(16.02)
Maximum			3.81	2.38
Minimum			(50)	(45.80)
The Company			1.9	1.7

Source: the Stock Exchange website (www.hkex.com.hk)

According to the above table, we noted that the range of the ratio of relevant issue price per new shares to their respective closing price per share as at the date of the relevant last trading day represent a discount of approximately 50% to a premium of approximately 3.81% and with the mean of a discount of approximately 17.22%. Therefore, the ratio of the Lowest Issue Price to the closing price of the Shares is better than that of the Comparable Transactions.

In addition, the Lowest Issue Price represents a premium of approximately 43.6% over the net asset per Share as at 30 June 2014, i.e. HK$0.752, according to the latest published interim report of the Company.

Based on the above, we concur with the view of the Directors and are of the view that the Lowest Issue Price is fair and reasonable.

Convertible Note

Please refer to the section headed "Terms of the Convertible Note" in the Letter from the Board for the detailed terms of the Convertible Note.

The Conversion Price represents (i) a premium of approximately 1.9% over the closing price of HK$1.060 per Share as quoted on the Stock Exchange on the Last Trading Day; (ii) a premium of approximately 1.7% over the average closing price of HK$1.062 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (iii) a premium of approximately 43.6% over the net asset per Share as at 30 June 2014, i.e. HK$0.752, according to the latest published interim report of the Company.

In order to assess the fairness of the Conversion Price, we compare the Conversion Price to other issuance of convertible note/bond by other listed companies to other parties including connected persons in the Stock Exchange recently (the "**Comparable CN(s)**"), i.e. one month immediately before the date of the Acquisition Agreement (from 4 September 2014 to 3 October 2014). The list of the Comparable CNs are exhaustive, and fair and representative samples as (i) it is the issuance of convertible note/bond by other listed companies in which the nature of the fund raising activities is similar to that of the Company and (ii) announced recently i.e. one month immediately before the date of the Acquisition Agreement (from 4 September 2014 to 3 October 2014).

With reference to the website of the Stock Exchange, we identified 6 Comparable CNs. According to the Comparable CNs, we noted that the range of the issue price of the convertible note/bond to their respective closing price of the share represent a discount from approximately 23.1% to a premium of approximately 56.9% and with the mean of premium of approximately 3.46%.

Since (i) the ratio of the Conversion Price to the closing price of the Shares as stated above is within the range of that of the Comparable CNs; (ii) the Conversion Price represents a premium of approximately 43.6% over the net asset per Share as at 30 June 2014, i.e. HK$0.752, according to the latest published interim report of the Company; (iii) Convertible Note will not carry any interest, we are of the view that the terms of the Convertible Note is fair and reasonable and is in the interests of the Group and the Shareholders as a whole.

3. Alternatives to the issue of the Convertible Note

The issue of the Convertible Note is chosen as one of the method for funding of the Acquisition. Comparing with other fund raising methods, such as open offer, right issue, placing of new Share or borrowing from commercial banks, the Directors believe that the issue of the Consideration Note at Conversion Price is the best alternatives for the following reasons:

(i) The average daily trading volume of the Shares for a period from 2 October 2013 to 3 October 2014 (being the date of the Acquisition Agreement) is approximately 867,137 Shares, representing approximately 0.8% of the Shares held in the hand of public and approximately 0.22% of the entire issued Share capital of the Company as at the date of the Acquisition Agreement. Given the dollar value of the Convertible Note and as the trading volume of the Shares is thin, the Directors believe that there is uncertainty that the Company would be able to engage suitable securities firms as underwriters to fully underwriter an open offer, a right issue or issue of new Shares at the Conversion Price; and

(ii) Other funding methods as stated above would incur underwriting commission or interest which is the financial costs to the Group.

Having considered the thin trading volume of the Shares, the cost of other funding methods and the Convertible Price is justifiable as stated in the sub-section headed "Consideration and funding for the Acquisition" as stated above, we are of the view and concur with the view of the Directors that the issue of the Convertible Note is the best fund-raising alternatives available to the Group.

4. Financial effects of the Acquisition on the Group

The Appendix III to this circular set out various analyses on the potential financial effects of the Acquisition on the Group, which were prepared based on the audited financial information of the Group as at 31 December 2013 as set out in Appendix I to this circular and the accountant's report of the Target Company as stated in Appendix II to this circular. It should be noted that the figures and financial impact shown in this section are for illustrative purpose only.

(a) Net Assets

As set out in the unaudited pro forma statement of assets and liabilities of the Enlarged Group in Appendix III to this circular, the total assets of the Enlarged Group as at 30 June 2014 will increase from approximately HK$394.46 million to approximately HK$792.38 million as a result of the Acquisition, meanwhile, the total liabilities of the Enlarged Group as at 30 June 2014 will slightly increase from approximately HK$93.67 million to approximately HK$306.14 million. The net asset will also increase from approximately HK$300.79 million as at 30 June 2014 to approximately HK$486.24 million upon Completion.

(b) Earnings

Upon Completion, the Target Company will become a wholly-owned subsidiary of the Group, and the net results of the Target Company will be consolidated to the Group's accounts. According to the unaudited pro forma statement of profit or loss and other comprehensive income of the Enlarged Group for the year ended 31 December 2013, details of which are set out in Appendix III to this circular, the revenue and the profit for the year will increase from approximately HK$260.31 million and approximately HK$ 38.06 million respectively to approximately HK$779.89 million and approximately HK$90.98 million respectively, as a result of the Acquisition.

(c) Dilution on the shareholding rights of the Independent Shareholders

Shareholders should note that as a result of the Acquisition and the issue of the Consideration Shares, the shareholdings of existing public Shareholders will be diluted from approximately 25.5% to approximately 17.3% inevitably (on the assumption that (i) HK$120 million has been raised, in fulfilment of condition precedent (j) at the assumed placing price of HK$1.08; and (ii) the issue of Conversion Shares). Taking into account that the reasons and benefit of the Acquisition, the Lowest Issue Price and terms of the Convertible Note, are fair and reasonable, we consider that the aforementioned level of dilution to the shareholding interests as a result of the Acquisition are acceptable as far as the Independent Shareholders are concerned.

RECOMMENDATION

Having considered the above principal factors, in particular, (i) Reason and benefits of the Acquisition; (ii) Consideration and funding for the Acquisition; (iii) Alternatives to the issue of the Convertible Note; (iv) the Valuation Report; and (v) Financial effects of the Acquisition on the Group, we are of the opinion that the terms of the Acquisition are on normal commercial terms and are not in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and Shareholders as a whole. Accordingly, we recommend (i) the Independent Board Committee to advise the Independent Shareholders; and (ii) the Independent Shareholders, to vote in favor of the relevant resolutions at the EGM to approve the Acquisition Agreement and the transactions contemplated thereunder.

Yours faithfully,
For and on behalf of
Nuada Limited

Kevin Chan
Director

Kevin Wong
Vice President

1. THREE YEARS FINANCIAL INFORMATION

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Company for the two years ended 31 December 2012 are disclosed in Appendix I of the Prospectus.

The audited consolidated financial statements, together with the accompanying notes to the financial statements, of the Company for the year ended 31 December 2013 are disclosed on pages 37 to 96 of the Company's annual report for the year ended 31 December 2013.

The unaudited consolidated financial statements, together with the accompanying notes to the financial statements, of the Company for the six months ended 30 June 2014 are disclosed on pages 10 to 34 of the Company's interim report for the six months ended 30 June 2014.

All of the above information has been published on both the Stock Exchange website (www.hkexnews.hk) and the Company's website (www.euroasia-p.com). Hyperlinks to the Prospectus, annual report and the interim report of the Company are set out below:

Prospectus:

http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0628/LTN20130628117.pdf

annual report of the Company for the year ended 31 December 2013:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0331/LTN20140331300.pdf

interim report of the Company for the six months ended 30 June 2014:

http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0827/LTN20140827305.pdf

2. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below is a summary of the management discussion and analysis of the performance of the Group for the three years ended 31 December 2013 and the six months ended 30 June 2014 as extracted from the Prospectus, the annual report of the Company for the year ended 31 December 2013 and the interim report of the Company for the six months ended 30 June 2014. For details, please refer to the respective Prospectus, annual report and interim report of the Company.

A. For the year ended 31 December 2012

FINANCIAL REVIEW

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$5.1 million for the year ended 31 December 2012, primarily due to the decrease in exchange gains and realized gains on our foreign currency forward contracts as a result of modest appreciation of RMB against US$.

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.

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.

LIQUIDITIY AND CAPITAL RESOURCES

Net Current Liabilities

We had net current liabilities of approximately HK$30.9 million and HK$11.5 million as at 31 December 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.

Borrowings and the Pledge of Assets

As at 31 December 2012, our bank borrowings repayable within one year were approximately HK$56.3 million (31 December 2011: HK$87.7 million) and HK$54.5 million (31 December 2011: HK$24.6 million) repayable in two to five years.

As at each of the two years ended 31 December 2012, the Group had outstanding bank borrowings of 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. The Group had been in compliance with all of the covenants under all of our bank borrowings.

As at 31 December 2012, our Group had bank facilities guaranteed by Mr. Lin amounting to approximately HK$172 million (31 December 2011: 100 million), of which HK$98 million (31 December 2011: HK$60 million) was utilized.

Gearing Ratio

Our gearing ratio remained relatively stable at 66.7% and 67.7% as at each of the two years ended 31 December 2012 respectively.

Contingent Liabilities

As at 31 December 2012, the Group had no significant contingent liabilities.

Contractual Obligations

As at 31 December 2012, the Group's operating lease and capital commitment amounted to HK$0.3 million (31 December 2011: HK$32,000) and HK$0.2 million (31 December 2011: HK$0.3 million), respectively.

CURRENCY RISK

For each of the two years ended 31 December 2012, approximately 62.1% and 54.9% of our sales were denominated in US$, whilst the remaining was in RMB. On the manufacturing side, over 90% of the production costs were settled in RMB. Therefore, there is a currency mismatch between our US$ revenue and RMB production costs, which gives rise to exposure to foreign exchange risks. Furthermore, there is 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.

We had 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. As a result of the appreciation of RMB against US$, we managed to book approximately HK$1.9 million and HK$0.62 million of realized gains on the forward contracts respectively during the two years ended 31 December 2012. As at 31 December 2012, we did not have any outstanding foreign currency forward contracts.

FORWARD PURCHASE OF ALUMINUM INGOTS

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. The cost of aluminum ingots and slug processing fees accounted for approximately 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 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. However, 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.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2012, the Group had employed a total of 386 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK$23.5 million for the year ended 31 December 2012 (2011: HK$21.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group.

The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2012, the Group did not have any significant investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

The Group had no future plans for material investments or capital assets, except for the plans which had been disclosed in the section headed "FUTURE PLANS AND USE OF PROCEEDS" in the Prospectus.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2012, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

B. For the year ended 31 December 2013

BUSINESS OVERVIEW

During the Reporting Period, our Group is principally engaged in the manufacturing 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, the Group has 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. 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 2013, the Group recorded revenue from the PRC, the Middle East and Africa of HK$147.6 million, HK$59.1 million and HK$36.9 million, accounting for 56.7%, 22.7% and 14.2% of our total revenue respectively.

The Group's overseas revenue had decreased by 25.0% during the Reporting Period, as a result of the competition from smaller overseas aerosol cans manufacturers. However, the increasing urban household disposable income in recent years has led to the substantial growth of PRC's consumer market, as such the Group's PRC revenue increased by 19.4%. 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 better quality packaging products such as aluminum aerosol cans.

The Group had completed the installation of a pre-owned production line which came into full operation in the third quarter of 2013 and our annual production capacity increased to approximately 260 million cans. We will continue to expand our production capacity and product range in our aluminum packaging business to capture market share.

The Group has taken measures on strengthening our research and development team and cost control in order to improve our profitability. Our Board is highly alert to any changes in the present uncertain global economy, and remains confident on and committed to the continuation of our mission to maintain our leading position in the PRC through innovation and expansion to capture market share so as to deliver sustainable growth and profitability to the Group.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2013, the Group recorded revenue of approximately HK$260.3 million (2012: HK$273.9 million), representing a decrease of approximately 5.0% as compared to the corresponding period of 2012. The decrease in revenue was primarily due to the decrease in sales to the Group's overseas customers.

During the Reporting Period, the Group sold 96.1 million cans (2012: 82.4 million cans) to PRC customers and recorded revenue of HK$147.6 million (2012: HK$123.6 million). Whereas, the Group recorded revenue from overseas customers of HK$112.7 million (2012: HK$150.3 million) for the sale of 84.5 million cans (2012: 104.6 million cans). The increase in the Group's PRC sales was mainly due to the rising demand from our major PRC customers and increase in the sales of aluminum aerosol cans for the packaging of refrigerants.

Cost of Sales

Cost of sales of the Group for the year ended 31 December 2013 was approximately HK$163.5 million (2012: HK$182.8 million), representing a decrease of approximately 10.6% as compared to the corresponding period of 2012. Such change was mainly due to the decrease in the cost of aluminum ingots purchased in the period. The average purchase price of aluminum ingots had decreased by approximately 10.3% from 2012 to 2013.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2013, the Group recorded gross profit of approximately HK$96.8 million (2012: HK$91.2 million), representing an increase of approximately 6.1% as compared to the corresponding period of 2012. The gross profit margin was approximately 37.2% (2012: 33.3%), representing an increase of approximately 3.9% as compared to the corresponding period of 2012. The increase in gross profit margin was primarily due to (i) the increase in our sales volume in the PRC market which has a higher gross profit margin as compared to overseas markets; (ii) the continuous decrease in the price of aluminum ingots; and (iii) increase in sales of 66mm aluminum aerosol cans used for the production of refrigerants which has a higher profit margin as compare to other smaller aluminum aerosol cans.

Other Income and Gains

For the year ended 31 December 2013, other income and gains mainly comprises sale of scrap materials, bank interest income, government grants, fair value gains on outstanding foreign currency forward contracts and exchange gains. Other income and gains of the Group was approximately HK$11.7 million (2012: HK$5.1 million), representing an increase of approximately HK$6.6 million as compared to the corresponding period of 2012. Such increase was due to (i) the increase in sale of scrap materials of HK$2.6 million; (ii) the increase in government grants of HK$1.7 million; and (iii) the increase in exchange gains of HK$1.7 million for the year ended 31 December 2013.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, business travel and entertainment expenses, and advertisement and promotion costs. For the year ended 31 December 2013, selling and distribution expenses was approximately HK$9.5 million (2012: HK$9.0 million), representing an increase of approximately 5.6% as compared to the corresponding period of 2012. The increase was primarily due to the increase in advertisement and promotional costs as a result of the expansion of our PRC sales.

Administrative Expenses

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, research and development expenses, professional consulting fees, depreciation, share option expense and other miscellaneous administrative expenses. For the year ended 31 December 2013, administrative expenses was approximately HK$32.0 million (2012: HK$23.6 million) after excluding a one-off listing expenses of approximately HK$10.7 million (2012: HK$5.7 million), representing an increase of 35.6% as compared to the corresponding period of 2012. The increase in administrative expenses was due to (i) share option expenses of HK$2.8 million; (ii) an increase in professional and consulting fee of approximately HK$2.4 million, mostly in relation to the renewal of the "High- and New-Technology Enterprise" (高新技術企業) status; and (iii) an increase in research and development expenses of approximately HK$1.8 million.

Finance Costs

For the year ended 31 December 2013, the Group recorded finance costs of HK$5.9 million (2012: HK$8.2 million), representing a decrease of approximately 28.0% as compared to the corresponding period of 2012. The decrease in finance cost was due to the decrease in average monthly bank borrowings.

Income Tax Expense

The income tax expense of the Group for the year ended 31 December 2013 was HK$10.6 million, representing a slight increase as compared to HK$8.4 million for the corresponding period of 2012. Effective income tax rate for the current period was approximately 21.8%, which was higher as compared with approximately 17.1% for the corresponding period of 2012. The higher effective income tax rate was due to the non-deductible listing expenses and share option expenses incurred in 2013.

Net Profit

The Group's net profit for the year ended 31 December 2013 was approximately HK$38.1 million (2012: HK$40.9 million), representing a decrease of approximately 6.8% as compared to the corresponding period of 2012. Net profit margin for the year ended 31 December 2013 was approximately 14.6% (2012: 14.9%) representing a slight decrease of approximately 0.3% as compared to the corresponding period of 2012. Such decrease was primarily due to the listing expenses of approximately HK$10.7 million and share option expenses of HK$2.8 million incurred during the period.

Dividend

The Board of Directors recommended a final dividend of HK$0.03 per share for the year ended 31 December 2013 whose names appear on the register of members of the Company on 14 May 2013 (For the year ended 31 December 2012: nil).

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

As at 31 December 2013, the Group had net current assets of approximately HK$109.6 million (31 December 2012: net current liabilities of HK$11.5 million). As a result of the successful listing of the Company's shares, the Group's cash and cash equivalents had increased from HK$2.4 million as at 31 December 2012 to HK$107.4 million (of which HK$56.1 million, HK$6.5 million and HK$44.8 million are denominated in RMB, US$ and HK$ respectively) as at 31 December 2013. As such, the current ratio of the Group had improved to approximately 2.1 as at 31 December 2013 (31 December 2012: 0.9).

Borrowings and the Pledge of Assets

The bank borrowings of the Group, which were secured by our properties, plant and equipment, land use rights and pledged bank deposits amounted to approximately HK$107.3 million (of which HK$63.2 million, HK$43.0 million and HK$1.1 million and denominated in RMB, US$ and HK$ respectively) as at 31 December 2013 with maturity date from 2014 to 2018 (31 December 2012: HK$110.7 million), in which HK$64.9 million will be expired before 31 December 2014.

As at 31 December 2013, Mr. Lin Wan Tsang ("Mr. Lin"), a controlling shareholder of the Company provided guarantees to certain banking facilities of the Group (the "Guarantees") amounting to HK$136.5 million (2012: HK$172.0 million), of which HK$87.1 million (2012: HK$97.6 million) were utilized. Prior to listing, the Group has obtained confirmations from the PRC branch of the relevant bank granting these facilities for the replacement of the Guarantees by the corporate guarantee of the Company upon successful listing of the Company's shares. As at the date of this report, the Company is in the progress of completion of formalities with the bank.

Gearing Ratio

As a result of the increase in the Group's reserves in the equity, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately 35.4% as at 31 December 2013 (31 December 2012: 67.7%). Further details of the Group's bank borrowings are set out in note 27 of the notes to the audited financial statements.

Contingent Liabilities

As at 31 December 2013, the Group had no significant contingent liabilities.

Contractual Obligations

As at 31 December 2013, the Group's operating lease and capital commitment amounted to HK$0.5 million (31 December 2012: HK$0.3 million) and HK$4,000 (31 December 2012: HK$0.2 million), respectively.

Foreign Exchange Exposure and Exchange Rate Risk

Approximately 43.3% of the Group's revenue for the year ended 31 December 2013 were denominated in US$. However, over 70% of the production costs were settled in RMB. Therefore there is a currency mismatch between US$ revenue and RMB production costs, which give rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US$ sales proceeds received from export sales is different from the rate at which the Group used to book the US$ sales transactions at the time of sales.

We have 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. As a result of the appreciation of RMB against US$, we managed to account for approximately RMB1.5 million of realized gains on the forward contracts for the year ended 31 December 2013.

As at 31 December 2013, we had outstanding foreign currency forward contracts with notional amounts of US$2.1 million. A fair value gain on the outstanding foreign currency forward contracts of approximately HK$0.2 million had been recognized for the year ended 31 December 2013.

Forward Purchase of Aluminum Ingots

The major raw materials for manufacturing of aluminum aerosol cans are aluminum slugs which are processed from aluminum ingots. Aluminum ingots are a widely used metal commodity, as such the price of aluminum ingots fluctuates depending on the market supply and demand conditions.

In order to avoid our business from being negatively impacted by substantial increases in the cost 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 increase in the spot price of aluminum ingots after our forward purchases.

As at 31 December 2013, we had outstanding forward purchases with notional amounts of RMB1.6 million consisting of 125 tonnes of aluminum ingots.

Employees and Emoluments Policy

As at 31 December 2013, the Group had employed a total of 416 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK$24.5 million for the year ended 31 December 2013 (2012: HK$23.5 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group.

The emoluments of Directors have been determined with reference to the skills, knowledge, involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.

SIGNIFICANT INVESTMENTS HELD

During the year ended 31 December 2013, the Group did not have any significant investments.

USE OF PROCEEDS

Our business objectives and planned use of proceeds as stated in the prospectus dated 28 June 2013 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of our shares (the "Share Offer") were approximately HK$80 million. During the period from 12 July 2013 (the "Listing Date") to 31 December 2013, the net proceeds from the Share Offer had been applied as follows:

Business objectives as stated in the Prospectus	Actual net proceeds	Amount utilized up to 31 December 2013	Balance as at 31 December 2013
	HK$ million	*HK$ million*	*HK$ million*
Fund the expansion of the production capacity of the Company	48	—	48
Establish a new research and development laboratory	12	—	12
Repay our US$ denominated bank loan	16	16	—
General working capital	4	4	—
	80	20	60

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong in accordance with the intention of the Board as disclosed in the Prospectus.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

With the net proceeds of approximately HK$80 million raised from the Share Offer, the Group has utilized approximately HK$20 million to, among other, repay the US dollar denominated bank loan and for general working capital usage.

Apart from strengthening the Group's current business, the Group will explore new business opportunities as and when appropriate, in order to enhance shareholder's value.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2013, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

C. For the six months ended 30 June 2014

FINANCIAL REVIEW

Turnover

For the six months ended 30 June 2014, the Group has recorded a turnover of approximately HK$112.6 million (2013: HK$130.4 million), representing a decrease of approximately 13.7% as compared to the corresponding period of 2013. The decrease in revenue is mainly because of (i) the increasing competitions from small-sized overseas aerosol can manufactures; and (ii) a drop in market demand for packaging products from the Group's major customers in the PRC due to the adverse effect of the slowdown of the PRC's economy.

For the six months ended 30 June 2014, number of cans sold to PRC customers and overseas customers by the Group were approximately 35.9 million (2013: 49.2 million) and 38.8 million (2013: 41.4 million cans) respectively. The PRC customers and overseas customers contributed approximately HK$63.9 million (2013: HK$76.8 million) and HK$48.8 million (2013: HK$53.6 million) to the total revenue of the Group.

Cost of Sales

For the six months ended 30 June 2014, cost of sales of the Group amounted to approximately HK$74.9 million (2013: HK$80.8 million), representing a decrease of approximately 7.3% as compared to the corresponding period of 2013, and represent approximately 66.5% (2013: 62.0%) of the turnover in the period. Such change was mainly due to the decrease in the sales of higher profit margin products during the period ended 30 June 2014.

Gross Profit and Gross Profit Margin

The Group recorded a gross profit amounted to approximately HK$37.8 million for the six months ended 30 June 2014 (2013: HK$49.5 million), representing a decrease of approximately 23.6% as compared to the corresponding period of 2013. The gross profit margin decreased from approximately 38.0% for the six months ended 30 June 2013 to approximately 33.6% for the corresponding period of 2014. Such decrease was primarily due to the decrease in our sales in the PRC market, which has a higher gross profit margin as compared to overseas market.

Other Income and Gains

Other income and gains mainly comprises sale of scrap materials, bank interest income, government grants and exchange gains. For the six months ended 30 June 2014, other income and gains of the Group was approximately HK$3.5 million (2013: HK$6.5 million), representing a decrease of approximately HK$3.0 million as compared to the corresponding period of 2013. Such decrease was due to (i) the decrease in sale of scrap materials of HK$2.1 million; and (ii) decrease in fair value gains of derivative instruments of HK$1.0 million for the six months ended 30 June 2014.

Selling and Distribution Costs

Selling and distribution costs mainly consist of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, related business travel and entertainment expenses, and advertisement and promotion costs. For the six months ended 30 June 2014, selling and distribution costs was approximately HK$5.5 million (2013: HK$5.1 million), representing a increase of approximately 7.8% as compared to the corresponding period of 2013. The increase was primarily due to the increase in cost of transportation.

Administrative Expenses

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, research and development expenses, professional consulting fees, depreciation and other miscellaneous administrative expenses. For the six months ended 30 June 2014, administrative expenses was approximately HK$19.8 million (2013: HK$21.5 million). Excluding listing expense of HK$10.0 million incurred in 2013, there was an increase in administrative expenses of approximately HK$8.3 million. The increase was primarily due to (i) increase in professional fee of HK$2.8 million, which primarily consist of (a) audit fee of HK$1.1 million; (b) tax consultation fee of HK$0.8 million; and (c) audit and consultation fee in relation to the renewal of the ''High- and New-Technology Enterprise'' status of HK$0.3 million; (ii) share option expenses of HK$2.4 million; (iii) increase in staff salary and welfare expenses, primarily due to increase in Directors' fee and salaries of HK$1.1 million; and (iv) increase in research and development expenses of approximately HK$1.2 million.

Finance Costs

For the six months ended 30 June 2014, the finance costs of the Group was approximately HK$1.1 million (2013: HK$3.4 million), representing a decrease of approximately 67.6% as compared to the corresponding period of 2013. The decrease in finance cost was mainly due to the decrease in average monthly bank borrowings.

Income Tax Expense

For the six months ended 30 June 2014, the income tax expense of the Group was approximately HK$3.5 million (2013: HK$5.5 million), representing a decrease of approximately HK$2.0 million as compared to the corresponding period of 2013. Effective income tax rate increased from 22.6% for the six months ended 30 June 2013 to 25.4% for the six months ended 30 June 2014. The higher effective income tax rate for the six months ended 30 June 2014 was due to non-deductible expenses incurred outside PRC and PRC withholding tax on dividend distribution.

Net Profit

The Group's net profit amounted to approximately HK$10.5 million for the six months ended 30 June 2014 (2013: HK$19.0 million), representing a decrease of approximately 44.7% as compared to the corresponding period in 2013. Net profit margin for the six months ended 30 June 2014 was approximately 9.3% (2013: 14.6%), representing a decrease of approximately 5.3% as compared to the corresponding period of 2013. Such decrease was primarily due to the drop in gross profit margin and increase in administrative expenses for the reasons mentioned above.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

The Group had net current assets of approximately HK$85.7 million as at 30 June 2014 (31 December 2013: HK$109.6 million). The current ratio of the Group increased from approximately 2.1 as at 31 December 2013 to 2.2 as at 30 June 2014.

Borrowing and the Pledge of Assets

The bank borrowings of the Group, which were secured by our properties, plant and equipment, land use rights and pledged bank deposits amounted to approximately HK$52.2 million (of which HK$12.6 million, HK$38.6 million and HK$1.0 million were denominated in RMB, US$ and HK$ respectively) as at 30 June 2014 with maturity date from 2014 to 2018 (31 December 2013: HK$107.3 million), in which HK$34.3 million will be expired before 30 June 2015.

As at 30 June 2014, we had available unutilized banking facilities of approximately HK$65.5 million (31 December 2013: HK$83.7 million). Further details of the Group's bank borrowings are set out in note 19 of the notes to the interim condensed consolidated financial statements.

Gearing Ratio

As a result of the repayment of interest-bearing bank and other borrowings, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately 17.4% as at 30 June 2014 (31 December 2013: 35.4%). Further details of the Group's bank borrowings are set out in note 19 of the notes to the interim condensed consolidated financial statements.

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 43.3% of the Group's revenue for the six months ended 30 June 2014 were denominated in US$. However, over 90% of the production costs were settled in RMB. Therefore there is a currency mismatch between US$ revenue and RMB production costs, which give rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US$ sales proceeds received from export sales is different from the rate at which the Group used to book the US$ sales transactions at the time of sales.

We have 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. As a result of the appreciation of RMB against US$, we managed to account for approximately HK$0.4 million of realized gains on the forward contracts for the six months ended 30 June 2014.

As at 30 June 2014, we had outstanding foreign currency forward contracts with notional amounts of US$4.0 million. A fair value gain on the outstanding foreign currency forward contracts of approximately HK$15,000 had been recognized for the six months ended 30 June 2014.

FORWARD PURCHASE OF ALUMINUM INGOTS

The major raw materials for manufacturing of aluminum aerosol cans are aluminum slugs which are processed from aluminum ingots. Aluminum ingots are a widely used metal commodity, as such the price of aluminum ingots fluctuates depending on the market supply and demand conditions.

In order to avoid our business from being negatively impacted by substantial increases in the cost 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 increase in the spot price of aluminum ingots after our forward purchases.

As at 30 June 2014, we had no outstanding forward purchases of aluminum ingots as the aluminum price was relatively stable during the six months ended 30 June 2014.

CAPITAL EXPENDITURE

During the six months ended 30 June 2014, the Group invested approximately HK$2.6 million (2013: HK$38.2 million) in fixed assets, of which HK$1.8 million (2013: HK$0.8 million) was used for the purchase of motor vechicles for logistic purpose.

DIVIDEND

The Board does not recommend payment of interim dividend for the six months ended 30 June 2014 (2013: nil).

A final dividend of HK$0.03 per share for the year ended 31 December 2013 has been paid during the six months ended 30 June 2014.

EMPLOYEES AND EMOLUMENTS POLICY

As at 30 June 2014, the Group had employed a total of 397 employees. The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK$12.2 million for the six months ended 30 June 2014 (2013: HK$11.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group. The emoluments of Directors have been determined with reference to the skills, knowledge, and involvement in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.

SIGNIFICANT INVESTMENTS HELD

During the six months ended 30 June 2014, the Group did not have any significant investments.

USE OF PROCEEDS

Our business objectives and planned use of proceeds as stated in the prospectus dated 28 June 2013 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of our Shares (the "Share Offer") were approximately HK$80 million. During the period from 12 July 2013 (the "Listing Date"), being the date on which dealings in the Shares first commenced in The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to the date of this report, the net proceeds from the Share Offer had been applied as follows:

Business objectives as stated in the prospectus	**Use of proceeds as stated in the prospectus** *HK$ million*	**Actual use of proceeds from the Listing Date to the date of this report** *HK$ million*
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	20.7
Establish a new research and development laboratory	12.0	—
Partially repay US$ denominated bank loan	16.0	16.0
General working capital purposes	4.0	4.0
	80.0	40.7

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and PRC in accordance with the intention of the Board as disclosed in the Prospectus.

COMMITMENT

As at 30 June 2014, the Group's operating lease and capital commitment amounted to HK$0.3 million (31 December 2013: HK$0.5 million) and HK$8.7 million (31 December 2013: HK$4,000), respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business, the Group will explore new business opportunities as mentioned in the above section headed "BUSINESS AT A GLANCE". The Board believes a vertical integration strategy will allow the Group to capture downstream profit margins and gain access to downstream distribution channel. Therefore, the Group has been actively looking for potential downstream businesses for its expansion purpose.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the six months ended 30 June 2014, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies.

CONTINGENT LIABILITIES

As at 30 June 2014, the Group had no significant contingent liabilities.

3. STATEMENT OF INDEBTEDNESS

As at 30 September 2014, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of the circular, the Enlarged Group had outstanding bank loans of HK$133,469,000, of which, the amount of HK$1,165,000 was unsecured and the amount of HK$132,304,000 were secured by:

(a) the prepaid land lease payments with the carrying amount of HK$76,909,000;

(b) the plant, property and equipment with the carrying amount of HK$194,381,000;

(c) the prepaid land lease payments of the 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, a company controlled by Mr. Lin Wan Tsang);

(d) the property of Mr. Lin Wan Tsang;

(e) the charge over bank deposits of Mr. Lin Wan Tsang amounted to HK25,238,000.

As at 30 September 2014, the bank loans amounted to HK$71,610,000 were guaranteed bank loans of the Enlarged Group as follows:

(a) HK$34,444,000 were guaranteed by Mr. Lin Wan Tsang;

(b) HK$37,166,000 were guaranteed by the Company;

(c) HK$34,444,000 were guaranteed by 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), a company controlled by Mr. Lin Wan Tsang.

As at 30 September 2014, the Enlarged Group had outstanding finance lease payables of HK$941,000 (the contractual interest rate is 4.11%), of which, the amount of HK$232,000 was current and the amount of HK$709,000 was non-current.

As at 30 September 2014, the Enlarged Group did not have material contingent liabilities.

Save as aforesaid and apart from intra-group liabilities within the Enlarged Group and normal trade and other payables in the ordinary course of business, as at 30 September 2014, the Enlarged Group did not have any other outstanding borrowings, mortgages, charges, debentures, loan capital, bank overdrafts, debt securities or other similar indebtedness, liabilities under acceptances (other than normal trade bills), material contingent liabilities or other indebtedness in the nature of borrowings.

To the best knowledge of the Directors, having made all reasonable enquiries, there has been no material change in indebtedness or contingent liabilities of the Group since 30 September 2014 and up to the Latest Practicable Date.

4. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account of the financial resources available to the Enlarged Group, including the additional credit facilities from banks obtained subsequent to 30 September 2014 with an aggregate maximum credit amount of RMB55 million, the Enlarged Group's internally generated funds, the continued availability of funds from the banking and capital markets, and the cash flow impact arising from the Acquisition, the Enlarged Group has sufficient working capital to satisfy its requirements for the next twelve months from the date of this circular.

5. MATERIAL CHANGE

Save as disclosed in this section below, the Directors confirm that there has been no material change in the financial or trading position and outlook of the Group since 31 December 2013 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to the Latest Practicable Date and there has been no material change in the financial or trading position and outlook of the Target Group since 31 August 2014 (being the date to which the latest published audited consolidated financial statements of the Target Group were made up) up to the Latest Practicable Date:

The Group:

(a) The information contained in the profit warning announcement of the Company published on 30 May 2014, whereby the Board informed the Shareholders and potential investors that based on the preliminary review of the unaudited consolidated management accounts of the Group for the four months ended 30 April 2014, a material reduction in the revenue and net profit of the Group for the six months ending 30 June 2014 are expected as compared to those for the six months ended 30 June 2013. The expected material reduction in revenue and net profit is mainly attributable to (i) the significant decrease in overseas sales due to increasing competition from small-sized overseas aerosol can manufacturers; and (ii) a drop in market demand for packaging products from the Group's major customers in China due to the adverse effect of the slowdown of China's economy;

(b) The information contained in the interim results announcement of the Company for the six months ended 30 June 2014 published on 18 August 2014, whereby the Board announced the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2014, together with the comparative figures for the six months ended 30 June 2013;

(c) the transactions contemplated under the Acquisition Agreement; and

(d) the total fee and expenses in connection with the Acquisition Agreement and the transactions contemplated thereunder are estimated to be approximately HK$4.1 million.

The Target Group:

(a) the transactions contemplated under the Acquisition Agreement; and

(b) the completion of the acquisition of the non-controlling interest in Guangzhou Shentian from Euro Asia Aerosol and the settlement of the consideration of RMB96.4 million (approximately HK$121.4 million) on 30 September 2014.

The following is the text of a report, prepared for inclusion in this circular, received from Ernst & Young, Certified Public Accountants, Hong Kong.

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29 November 2014

The Directors
China Aluminum Cans Holdings Limited

Dear Sirs,

We set out below our report on the financial information of Topspan Holdings Limited (the "Target Company") and its subsidiaries (hereinafter collectively referred to as the "Target Group") comprising the combined statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows of the Target Group for each of the three years ended 31 December 2011, 2012 and 2013, and the eight months ended 31 August 2014 (the "Relevant Periods"), and the combined statements of financial position of the Target Group as at 31 December 2011, 2012 and 2013 and 31 August 2014, and the statement of financial position of the Target Company as at 31 December 2012, 2013 and 31 August 2014, together with the notes thereto (the "Financial Information"), and the combined statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Target Group for the eight months ended 31 August 2013 (the "Interim Comparative Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the circular of China Aluminum Cans Holdings Limited ("the Company") dated 29 November 2014 (the "Circular") in connection with the proposed very substantial acquisition of the entire share capital of the Target Company.

The Target Company was incorporated as an exempted company with limited liability in the British Virgin Islands ("BVI") on 3 July 2012. Pursuant to a group reorganisation as described in the paragraph headed "Shareholding structure of the Target Group before and after restructuring" in "Letter from the Board" to the Circular (the "Reorganisation"), which was completed on 24 November 2014, the Target Company became the holding company of the subsidiaries now comprising the Target Group. Apart from the Reorganisation, the Target 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 Target Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Target Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Target Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Target Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/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 Target Company (the "Directors") have prepared the combined financial statements of the Target 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 2011, 2012 and 2013, and the eight months ended 31 August 2014 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, the Financial Information and the Interim Comparative 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 and review conclusion on the Financial Information and the Interim Comparative Information, respectively, and to report our opinion and review conclusion 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.

We have also performed a review of the Interim Comparative Information in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets and liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly, we do not express an opinion on the Interim Comparative Information.

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 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Target Group as at 31 December 2011, 2012, 2013 and 31 August 2014, and of the state of affairs of the Target Company as at 31 December 2012, 2013 and 31 August 2014, and of the combined results and cash flows of the Target Group for each of the Relevant Periods.

Review conclusion in respect of the Interim Comparative Information

Based on our review which does not constitute an audit, for the purpose of this report, nothing has come to our attention that causes us to believe that the Interim Comparative Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

I. FINANCIAL INFORMATION

Combined statements of profit or loss and other comprehensive income

		Year ended 31 December			Eight months ended 31 August	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
REVENUE	*7*	513,162	516,938	523,464	337,264	332,807
Cost of sales		(445,214)	(405,430)	(402,589)	(259,901)	(249,957)
Gross profit		67,948	111,508	120,875	77,363	82,850
Other income and gains	*7*	10,554	4,700	16,925	7,033	8,507
Selling and distribution expenses		(26,069)	(39,323)	(37,317)	(28,434)	(24,841)
Administrative expenses		(5,436)	(4,637)	(6,445)	(4,647)	(7,172)
Research and development expenses		(15,946)	(16,385)	(22,089)	(14,925)	(11,832)
Other expenses		(9,363)	(105)	(400)	(36)	(756)
Finance costs	*9*	(1,263)	(944)	(2,275)	(1,740)	(1,280)
PROFIT BEFORE TAX	*8*	20,425	54,814	69,274	34,614	45,476
Income tax expense	*12*	(3,808)	(7,897)	(10,728)	(5,517)	(8,148)
PROFIT FOR THE YEAR/ PERIOD		16,617	46,917	58,546	29,097	37,328
Attributable to:						
Owners of the parent		16,617	46,917	58,546	29,097	37,328
OTHER COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD, NET OF TAX						
Exchange differences on translation of foreign operations		1,891	(8)	1,799	773	(1,160)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		18,508	46,909	60,345	29,870	36,168
Attributable to:						
Owners of the parent		18,508	46,909	60,345	29,870	36,168

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

		As at 31 December			As at 31 August
		2011	**2012**	**2013**	**2014**
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*15*	30,120	28,440	28,467	107,434
Other intangible assets	*17*	160	97	61	32
Prepaid land lease payments	*16*	1,268	1,234	1,241	59,278
Deferred tax assets	*25*	580	510	579	647
Non-current prepayments	*20*	29	349	1,254	577
Total non-current assets		32,157	30,630	31,602	167,968
CURRENT ASSETS					
Inventories	*18*	13,890	40,176	47,403	54,378
Trade and bills receivables	*19*	19,086	21,811	22,028	27,031
Prepayments, deposits and other receivables	*20*	16,428	14,757	7,797	8,327
Due from directors	*32*	—	—	225	—
Due from related parties	*32*	52,979	84,906	116,820	121,252
Derivative financial instruments	*28*	1,609	2,165	4,413	475
Pledged deposits	*21*	178	4,371	12,331	11,843
Cash and cash equivalents	*21*	10,115	15,486	10,751	6,804
Total current assets		114,285	183,672	221,768	230,110

		As at 31 December			As at 31 August
		2011	2012	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT LIABILITIES					
Trade and bills payables	*22*	4,375	52,714	80,050	86,961
Deposits received, other payables and accruals	*23*	27,079	21,606	26,119	30,162
Interest-bearing bank and other borrowings	*24*	15,467	50,688	24,716	87,201
Due to directors	*32*	—	—	—	64
Due to related parties	*32*	23,601	40	5,677	3,098
Dividend payable		53,117	56,067	21,696	—
Tax payable		1,820	3,473	4,716	—
Total current liabilities		125,459	184,588	162,974	207,486
NET CURRENT (LIABILITIES)/ ASSETS		(11,174)	(916)	58,794	22,624
TOTAL ASSETS LESS CURRENT LIABILITIES		20,983	29,714	90,396	190,592
NON-CURRENT LIABILITIES					
Deferred tax liabilities	*25*	241	325	662	1,035
Total non-current liabilities		241	325	662	1,035
Net assets		20,742	29,389	89,734	189,557
EQUITY					
Equity attributable to owners of the parent					
Issued capital	*26*	—	—	—	—
Reserves	*27*	20,742	29,389	89,734	189,557
Total equity		20,742	29,389	89,734	189,557

Combined statements of changes in equity

	Issued capital	Merger reserve	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
		(Note 27(i))	*(Note 27(ii))*			
At 1 January 2011	—	10,911	9,652	8,048	28,255	56,866
Profit for the year	—	—	—	—	16,617	16,617
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	—	—	—	1,891	—	1,891
Total comprehensive income for the year	—	—	—	1,891	16,617	18,508
Transfer from retained profits	—	—	1,713	—	(1,713)	—
Dividends declared	—	—	—	—	(54,632)	(54,632)
At 31 December 2011 and 1 January 2012	—	10,911*	11,365*	9,939*	(11,473)*	20,742
Profit for the year	—	—	—	—	46,917	46,917
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	—	—	—	(8)	—	(8)
Total comprehensive income for the year	—	—	—	(8)	46,917	46,909
Transfer from retained profits	—	—	4,285	—	(4,285)	—
Dividends declared	—	—	—	—	(38,262)	(38,262)
At 31 December 2012	—	10,911*	15,650*	9,931*	(7,103)*	29,389

	Issued capital HK$'000	Merger reserve HK$'000 (Note 27(i))	Statutory surplus funds HK$'000 (Note 27(ii))	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total equity HK$'000
At 31 December 2012 and 1 January 2013	—	10,911	15,650	9,931	(7,103)	29,389
Profit for the year	—	—	—	—	58,546	58,546
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	—	—	—	1,799	—	1,799
Total comprehensive income for the year	—	—	—	1,799	58,546	60,345
At 31 December 2013 and 1 January 2014	—	10,911*	15,650*	11,730*	51,443*	89,734
Profit for the period	—	—	—	—	37,328	37,328
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations	—	—	—	(1,160)	—	(1,160)
Total comprehensive income for the period	—	—	—	(1,160)	37,328	36,168
Establishment of a subsidiary *(note 32)*	—	121,449	—	—	—	121,449
Transfer from retained profits	—	—	5,891	—	(5,891)	—
Dividend declared	—	—	—	—	(57,794)	(57,794)
At 31 August 2014	—	132,360*	21,541*	10,570*	25,086*	189,557

	Issued capital HK$'000	Merger reserve HK$'000 (Note 27(i))	Statutory surplus funds HK$'000 (Note 27(ii))	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000
(Unaudited)						
At 31 December 2012 and 1 January 2013	—	10,911	15,650	9,931	(7,103)	29,389
Profit for the period	—	—	—	—	29,097	29,097
Other comprehensive income for the period:						
Exchange differences on translation of foreign operations	—	—	—	773	—	773
Total comprehensive income for the period	—	—	—	773	29,097	29,870
At 31 August 2013	—	10,911	15,650	10,704	21,994	59,259

Note:

* These reserve accounts comprise the combined reserves of HK$20,742,000, HK$29,389,000, HK$89,734,000 and HK$189,557,000 as at 31 December 2011, 2012, 2013 and 31 August 2014, respectively, in the combined statements of financial position.

Combined statements of cash flows

		Year ended 31 December			Eight months ended 31 August	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		20,425	54,814	69,274	34,614	45,476
Adjustments for:						
Finance costs	9	1,263	944	2,275	1,740	1,280
Bank interest income	7	(38)	(26)	(192)	(91)	(149)
Loss on disposal of items of property, plant and equipment	8	137	157	29	27	—
Fair value (gains)/losses, net:						
Derivative instruments — transactions not qualifying as hedges	8	(1,572)	(556)	(2,147)	732	3,902
Impairment/(reversal of impairment) of trade receivables	8	515	(471)	363	—	491
Impairment of other receivables	8	2,837	—	—	—	—
Depreciation	8	4,066	4,186	4,384	4,009	3,364
Amortisation of land lease prepayments	8	32	33	33	25	359
Amortisation of intangible assets	8	69	63	53	36	29
		27,734	59,144	74,072	41,092	54,752
Decrease/(increase) in inventories		20,426	(26,286)	(7,227)	(10,841)	(6,975)
Decrease/(increase) in trade and bills receivables		15,367	(2,254)	(603)	(2,241)	(5,482)
Decrease/(increase) in prepayments, deposits and other receivables		(13,321)	(3,798)	6,872	10,371	771
Increase in trade and bills payables		3,504	48,338	27,336	14,144	6,911
Decrease/(increase) in other payables and accruals		9,607	(5)	4,513	6,065	975
Decrease/(increase) in an amount due from related parties		(11,970)	(31,927)	(31,914)	(30,685)	(4,432)
Decrease/(increase) in an amount due from directors		—	—	(225)	—	225
Increase/(decrease) in an amount due to directors		—	—	—	—	64
Increase/(decrease) in an amount due to related parties		4,054	(23,561)	5,637	1,589	(2,579)
Cash received from operations		55,401	19,651	78,461	29,494	44,230
Interest received		38	26	192	91	149
PRC tax paid		(3,991)	(6,798)	(11,313)	(7,118)	(14,430)
Net cash flows from operating activities		51,448	12,879	67,340	22,467	29,949

		Year ended 31 December			Eight months ended 31 August	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment		(643)	(2,805)	(3,563)	(3,732)	(16,567)
Purchases of items of land lease prepayments		—	—	—	—	(1,914)
Proceeds from disposal of items of property, plant and equipment		307	135	1	1	2
Additions to other intangible assets		—	—	(15)	—	—
(Increase)/decrease in non-current prepayments		(1)	(321)	(906)	349	679
Decrease/(increase) in pledged deposits		450	(4,193)	(7,960)	(5,953)	488
Net cash flows from/(used in) investing activities		113	(7,184)	(12,443)	(9,335)	(17,312)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		74,839	133,069	171,178	129,706	142,743
Repayment of bank loans		(104,335)	(97,827)	(198,317)	(131,855)	(79,972)
Interest paid		(1,263)	(944)	(2,275)	(1,740)	(1,280)
Dividends paid		(20,246)	(32,600)	(35,576)	(21,810)	(79,324)
Net cash flows (used in)/from financing activities		(51,005)	1,698	(64,990)	(25,699)	(17,833)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		556	7,393	(10,093)	(12,567)	(5,196)
Exchange realignment		817	(2,022)	5,358	451	1,249
Cash and cash equivalents at beginning of year/period		8,742	10,115	15,486	15,486	10,751
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*21*	10,115	15,486	10,751	3,370	6,804

Statements of financial position

		As at 31 December		As at 31 August
		2012	2013	2014
	Note	*HK$'000*	*HK$'000*	*HK$'000*
CURRENT LIABILITIES				
Due to directors	*32*	—	18	18
Total current liabilities		—	18	18
NET CURRENT LIABILITIES		—	(18)	(18)
TOTAL ASSETS LESS CURRENT LIABILITIES		—	(18)	(18)
Net liabilities		—	(18)	(18)
EQUITY				
Equity attributable to owners of the parent				
Issued capital		—	—	—
Reserves		—	(18)	(18)
Total equity		—	(18)	(18)

II. NOTES TO THE FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Topspan Holdings Limited (the "Target Company") is a limited liability company incorporated in the British Virgin Islands on 3 July 2012. The Target Company's registered office address is Palm Grove House, P.O Box 438, Road Town, Tortola, British Virgin Islands.

The Target Company is an investment holding company and its subsidiaries are principally engaged in the content filling of aerosol cans, and production and sale of aerosol products and non-aerosol products. The ultimate controlling shareholder of the Target Group (the Target Company and its subsidiaries, collectively, the "Target Group") is Mr. Lin Wan Tsang (the "Controlling Shareholder").

The Target Company and its subsidiaries now comprising the Target Group underwent the Reorganisation as set out in the paragraph headed "Shareholding structure of the Target Group before and after restructuring" in "Letter from the Board" to the Circular. The Reorganisation was completed on 24 November 2014.

As at the date of this report, the Target 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 Target Company		Principal activities
				Direct	Indirect	
Subsidiaries:						
Botny Corporation Limited	*(1)*	Hong Kong 3 June 2013	HK$1	100	—	Investment holding
Guangzhou Botny Chemical Co., Ltd. ("Botny Chemical") (廣州保賜利化工有限公司)	*(2)*	Mainland China 30 August 2000	USD1,400,000	—	100	The content filling of aerosol cans, production and sale of aerosol products and non-aerosol products
Botny HongKong Co., Limited (保賜利香港有限公司)	*(3)*	Hong Kong 9 June 2010	USD100,000	—	100	Trading of aerosol and non-aerosol products
Guangzhou Shentian Woye Trading Company Limited ("Guangzhou Shentian") (廣州深田沃業貿易有限公司)	*(1)*	Mainland China 5 May 2014	RMB10,000,000	—	100	Investment holding
Guangzhou Chaoli Insulation Coating Company Limited ("Guangzhou Chaoli") (廣州超利隔熱塗料有限公司)	*(1)*	Mainland China 18 July 2014	RMB10,000,000	—	100	Investment holding

Notes:

(1) No statutory audited financial statements have been prepared for these entities since their respective date of incorporation.

(2) The statutory audited financial statements for the three years ended 31 December 2011, 2012 and 2013 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 (collectively "PRC GAAP") and were audited by Guangzhou Liuxi Certified Public Accountants Co., Ltd. (廣州流溪會計師事務所有限公司), certified public accountants registered in Mainland China.

(3) The statutory audited financial statements for the three years ended 31 December 2011, 2012 and 2013 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 SBC Certified Public Accountants Limited, certified public accountants registered in Hong Kong.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Shareholding structure of the Target Group before and after restructuring" in the section headed "Information on the Target Group" to the Circular, the Target Company became the holding company of the companies now comprising the Target Group on 24 November 2014. The companies now comprising the Target Group were under the common control of the Controlling Shareholder before and after the Reorganisation. Accordingly, for the purpose of this report, the Financial Information has been prepared on a combined basis by applying the principles of pooling-of-interests as if the Reorganisation 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 Target Group for the Relevant Periods include the results and cash flows of all companies now comprising the Target Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholder, where this is a shorter period. The combined statements of financial position of the Target Group as at 31 December 2011, 2012, 2013 and 31 August 2014 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 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 2014 together with the relevant transitional provisions, have been early adopted by the Target Group in the preparation of the Financial Information throughout the Relevant Periods and the period covered by the Interim Comparative Information.

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.

Subsequent to the reporting date, the Target Group had obtained additional bank facility from a PRC bank in the amount of RMB55,000,000 which is valid for 1 year expiring in November 2015. The PRC bank has confirmed in written to arrange the renewal of the bank facility upon expiry. In the case that the bank facility cannot be renewed, the Controlling Shareholder has agreed to provide the financial support and make available adequate finance to the Target Group to meet their financial obligations, at least for the next twelve months from the date of this report. The directors of the Target Company believe the bank facility can be renewed in November 2015 and therefore is of the opinion that it is appropriate to prepare the Financial Information on a going concern basis.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE IFRSs

The Target Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in the Financial Information.

IAS 19 Amendments	Amendments to IAS 19 Employee Benefits — Defined Benefit Plan: Employee Contributions[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IFRS 11 Amendments	Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*[4]
IAS 16 and IAS 38 Amendments	Amendments to IAS 16 and IAS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*[4]
IAS 16 and IAS 41 Amendments	Agriculture: Bearer Plants[4]
IFRS 15	*Revenue from Contracts with Customers*[5]
IFRS 9	*Financial Instruments*[6]
Annual Improvements Project	*Annual Improvements to IFRSs 2010–2012 Cycle*[2]
Annual Improvements Project	*Annual Improvements to IFRSs 2011–2013 Cycle*[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Generally for annual periods or transactions beginning on or after 1 July 2014, although entities are permitted to apply them earlier
3 Effective for first annual HKFRS financial statements beginning on or after 1 January 2016 and therefore not applicable to the Target Group
4 Apply prospectively for annual periods beginning on or after 1 January 2016
5 Apply prospectively for annual periods beginning on or after 1 January 2017
6 Effective for annual periods beginning on or after 1 January 2018

The Target 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 Target Group's results of operations and financial position.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted by the Target Group in arriving at the Financial Information set out in this report, are set out below:

Basis of combination

The Financial Information incorporates the financial statements of the Target Company and its subsidiaries for the Relevant Periods. The financial statements of the subsidiaries are prepared for the same reporting period as the Target Company, using consistent accounting policies. As explained in note 2.1 above, the acquisition of subsidiaries under common control has been accounted for using the pooling-of-interests method.

The pooling-of-interests method involves incorporating the financial statement items of the combining entities or businesses which underwent the Reorganisation 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 recognised 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 Reorganisation under common control.

Equity interests in subsidiaries and/or businesses held by parties other than the controlling shareholders and changes therein prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of pooling-of-interests method. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Target Group are eliminated in full on combination.

The Target Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. 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, directly or indirectly, controlled by the Target Company. Control is achieved when the Target Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Target Group the current ability to direct the relevant activities of the investee).

When the Target Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Target Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Target Group's voting rights and potential voting rights.

Fair value measurement

The Target Group measures its derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Target Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Target Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Target Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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 recognised 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 recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised 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/amortisation) had no impairment loss been recognised 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 Target 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 Target Group; (ii) has significant influence over the Target Group; or (iii) is a member of the key management personnel of the Target Group or of a parent of the Target Group; or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Target Group are members of the same group;

  (ii) one entity is an associate or joint venture of the Target Group (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Target 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 Target Group or an entity related to the Target 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 capitalised 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 Target Group recognises 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%–18%
Office and other equipment	3%–9%
Motor vehicles	9%–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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Target Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Target 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 capitalised 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 capitalised 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 consolidated 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 recognised on the straight-line basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, 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. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Target 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. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as other income and gains in profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS39 are satisfied.

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 amortised cost using the effective interest method. Amortised 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 amortisation is included in finance income in the combined statements of comprehensive income. The loss arising from impairment is recognised 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 derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Target 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 Target Group has transferred substantially all the risks and rewards of the asset, or (b) the Target Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Target 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 recognised to the extent of the Target Group's continuing involvement in the asset. In that case, the Target Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Target Group has retained.

Impairment of financial assets

The Target 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. An impairment exists if one or more events that occurred after the initial recognition of the asset have 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 reorganisation 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 amortised cost

For financial assets carried at amortised cost, the Target Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Target 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, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified 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).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised 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 recognised, the previously recognised 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 are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Target Group's financial liabilities include trade payables, financial liabilities included in other payables and accruals, interest-bearing bank borrowings and amounts due to directors and related parties.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised 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 recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised 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 amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised 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 recognised 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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

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. These derivative financial instruments are initially recognised 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.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable 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 Target 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 recognised 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 recognised 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 recognised outside profit or loss is recognised 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 countries in which the Target 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 recognised 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 recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, 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 utilised, 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 recognised 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 utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised 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 realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

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 recognised 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 recognised 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 instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Target 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 Target Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the provision for services, when the services are rendered;

(c) 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.

Employee retirement benefits

The employees of the Target Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the central pension scheme.

The Target Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Target Group in an independently administered fund. The Target Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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 recognised as a liability.

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 capitalised as part of the cost of those assets. The capitalisation 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 capitalised. 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.

Foreign currencies

The financial statements are presented in HK$, which the Target Company adopted as the presentation currency of the Target Group. Each entity in the Target 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 Target 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 reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated 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. On-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. 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 recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

On consolidation, the assets and liabilities of the Target Group's foreign operations are translated into the presentation currency of the Target Group which is HK$ at the exchange rates ruling 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 recognised 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 recognised in the combined statements of comprehensive income.

For the purpose of the combined statements of cash flows, the cash flows of the Target Group's foreign operations are translated into HK$ at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiaries which arise throughout the Relevant Periods are translated into HK$ at the weighted average exchange rates for each of the Relevant Periods.

5. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Target Group's financial statements requires management to make judgements, 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.

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 Target 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 Target 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 2011, 2012, 2013 and 31 August 2014 were HK$30,120,000, HK$28,440,000, HK$28,467,000 and HK$107,434,000. Further details are given in note 15.

Impairment of trade receivables

The Target Group estimates the provisions for impairment of trade receivables by assessing their recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Provisions are applied to trade receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, the difference will affect the carrying amount of trade receivables and thus the impairment loss in the period in which the estimate is changed. The Target Group reassesses the provisions at the end of each of the Relevant Periods.

Impairment of non-financial assets (other than goodwill)

The Target Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

6. SEGMENT INFORMATION

For management purposes, the Target Group operates in one operating segment which comprises the content filling of aerosol cans, and production and sale of aerosol and non-aerosol products. Accordingly, no further business segment information is provided.

Geographical information

Revenue from external customers

	Year ended 31 December			Eight months ended 31 August	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Mainland China	288,291	301,635	326,690	207,229	216,622
Overseas	224,871	215,303	196,774	130,035	116,185
	513,162	516,938	523,464	337,264	332,807

The revenue information above is based on the location of the customers.

The majority of the Target Group's assets and capital expenditure are located/incurred in Mainland China.

Information about major customers

During each of the Relevant Periods, the Target Group had no single customer who contributed 10% or more of the Target Group's sales.

7. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Target 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			Eight months ended 31 August	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Revenue					
Sale of goods	513,162	516,938	523,464	337,264	332,807
Other income and gains					
Exchange gains	1,723	2,428	9,271	6,102	2,190
Sale of scrap materials	(16)	103	126	121	121
Design service income	—	—	3,875	990	5,021
Sale of trademarks	—	—	—	—	1,287
Bank interest income	38	26	192	91	149
Government grants	6,875	1,547	1,128	271	2,264
Fair value gains/(losses), net:					
Derivative instruments					
— transactions not qualifying as hedges	1,572	556	2,147	(732)	(3,902)
Others	362	40	186	190	1,377
	10,554	4,700	16,925	7,033	8,507

8. PROFIT BEFORE TAX

The Target Group's profit before tax is arrived at after charging/(crediting):

		Year ended 31 December			Eight months ended 31 August	
		2011	2012	2013	2013	2014
	Notes	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Cost of inventories sold		445,214	405,430	402,589	259,901	249,957
Depreciation	*15*	4,066	4,186	4,384	4,009	3,364
Amortisation of land lease prepayments	*16*	32	33	33	25	359
Amortisation of intangible assets	*17*	69	63	53	36	29
Auditors' remuneration#		658	109	119	113	187
Research and development costs		15,946	16,385	22,089	14,925	11,832
Minimum lease payments under operating leases:						
Plant and machinery		—	4,195	3,757	2,494	1,375
Land and buildings		—	1,241	3,670	2,458	1,817
		—	5,436	7,427	4,952	3,192
Employee benefit expense (including directors' and chief executive's remuneration *(note 10)*):						
Wages and salaries		4,993	13,565	25,678	15,129	15,345
Pension scheme contributions		694	1,428	3,307	2,049	1,620
		5,687	14,993	28,985	17,178	16,965
Exchange gains	*7*	(1,723)	(2,428)	(9,271)	(6,102)	(2,190)
Impairment/(reversal of impairment) of trade receivables*	*19*	515	(471)	473	—	491
Impairment of other receivables*		2,837	—	—	—	—
Loss on disposal of items of property, plant and equipment*		137	157	29	27	—
Fair value (gains)/losses, net						
Derivative instruments — transactions not qualifying as hedges	*7*	(1,572)	(556)	(2,147)	732	3,902

\# Included in "Administrative expenses" in the combined statements of comprehensive income.

* Included in "Other expenses" in the combined statements of comprehensive income.

9. FINANCE COSTS

	Year ended 31 December			Eight months ended 31 August	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Interest on bank loans wholly repayable within five years	1,263	944	2,275	1,740	1,280

10. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

No directors or chief executive received any fees or emoluments in respect of their services rendered to the Target Company during the Relevant Periods and the eight months ended 31 August 2013.

11. FIVE HIGHEST PAID EMPLOYEES

The number of five highest paid employees of the Target Group during the Relevant Periods are analysed as follows:

	Year ended 31 December			Eight months ended 31 August	
	2011	2012	2013	2013	2014
				(Unaudited)	
Directors and chief executive	—	—	—	—	—
Non-director employees	5	5	5	5	5
	5	5	5	5	5

Details of the remuneration of the above non-director and non-chief executive, highest paid employees during the Relevant Periods are as follows:

	Year ended 31 December			Eight months ended 31 August	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	661	913	1,334	857	752
Pension scheme contributions	19	30	43	29	22
	680	943	1,377	886	774

The number of these non-director and non-chief executive, highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December			Eight months ended 31 August	
	2011	2012	2013	2013	2014
				(Unaudited)	
Nil to HK$500,000	5	5	5	5	5

During the Relevant Periods and the eight months ended 31 August 2013, no remuneration was paid by the Target Group to the directors or any of the five highest paid employees as an inducement to join or upon joining the Target Group or as compensation for loss of office.

12. TAX

The Target Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Target Group are domiciled and operated.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year.

Botny Chemical, a subsidiary of the Target Company in the PRC, was given a high technology enterprise accreditation for 2011 to 2013 and hence was subject to a preferential tax rate of 15%. In October 2014, Botny Chemical obtained the approval to renew its high technology enterprise accreditation for 2014 to 2016, and therefore continues to apply a preferential tax rate of 15% for the eight months ended 31 August 2014.

Guangzhou Shentian Woye Trading Company Limited and Guangzhou Chaoli Insulation Coating Company Limited, two subsidiaries of the Target Company in the PRC, are subject to the income tax rate of 25% since their establishment. No profits tax has been provided during the Relevant Periods since no assessable tax profits arose in Mainland China.

	Year ended 31 December			Eight months ended 31 August	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Target Group:					
Current — Hong Kong	27	(12)	—	—	—
Current — Mainland China	4,038	7,755	10,460	5,627	7,839
Deferred *(note 25)*	(257)	154	268	(110)	309
Total tax charge for the year/ period	3,808	7,897	10,728	5,517	8,148

A reconciliation of the income tax expense applicable to profit before tax using the statutory rate for the location in which the Target 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						Eight months ended 31 August			
	2011		2012		2013		2013		2014	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*HK$'000* (Unaudited)	*%*	*HK$'000*	*%*
Profit before tax	20,425		54,814		69,274		34,614		45,476	
Tax at the statutory tax rate	5,106	25	13,704	25	17,319	25	8,654	25	11,369	25
Entities subject to lower statutory income tax rates	(2,040)	(10)	(5,482)	(10)	(6,925)	(10)	(3,461)	(10)	(4,708)	(10)
Expenses not deductible for tax	897	4	93	—	329	—	322	1	116	—
Withholding tax on distributable profits of PRC subsidiaries	—	—	—	—	—	—	—	—	968	2
Income not subject to tax	(155)	(1)	(418)	(1)	—	—	—	—	—	—
Tax losses not recognised	—	—	—	—	5	—	2	—	403	1
Tax charge at the Target Group's effective tax rate	3,808	19	7,897	14	10,728	15	5,517	16	8,148	18

Pursuant to the PRC 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. As at 31 August 2014, a deferred tax liability of HK$964,000 was recognised for withholding taxes on the profits of the Target Group's subsidiaries established in Mainland China which the Target Group considers are probable to be distributed in the foreseeable future.

13. DIVIDENDS

The dividends declared by the Target Company's subsidiaries to the Controlling Shareholder during the Relevant Periods and the eight months ended 31 August 2013 were as follows:

	Year ended 31 December			Eight months ended 31 August	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Dividend	54,632	38,262	—	—	57,794

No dividends have been declared by the Target Company since its incorporation.

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 Reorganisation and the preparation of the results of the Target Group for the Relevant Periods as disclosed in note 2.1 above.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Office and other equipment HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2011					
At 1 January 2011:					
Cost	19,288	19,658	4,726	4,501	48,173
Accumulated depreciation	(4,249)	(8,940)	(1,290)	(1,229)	(15,708)
Net carrying amount	15,039	10,718	3,436	3,272	32,465
At 1 January 2011, net of accumulated depreciation	15,039	10,718	3,436	3,272	32,465
Additions	603	—	40	—	643
Disposals	—	—	—	(444)	(444)
Depreciation provided during the year *(note 8)*	(1,086)	(1,798)	(670)	(512)	(4,066)
Exchange realignment	735	490	157	140	1,522
At 31 December 2011 net of accumulated depreciation	15,291	9,410	2,963	2,456	30,120
At 31 December 2011:					
Cost	20,862	20,505	5,002	3,796	50,165
Accumulated depreciation	(5,571)	(11,095)	(2,039)	(1,340)	(20,045)
Net carrying amount	15,291	9,410	2,963	2,456	30,120
31 December 2012					
At 1 January 2012:					
Cost	20,862	20,505	5,002	3,796	50,165
Accumulated depreciation	(5,571)	(11,095)	(2,039)	(1,340)	(20,045)
Net carrying amount	15,291	9,410	2,963	2,456	30,120
At 1 January 2012, net of accumulated depreciation	15,291	9,410	2,963	2,456	30,120
Additions	609	914	160	1,122	2,805
Disposals	—	—	(1)	(290)	(291)
Depreciation provided during the year *(note 8)*	(1,172)	(1,750)	(664)	(600)	(4,186)
Exchange realignment	(3)	(2)	(2)	(1)	(8)
At 31 December 2012, net of accumulated depreciation	14,725	8,572	2,456	2,687	28,440
At 31 December 2012:					
Cost	21,466	21,414	5,150	4,294	52,324
Accumulated depreciation	(6,741)	(12,842)	(2,694)	(1,607)	(23,884)
Net carrying amount	14,725	8,572	2,456	2,687	28,440

	Buildings *HK$'000*	Plant and machinery *HK$'000*	Office and other equipment *HK$'000*	Motor vehicles *HK$'000*	Total *HK$'000*
31 December 2013					
At 1 January 2013:					
Cost	21,466	21,414	5,150	4,294	52,324
Accumulated depreciation	(6,741)	(12,842)	(2,694)	(1,607)	(23,884)
Net carrying amount	14,725	8,572	2,456	2,687	28,440
At 1 January 2013, net of accumulated depreciation	14,725	8,572	2,456	2,687	28,440
Additions	374	2,858	260	71	3,563
Disposals	—	—	—	(28)	(28)
Depreciation provided during the year *(note 8)*	(1,293)	(1,842)	(603)	(646)	(4,384)
Exchange realignment	447	285	71	73	876
At 31 December 2013, net of accumulated depreciation	14,253	9,873	2,184	2,157	28,467
At 31 December 2013:					
Cost	22,519	24,989	5,576	4,374	57,458
Accumulated depreciation	(8,266)	(15,116)	(3,392)	(2,217)	(28,991)
Net carrying amount	14,253	9,873	2,184	2,157	28,467
31 August 2014					
At 1 January 2014:					
Cost	22,519	24,989	5,576	4,374	57,458
Accumulated depreciation	(8,266)	(15,116)	(3,392)	(2,217)	(28,991)
Net carrying amount	14,253	9,873	2,184	2,157	28,467
At 1 January 2014, net of accumulated depreciation	14,253	9,873	2,184	2,157	28,467
Additions	5,039	817	70	2	5,928
Purchase from a related party *(note 32)*	—	7,300	4,049	308	11,657
Establishment of a subsidiary	65,388	—	—	—	65,388
Disposals	—	—	(2)	—	(2)
Depreciation provided during the period *(note 8)*	(1,221)	(1,380)	(333)	(430)	(3,364)
Exchange realignment	(435)	(141)	(39)	(25)	(640)
At 31 August 2014, net of accumulated depreciation	83,024	16,469	5,929	2,012	107,434
At 31 August 2014:					
Cost	92,410	32,785	9,598	4,632	139,425
Accumulated depreciation	(9,386)	(16,316)	(3,669)	(2,620)	(31,991)
Net carrying amount	83,024	16,469	5,929	2,012	107,434

All of the Target Group's buildings are located in Mainland China. As at the date of this report, the Target Group has obtained real estate certificates for all the above buildings.

Certain of the Target Group's interest-bearing bank borrowings were secured by the Target Group's buildings with carrying values of HK$64,836,000 as at 31 August 2014 (31 December 2013, 2012, 2011: Nil) (note 24).

16. PREPAID LAND LEASE PAYMENTS

	As at 31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Carrying amount at 1 January	1,271	1,300	1,267	1,274
Establishment of a subsidiary	—	—	—	59,992
Recognised during the year/period *(note 8)*	(32)	(33)	(33)	(359)
Exchange realignment	61	—	40	(247)
Carrying amount at 31 December/31 August	1,300	1,267	1,274	60,660
Current portion included in prepayments, deposits and other receivables	(32)	(33)	(33)	(1,382)
Non-current portion	1,268	1,234	1,241	59,278

The Target Group's leasehold land is held under a long term lease and is situated in Mainland China.

Certain of the Target Group's interest-bearing bank borrowings were secured by the Target Group's prepaid land lease payments with carrying values of HK$690,000, HK$673,000, HK$676,000 and HK$60,080,000 as at 31 December 2011, 2012, 2013 and 31 August 2014 (note 24).

17. OTHER INTANGIBLE ASSETS

	Patents and licences	Software	Total
	HK$'000	*HK$'000*	*HK$'000*
31 December 2011			
At 1 January 2011:			
Cost	55	342	397
Accumulated amortisation	(55)	(122)	(177)
Net carrying amount	—	220	220
Cost at 1 January 2011, net of accumulated amortisation	—	220	220
Amortisation provided during the year *(note 8)*	—	(69)	(69)
Exchange realignment	—	9	9
At 31 December 2011	—	160	160
At 31 December 2011 and at 1 January 2012:			
Cost	57	359	416
Accumulated amortisation	(57)	(199)	(256)
Net carrying amount	—	160	160

	Patents and licences *HK$'000*	Software *HK$'000*	Total *HK$'000*
31 December 2012			
Cost at 1 January 2012, net of accumulated amortisation	—	160	160
Amortisation provided during the year *(note 8)*	—	(63)	(63)
At 31 December 2012	—	97	97
At 31 December 2012 and at 1 January 2013:			
Cost	57	359	416
Accumulated amortisation	(57)	(262)	(319)
Net carrying amount	—	97	97
31 December 2013			
Cost at 1 January 2013, net of accumulated amortisation	—	97	97
Additions	—	15	15
Amortisation provided during the year *(note 8)*	—	(53)	(53)
Exchange realignment	—	2	2
At 31 December 2013	—	61	61
At 31 December 2013 and at 1 January 2014:			
Cost	59	385	444
Accumulated amortisation	(59)	(324)	(383)
Net carrying amount	—	61	61
31 August 2014			
Cost at 1 January 2014, net of accumulated amortisation	—	61	61
Amortisation provided during the period *(note 8)*	—	(29)	(29)
At 31 August 2014	—	32	32
At 31 August 2014:			
Cost	58	382	440
Accumulated amortisation	(58)	(350)	(408)
Net carrying amount	—	32	32

18. INVENTORIES

	As at 31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Raw materials	3,218	17,805	26,546	29,471
Finished goods	10,672	22,371	20,857	24,907
	13,890	40,176	47,403	54,378

19. TRADE AND BILLS RECEIVABLES

	As at 31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables	20,112	22,366	22,970	28,110
Impairment	(1,026)	(555)	(942)	(1,420)
Trade receivables, net	19,086	21,811	22,028	26,690
Bills receivable	—	—	—	341

The Target Group grants certain credit periods to those customers with good payment history. The credit period for individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. The Target Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. The Target Group had certain concentrations of credit risk as 46%, 45%, 33% and 46% of the Target Group's trade receivables were due from the Target Group's certain customers with the top five balances as at 31 December 2011, 2012, 2013 and 31 August 2014, respectively. The Target Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of provision for impairment, is as follows:

	As at 31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	12,346	12,883	12,386	15,936
31 to 60 days	3,409	4,374	4,845	5,843
61 to 90 days	652	1,437	2,074	2,242
Over 90 days	2,679	3,117	2,723	3,010
	19,086	21,811	22,028	27,031

The movements in provision for impairment of trade receivables are as follows:

	As at 31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January	476	1,026	555	942
Impairment losses recognised/(reversed)	515	(471)	473	491
Exchange realignment	35	—	(86)	(13)
At 31 December/31 August	1,026	555	942	1,420

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:

		Neither past due nor impaired	Past due but not impaired	
	Total		1 to 3 months	Over 3 months
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
31 December 2011	19,086	12,346	4,061	2,679
31 December 2012	21,811	12,883	5,811	3,117
31 December 2013	22,028	12,386	6,919	2,723
31 August 2014	26,690	15,595	8,085	3,010

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 Target 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.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Non-current prepayments	29	349	1,254	577
Current assets				
Prepayments	2,106	7,835	5,133	3,760
Tax recoverable	13,328	6,022	422	1,585
Deposits and other receivables	994	900	2,242	2,982
	16,428	14,757	7,797	8,327

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	10,293	19,857	23,082	18,647
Less: Pledged deposits				
Pledged for issuance of bills payable	(178)	(4,371)	(12,331)	(11,843)
Cash and cash equivalents	10,115	15,486	10,751	6,804
Cash and bank balances denominated in				
— Renminbi ("RMB")	8,636	14,786	8,370	5,119
— United States dollars ("US$")	1,292	556	2,225	741
— Other currencies	187	144	156	944
Cash and cash equivalents	10,115	15,486	10,751	6,804

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 Target Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged bank deposits represented balances pledged to banks for the Target Group's issuance of bills payable.

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 Target 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.

22. TRADE AND BILLS 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			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Within 30 days	2,109	15,379	16,806	17,689
31 to 60 days	641	5,886	6,174	15,247
61 to 90 days	186	1,977	1,370	6,594
Over 90 days	1,439	8,506	7,397	5,131
	4,375	31,748	31,747	44,661
Bills payable	—	20,966	48,303	42,300
	4,375	52,714	80,050	86,961

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.

23. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

	As at 31 December			As at 31 August
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits received from customers	9,990	9,551	15,178	13,494
Salary and welfare payables	5,016	4,540	6,450	7,078
Other tax payables	1,067	1,947	207	616
Other payables	11,006	5,568	4,284	8,974
	27,079	21,606	26,119	30,162

The other payables are non-interest-bearing and are due to mature within one year.

24. INTEREST-BEARING BANK BORROWINGS

Target Group	As at 31 December 2011			As at 31 December 2012			As at 31 December 2013			As at 31 August 2014		
	Effective interest rate (%)	Maturity	*HK$'000*	Effective interest rate (%)	Maturity	*HK$'000*	Effective interest rate (%)	Maturity	*HK$'000*	Effective interest rate (%)	Maturity	*HK$'000*
Current												
Interest-bearing bank loans — secured	PBOC base rate	2012	15,467	PBOC base rate	2013	23,522	PBOC base rate	2014	18,790	PBOC base rate	2014	29,265
			—	PBOC base rate*1.1	2013	27,166	PBOC base rate*1.1	2014	5,926	PBOC base rate*1.1	2014	57,936
			15,467			50,688			24,716			87,201

Note: "PBOC" stands for the People's Bank of China (中國人民銀行), the central bank of China.

	As at 31 December			As at 31 August
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Repayable:				
Within one year	15,467	50,688	24,716	87,201

	As at 31 December			As at 31 August
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank borrowings denominated in				
— RMB	—	27,166	5,926	57,936
— US$	15,467	23,522	18,790	29,265
	15,467	50,688	24,716	87,201

The Target Group has the following undrawn banking facilities at the end of each of the Relevant Periods:

	As at 31 December			As at 31 August
	2011	2012	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Floating rate				
— expiring within one year	25,239	28,769	77,651	70,533

The above secured bank loans and the undrawn banking facilities were secured by certain of the Target Group's assets and their carrying values are as follows:

		As at 31 December			As at 31 August
		2011	2012	2013	2014
	Note	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Property, plant and equipment	*15*	—	—	—	64,836
Prepaid land lease payments	*16*	690	673	676	60,080
		690	673	676	124,916

The above secured bank loans and the undrawn banking facilities were also guaranteed by the Controlling Shareholder, Euro Asia Aerosol and European Asia Industrial, related companies of the Target Group (note 32).

25. DEFERRED TAX

Deferred tax assets

The movements in deferred tax assets are as follows:

	Impairment of assets
	HK$'000
At 1 January 2011	71
Credited to the combined statement of profit or loss during the year	493
Exchange realignment	16
At 31 December 2011 and 1 January 2012	580
Charged to the combined statement of profit or loss during the year	(71)
Exchange realignment	1
At 31 December 2012 and 1 January 2013	510
Credited to the combined statement of profit or loss during the year	54
Exchange realignment	15
At 31 December 2013 and 1 January 2014	579
Credited to the combined statement of profit or loss during the period	74
Exchange realignment	(6)
At 31 August 2014	647

The Target Group has tax losses arising in Hong Kong of HK$15,000 and HK$7,000 for the year ended 31 December 2013 and eight months ended 31 August 2014, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Target Group also has tax losses arising in Mainland China of HK$1,596,000 for the eight months ended 31 August 2014 that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

	Fair value changes in derivative financial instruments	**Withholding taxes**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
At 1 January 2011	—	—	—
Charged to the combined statement of profit or loss during the year	236	—	236
Exchange realignment	5	—	5
At 31 December 2011 and 1 January 2012	241	—	241
Charged to the combined statement of profit or loss during the year	83	—	83
Exchange realignment	1	—	1
At 31 December 2012 and 1 January 2013	325	—	325
Charged to the combined statement of profit or loss during the year	322	—	322
Exchange realignment	15	—	15
At 31 December 2013 and 1 January 2014	662	—	662
Charged/(credited) to the combined statement of profit or loss during the period	(585)	968	383
Exchange realignment	(6)	(4)	(10)
At 31 August 2014	71	964	1,035

26. ISSUED CAPITAL

The Target Company was incorporated in the British Virgin Islands on 3 July 2012 with authorised share capital of US$1 divided into 1 share of US$1 each, which was allotted and issued to the Controlling Shareholder on the same date.

27. RESERVES

The amounts of the Target Group's reserves and the movements therein for each of the Relevant Periods are presented in the combined statements of changes in equity on page 7–9 of this report.

(i) Merger reserve represents the reserve arising pursuant to the Reorganisation as detailed in note 2.1 above.

(ii) In accordance with the PRC Company Law, the PRC subsidiaries of the Target Group are required to allocate 10% of their profit after tax to the statutory surplus reserve (the "SSR") until this reserve reaches 50% of the registered capital of the PRC subsidiaries. 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 subsidiaries, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

28. DERIVATIVE FINANCIAL INSTRUMENTS

Assets	As at 31 December 2011	2012	2013	As at 31 August 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Forward currency contracts	1,609	2,165	4,413	475

The Target Group has entered into various forward currency contracts to manage its exchange rate exposures. These forward currency contracts are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging currency derivatives amounting to HK$1,572,000, HK$556,000, HK$2,147,000 and negative HK$3,902,000 were charged to the statement of profit or loss for the year ended 31 December 2011, 2012 and 2013, and the eight months ended 31 August 2014, respectively.

29. COMMITMENTS

The Target Group had the following capital commitments as at 31 December 2011, 2012, 2013 and 31 August 2014:

	As at 31 December 2011	2012	2013	As at 31 August 2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Contracted, but not provided for:				
Plant and machinery	—	240	65	62
Acquisition of interests in Guangzhou Shentian from Euro Asia Aerosol *(note 32)*	—	—	—	121,449

30. CONTINGENT LIABILITIES

The Target Group has no significant contingent liabilities as at 31 December 2011, 2012, 2013 and 31 August 2014.

31. OPERATING LEASE ARRANGEMENTS

As lessee

The Target Group leases certain of its office properties and equipment under operating lease arrangements.

At 31 December 2011, 2012, 2013 and 31 August 2014, the Target Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December 2011	2012	2013	Eight months ended 31 August 2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Within one year	5,436	7,427	3,192	5,667	—

32. RELATED PARTY TRANSACTIONS AND BALANCES

(i) In addition to the transactions detailed elsewhere in the Financial Information, the Target Group had the following material transactions with related parties during the Relevant Periods and eight months ended 31 August 2013:

	Year ended 31 December			Eight months ended 31 August	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Sales of products to:					
European Asia Industrial Ltd. (歐亞行實業有限公司) ("European Asia Industrial")	50,590	27,089	26,476	17,148	11,854
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")	372	6,883	4,594	3,809	958
Bonty Car Maintenance Company (保賜利養車坊)	—	—	39	—	21
	50,962	33,972	31,109	20,957	12,833
Sale of trademarks to:					
China Motor Management Services Limited (中國汽車管理有限公司)	—	—	—	—	1,287
Purchase of products from:					
Euro Asia Aerosol	352,476	256,457	29,661	21,696	238
European Asia Industrial	2,806	8,182	2,664	1,103	3,090
European Asia Package (Guangdong) Co., Ltd. (廣東歐亞包裝有限公司) ("European Asia Package")	4,815	385	3,882	3,277	1,343
	360,097	265,024	36,207	26,076	4,671
Purchase of property, plant and equipment from:					
Euro Asia Aerosol	—	—	—	—	11,657
Operating lease from:					
Euro Asia Aerosol	—	5,436	7,427	4,952	3,192

	Year ended 31 December			Eight months ended 31 August	
	2011	2012	2013	2013	2014
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
				(Unaudited)	
Bank loans guaranteed by:					
The Controlling Shareholder	—	—	—	—	19,137
The Controlling Shareholder and Euro Asia Aerosol	—	27,166	5,927	23,964	38,799
Euro Asia Aerosol and European Asia Industrial	15,467	23,522	18,789	27,603	29,265
	15,467	50,688	24,716	51,567	87,201
Undrawn bank facilities guaranteed by:					
The Controlling Shareholder	—	—	—	—	6,007
The Controlling Shareholder and Euro Asia Aerosol	—	11,592	32,846	14,348	30,952
Euro Asia Aerosol and European Asia Industrial	25,239	17,177	44,805	13,870	33,594
	25,239	28,769	77,651	28,218	70,553

All of the above related parties were companies ultimately controlled by the Controlling Shareholder.

The transactions were conducted at terms and conditions mutually agreed between the relevant parties. The directors are of the opinion that those related party transactions were conducted in the ordinary course of business of the Target Group.

(ii) Other transactions

On 5 May 2014, Botny Chemical, a subsidiary of the Target Company, injected cash of RMB5,000,000 and Euro Asia Aerosol, a company controlled by the Controlling Shareholder, injected buildings and land lease rights with the fair value of RMB96,435,000 (approximately HK$121,449,000) to establish Guangzhou Shentian Woye Trading Company Limited ("Guangzhou Shentian"). On 25 July 2014, Botny Chemical and Euro Asia Aerosol entered into an agreement pursuant to which Botny Chemical agreed to acquire the interests in Guangzhou Shentian from Euro Asia Aerosol at a consideration of RMB96,435,000 (approximately HK$121,449,000) (note 29). This transaction was completed on 30 September 2014.

(iii) Outstanding balances with related parties and directors

The Target Group

	As at 31 December			As at 31 August
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due from related parties:				
European Asia Industrial	629	694	1,269	—
Euro Asia Aerosol	40,015	84,212	91,390	121,252
Botny Car Maintenance Company	—	—	631	—
Guangzhou Zhenqiao Food Co., Ltd. (*)	12,335	—	23,530	—
	52,979	84,906	116,820	121,252
Due from directors:				
The Controlling Shareholder	—	—	225	—

* It is a company ultimately controlled by Mr. Chamlong Wachakorn, a director of the Company.

The Target Group

	As at 31 December			As at 31 August
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due to related parties:				
European Asia Industrial	3,261	40	—	2,029
Euro Asia Aerosol	15,290	—	—	24
European Asia Package	5,050	—	996	1,045
Mr. Chamlong Wachakorn, a director of the Company	—	—	4,681	—
	23,601	40	5,677	3,098
Due to directors:				
The Controlling Shareholder	—	—	—	64

The Target Company

	As at 31 December			As at 31 August
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Due to directors:				
The Controlling Shareholder	—	—	18	18

These balances are unsecured, interest-free and repayable on demand. The carrying amounts of these balances approximate to their fair values.

(iv) Maximum amount outstanding due from directors

The Controlling Shareholder is also a director of the Target Company, the maximum amount outstanding due from the Controlling Shareholder for each of the Relevant Periods and the eight months ended 31 August 2013 were as follows:

	Year ended 31 December			Eight months ended 31 August	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
The Controlling Shareholder	—	—	254	—	1,515

(v) Compensation of key management personnel of the Target Group

	Year ended 31 December			Eight months ended 31 August	
	2011	**2012**	**2013**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000* (Unaudited)	*HK$'000*
Salaries, allowances and benefits in kind	563	1,023	1,957	1,267	1,125
Pension scheme contributions	14	35	67	46	35
Total compensation paid to key management personnel	577	1,058	2,024	1,313	1,160

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the Target Group's each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2011

Financial assets	**Loans and receivables**	**Financial assets at fair value through profit or loss**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills receivables	19,086	—	19,086
Financial assets included in deposits and other receivables	16,428	—	16,428
Due from related parties	52,979	—	52,979
Derivative financial instruments	—	1,609	1,609
Pledged deposits	178	—	178
Cash and cash equivalents	10,115	—	10,115
	98,786	1,609	100,395

Financial liabilities	Financial liabilities at amortised cost
	HK$'000
Trade and bills payables	4,375
Financial liabilities included in other payables and accruals	17,748
Due to related parties	23,601
Interest-bearing bank borrowings	15,584
	61,308

As at 31 December 2012

Financial assets	Loans and receivables	Financial assets at fair value through profit or loss	Total
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills receivables	21,811	—	21,811
Financial assets included in deposits and other receivables	14,757	—	14,757
Due from related parties	84,906	—	84,906
Derivative financial instruments	—	2,165	2,165
Pledged deposits	4,371	—	4,371
Cash and cash equivalents	15,486	—	15,486
	141,331	2,165	143,496

Financial liabilities	Financial liabilities at amortised cost
	HK$'000
Trade and bills payables	52,714
Financial liabilities included in other payables and accruals	14,109
Due to related parties	40
Interest-bearing bank borrowings	51,090
	117,953

As at 31 December 2013

Financial assets	**Loans and receivables**	**Financial assets at fair value through profit or loss**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills receivables	22,028	—	22,028
Financial assets included in deposits and other receivables	7,797	—	7,797
Due from related parties	116,820	—	116,820
Derivative financial instruments	—	4,413	4,413
Pledged deposits	12,331	—	12,331
Cash and cash equivalents	10,751	—	10,751
	169,727	4,413	174,140

Financial liabilities	**Financial liabilities at amortised cost**
	HK$'000
Trade and bills payables	80,050
Financial liabilities included in other payables and accruals	11,424
Due to related parties	5,677
Interest-bearing bank borrowings	24,800
	121,951

As at 31 August 2014

Financial assets	**Loans and receivables**	**Financial assets at fair value through profit or loss**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Trade and bills receivables	26,690	—	26,690
Financial assets included in deposits and other receivables	8,442	—	8,442
Due from related parties	121,252	—	121,252
Derivative financial instruments	—	475	475
Pledged deposits	11,843	—	11,843
Cash and cash equivalents	6,804	—	6,804
	175,031	475	175,506

Financial liabilities	Financial liabilities at amortised cost
	HK$'000
Trade and bills payables	86,961
Financial liabilities included in other payables and accruals	16,735
Due to related parties	3,098
Due to directors	64
Interest-bearing bank borrowings	87,962
	194,820

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 31 December 2011, 2012 and 2013 and 31 August 2014, the fair values of the Target Group's financial assets and financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and bills receivables, derivative financial instruments, financial assets included in prepayments, deposits and other receivables, due from related parties and directors, trade and bills payables, financial liabilities included in other payables and accruals, due to related parties and directors, and interest-bearing bank and other borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

The Target Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the senior management.

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 Target Group enters into derivative financial instruments with a bank, a financial institution with an AAA credit rating. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

The following tables illustrate the fair value measurement hierarchy of the Target Group's financial instruments:

Assets measured at fair value:

As at 31 December 2011

	Fair value measurement using			
	Quoted price in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Derivative financial instruments	—	1,609	—	1,609

As at 31 December 2012

	Fair value measurement using			
	Quoted price in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Derivative financial instruments	—	2,165	—	2,165

As at 31 December 2013

	Fair value measurement using			
	Quoted price in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Derivative financial instruments	—	4,413	—	4,413

As at 31 August 2014

	Fair value measurement using			
	Quoted price in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Derivative financial instruments	—	475	—	475

During the years ended 31 December 2011, 2012, 2013 and the eight months ended 31 August 2014, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Target Group's principal financial instruments, other than derivatives, comprise interest-bearing bank borrowings, amounts due from related parties and directors, due to related parties and directors, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Target Group's operations. The Target Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Target 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 summarised below.

Interest rate risk

The Target Group's exposure to the risk of changes in market interest rates relates primarily to the Target Group's debt obligations with floating interest rates.

The effective interest rates and terms of repayment of the interest-bearing bank borrowings of the Target Group are set out in note 24 above.

The following table demonstrates the sensitivity to a reasonably possible change in RMB and US$ interest rates, with all other variables held constant, of the Target Group's profit before tax (through the impact of floating rate borrowings) during the Relevant Periods. There is no material impact on other components of the Target Group's equity.

	Increase/ (decrease) in basis points	**Increase/ (decrease) in profit before tax** *HK$'000*
Year ended 31 December 2011		
PBOC	0.25%	(39)
PBOC	(0.25%)	39
Year ended 31 December 2012		
PBOC	0.25%	(128)
PBOC	(0.25%)	128
Year ended 31 December 2013		
PBOC	0.25%	(62)
PBOC	(0.25%)	62
Eight months ended 31 August 2014		
PBOC	0.25%	(220)
PBOC	(0.25%)	220

Foreign currency risk

The Target Group has transactional currency exposures. Such exposures arise from sales in currencies other than the units' functional currency. Approximately 44%, 42%, 38% and 35% of the Target Group's sales were denominated in currencies other than the functional currency of the operating units making the sale for the years ended 31 December 2011, 2012, 2013 and eight months ended 31 August 2014, respectively. The Target 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, with all other variables held constant, of the Target Group's profit before tax. There is no material impact on other components of the Target Group's equity.

	Increase/ (decrease) in US$ rate	Increase/ (decrease) in profit before tax
	%	*HK$'000*
Year ended 31 December 2011		
If RMB weakens against US$	5	(1,822)
If RMB strengthens against US$	(5)	1,822
Year ended 31 December 2012		
If RMB weakens against US$	5	(2,190)
If RMB strengthens against US$	(5)	2,190
Year ended 31 December 2013		
If RMB weakens against US$	5	(1,865)
If RMB strengthens against US$	(5)	1,865
Eight months ended 31 August 2014		
If RMB weakens against US$	5	1,539
If RMB strengthens against US$	(5)	(1,539)

Credit risk

The Target Group trades only with recognised and creditworthy third parties. It is the Target 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 Target Group's exposure to bad debts is not significant.

The credit risk of the Target 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.

Since the Target Group trades only with recognised 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 Target Group had certain concentrations of credit risk as 47%, 45%, 33% and 46% of the Target Group's trade receivables were due from the Target Group's certain customers with the top five balances as at 31 December 2011, 2012, 2013 and 31 August 2014, respectively.

Further quantitative data in respect of the Target Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the Financial Information.

Liquidity risk

The Target 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 2011, 2012, 2013 and 31 August 2014, based on the contractual undiscounted payments, was as follows:

	As at 31 December 2011			
	On demand	**Less than 1 year**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills payables	—	4,375	—	4,375
Financial liabilities included in other payables and accruals	—	17,748	—	17,748
Due to related parties	23,601	—	—	23,601
Interest-bearing bank borrowings	—	15,584	—	15,584
	23,601	37,707	—	61,308

	As at 31 December 2012			
	On demand	**Less than 1 year**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills payables	—	52,714	—	52,714
Financial liabilities included in other payables and accruals	—	14,109	—	14,109
Due to related parties	40	—	—	40
Interest-bearing bank borrowings	—	51,090	—	51,090
	40	117,913	—	117,953

	As at 31 December 2013			
	On demand	**Less than 1 year**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills payables	—	80,050	—	80,050
Financial liabilities included in other payables and accruals	—	11,424	—	11,424
Due to related parties	5,677	—	—	5,677
Interest-bearing bank borrowings	—	24,800	—	24,800
	5,677	116,274	—	121,951

	As at 31 August 2014			
	On demand	**Less than 1 year**	**Over 1 year**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade and bills payables	—	86,961	—	86,961
Financial liabilities included in other payables and accruals	—	16,735	—	16,735
Due to related parties	3,098	—	—	3,098
Due to directors	64	—	—	64
Interest-bearing bank borrowings	—	87,962	—	87,962
	3,162	191,658	—	194,820

Capital management

The primary objective of the Target Group's capital management is to safeguard the Target Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Target 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 Target 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 2011, 2012, 2013 and eight months ended 31 August 2014.

The Target 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 and bills payables, financial liabilities included in other payables and accruals and amount due to related parties and directors less cash and cash equivalents and pledged deposits. Capital represents equity attributable to owners of the parent. The Target 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			As at 31 August
	2011	**2012**	**2013**	**2014**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Interest-bearing bank borrowings	15,584	51,090	24,800	87,962
Trade and bills payables	4,375	52,714	80,050	86,961
Financial liabilities included in other payables and accruals	17,748	14,109	11,424	16,735
Due to related parties	23,601	40	5,677	3,098
Due to directors	—	—	—	64
Less: Cash and cash equivalents and pledged deposits	(10,293)	(19,857)	(23,082)	(18,647)
Net debt	51,015	98,096	98,869	176,173
Equity attributable to owners of the parent	20,742	29,389	89,734	189,557
Capital and net debt	71,757	127,485	188,603	365,730
Gearing ratio	71%	77%	52%	48%

III. EVENTS AFTER THE RELEVANT PERIODS

On 25 July 2014, Botny Chemical and Euro Asia Aerosol entered into an agreement, pursuant to which, Botny Chemical agreed to acquire the interests in Guangzhou Shentian held by Euro Asia Aerosol at a consideration of RMB96,435,000. This transaction was completed on 30 September 2014 and Guangzhou Shentian became a wholly-owned subsidiary of Botny Chemical since then.

On 18 September 2014, Botny Corporation signed an agreement with Euro Asia Industrial, a company controlled by the Controlling Shareholder, to acquire the 100% equity interests in Botny Chemical held by Euro Asia Industrial at a consideration of 1,000 newly issued shares of Botny Corporation. The transaction was completed on 3 November 2014.

On 3 October 2014, Botny Chemical, a subsidiary of the Target Company, entered into supply agreement, trademark license agreement and equipment leasing agreement with certain companies controlled by the Controlling Shareholder. These transactions will constitute continuing connected transactions for the Company upon the completion of the acquisition of the Target Group by the Company.

On 17 November 2014, Euro Asia Industrial signed an agreement with the Target Company to sell its 100% equity interests in Botny Corporation to the Target Company at a consideration of HK$1. The transaction was completed on 24 November 2014.

In November 2014, Botny Chemical obtained a bank facility letter from a PRC bank in respect of an aggregate maximum credit amount of RMB55,000,000. The facility is valid for one year expiring in November 2015. The PRC bank has also confirmed to Botny Chemical in written to arrange the renewal of the facility upon its expiry.

IV. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Target Group or any of the companies now comprising the Target Group in respect of any period subsequent to 31 August 2014.

Yours faithfully,
Ernst & Young
Certified Public Accounting
Hong Kong

The following is the text of a report, prepared for the purpose of incorporation in this circular, received from the reporting accountants, Ernst & Young, certified public accountants.

INTRODUCTION

The accompanying unaudited pro forma financial information of the Enlarged Group (as defined in this circular), comprising the unaudited pro forma statement of financial position as at 30 June 2014, the unaudited pro forma statement of profit or loss and other comprehensive income, the unaudited pro forma statement of cash flows for the year ended 31 December 2013, has been prepared by the Directors (as defined in this circular) in accordance with paragraph 4.29 of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, for illustrative purpose only, to provide information about how the Acquisition (as defined in this circular) as detailed in the "Letter from the Board" in this circular might have affected the results of operations, financial position and cash flows of the Group as if the Acquisition had been completed and the issue of the Convertible Note and the Placing Shares under the Specific Mandate (as defined in this circular) taken effect on (i) 1 January 2013 in respect of the unaudited pro forma statement of profit or loss and comprehensive income and cash flows of the Enlarged Group; and (ii) 30 June 2014 in respect of the unaudited pro forma statement of financial position of the Enlarged Group.

The unaudited pro forma financial information of the Enlarged Group has been prepared based on the audited consolidated financial statements of the Group for the year ended 31 December 2013 as set out in Appendix I to this circular and the audited combined financial information of the Target Group as set out in the accountants' report in Appendix II to this circular after giving effect to the pro forma adjustments as described in the accompanying notes. A narrative description of the pro forma adjustments of the Acquisition that are (i) directly attributable to the transactions; (ii) expected to have a continuing impact on the Group and the Target Group; and (iii) factually supportable, are set out in the accompanying notes.

The unaudited pro forma financial information of the Enlarged Group is based on a number of assumptions, estimates, uncertainties and currently available information. As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Enlarged Group does not purport to describe the actual results of operations, financial position and cash flows of the Enlarged Group that would have been attained had the Acquisition been completed on the dates indicated herein. Furthermore, the accompanying unaudited pro forma financial information of the Enlarged Group does not purport to predict the Enlarged Group's future results of operations, financial position or cash flows.

The unaudited pro forma financial information of the Enlarged Group should be read in conjunction with the published financial information of the Group as set out in Appendix I to this circular, the audited combined financial information of the Target Group as set out in Appendix II to this circular and other financial information included elsewhere in this circular.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

Unaudited Pro Forma Statement of profit or loss and other comprehensive income of the Enlarged Group for the year ended 31 December 2013

	The Group	The Target Group	Pro forma combined	Pro forma adjustments	Notes	Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*				
REVENUE	260,311	523,464	783,775	(3,882)	*7*	779,893
Cost of sales	(163,543)	(402,589)	(566,132)	2,085	*7*	(564,047)
Gross profit	96,768	120,875	217,643			215,846
Other income and gains	11,699	16,925	28,624			28,624
Selling and distribution costs	(9,456)	(37,317)	(46,773)			(46,773)
Administrative expenses	(42,746)	(6,445)	(49,191)	(4,099)	*8*	(53,290)
Research and development expense	—	(22,089)	(22,089)			(22,089)
Other expenses	(1,693)	(400)	(2,093)			(2,093)
Finance costs	(5,936)	(2,275)	(8,211)			(8,211)
PROFIT BEFORE TAX	48,636	69,274	117,910			112,014
Income tax expense	(10,581)	(10,728)	(21,309)	207	*7*	(21,039)
PROFIT FOR THE YEAR	38,055	58,546	96,601			90,975
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX						
Exchange differences on translation of foreign operations	5,729	1,799	7,528			7,528
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	43,784	60,345	104,129			98,503
Profit attributable to:						
Owners of the parent	37,343	58,546	95,889			90,263
Non-controlling interests	712	—	712			712
Total comprehensive income attributable to:						
Owners of the parent	42,922	60,345	103,267			97,641
Non-controlling interests	862	—	862			862

Unaudited Pro Forma Statement of financial position of the Enlarged Group as at 30 June 2014

	The Group as at 30 June 2014	The Target Group as at 31 August 2014	Pro forma combined	Pro forma adjustments	Notes	Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 3)	*(Note 4)*				
NON-CURRENT ASSETS						
Property, plant and equipment	213,945	107,434	321,379			321,379
Other intangible assets	—	32	32			32
Prepaid land lease payments	16,558	59,278	75,836			75,836
				900,000	*5(d)*	
Investment in subsidiaries	—	—	—	(900,000)	*6*	—
Deferred tax assets	538	647	1,185			1,185
				20,000	*5(a)*	
				100,000	*5(c)*	
Non-current prepayments	5,270	577	5,847	(120,000)	*5(d)*	5,847
Total non-current assets	236,311	167,968	404,279			404,279
CURRENT ASSETS						
Inventories	26,783	54,378	81,161			81,161
Trade and bills receivables	47,958	27,031	74,989	(153)	*7*	74,836
Prepayments, deposits and other receivables	6,677	8,327	15,004			15,004
Derivative financial instruments	243	475	718			718
Due from related parties	—	121,252	121,252			121,252
Pledged deposits	—	11,843	11,843			11,843
				(20,000)	*5(a)*	
				120,000	*5(b)*	
Cash and cash equivalents	76,483	6,804	83,287	(100,000)	*5(c)*	83,287
Total current assets	158,144	230,110	388,254			388,101

	The Group as at 30 June 2014 *HK$'000* *(Note 3)*	The Target Group as at 31 August 2014 *HK$'000* *(Note 4)*	Pro forma combined *HK$'000*	Pro forma adjustments *HK$'000*	Notes	Pro forma Enlarged Group *HK$'000*
CURRENT LIABILITIES						
Interest-bearing bank loans	34,287	87,201	121,488			121,488
Trade and bills payables	6,668	86,961	93,629			93,629
Due to a director	—	64	64			64
Tax payable	6,004	—	6,004			6,004
Deposits received, other payables and accruals	25,177	30,162	55,339	4,099	*8*	59,438
Due to related parties	—	3,098	3,098	(153)	*7*	2,945
Government grants	271	—	271			271
Total current liabilities	72,407	207,486	279,893			283,839
NET CURRENT ASSETS	85,737	22,624	108,361			104,262
TOTAL ASSETS LESS CURRENT LIABILITIES	322,048	190,592	512,640			508,541

Unaudited Pro Forma Statement of financial position of the Enlarged Group as at 30 June 2014

	The Group as at 30 June 2014	The Target Group as at 31 August 2014	Pro forma combined	Pro forma adjustments	Notes	Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
NON-CURRENT LIABILITIES						
Interest-bearing bank loans	17,910	—	17,910			17,910
Deferred tax liabilities	37	1,035	1,072			1,072
Government grants	3,315	—	3,315			3,315
Total non-current liabilities	21,262	1,035	22,297			22,297
Net assets	300,786	189,557	490,343			486,244
EQUITY						
Equity attributable to owners of the parent						
Issued capital	4,000	—	4,000	1,111	*5(b)*	5,111
				118,889	*5(b)*	
				780,000	*5(d)*	
				(900,000)	*6*	
Reserves	293,130	189,557	482,687	(4,099)	*8*	477,477
	297,130	189,557	486,687			482,588
Non-controlling interests	3,656	—	3,656			3,656
Total equity	300,786	189,557	490,343			486,244

Unaudited Pro Forma Statement of cash flows of the Enlarged Group for the year ended 31 December 2013

	The Group	The Target Group	Pro forma combined	Pro forma adjustments	Notes	Pro forma Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*		*HK$'000*
	(Note 1)	*(Note 2)*				
CASH FLOWS FROM OPERATING ACTIVITIES						
				(3,882)	*7*	
				(2,085)	*7*	
Profit before tax	48,636	69,274	117,910	(4,099)	*8*	112,014
Adjustments for:						
Finance costs	5,936	2,275	8,211			8,211
Bank interest income	(51)	(192)	(243)			(243)
Loss/(gain) on disposal of items of property, plant and equipment	(760)	29	(731)			(731)
Impairment of trade receivables	—	363	363			363
Release of government grant	(2,355)	—	(2,355)			(2,355)
Fair value gains, net:						
Derivative instruments — transactions not qualifying as hedges	(227)	(2,147)	(2,374)			(2,374)
Share option expense	2,811	—	2,811			2,811
Depreciation	17,447	4,384	21,831			21,831
Amortisation of land lease prepayments	497	33	530			530
Amortisation of other intangible assets	—	53	53			53
Payment of listing expenses	10,702	—	10,702			10,702
	82,636	74,072	156,708			150,812
Increase in inventories	(2,355)	(7,227)	(9,582)	1,797	*7*	(7,785)
Increase in trade and bills receivables	(14,747)	(603)	(15,350)			(15,350)
(Increase)/decrease in prepayments, deposits and other receivables	(2,966)	6,872	3,906			3,906
Increase in trade and bills payable	2,661	27,336	29,997			29,997
Increase/(decrease) in other payables and accruals	(2,536)	4,513	1,977	4,099	*8*	6,076
Increase in an amount due from related parties	—	(31,914)	(31,914)			(31,914)
Increase in an amount due from a director	—	(225)	(225)			(225)
Decrease in an amount due to related parties	—	5,637	5,637			5,637
Receipt of government grant	2,086	—	2,086			2,086

	The Group HK$'000 (Note 1)	The Target Group HK$'000 (Note 2)	Pro forma combined HK$'000	Pro forma adjustments HK$'000	Notes	Pro forma Enlarged Group HK$'000
Cash received from operations	64,779	78,461	143,240			143,240
Interest received	—	192	192			192
PRC tax paid	(8,867)	(11,313)	(20,180)			(20,180)
Net cash flows from operating activities	55,912	67,340	123,252			123,252
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment	(24,037)	(3,563)	(27,600)			(27,600)
				(20,000)	*5(a)*	
				(100,000)	*5(c)*	
Acquisition of subsidiaries	—	—	—	15,486	*9*	(104,514)
Proceeds from disposal of items of property, plant and equipment	(569)	1	(568)			(568)
Additions to other intangible assets	—	(15)	(15)			(15)
Decrease/(increase) in restricted short-term deposits for issuing of bank acceptance notes	—	(7,960)	(7,960)			(7,960)
(Increase)/decrease in non-current prepayments	—	(906)	(906)			(906)
Interest received	51	—	51			51
Release of pledged deposits	109	—	109			109
Net cash flows used in investing activities	(24,446)	(12,443)	(36,889)			(141,403)

	The Group HK$'000 (Note 1)	The Target Group HK$'000 (Note 2)	Pro forma combined HK$'000	Pro forma adjustments HK$'000	Notes	Pro forma Enlarged Group HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans	70,703	171,178	241,881			241,881
Repayment of bank loans	(75,005)	(198,317)	(273,322)			(273,322)
Capital element of finance lease rental payments	(110)	—	(110)			(110)
Interest paid	(5,629)	(2,275)	(7,904)			(7,904)
Dividends paid	—	(35,576)	(35,576)			(35,576)
Payment of listing expenses	(16,737)	—	(16,737)			(16,737)
Proceeds from issue of new shares	100,000	—	100,000	120,000	*5(b)*	220,000
Net cash flows from financing activities	73,222	(64,990)	8,232			128,232
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	104,688	(10,093)	94,595			110,081
Exchange realignment	304	5,358	5,662			5,662
Cash and cash equivalents at beginning of year	2,380	15,486	17,866	(15,486)	*9*	2,380
CASH AND CASH EQUIVALENTS AT END OF YEAR	107,372	10,751	118,123			118,123

Notes:

1. The balances are extracted from the audited consolidated financial information of the Group for the year ended 31 December 2013 as set out in Appendix I to this circular.

2. The balances are extracted from the audited combined financial information of the Target Group for the year ended 31 December 2013 as set out in Appendix II to this circular.

3. The balances are extracted from the unaudited consolidated financial information of the Group for the six-month period ended 30 June 2014 as set out in Appendix I to this circular.

4. The balances are extracted from the audited combined financial information of the Target Group for the eight-month period ended 31 August 2014 as set out in Appendix II to this circular.

5. The adjustment represents the aggregate of:

   (a) A deposit of HK$20 million is paid by the Company to Mr. Lin within 5 business days upon entering into the Acquisition Agreement;

   (b) The Company raises funds of HK$120 million in aggregate through the placing of new shares at the assumed placing price of HK$1.08 under the Specific Mandate. As a result, 111,111,111 new shares are issued at par of HK$0.01 and the surplus of HK$118,889,000 is credited to the Company's share premium account;

   (c) The remaining cash consideration of HK$100 million is paid by the Company to Mr. Lin within 5 business days after the placing of new shares in (b) above;

   (d) Upon the completion of the Acquisition, the Company issues Convertible Note in the amount of HK$780 million to Mr. Lin and the cash deposits are transferred from prepayments to investment in subsidiaries. The Convertible Note is classified as equity because it is not redeemable.

6. The Acquisition is considered as a business combination under common control because the Company and the Target Group are ultimately controlled by Mr. Lin before and after the business combination. Accordingly, the business combination will be accounted for using the principles of merger accounting. The adjustment represents the recognition of merger reserve of approximately HK$710,443,000 arising from the business combination, which represents the difference between the cost of combination of HK$900 million and the equity attributable to the owners of Target Company amounting to HK$189,557,000.

7. The adjustment represents the elimination of sales of goods and inter-company balances between the Group and the Target Group.

8. The adjustment represents the estimated legal and professional costs directly attributable to the acquisition, which is considered as common control combination, of approximately HK$4,099,000 to be recognised in profit or loss.

9. The adjustment reflects pro forma cash flow items reclassification to reflect the cash proceeds from the Acquisition amounting to HK$15,486,000 as represented by the cash and cash equivalents of the Target Group as at end of its preceding accounting period to be consolidated into the Enlarged Group on the acquisition date of 1 January 2013, and the elimination of the cash and cash equivalents of the Target Group as at end of its preceding accounting period amounting to HK$15,486,000.

10. No adjustments have been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2013.

B. INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

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29 November 2014

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

To the Directors of China Aluminum Cans Holdings Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Aluminum Cans Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), and Topspan Holdings Limited and its subsidiaries (the "Target Group") (together with the Group hereafter collectively referred to as the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma combined statement of financial position as at 30 June 2014, the unaudited pro forma combined profit or loss and other comprehensive income, and the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2013, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages III-2 to III-9 of the Company's circular dated 29 November 2014 (the "Circular"), in connection with the proposed acquisition of the Target Group (the "Acquisition"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro forma Financial Information are described in the notes set out on pages 9 of Appendix III to the Circular.

The Unaudited Pro forma Financial Information has been compiled by the Directors, for illustrative purpose only, to provide information about how the Acquisition might have affected the financial position of the Group as at 30 June 2014 and the financial performance and cash flows of the Group for the year ended 31 December 2013 as if the Acquisition had taken place at 30 June 2014 and 1 January 2013 respectively. As part of this process, information about the Group's results and cash flows for the year ended 31 December 2013 has been extracted by the Directors from the Group's audited consolidated financial statements for the year ended 31 December 2013 set out in its annual report, while the Group's financial position as at 30 June 2014 has been extracted from the Group's unaudited interim condensed consolidated financial statements as at 30 June 2014 set out in its interim report. The information about the Target Group's results and cash flows for the year ended 31 December 2013 and the Target Group's financial position as at 31 August 2014 has been extracted by the Directors from the Target Group's financial statements, on which an accountant's report was published in Appendix II to the Circular.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling 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" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountants' responsibilities

Our responsibility is to express 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.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant complies with ethical requirements and plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Acquisition at 30 June 2014 and 1 January 2013, respectively, would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related unaudited pro forma adjustments give appropriate effect to those criteria; and

- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Company, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose 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, prepared for incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation of Topspan Holdings Limited as at 31 August 2014.

ROMA

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E-mail info@romagroup.com
http://www.romagroup.com

29 November 2014

China Aluminum Cans Holdings Limited
Unit G, 20/F, Golden Sun Centre,
Nos. 59/67 Bonham Strand West,
Sheung Wan,
Hong Kong

Case Ref: CH/BVIAPPA2038/JUN14(a)

Dear Sir/Madam,

Re: Valuation of 100% Equity Interest in Topspan Holdings Limited and Its Subsidiaries

In accordance with the instructions from China Aluminum Cans Holdings Limited (hereinafter referred to as the "Company") to us to conduct a business valuation on 100% equity interest in Topspan Holdings Limited (hereinafter referred to as the "Target Company") and its subsidiaries (together referred to as the "Target Group"), we are pleased to report that we have made relevant enquiries and obtained other information which we considered relevant for the purpose of providing our valuation as at 31 August 2014 (hereinafter referred to as the "Date of Valuation").

This report states the purpose and basis of valuation, scope of work, economic and industry overviews, an overview of the Target Group, major assumptions, valuation methodology, limiting conditions, remarks and presents our opinion of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Roma Appraisals Limited ("Roma Appraisals") acknowledges that this report may be made available to the Company for public documentation purpose only.

Roma Appraisals assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely at their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, the management of the Target Group and/or their representative(s) (together referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Target Group. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Target Group provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us; however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

3. ECONOMIC OVERVIEW

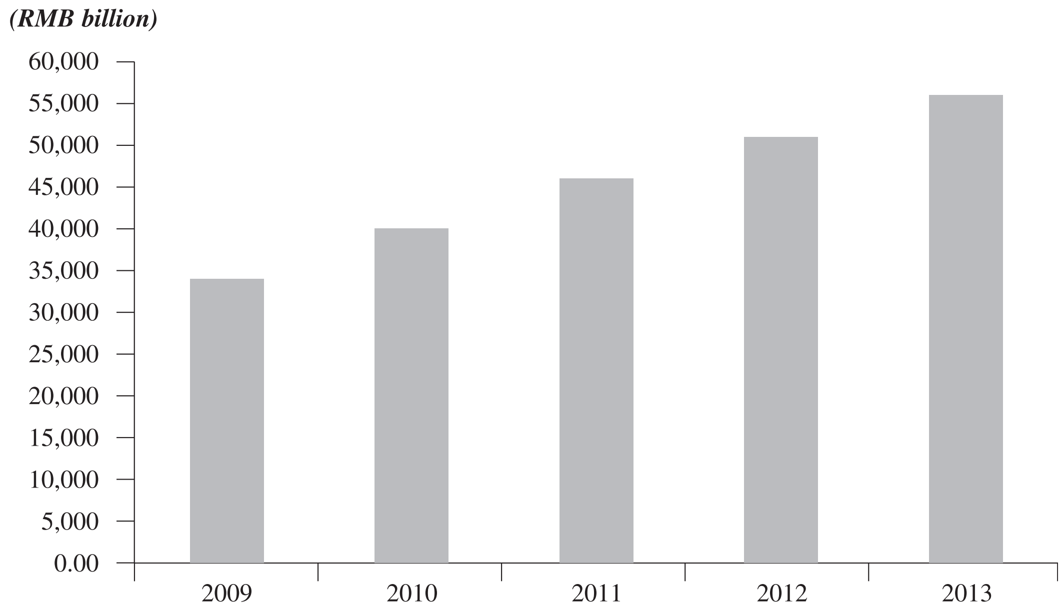
3.1 Overview of the Economy in China

According to the National Bureau of Statistics of China, the nominal GDP of China in the second quarter of 2014 was RMB26,904 billion, an increase of 7.4% over the same period in last year. China was the third largest economy in the world, ranked after the European Union and the United States, in terms of nominal GDP measured by the International Monetary Fund ("IMF") in 2014. Despite the global financial crisis in late 2008, the Chinese economy continued to be supported by the Chinese government through spending in infrastructure and real estates.

Throughout 2009, the global economic downturn reduced foreign demand for Chinese exports for the first time in many years. The government vowed to continue reforming the economy and emphasized the need to increase domestic consumption in order to make China less dependent on foreign exports. China's economy rebounded quickly in 2010, outperforming all other major economies with robust GDP growth and the economy remained in strong growth in 2011, 2012 and 2013.

Over the past decade from 2003 to 2013, the Chinese government targeted to grow at 7% for the period from 2011 to 2015. Figure 1 further illustrates the nominal GDP of China from 2009 to 2013.

Figure 1 — China's Nominal Gross Domestic Product from 2009 to 2013

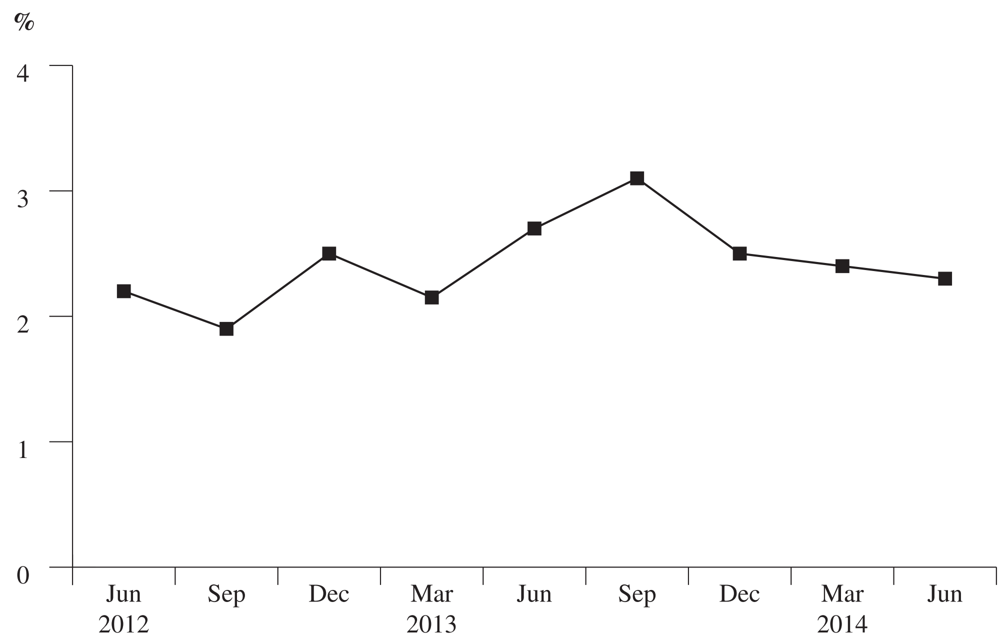


Source: National Bureau of Statistics of China

3.2 Inflation in China

Tackling inflation problem has long been the top priority of the Chinese government as high prices are considered as one of the causes of social unrest. For such a fast-growing economy, the middle-class' demand for food and commodities has been rising continuously. Inflation in China has been driven mainly by food prices, which have been stayed high in 2011. According to the National Bureau of Statistics of China, the consumer price index demonstrated an uptrend in the first half of 2011. Thanks to the government's policies in suppressing commodity prices, the inflation slowed in 2012 and maintained at around 2% to 3% since then. Figure 2 shows the year-over-year change in consumer price index of China from June 2012 to June 2014.

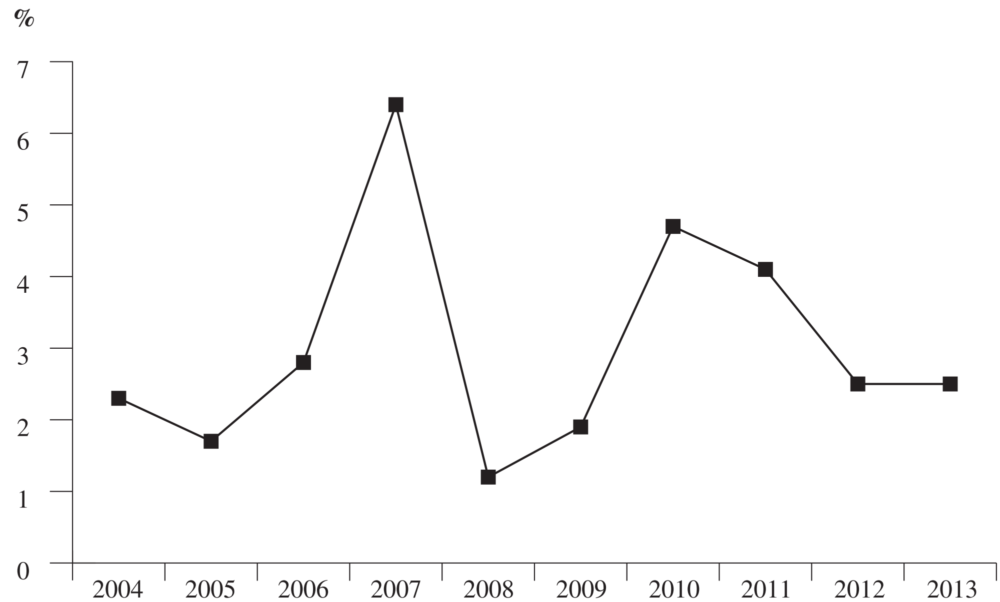
Figure 2 — Year-over-year Change in China's Consumer Price Index from June 2012 to June 2014



Source: National Bureau of Statistics of China

China's inflation rate was volatile during the past decade. According to the IMF, the average inflation rate in China increased sharply from 2.8% in 2006 to 6.5% in 2007, and then dropped drastically to 1.2% and 1.9% in 2008 and 2009 respectively. The inflation rate rebounded and increased to 4.6% in 2010 and maintained at a similar level of 4.1% in 2011. The inflation dropped again in 2012 to 2.5% and maintained at 2.5% in 2013. Figure 3 shows the historical trend of China's inflation rate from 2004 to 2013.

Figure 3 — China's Inflation Rate from 2004 to 2013



Source: International Monetary Fund

4. INDUSTRY OVERVIEW

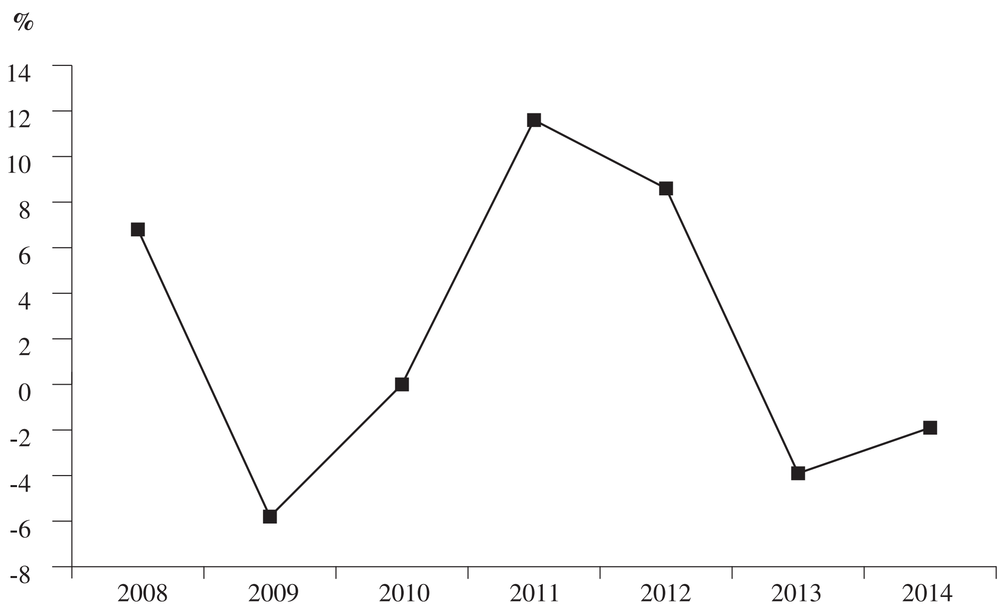
4.1 China Chemical Manufacturing Market

According to "Chemical Industry in China" published in 2014 by Research and Markets, a global market research firm, chemical is the third largest industry in China, after textiles and machinery. It accounts for 10% of the country's GDP, as well as for between 35% and 40% of the global demand growth of chemicals. China's chemical industry is the second largest consumer of basic chemical products after the United States, accounting for 45% of the total customers in Asia.

China has a net chemical deficit in the world market and is heavily dependent on imported materials. This dependency has been affected by price trends in the world market caused by heavy international demand for raw materials, petroleum and other chemical inputs.

According to the National Bureau of Statistics of China, the production of chemical raw material and chemical products have reached RMB205 billion in 2011. However, the producer price of the Chemical raw materials and chemical products has been fluctuating from 6.6% to -1.7% from 2008 to 2014, due to the global supply and demand. Figure 4 illustrates the year-over-year producer price change in China chemical raw materials and chemical products from 2008 and 2014.

Figure 4 — Year-over-year Producer Price Change in China Chemical Raw Materials and Chemical Products from 2008 to 2014



Source: National Bureau of Statistics of China

4.2 Automotive Care Aerosols and Products Market in China

Automotive care aerosol can be defined as a system of solid or liquid particles suspended in air or other gaseous environment for the purpose of automotive appearance and maintenance. These automotive chemicals mainly consist of five varieties, namely, chemicals for lubrication, chemicals for cleaning, chemicals for protection, automotive coating and adhesives.

According to an aerosol industry statistical analysis of the Professional Committee of China Packaging Federation released in 2013, China's total production of automotive aerosol products reached RMB300 million in 2013.

The demand for automotive care aerosols and products is largely dependent on the health of the automotive industry and growth patterns; therefore it closely resembles the trends of automotive production and sale. According to "Research Report on Auto Beauty Industry in China, 2014–2018" issued by China Research and Intelligence, a China-focused market research firm, the civil automobile reserve in China was 137 million (including 10.58 million three-wheeled automobiles and low-speed trucks) by the end of 2013, which increased by 5.7 times from 24 million in 2003.

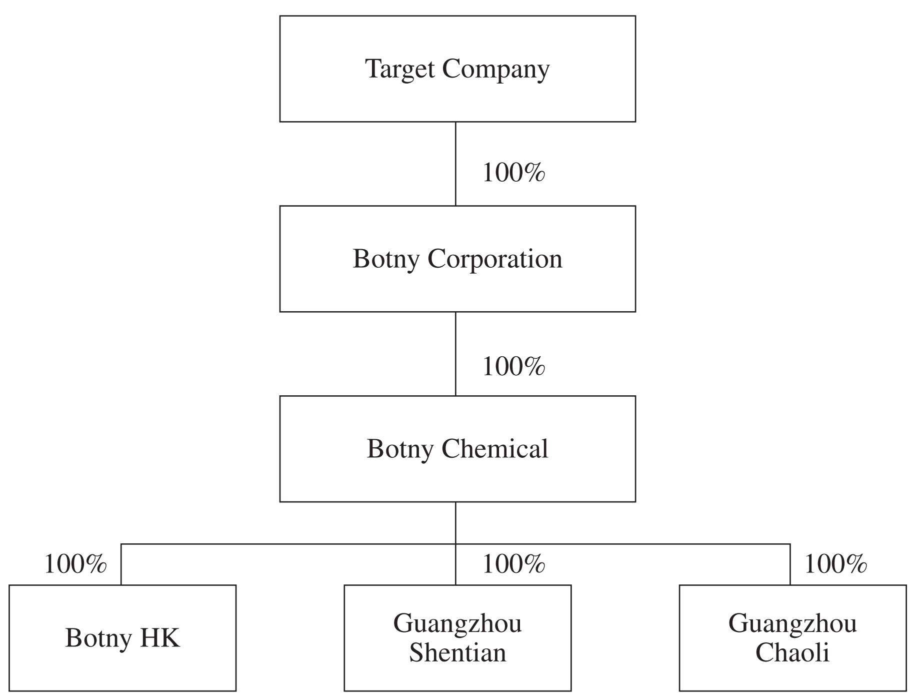
Thanks to the boom of automotive manufacturing industry, China has become one of the world's important automotive chemicals producers and consumers. Automobile owners pay more attention to auto beauty as resident incomes increase in China. Automobile is no longer the symbol of social status but a way to express personality as automobile industry develops in Chinese cities. The expansion of automobile industry into Chinese households brings great opportunities to auto beauty industry.

According to "Research Report on Auto Beauty Industry in China, 2014–2018", famous international auto beauty brands such as Cinep and 3M, have entered the Chinese market and established operation network of chains. On the contrary, domestic auto beauty enterprises lack competence due to their small scales. In China, few enterprises (chains or independent stores) can reach certain scale and establish famous brands. Therefore, the market will be dominated by famous international auto beauty brands in the short coming future.

5. OVERVIEW OF THE TARGET GROUP

The Target Company is a company incorporated under the laws of the British Virgin Islands ("BVI") with limited liability on 3 July 2012. The Target Company is an investment holding company, holding five wholly owned subsidiaries, namely Botny Corporation Limited (hereinafter referred to as "Botny Corporation"), Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) (hereinafter referred to as "Botny Chemical"), Botny Hong Kong Co., Limited (hereinafter referred to as "Botny HK"), Guangzhou Chaoli Insulation Coating Company Limited (廣州超利隔熱涂料有限公司) (hereinafter referred to as "Guangzhou Chaoli") and Guangzhou Shentian Woye Trading Company Limited (廣州深田沃業貿易有限公司) (hereinafter referred to as "Guangzhou Shentian"), and has no significant operations.

The following diagram shows the corporate structure of the Target Group for the valuation:



Source: Management

Botny Corporation is a limited liability company incorporated under the laws of Hong Kong on 3 June 2013, and a direct wholly owned subsidiary of the Target Company. It is an investment holding company.

Botny Chemical is the principal operating subsidiary of the Target Group. It is a limited liability company established under the laws of the People's Republic of China ("PRC") on 30 August 2000. It is principally engaged in the content filling of aerosol cans, and production and sale of aerosol products.

Botny HK is a limited liability company incorporated under the laws of Hong Kong on 9 June 2010, and an indirect wholly owned subsidiary of the Target Company. It is principally engaged in the trading of both aerosol and non-aerosol products produced by Botny Chemical.

Guangzhou Shentian is a limited liability company incorporated under the laws of the PRC on 5 May 2014, and an indirect wholly owned subsidiary of the Target Company. It is an investment holding company.

Guangzhou Chaoli is a limited liability company incorporated under the laws of the PRC on 18 July 2014, and an indirect wholly owned subsidiary of the Target Company. It is an investment holding company.

According to the Management, an agreement would be entered into between Botny Chemical and China Motor Management in which China Motor Management would lease two brand names, namely "WIN" and "FOX-D", to Botny Chemical in exchange for a royalty rate of 2.5% on the sales less sales rebate, value added tax, stamp duty and other government related fees, marketing and advertising expenses, transportation costs and after-sales services costs of WIN and FOX-D (hereinafter referred to as the "Net Sales").

6. BASIS OF VALUATION

Our valuation is conducted on a market value basis. According to the International Valuation Standards established by the International Valuation Standards Council in 2011, **market value** is defined as "the estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

7. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Target Group. In addition, we have made relevant inquiries and obtained further information and statistical figures regarding the economy and the chemical, automotive care aerosols and products industries in China as we considered necessary for the purpose of the valuation.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Target Group provided to us by the Management and have considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The valuation of the Target Group requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Target Group;
- The financial condition of the Target Group;
- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market;
- Relevant licenses and agreements;
- The business risks of the Target Group such as the ability in maintaining competent technical and professional personnel; and
- Investment returns and market transactions of entities engaged in similar lines of business.

8. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Target Group, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

8.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

8.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

8.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("equity and long term debt"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("equity") and investors who lend money to the business entity ("debt"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

8.4 Business Valuation

In the process of valuing the Target Group, we have taken into account of the uniqueness of its operation and the chemical, automotive care aerosols and products industries it is participating.

The Income-Based Approach was not adopted because a lot of assumptions would have to be made and the valuation could be largely influenced by any inappropriate assumptions made. The Asset-Based Approach was also not adopted because it could not capture the future earning potential of the Target Group and therefore it could not reflect the market value of the Target Group. We have therefore considered the adoption of the Market-Based Approach in arriving at the market value of the Target Group.

By adopting the Market-Based Approach, we have adopted price-to-earnings ("P/E") multiple in the valuation. We adopted several listed companies with business scopes and operations similar to those of the Target Group as comparable companies. The comparable companies were selected mainly with reference to the following selection criteria:

- Since the products produced and sold by the Target Group are aerosol products and non-aerosol products for the uses of car cares and household in China and overseas, the comparable companies selected are principally engaged in manufacturing and trading of chemical products for automotive and household uses in China;
- The companies have sufficient listing and operating histories; and
- The financial information of the companies is available to the public.

To account for the difference in company size between the Target Group and the six comparable companies adopted, a size premium was considered in the WACC computation.

According to the aforementioned selection criteria and under best-effort basis, six comparable companies listed in Hong Kong and China were adopted. Details of the exhaustive list of the comparable companies adopted were illustrated as follows:

Company Name	Stock Code	Listing Location	Business Description
Yip's Chemical Holdings Limited	408.HK	Hong Kong	Yip's Chemical Holdings Limited, through its subsidiaries, manufacture and trades high molecular chemical products and mixed solvents, paints, raw solvents, lubricants, and inks. The company also sub-leases storage of solvents in bulk.
China Ludao Technology Co Ltd	2023.HK	Hong Kong	China Ludao Technology Co Ltd is a manufacturer of aerosol products in the PRC. The company is principally engaged in the research and development, manufacture and sale of aerosol and related products. China Ludao's products include, household and auto care products, air fresheners, personal care products, and insecticides.

Company Name	Stock Code	Listing Location	Business Description
China Sanjiang Fine Chemicals Co Ltd.	2198.HK	Hong Kong	China Sanjiang Fine Chemicals Co Ltd. manufactures and supplies consumer chemicals and their ingredients. The company's main product is ethylene oxide and AEO surfactants which are the core components for household cleansing and cosmetic products.
Shenzhen Rainbow Fine Chemical Industry Co., Ltd.	002256.CH	China (Shenzhen)	Shenzhen Rainbow Fine Chemical Industry Co., Ltd. researches, manufactures and markets aerosol products.
Guangdong Delian Group Company Limited	002666.CH	China (Shenzhen)	Guangdong Delian Group Company Limited manufactures and sells automotive fine chemicals. The company's main products include antifreezing fluid, brake fluid, power steering fluid, automatic transmission fluid, engine oil, fuel additives, adhesives, and other related products.
Hubei Huitian New Materials Co., Ltd.	300041.CH	China (Shenzhen)	Hubei Huitian New Materials Co., Ltd. researches, produces and sells adhesives and chemicals. The company offers products including organic silica gel, acrylic adhesive, anaerobic adhesive, epoxy glue, and polyurethane glue.

Source: Bloomberg

We are of the opinion that it is fair and representative to adopt the above list of the six comparable companies in the valuation.

The P/E multiples of the aforementioned comparable companies were illustrated as follows:

Company Name	Stock Code	Listing Location	P/E Multiple
Yip's Chemical Holdings Limited	408.HK	Hong Kong	17.85
China Ludao Technology Co Ltd	2023.HK	Hong Kong	11.43
China Sanjiang Fine Chemicals Co Ltd.	2198.HK	Hong Kong	6.67
Shenzhen Rainbow Fine Chemical Industry Co., Ltd.	002256.CH	China	40.65
Guangdong Delian Group Company Limited	002666.CH	China	28.62
Hubei Huitian New Materials Co., Ltd.	300041.CH	China	28.66
		Median:	**23.24**

Source: Bloomberg

Based on the above data extracted from Bloomberg, we considered the P/E multiples of China Sanjiang Fine Chemicals Co Ltd. (i.e. 6.67) and Shenzhen Rainbow Fine Chemical Industry Co., Ltd. (i.e. 40.65) as the outliers. In order to minimize the effect of the outliers in the valuation, the median of the P/E multiples of the comparable companies was adopted as at the Date of Valuation as extracted from Bloomberg.

As advised by the Management, since WIN and FOX-D would be leased to Botny Chemical by China Motor Management at a royalty of 2.5% on the Net Sales, 2.5% of the Net Sales attributed to WIN and FOX-D were deducted from the annualized net profit in our valuation. According to the financial information provided by the Management, the annualized Net Sales was HKD17,916,932 and hence 2.5% of the Net Sales was HKD447,923. The annualized net profit of the Target Group based on the audited consolidated financial statements of the Target Group for the year ended December 2013 and its audited consolidated management accounts for the eight-month ended August 2014 was HKD56,843,333. After excluding 2.5% of the Net Sales during the period, the annualized net profit was adjusted to HKD56,395,410 (hereinafter referred to as the "Adjusted Annualized Net Profit").

Then, we obtained the market value of the Target Group by applying the median P/E multiple to the Adjusted Annualized Net Profit, after adding its non-operating assets, because the market value arrived from the P/E multiple has not reflected the values from these balance sheet items.

8.5 Marketability Discount and Control Premium

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. Due to the fact that the Target Group is not publicly listed as compared to the comparable companies, a marketability discount has been adopted in the valuation. With reference to the 2014 edition of the FMV Restricted Stock Study Companion Guide issued by FMV Opinions, Inc., an independent firm offering a broad range of financial advisory services, over 700 private transactions from July 1980 through September 2013 were examined and the result illustrated that the medium marketability discount for these transactions (excluding premiums) is 16.15%. Therefore, a marketability discount of 16.15% was adopted in arriving at the market value of the Target Group as at the Date of Valuation.

In addition, as we are considering the value of the Target Group from the perspective of controlling interest, a control premium should be applied to reflect the higher marketability of a controlling interest. With reference to the Mergerstat Control Premium Study (2nd Quarter 2014) issued by FactSet Mergerstat, LLC, a leading information provider related to global mergers and acquisitions, the study has examined over 70 transactions in which 50.01 percent or more of a company was acquired and the result illustrated that the median control premium (excluding negative premiums) is 26.40%. Therefore, a control premium of 26.40% was also adopted in arriving at the market value of the Target Group as at the Date of Valuation.

8.6 Calculations Details

The calculation details of the Target Group using the P/E multiple were illustrated as follows:

Annualized Net Profit (HKD)	56,843,333
Less: 2.5% of the Net Sales (HKD)	447,923
Adjusted Annualized Net Profit (HKD)	56,395,410
Multiplied by: Median Price-to-Earnings Multiple	23.24
Market Value before Adjustments (HKD)	1,310,368,758
Add: Non-Operating Assets/Liabilities (HKD)	118,565,000
Market Value before Applying Marketability Discount and Control Premium (HKD)	1,428,933,758
Adjusted for Marketability Discount	(1 – 16.15%)
Adjusted for Control Premium	(1 + 26.40%)
Market Value Obtained from P/E Multiple (HKD)	1,514,475,448
Rounded Value (HKD)	1,514,000,000

Note: The totals may not sum due to rounding.

8.7 Sensitivity Analysis

To determine how the different values of an independent variable would impact a particular dependent variable under a given set of assumptions, we carried out a sensitivity analysis on the market value of the Target Group in respect of 1 and 2 absolute deviation in the price-to-earnings multiple from the status quo. The results of the sensitivity analysis were as follows:

Change in Price-to-Earnings Multiple	Applied Price-to-Earnings Multiple	Market Value of the Target Group (HKD)
+2	25.24	1,634,000,000
+1	24.24	1,574,000,000
0	23.24	1,514,000,000
–1	22.24	1,455,000,000
–2	21.24	1,395,000,000

9. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- The valuation was mainly based on the audited consolidated financial statements of the Target Group for the year ended December 2013 and its audited consolidated management accounts for the eight-month ended August 2014;

- According to the Management, WIN and FOX-D would be leased to Botny Chemical at a royalty of 2.5% on its Net Sales; therefore 2.5% of the Net Sales attributed to WIN and FOX-D were deducted in the valuation;

- There will be sufficient supply of technical staff in the industry in which Target Group operates, and the Target Group will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Target Group operates or intends to operate would be officially obtained and renewable upon expiry;

- There will be no major change in the current taxation laws in the localities in which the Target Group operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Target Group operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Target Group; and

- Interest rates and exchange rates in the localities for the operation of the Target Group will not differ materially from those presently prevailing.

10. INFORMATION REVIEWED

Our opinion requires consideration of relevant factors affecting the market value of the Target Group. The factors considered included, but were not necessarily limited to, the following:

- Audited consolidated financial statements of the Target Group for the years ended December 2011, 2012 and 2013;

- Audited consolidated management accounts of the Target Group for the eight months ended August 2014;

- Operating data of WIN and FOX-D for the year ended December 2013 and eight months ended August 2014;

- Historical operational information of the Target Group;

- General descriptions in relation to the Target Group;

- Market trends of the chemical, automotive care aerosols and products industries in China; and

- Economic outlook in China.

We have discussed the details with the Management. We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We had assumed the accuracy of information provided and relied on such information to a considerable extent in arriving at our opinion.

11. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events or circumstances have not been considered and we are not required to update our report for such events and conditions.

We would particularly point out that our valuation was based on the information such as company background and business nature of the Target Group provided to us.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied on the historical and/or prospective information provided by the Management and other third parties to a considerable extent in arriving at our opinion of value. The information has not been audited or compiled by us. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We assumed that the Management is competent and perform duties under the company regulation. Also, ownership of the Target Group was in responsible hands, unless otherwise stated in this report. The quality of the Management may have direct impact on the viability of the business as well as the market value of the Target Group.

We have not investigated the title to or any legal liabilities of the Target Group, and have assumed no responsibility for the title to the Target Group appraised.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. The conclusion and various estimates may not be separated into parts, and/or used out of the context presented herein, and/or used together with any other valuation or study.

We assume no responsibility whatsoever to any person other than the directors and the Management in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely at their own risk.

No change to any item in any part of this report shall be made by anyone except Roma Appraisals. We have no responsibility for any such unauthorized change. Neither all nor any part of this report shall be disseminated to the public without the written consent and approval of Roma Appraisals through any means of communication or referenced in any publications, including but not limited to advertising, public relations, news or sales media.

This report may not be reproduced, in whole or in part, and utilized by any third parties for any purpose, without the written consent and approval of Roma Appraisals.

The working papers and models for this valuation are being kept in our files and would be available for further references. We would be available to support our valuation if required. The title of this report shall not pass to the Company until all professional fee has been paid in full.

12. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HKD).

We hereby confirm that we have neither present nor prospective interests in the Company, the Target Group and their associated companies, or the values reported herein.

13. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of 100% equity interest in the Target Group as at the Date of Valuation, in our opinion, was reasonably stated as **HKD1,514,000,000 (HONG KONG DOLLARS ONE BILLION FIVE HUNDRED AND FOURTEEN MILLION ONLY**).

Yours faithfully,
For and on behalf of
Roma Appraisals Limited

Kelvin Luk
CVA
Director

Hui Siu Wing
CFA, FRM
Manager

Notes:

Mr. Luk is a member of the International Association of Consultants, Valuators and Analysts (IACVA). He has over nine years of experience in business valuation and consultation.

Mr. Hui is a charterholder of the Chartered Financial Analyst designation administered by the Chartered Financial Analyst Institute (CFA) and a Financial Risk Manager (FRM) certified by the Global Association of Risk Professionals (GARP). He has over four years of experience in business valuation and consultation.

The following is the text of a letter, a summary of values and valuation certificate, prepared for incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 31 August 2014 of the property interests of the Target Group.

ROMA

Unit 3806, 38/F, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

29 November 2014

China Aluminum Cans Holdings Limited
Flat G, 20th Floor,
Golden Sun Centre,
No.59–67 Bonham Strand West,
Sheung Wan, Hong Kong

Dear Sir/Madam,

Re: Various Properties in the People's Republic of China

In accordance with your instructions for us to value the properties intended to be acquired by China Aluminum Cans Holdings Limited (the "Company") and/or its subsidiaries (together with the Company referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, 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 August 2014 for the purpose of incorporation in the circular of the Company dated 29 November 2014.

1. BASIS OF VALUATION

Our valuations of the properties are our opinion of the market values of the concerned properties which we would define as intended to mean "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".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

For the properties in the PRC, due to the specific purpose for which most of the buildings and structures of the property have been constructed, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach ("DRC") is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC approach may be used as a substitute for the market value of specialized property, due to the lack of market comparables available. Our valuation does not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business.

3. TITLE INVESTIGATION

For the properties in the PRC, we have been shown copies of extracts of various title documents and have been advised by the Group that no further relevant documents have been produced. Furthermore, due to the nature of the land registration system in the PRC, we have not been able to examine 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. Therefore, in the course of our valuations, we have relied on the advice and information given by the Group and its PRC legal advisor — China Commercial Law Firm regarding the titles of the properties in the PRC. All documents have been used for reference only.

We have also relied on the advice given by the Group that the Group has valid and enforceable titles to the properties which are freely transferable, and have 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.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, 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 approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor 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 valuation is prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (RMB).

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited
Dr. Alan W K Lee
BCom(Property) MFin PhD(BA)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Associate Director

Note: Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 10 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

SUMMARY OF VALUES

Properties intended to be acquired by the Group in the PRC for owner-occupation

No.	Property	Market Value in Existing State as at 31 August 2014
1.	An industrial complex located at No. 388 Ju Feng North Road, Aotou Town, Conghua City, Guangzhou City, Guangdong Province, The PRC 中國廣東省廣州市從化市鼇頭鎮聚豐北路388號之一個工廠區	RMB97,400,000
2.	An industrial complex located at Nos. 11–12 Tai Yuan Road, Conghua Economic Technology Development Zone, Conghua City, Guangzhou City, Guangdong Province, The PRC 中國廣東省廣州市從化市經濟技術開發區太源路11–12號之一個工廠區	RMB38,500,000
	Total:	**RMB135,900,000**

VALUATION CERTIFICATE

Properties intended to be acquired by the Group in the PRC for owner-occupation

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 August 2014
1.	An industrial complex located at No. 388 Ju Feng North Road, Aotou Town, Conghua City, Guangzhou City, Guangdong Province, The PRC 中國廣東省廣州市從化市鼇頭鎮聚豐北路388號之一個工廠區	The property comprises a parcel of land with a site area of approximately 66,047 sq.m. which various buildings, mainly completed in about July 2009 (First Registered Date), were erected thereon. The total gross floor area of the property is approximately 26,816.95 sq.m.. The land use rights of the property have been granted for 50 years expiring on 3 December 2058 for industrial use.	The property is occupied by the owner of the property.	RMB97,400,000

Notes:

1. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Quan Zheng Cong Zi Di No. 0114008366 (粵房地權證從字第0114008366號), the property with a site area of 66,047 sq.m. and a gross floor area of 26,816.95 sq.m. is owned by Guangzhou Shentian Woye Trading Company Limited (廣州深田沃業貿易有限公司) for industrial use.

2. The status of title in accordance with the information provided by the Group is as follows:

   Real Estate Title Certificate Yes

3. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

   a. Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services has been settled in full;

   c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   d. The property is not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

4. Our inspection was performed by Mr. Chris Tan Farnhaw, CFA, in July 2014.

5. As advised by the Group, Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company.

6. As advised by the Group, Guangzhou Shentian Woye Trading Company Limited (廣州深田沃業貿易有限公司) a company established under the laws of the PRC with limited liability and a wholly owned subsidiary of the Company.

7. On 5 May 2014, Guangzhou Botny Chemical Co., Limited (廣州保賜利化工有限公司), injected cash of RMB5,000,000 and Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited (廣州歐亞氣霧劑與日化用品製造有限公司), a company controlled by the Controlling Shareholder, injected buildings and land lease rights (Property No. 1) with the fair value of RMB96,435,000 to establish Guangzhou Shentian Woye Trading Company Limited. On 25 July 2014, Guangzhou Botny Chemical Co., Limited and Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited entered into an agreement pursuant to which Guangzhou Botny Chemical Co., Limited agreed to acquire the interests in Guangzhou Shentian from Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited at a consideration of RMB96,435,000.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 August 2014
2.	An industrial complex located at Nos. 11–12 Tai Yuan Road, Conghua Economic Technology Development Zone, Conghua City, Guangzhou City, Guangdong Province, The PRC 中國廣東省廣州市從化市經濟技術開發區太源路11–12號之一個工廠區	The property comprises 5 parcels of land with a total site area of approximately 32,643.52 sq.m. which various buildings, completed between 1995 and 2005, were erected thereon. The total gross floor area of the property is approximately 13,653.33 sq.m.. The land use rights of the property have been granted for various terms for industrial use. For details, please refer Notes 1 and 2.	The property is occupied by the owner of the property.	RMB38,500,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Certificates (國有土地使用證), the land use rights of 3 parcels of land of the property with a total site area of 18,631.6 sq.m. have been granted to Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) for industrial use. The details of which are as follows:

State-owned Land Use Rights Certificates	Gross Floor Area *(sq.m.)*	Expiry Date of Land Use Rights
Cong Fu Guo Yong (2005) Di No. 00082 從府國用(2005)第00082號	1,975.00	31 January 2055
Cong Fu (Kai) Guo Yong (2005) Di No. 15 從府(開)國用(2005)第15號	15,040.31	9 November 2063
Cong Fu (Kai) Guo Yong (2005) Di No. 16 從府(開)國用(2005)第16號	1,616.29	9 November 2063
Total:	**18,631.60**	

2. Pursuant to 7 Real Estate Title Certificates (房地產權證), 2 parcels of land of the property with a total site area of 14,011.92 sq.m. and various buildings of the property with a total gross floor area of 13,653.33 sq.m. are legally owned by Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) for industrial uses. The details of which are as follows:

No.	Real Estate Title Certificate	Site Area *(sq.m.)*	Gross Floor Area *(sq.m.)*	Expiry Date of Land Use Rights
1.	Yue Fang Di Zheng Zi Di No.C2611121 粵房地證字第C2611121號	12,364.19 (Site Area of Nos. 1–6)	4,431.67	17 January 2052
2.	Yue Fang Di Zheng Zi Di No.C2611122 粵房地證字第C2611122號		2,201.87	17 January 2052
3.	Yue Fang Di Zheng Zi Di No.C2611123 粵房地證字第C2611123號		114.33	17 January 2052
4.	Yue Fang Di Zheng Zi Di No.C3390290 粵房地證字第C3390290號		905.31	17 January 2052
5.	Yue Fang Di Zheng Zi Di No.C3390291 粵房地證字第C3390291號		506.15	17 January 2052
6.	Yue Fang Di Zheng Zi Di No.C3390292 粵房地證字第C3390292號		577.31	17 January 2052
7.	Yue Fang Di Zheng Zi Di No.C2611124 粵房地證字第C2611124號	1,647.73	4,919.69	31 January 2055
	Total:	**14,011.92**	**13,653.33**	

3. The status of title in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

   a. Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. All land premium and other costs of ancillary utility services has been settled in full;

   c. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

   d. The property is not subject to any guarantee, mortgage, foreclosure, restriction of other rights or compulsory acquisition.

5. Our inspection was performed by Mr. Chris Tan Farnhaw, CFA, in July 2014.

6. As advised by the Group, Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司), a company established under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of the Target Company.

The following is the text of a letter, a summary of values and valuation certificate, prepared for incorporation in this circular received from Roma Appraisals Limited, an independent valuer, in connection with its valuation as at 31 August 2014 of the property interests of the Group.

ROMA

Unit 3806, 38/F, China Resources Building,
26 Harbour Road, Wan Chai, Hong Kong
Tel (852) 2529 6878 Fax (852) 2529 6806
E-mail info@romagroup.com
http://www.romagroup.com

29 November 2014

China Aluminum Cans Holdings Limited
Flat G, 20th Floor,
Golden Sun Centre,
No. 59–67 Bonham Strand West,
Sheung Wan, Hong Kong

Dear Sir/Madam,

Re: Various Properties in the People's Republic of China

In accordance with your instructions for us to value the properties held by China Aluminum Cans Holdings Limited (the "Company") and/or its subsidiaries (together with the Company referred to as the "Group") in the People's Republic of China (the "PRC"), we confirm that we have carried out inspection, 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 August 2014 for the purpose of incorporation in the circular of the Company dated 29 November 2014.

1. BASIS OF VALUATION

Our valuations of the properties are our opinion of the market values of the concerned properties which we would define as intended to mean "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".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

2. VALUATION METHODOLOGY

For the properties in the PRC, due to the specific purpose for which most of the buildings and structures of the property have been constructed, there are no readily identifiable market comparables. Thus the buildings and structures have been valued on the basis of their depreciated replacement costs instead of direct comparison method. The depreciated replacement cost approach ("DRC") is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimization. In practice, DRC approach may be used as a substitute for the market value of specialized property, due to the lack of market comparables available. Our valuation does not necessarily represent the amount that might be realized from the disposition of the property and the DRC is subject to adequate profitability of the concerned business.

3. TITLE INVESTIGATION

For the properties in the PRC, we have been shown copies of extracts of various title documents and have been advised by the Group that no further relevant documents have been produced. Furthermore, due to the nature of the land registration system in the PRC, we have not been able to examine 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. Therefore, in the course of our valuations, we have relied on the advice and information given by the Group and its PRC legal advisor — China Commercial Law Firm regarding the titles of the properties in the PRC. All documents have been used for reference only.

We have also relied on the advice given by the Group that the Group has valid and enforceable titles to the properties which are freely transferable, and have 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.

4. VALUATION ASSUMPTIONS

Our valuations have been made on the assumption that the owners sell the properties in the market in their existing states without the benefit of deferred term contracts, leasebacks, joint ventures, management agreements or any similar arrangements which would serve to affect the values of such properties. In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the properties and no allowance has been made for the properties to be sold in one lot or to a single purchaser.

5. SOURCE OF INFORMATION

In the course of our valuations, we have relied to a very considerable extent on the information provided by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of properties, particulars of occupation, site/floor areas, ages of buildings and all other relevant matters which can affect the values of the properties. All documents have been used for reference only.

We have no reason to doubt the truth and accuracy of the information provided to us. We have also been advised that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view, and have no reason to suspect that any material information has been withheld.

6. VALUATION CONSIDERATION

We have inspected the exterior and, where possible, the interior of certain properties. No structural survey has been made in respect of the properties. However, in the course of our inspections, we did not note any serious defects. We are not, however, able to report that the properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the building services.

We have not carried out on-site measurement to verify the site/floor areas of the properties under consideration but we have assumed that the site/floor areas shown on the documents handed to us are correct. Except as otherwise stated, all dimensions, 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 approximations.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor 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 valuation is prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and in accordance with the HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

7. REMARKS

Unless otherwise stated, all monetary amounts stated in our valuations are in Renminbi (RMB).

Our Summary of Values and Valuation Certificates are attached.

Yours faithfully,
For and on behalf of
Roma Appraisals Limited
Dr. Alan W K Lee
BCom(Property) MFin PhD(BA)
MHKIS RPS(GP) AAPI CPV CPV(Business)
Associate Director

Note: Dr. Alan W K Lee is a Registered Professional Surveyor (General Practice), a member of Hong Kong Institute of Surveyors and an Associate of Australian Property Institute. He has over 10 years' valuation experience in Hong Kong, Macau, the PRC, the Asia Pacific Region and European countries.

SUMMARY OF VALUES

Properties held by the Group in the PRC for owner-occupation

No.	Property	Market Value in Existing State as at 31 August 2014
1.	An industrial complex located at No. 12 Kang Tai Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC 中國廣東省中山市火炬高技術產業開發區國家健康科技產業基地康泰路12號之一個工廠區	RMB29,500,000
2.	An industrial complex located at Ya Bo Nan Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC 中國廣東省中山市火炬高技術產業開發區國家健康科技產業基地雅柏南路之一個工廠區	RMB57,700,000
	Total:	**RMB87,200,000**

VALUATION CERTIFICATE

Properties held by the Group in the PRC for owner-occupation

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 August 2014
1.	An industrial complex located at No. 12 Kang Tai Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC 中國廣東省中山市火炬高技術產業開發區國家健康科技產業基地康泰路12號之一個工廠區	The property comprises a parcel of land with a site area of approximately 28,913.2 sq.m. which various buildings and structures, completed in about 2005, were erected thereon. The total gross floor area of the property is approximately 7,528.96 sq.m.. The land use rights of the property have been granted for a term expiring on 26 March 2048 for industrial use.	The property is occupied by the Group for storage and office uses.	RMB29,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate (國有土地使用證), Zhong Fu Guo Yong (2009) Di No. 150184 (中府國用(2009)第150184號), the land use rights of the property with a site area of approximately 28,913.2 sq.m. have been granted to Euro Asia Packaging (Guangdong) Co., Ltd (廣州歐亞包裝股份有限公司) for industrial use.

2. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. C7107899 (粵房地證字第C7107899號), the property with a gross floor area of approximately 7,528.96 sq.m. is owned by Euro Asia Packaging (Guangdong) Co., Ltd (廣州歐亞包裝股份有限公司) for industrial use.

3. The status of title in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

   a. Euro Asia Packaging (Guangdong) Co., Ltd (廣州歐亞包裝股份有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. The property is subject to a mortgage in favour of Bangkok Bank (Public) Company Limited Shenzhen Branch for a consideration of RMB27,902,600;

   c. All land premium and other costs of ancillary utility services has been settled in full;

d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

e. The property is not subject to any guarantee, foreclosure, restriction of other rights or compulsory acquisition.

5. Our inspection was performed by Mr. Jeffrey T N Wong, BEng, in October 2014.

VALUATION CERTIFICATE

No.	Property	Description and Tenure	Particulars of Occupancy	Market Value in Existing State as at 31 August 2014
2.	An industrial complex located at Ya Bo Nan Road, National Health Technology Park, Torch High-tech Industrial Development Zone, Zhongshan City, Guangdong Province, The PRC 中國廣東省中山市火炬高技術產業開發區國家健康科技產業基地雅柏南路之一個工廠區	The property comprises 2 parcels of land with a total site area of approximately 54,019.4 sq.m. which various buildings and structures, completed in about 2009, were erected thereon. The total gross floor area of the property is approximately 12,854.76 sq.m.. The land use rights of the property have been granted for various terms expiring on 11 September 2048 and 22 May 2048 respectively for industrial use.	The property is occupied by the Group for industrial use.	RMB57,700,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Certificates (國有土地使用證), Zhong Fu Guo Yong (2009) Di No. 150317 (中府國用(2009)第150317號) and Zhong Fu Guo Yong (2009) Di No. 150318 (中府國用(2009)第150318號), the land use rights of the property with a site area of approximately 45,605.6 sq.m. and 8,413.8sq.m. respectively have been granted to Euro Asia Packaging (Guangdong) Co., Ltd (廣州歐亞包裝股份有限公司) for various terms expiring on 11 September 2048 and 22 May 2048 for industrial use.

2. Pursuant to a Real Estate Title Certificate (房地產權證), Yue Fang Di Zheng Zi Di No. C6704671 (粵房地證字第C6704671號), the property with a gross floor area of approximately 12,854.76 sq.m. is owned by Euro Asia Packaging (Guangdong) Co., Ltd (廣州歐亞包裝股份有限公司) for industrial use.

3. The status of title in accordance with the information provided by the Group is as follows:

State-owned Land Use Rights Certificate	Yes
Real Estate Title Certificate	Yes

4. We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser, which contains, inter-alia, the following information:

   a. Euro Asia Packaging (Guangdong) Co., Ltd (廣州歐亞包裝股份有限公司) is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;

   b. The property is subject to a mortgage in favour of Bank of China Limited Zhongshan Branch for a consideration of RMB35,721,900;

   c. All land premium and other costs of ancillary utility services has been settled in full;

d. The existing use of the property is in compliance with the local planning regulations and have been approved by the relevant authorities; and

e. The property is not subject to any guarantee, foreclosure, restriction of other rights or compulsory acquisition.

5. Our inspection was performed by Mr. Jeffrey T N Wong, BEng, in October 2014.

PROPERTY, PROPERTY VALUATION AND RECONCILIATION OF APPRAISED PROPERTY VALUES WITH NET BOOK VALUES (RULE 5.07)

Roma Appraisals Limited, an independent valuer, has valued the leasehold lands and buildings and structures erected on the properties held by the Group at 31 August 2014 and is of the opinion that the market value of the leasehold lands and buildings and structures erected on the properties was amount about HK$108,099,000 as at 31 August 2014.

Set forth below is the reconciliation of the valuation figure of the Group's properties with the figures included in the consolidated financial statement of the Group:

	Buildings	**Leasehold lands**	**Total**
	HK'000	*HK'000*	*HK'000*
Net book value as at 31 December 2013 (audited)	36,769	17,474	54,243
Movements during the period (unaudited)			
Depreciation/amortization charged for the period			(2,449)
Net book value as at 31 August 2014 (unaudited)			51,794
Valuation surplus (audited)			57,832
Valuation of the lesasehold lands and buildings and structures as at 31 August 2014 as set out in the valuation report in Appendix VI			109,626 *(Note)*

Note: The exchange rate of Hong Kong Dollars and Renminbi adopted for 31 August 2014 is 0.79543.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company was, and immediately following: (a) the increase in authorised share capital; (b) the allotment and issue of the Placing Shares upon the fulfilment of condition (j) of the conditions precedent of the Acquisition Agreement; and (c) the allotment and issue of the Conversion Shares, assuming the conversion rights attaching to the Convertible Note are exercised in full will be as follows:

		HK$
Authorised		
780,000,000	Shares as at the Latest Practicable Date	7,800,000
720,000,000	Shares to be created upon the increase in authorised share capital	7,200,000
1,500,000,000		15,000,000
Issued and credited as fully paid		
402,785,000	Shares as at the Latest Practicable Date	4,027,850
111,111,111	Placing Shares to be allotted and issued *(note)*	1,111,111
722,222,222	Conversion Shares to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Note in full	7,222,222
1,236,118,333		12,361,183

Note: The Placing Shares are assumed to be issued at HK$1.08 per Placing Share to raise approximately HK$120 million.

All the issued share capital of the Company shall rank *pari passu* with each other in all respects including the rights as to dividends, voting and return of capital. The Conversion Shares and the Placing Shares to be allotted and issued will, when issued and fully paid, rank *pari passu* in all respects with the then existing Shares in issue on the date of their allotment.

3. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests or short positions in the shares of the Company, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") are as follows:

(i) Long position in the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of our Company
Mr. Lin	Interest in a controlled corporation *(Note)*	300,000,000	75%
Ms. Ko Sau Mee ("**Mrs. Lin**")	Interest in a controlled corporation *(Note)*	300,000,000	75%

Note: Wellmass International Limited ("**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.

(ii) Long position in Wellmass, an associated corporation of the Company

Name of Director	Capacity/Nature of interest	Approximate percentage of the issued share capital of our Company
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.

(iii) Long positions in underlying shares of share options of the Company

Name of Director	Company/Name of associated corporations	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the shareholding *(%)*
Mr. Chamlong Wachakorn	The Company	Beneficial owner *(Note)*	3,500,000	0.875
Mr. Kwok Tak Wang	The Company	Beneficial owner *(Note)*	2,000,000	0.5

Note: These represent the Shares to be issued and allotted by the Company upon exercise of the options granted under the Pre-IPO share option scheme of the Company adopted on 20 June 2013.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective associates had registered any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations as at the Latest Practicable Date, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

4. SUBSTANTIAL SHAREHOLDERS' AND OTHERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the shares or underlying shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long position in the Shares

Name	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of our Company
Wellmass	Beneficial owner *(Note)*	300,000,000	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.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at the Latest Practicable Date which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

5. DIRECTORS' OTHER INTERESTS

(a) Save as disclosed in this circular, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Enlarged Group subsisting as at the Latest Practicable Date which was significant in relation to the business of the Enlarged Group.

(b) None of the Directors has any direct or indirect interest in any assets acquired or disposed of by or leased to any member of the Enlarged Group or is proposed to be acquired or disposed of by or leased to member of the Enlarged Group since 31 December 2013, being the date to which the latest published audited accounts of the Group were made up.

(c) None of the Directors or any of their respective associates has any interest in any business that competes or is likely to compete, either directly or indirectly, with the business of the Enlarged Group.

6. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or terminable by the employer within one year, without payment of compensation (other than statutory compensation) between any of the Directors with any member of the Enlarged Group.

7. LITIGATION

As at the Latest Practicable Date, there were no litigations or claims of material importance pending or threatened against any member of the Enlarged Group which was known to the Directors.

8. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of businesses) have been entered into by the member of the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

(a) a share transfer agreement dated 4 December 2012 entered into between Hong Kong Aluminum Cans Limited and European Asia Industrial Limited pursuant to which European Asia Industrial Limited agreed to transfer 78,898,400 shares of Euro Asia Packaging (Guang Dong) Co., Limited to Hong Kong Aluminum Cans Limited, which represented 98.623% of the entire equity interest of Euro Asia Packaging (Guang Dong) Co., Limited, in consideration of the allotment and issue of 1,000 shares of Hong Kong Aluminum Cans Limited to European Asia Industrial Limited;

(b) a sale and purchase agreement dated 14 February 2013 entered into between Euro Asia Investments Global Limited and European Asia Industrial Limited pursuant to which European Asia Industrial Limited agreed to sell the entire issued share capital of Hong Kong Aluminum Cans Limited to Euro Asia Investments Global Limited at a consideration of HK$1,001;

(c) the non-competition deed dated 27 June 2013 given by the controlling shareholders of the Company in favour of the Company (for itself and as trustee for its subsidiaries);

(d) a deed of indemnity dated 27 June 2013 executed by the controlling shareholders of the Company in favor of the Company on its own behalf and as trustee for its subsidiaries;

(e) the conditional underwriting agreement dated 27 June 2013 relating to the Public Offer and entered into by Shenyin Wanguo Capital (H.K.) Limited, Pacific Foundation Securities Limited, the Company, and the controlling shareholders and executive directors of the Company;

(f) the Acquisition Agreement; and

(g) the subscription agreement dated 3 October 2014 entered into between the Company (as the issuer) and Mr. Lin (as the subscriber) in relation to the subscription of the Convertible Note.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have been named in this circular or have given opinions or advice which are contained in this circular:

Name	Qualification
Nuada Limited	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO
Roma Appraisals Limited	independent valuer
Ernst & Young	certified public accountants
China Commercial Law Co.	Legal adviser as to PRC laws

Each of the above experts has given and has not withdrawn their written consent to the issue of this circular with the inclusion herein its letter or report or references to its name in the form and context in which it appear.

As at the Latest Practicable Date, each of the above experts did not have any shareholding, directly or indirectly, in any member of the Group or any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interests in any assets which have been, since 31 December 2013 (being the date to which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Unit G, 20/F., Golden Sun Centre, Nos. 59/67 Bonham Strand West, Sheung Wan, Hong Kong during normal business hours on any weekday other than public holidays for a period of 14 days from the date of this circular:

(a) the Memorandum and Articles of Association of the Company;

(b) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix;

(c) the written consents of the experts referred to in the section headed "Expert and Consent" in this Appendix;

(d) the accountants' report on the Target Group, the text of which is set out in Appendix II;

(e) a written statement signed by the reporting accountants setting out the adjustment made in arriving at the figures shown in its report and giving the reasons therefor;

(f) the unaudited pro forma consolidated statement of assets and liabilities of the Enlarged Group, the text of which is set out in Appendix III;

(g) the valuation report of the Target Group, the text of which is set out in Appendix IV;

(h) the annual report of the Group for the financial year ended 31 December 2013;

(i) the interim report of the Group for the six months ended 30 June 2014;

(j) the audited accounts of the Group for the two financial years ended 31 December 2013; and

(k) this circular.

11. MISCELLANEOUS

(a) The company secretary of the Company is Mr. Lam Chi Ming Francis who is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants.

(b) The registered office of the Company is located at Clifton House, 75 Fort Street, P.O. Box 1350 Grand Cayman KY1–1108 Cayman Islands. The headquarter of the Company in the PRC is No. 5 Ya Bo Nan Road, National Health Technology Park of Zhongshan, Torch Development Zone, Zhongshan City, Guangdong Province, PRC and the principal place of business in Hong Kong is Unit G, 20/F., Golden Sun Centre, Nos. 59/67 Bonham Strand West, Sheung Wan, Hong Kong.

(c) The principal share registrar and transfer office of the Company in Cayman Islands is Clifton House, 75 Fort Street, P.O. Box 1350 Grand Cayman KY1–1108 Cayman Islands.

(d) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited at 22/F., Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text.

CHINA ALUMINUM CANS HOLDINGS LIMITED
中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6898)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the "**EGM**") of China Aluminum Cans Holdings Limited (the "**Company**") will be held at the conference room at 3/F, Nexxus Building, 77 Des Voeux Road Central, Hong Kong on 16 December 2014 at 3:00 p.m. for the purpose of consideration and, if thought fit, passing with or without modification the following resolutions as ordinary resolutions of the Company:

ORDINARY RESOLUTIONS

1. "**THAT**

(a) the form and substance Acquisition Agreement dated 3 October 2014 (the "**Acquisition Agreement**") entered into between Mr. Lin Wan Tsang as vendor ("**Mr. Lin**") and Euro Asia Investments Global Limited as purchaser in relation to the acquisition of the entire issued share capital of Topspan Holdings Limited at a total consideration of HK$900 million (the "**Consideration**") (the "**Acquisition**"), details of the Acquisition Agreement are set out in the circular of the Company dated 29 November 2014 (the "**Circular**") (copies of the Acquisition Agreement and the Circular having been produced and marked "**A**" and "**B**" respectively and initialed by the chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified;

(b) conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares (as defined below), the directors of the Company be and are hereby generally and unconditionally authorized to issue and allot such number of new shares (the "**Conversion Shares**") of HK$0.01 each in the capital of the Company, credited as fully paid, to the holder of the convertible note in the principal amount of HK$780 million, which will be issued to partially satisfy the Consideration under the Acquisition Agreement;

(c) the exercise by the directors of the Company (the "**Directors**") of all the powers of the Company to issue, allot and deal with the unissued shares in the capital of the Company and to make agreements to place or subscribe for new Shares (the "**Placing**"), which might require the exercise of such powers be and the same is hereby generally and unconditionally approved provided that the issue price of all such Company's shares under the Placing (the "**Placing Shares**") shall not be less than the higher of (i) HK$1.08; and (ii) the average market price of the Shares as quoted on the Stock Exchange for the last ten consecutive trading day immediately before the signing of the agreement for Placing; and

(d) the Directors be and are hereby authorized to execute all such documents and do all such acts and things as they consider desirable, necessary or expedient in connection with and to give effect to the Acquisition Agreement and the transactions contemplated thereunder together with the issue and allotment of the Conversion Shares and the Placing Shares."

2. "**THAT** the authorised share capital of the Company be and is hereby increased from HK$7,800,000, divided into 780,000,000 Shares of HK$0.01 each to HK$15,000,000 divided into 1,500,000,000 Shares of HK$0.01 each by the creation of additional 720,000,000 Shares of HK$0.01 each (the "**Increase in Authorised Share Capital**") and the Directors be and are hereby authorised for and on behalf of the Company to execute all such documents and to do all such acts and things as they consider desirable, necessary or expedient in connection with and to give effect to the Increase in Authorised Share Capital".

By Order of the Board
China Aluminum Cans Holdings Limited
Chamlong Wachakorn
Executive Director

Hong Kong, 29 November 2014

Principal place of business in Hong Kong:
Unit G, 20/F.,
Golden Sun Centre,
Nos. 59/67 Bonham Strand West,
Sheung Wan, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the EGM is entitled to appoint another person at his/her/its proxy to attend and vote in his/her/its stead in accordance with the bye-laws of the Company. A proxy needs not be a member of the Company.

2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.

3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 22/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.

4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such shares as if he was solely entitled thereto, but if more than one of such joint holders are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first in the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.

As at the date of this notice, the executive Directors of the Company are Mr. Lin Wan Tsang, Ms. Ko Sau Mee and Mr. Chamlong Wachakorn; and the non-executive Director is Mr. Kwok Tak Wang; and the independent non-executive Directors are Mr. Leung Man Fai, Dr. Lin Tat Pang, Ms. Guo Yang and Mr. Chung Yi To.