THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offer, this Composite Document and/or the accompanying Form of Acceptance or as to the action to be taken, 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 Qualipak International Holdings Limited, you should at once hand this Composite Document and the accompanying Form of Acceptance to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

This Composite Document should be read in conjunction with the accompanying Form of Acceptance, the contents of which form part of the terms and conditions of the Offer contained in this Composite Document.

AMAZING BAY LIMITED

(Incorporated in the British Virgin Islands with limited liability)

QUALIPAK INTERNATIONAL HOLDINGS LIMITED

確利達國際控股有限公司

(Incorporated in Bermuda with limited liability)

(Stock Code: 1332)

COMPOSITE DOCUMENT RELATING TO THE CONDITIONAL MANDATORY CASH OFFER BY GET NICE SECURITIES LIMITED FOR AND ON BEHALF OF AMAZING BAY LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY AMAZING BAY LIMITED AND PARTIES ACTING IN CONCERT WITH IT) OF QUALIPAK INTERNATIONAL HOLDINGS LIMITED

Joint Financial Advisers to Amazing Bay Limited

結好融資有限公司
GET NICE CAPITAL LIMITED

VEDA | CAPITAL
智略資本

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

Nuada Limited
Corporate Finance Advisory

A letter from Get Nice Securities containing, amongst other things, details of the terms and conditions of the Offer is set out on pages 7 to 14 of this Composite Document. A letter from the Board is set out on pages 15 to 19 of this Composite Document. A letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders on the Offer is set out on pages 20 to 21 of this Composite Document. A letter from the Independent Financial Adviser containing its recommendation and advice to the Independent Board Committee on the Offer is set out on pages 22 to 41 of this Composite Document.

The procedures for acceptance and settlement of the Offer are set out in Appendix I to this Composite Document and in the accompanying Form of Acceptance.

Acceptances of the Offer should be received by the Registrar, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:00 p.m. on Thursday, 20 November 2014 or such later time and/or date as the Offeror may determine and announce with the consent of the Executive, in accordance with the Takeovers Code.

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "DEFINITIONS" in this Composite Document.

30 October 2014

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The timetable set out below is indicative only and is subject to changes. Any changes to the timetable will be jointly announced by the Offeror and the Company. All the time and date references contained in this Composite Document refer to Hong Kong time and dates.

Despatch date of this Composite Document and the accompanying Form of Acceptance and the commencement of the Offer *(Note 1)*	Thursday, 30 October 2014
Latest time and date for acceptance of the Offer on the First Closing Date *(Note 2)*	by 4:00 p.m. on Thursday, 20 November 2014
First Closing Date *(Note 2)*	Thursday, 20 November 2014
Announcement of the results of the Offer on the website of the Stock Exchange *(Note 2)*	by 7:00 p.m. on Thursday, 20 November 2014
Latest date of posting of remittances in respect of valid acceptances received under the Offer by the First Closing Date (assuming the Offer becomes or is declared unconditional on such date) *(Note 3)*	Monday, 1 December 2014
Latest time and date for the Offer to remain open for acceptance (assuming the Offer becomes or is declared unconditional on the First Closing Date) *(Note 4)*	by 4:00 p.m. Thursday, 4 December 2014
Final closing date of the Offer if the Offer becomes or is declared unconditional on the First Closing Date	Thursday, 4 December 2014
Latest date of posting of remittances in respect of valid acceptances received under the Offer on or before 4:00 p.m. Thursday, 4 December 2014, being the latest date on which the Offer remains open for acceptances assuming the Offer becomes or is declared unconditional in all respects on the First Closing Date	Monday, 15 December 2014
Latest date by which the Offer can be declared unconditional as to acceptances *(Note 5)*	by 7:00 p.m. on Monday, 29 December 2014

Notes:

1. The Offer, which is conditional, is made on the date of posting of this Composite Document, and is capable of acceptance on and from Thursday, 30 October 2014 until the close of the Offer Period on the First Closing Date. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, except in the circumstances set out in the section headed "RIGHT OF WITHDRAWAL" in Appendix I to this Composite Document.

2. The Offer must remain open for acceptance for at least 21 days following the date on which this Composite Document is posted. The Offer will be closed at 4:00 p.m. on the First Closing Date unless the Offeror revises or extends the Offer in accordance with the Takeovers Code. An announcement will be jointly issued by the Company and the Offeror through the website of the Stock Exchange by 7:00 p.m. on the First Closing Date stating the results of the Offer and whether the Offer has been revised or extended or has expired. In the event that the Offeror decides that the Offer will remain open, the announcement will state the next closing date of the Offer or that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given, before the Offer is closed, to those Independent Shareholders who have not accepted the Offer. If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force on the First Closing Date and such a warning is (i) not cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be postponed to 4:00 p.m. on the next Business Day which does not have either of those warnings in force in Hong Kong or such other day as the Executive may approve; or (ii) cancelled in time for trading on the Stock Exchange to resume in the afternoon, the time and date of the close of the Offer will be the same day, i.e. 4:00 p.m. on the First Closing Date.

3. Remittances in respect of the consideration (after deducting the seller's ad valorem stamp duty) payable for the Offer Share(s) under the Offer will be despatched to the accepting Independent Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days following the later of the date on which the Offer becomes or is declared unconditional and the date of receipt by the Registrar of a duly completed and valid acceptance in accordance with the Takeovers Code.

   An acceptor of the Offer shall be entitled to withdraw its/his/her acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. However, this entitlement to withdraw shall only be exercisable until such time as the Offer becomes or is declared unconditional as to acceptances. For further details, please refer to Appendix I to this Composite Document.

4. In accordance with the Takeovers Code, where the Offer becomes or is declared unconditional in all respects, the Offer should remain open for acceptance for not less than 14 days thereafter. In such case, at least 14 days' notice in writing must be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer. The Offeror has the right, subject to the Takeovers Code, to extend the Offer until such date as it may determine or as permitted by the Executive.

5. In accordance with the Takeovers Code, except with the consent of the Executive, the Offer may not become or be declared unconditional as to acceptances after 7:00 p.m. on the 60th day after the day on which this Composite Document was posted. Where a period laid down by the Takeovers Code ends on a day which is not a Business Day, the period is extended until the next Business Day. Accordingly, unless the Offer has previously become or is declared unconditional as to acceptance, the Offer will lapse after 7:00 p.m. on Monday, 29 December 2014, unless extended with the consent of the Executive.

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

"acting in concert"	has the same meaning ascribed to it under the Takeovers Code
"associate"	has the same meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day on which the Stock Exchange is open for the transaction of business
"BVI"	the British Virgin Islands
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Company"	Qualipak International Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1332)
"Composite Document"	this composite document jointly issued by or for and on behalf of the Offeror and the Company in connection with the Offer in accordance with the Takeovers Code containing, amongst other things, detailed terms of the Offer
"Controlling Shareholder"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Encumbrances"	pledges, charges, liens, mortgages, security interests, pre-emption rights, options and any other encumbrances or third-party rights or claims of any kind
"Executive"	Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"First Closing Date"	Thursday, 20 November 2014, being the first closing date of the Offer which is the first Business Day immediately after 21 days from the date on which this Composite Document was posted
"Form of Acceptance"	the form of acceptance and transfer of Shares in respect of the Offer

"Get Nice Capital"	Get Nice Capital Limited, a licensed corporation permitted to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as one of the joint financial advisers to the Offeror in respect of the Offer
"Get Nice Securities"	Get Nice Securities Limited, a licensed corporation permitted to carry out businesses in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Board Committee"	an independent committee of the Board comprising all the non-executive Directors, namely, Dr. Lam How Mun Peter and Mr. Leung Wai Fai, and all the independent non-executive Directors, namely, Mr. Chan Sze Hung, Dr. Leung Wai Keung and Mr. Tam Kwok Fai Paul, which has been established to advise the Independent Shareholders in relation to the terms of the Offer and its acceptance
"Independent Financial Adviser"	Nuada Limited, a licensed corporation permitted to carry out business in Type 6 (advising on corporate finance) regulated activity as defined under the SFO
"Independent Shareholders"	Shareholders other than the Offeror and parties acting in concert with it
"Joint Announcement"	the joint announcement dated 9 October 2014 issued by the Company and the Offeror, in relation to, amongst other things, the Sale and Purchase Agreement and the Offer
"Last Trading Day"	29 September 2014, being the last trading day of the Shares on the Stock Exchange prior to the date of the publication of the Joint Announcement
"Latest Practicable Date"	27 October 2014, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Loan Facility"	a loan facility of up to HK$385 million granted by Get Nice Securities to the Offeror to finance the amount payable by the Offeror upon acceptances of the Offer

"Mr. Cheung"	Mr. Cheung Chung Kiu, the sole beneficial owner of the Vendor
"Ms. Lo"	Ms. Lo Ki Yan Karen, who ultimately and beneficially owns 100% of the Offeror
"Offer"	the conditional mandatory cash offer made by Get Nice Securities for and on behalf of the Offeror for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code
"Offer Period"	has the same meaning ascribed to it under the Takeovers Code
"Offer Price"	the price per Offer Share at which the Offer will be made in cash, being HK$4.50 per Offer Share
"Offer Share(s)"	all the Share(s) in issue, other than those Shares already owned by the Offeror and parties acting in concert with it
"Offeror"	Amazing Bay Limited, a company incorporated in the BVI with limited liability on 21 July 2014 and wholly-owned by Ms. Lo
"Overseas Shareholder(s)"	Shareholder(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
"PRC"	the People's Republic of China which, for the purpose of this Composite Document, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Registrar"	Tricor Secretaries Limited, the Company's branch share registrar and transfer office in Hong Kong at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong
"Regulator"	Regulator Holdings Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of Yugang-BVI
"Relevant Period"	the period from 9 April 2014, being the date falling six months preceding the commencement of the Offer Period, up to and including the Latest Practicable Date
"Sale and Purchase Agreement"	the sale and purchase agreement dated 29 September 2014 entered into between the Vendor and the Offeror for the sale and purchase of the Sale Shares

"Sale Shares"	an aggregate of 58,385,656 Shares, legally and beneficially owned by the Vendor as at the date of the Sale and Purchase Agreement and immediately prior to Share Completion, representing approximately 40.61% of the total issued share capital of the Company as at the date of the Sale and Purchase Agreement and the Latest Practicable Date
"SFC"	Securities and Futures Commission of Hong Kong
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	ordinary share(s) of HK$0.10 each in the share capital of the Company
"Share Completion"	completion of the sale and purchase of the Sale Shares pursuant to the Sale and Purchase Agreement
"Share Completion Date"	the date on which Share Completion took place i.e. 29 September 2014 (after trading hours)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	The Hong Kong Code on Takeovers and Mergers
"Veda Capital"	Veda Capital Limited, a licensed corporation permitted to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO, which is appointed as one of the joint financial advisers to the Offeror in respect of the Offer
"Vendor"	Thrivetrade Limited, a company incorporated in the BVI with limited liability on 17 March 2006 and wholly-owned by Mr. Cheung
"Yugang"	Yugang International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 613)
"Yugang-BVI"	Yugang International (B.V.I.) Limited, a company incorporated in the BVI with limited liability and a direct wholly-owned subsidiary of Yugang
"%"	per cent.

結好證券有限公司
GET NICE SECURITIES LIMITED

Get Nice Securities Limited
10/F, Cosco Tower
Grand Millennium Plaza
183 Queen's Road Central
Hong Kong

30 October 2014

To the Independent Shareholders

Dear Sir or Madam,

THE CONDITIONAL MANDATORY CASH OFFER BY GET NICE SECURITIES LIMITED FOR AND ON BEHALF OF AMAZING BAY LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY AMAZING BAY LIMITED AND PARTIES ACTING IN CONCERT WITH IT) OF QUALIPAK INTERNATIONAL HOLDINGS LIMITED

INTRODUCTION

Reference is made to the Joint Announcement.

The Company was informed by the Vendor (the Controlling Shareholder immediately before the Share Completion) on 29 September 2014 (after trading hours) that on 29 September 2014 (after trading hours), the Vendor had entered into the Sale and Purchase Agreement with the Offeror, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 58,385,656 Shares, for a total consideration of HK$262,735,452, equivalent to HK$4.50 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations, and that Share Completion also took place on 29 September 2014 (after trading hours) after the signing of the Sale and Purchase Agreement.

Immediately following the Share Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 58,385,656 Shares, representing approximately 40.61% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code and following the Share Completion, the Offeror is required to make a conditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

This letter sets out, among other things, the principal terms of the Offer, together with the information on the Offeror and the Offeror's intention regarding the Group. Further details of the terms of the Offer and procedures of acceptance are also set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

CONDITIONAL MANDATORY CASH OFFER

Principal terms of the Offer

Get Nice Securities is making the Offer, on behalf of the Offeror, to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it, in compliance with the Takeovers Code on the following basis:

For each Offer Share **HK$4.50 in cash**

The Offer Price of HK$4.50 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Condition of the Offer

The Offer is conditional upon the Offeror having received valid acceptances of the Offer which, together with the Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

Comparison of value

The Offer Price of HK$4.50 per Offer Share represents:

(i) a discount of approximately 28.34% to the closing price of HK$6.28 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 28.46% to the average closing price of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$6.29 per Share;

(iii) a discount of approximately 28.48% to the average closing price of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$6.292 per Share;

(iv) a discount of approximately 28.82% to the average closing price of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK$6.322 per Share;

(v) a premium of approximately 147.25% over the audited consolidated net asset value attributable to owners of the Company of approximately HK$1.82 per Share (based on the number of issued Shares as at the Latest Practicable Date) as at 31 December 2013, the date to which the latest audited financial results of the Group were made up; and

(vi) a discount of approximately 27.30% to the closing price of HK$6.19 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Highest and lowest Share prices

During the Relevant Period:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$7.6 per Share on 22 August 2014; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.74 per Share on 4 June 2014.

Value of the Offer

As at the Latest Practicable Date, the Company has 143,765,993 Shares in issue. The Company does not have any outstanding options, derivatives or warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives or warrants or other securities of the Company. Accordingly, 85,380,337 Offer Shares are subject to the Offer. Based on the Offer Price of HK$4.50 per Offer Share, the entire issued share capital of the Company is valued at HK$646,946,968.50 and assuming that the Offer is accepted in full by the Independent Shareholders, the total amount of cash required to effect the Offer will be HK$384,211,516.50.

Financial resources available to the Offeror

The Offeror will finance the consideration payable under the Offer through the Loan Facility. Under the terms of the Loan Facility, (i) the Shares to be acquired pursuant to the Offer the payment for which is financed by the amount drawn under the Loan Facility, as well as Shares acquired by the Offeror under the Sale and Purchase Agreement shall be, and have been, charged to Get Nice Securities as security and (ii) Ms. Lo shall, and has, executed a personal guarantee for the obligations and liabilities of the Offeror under the Loan Facility. The payment of interest on and repayment of any liability (contingent or otherwise) by the Offeror to Get Nice Securities under the Loan Facility will not depend on the business of the Group. Get Nice Capital and Veda Capital are satisfied that sufficient financial resources are available to the Offeror to satisfy the full acceptances of the Offer.

Effect of accepting the Offer

By accepting the Offer, the Independent Shareholders will sell their Shares to the Offeror free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% (or part thereof) of the consideration payable in respect of the relevant acceptances by the Independent Shareholders or if higher, the market value of the Offer Shares subject to such acceptance, will be deducted from the amount payable to those Independent Shareholders who accept the Offer.

The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Independent Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptances of the Offer and the transfers of the Offer Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) Business Days of the later of the date on which the Offer becomes, or is declared, unconditional and the date on which the relevant documents of title in respect of such acceptances are received by the Offeror (or its agent) to render each such acceptance complete and valid.

In the event that the Offer cannot be declared unconditional, the Offer will lapse and the Offeror shall as soon as possible but in any event within 10 days thereafter return the Share certificates and/or any other documents of title lodged with the Form of Acceptance by ordinary post to the Shareholders who have accepted the Offer at their own risk.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Get Nice Securities, Get Nice Capital and Veda Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The Offer is available to all the Independent Shareholders, including the Overseas Shareholders. However, the Overseas Shareholders who wish to participate in the Offer are subject to, and may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibilities of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Procedure for acceptance and settlement

Your attention is drawn to the further details regarding the procedures for acceptance and settlement of the Offer as set out in Appendix I to this Composite Document and the accompanying Form of Acceptance.

Compulsory acquisition

The Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offer after the close of the Offer.

Dealing and interests in the Company's securities

Save for the Sale Shares, none of the Offeror, its ultimate beneficial owner, nor parties acting in concert with any of them has dealt in any Shares, options, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

Other arrangements

The Offeror confirms that, save as disclosed in this Composite Document, as at the Latest Practicable Date:

(i) the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;

(ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by the Offeror, its ultimate beneficial owner and/or any person acting in concert with any of them;

(iii) there is no arrangement (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror or the Company and which may be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);

(iv) none of the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them owns or has control or direction over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;

(v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and

(vi) there is no relevant security (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror, its ultimate beneficial owner and/or any party acting in concert with any of them has borrowed or lent.

INFORMATION OF THE GROUP

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activities of the Company are investment holding and provision of corporate management services and its subsidiaries are principally engaged in the design, development, manufacture and sale of packaging products and point-of-sales display units.

The following table is a summary of certain financial information of the Group for (i) the six months ended 30 June 2013 and 2014; and (ii) the two financial years ended 31 December 2012 and 31 December 2013, respectively.

	Year ended 31 December 2012 (audited) *HK$'000*	Year ended 31 December 2013 (audited) *HK$'000*	For the six months ended 30 June 2013 (unaudited) *HK$'000*	For the six months ended 30 June 2014 (unaudited) *HK$'000*
Turnover	389,304	436,402	214,199	191,348
Gross profit	71,205	69,472	34,060	30,697
Profit before taxation	26,171	19,712	10,210	4,313
Profit for the year/period	22,915	16,932	8,649	3,509
	As at 31 December 2012 (audited) *HK$'000*	**As at 31 December 2013** (audited) *HK$'000*	**As at 30 June 2013** (unaudited) *HK$'000*	**As at 30 June 2014** (unaudited) *HK$'000*
Consolidated net asset value attributable to owners of the Company	247,707	261,201	253,892	263,361

Further information of the Group is set out under the section headed "INFORMATION OF THE GROUP" in the "LETTER FROM THE BOARD" and in Appendices II and III to this Composite Document.

INFORMATION OF THE OFFEROR

The Offeror is an investment holding company incorporated in the BVI with limited liability on 21 July 2014. As at the Latest Practicable Date, the Offeror is wholly and ultimately beneficially owned by Ms. Lo. Ms. Lo is the sole director of the Offeror.

Ms. Lo graduated from the University of Pennsylvania in 1993 and pursued a career in garment manufacturing and fashion businesses in Hong Kong. Subsequently, Ms. Lo was appointed as executive director of 139 Holdings Limited (currently known as ICube Technology Holdings Limited, Stock Code: 139) between the period from 2000 to 2005 and as executive director and vice-chairman of Heritage International Holdings Limited (Stock Code: 412) between the period from 2005 to 2008, which companies are both listed on the Main Board of the Stock Exchange. Such appointments enabled Ms. Lo to gain experience in the stock market in Hong Kong. After Ms. Lo retired herself from positions of vice-chairman and executive director of Heritage International Holdings Limited in March 2008, she entered into investment business of securities trading. Since then, she has accumulated her substantial networth as a seasoned and private investor.

Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial owner did not hold any Share and were third parties independent of the Company and its connected persons.

Furthermore, save for the Sale Shares, there is no existing holding of voting rights or rights over Shares (i) which is owned or controlled or directed by the Offeror or any party acting in concert with it; and (ii) in respect of which the Offeror or any party acting in concert with it holds convertible securities, warrants or options.

OFFEROR'S INTENTION ON THE GROUP

The Offeror considers that the existing business of the Group has been able to maintain a viable business and the acquisition of the Sale Shares and the Offer are in its long-term commercial interest. Following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategy of the Company, explore other business opportunities and consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Nonetheless, as at the Latest Practicable Date, the Offeror and its associates have not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to (i) disposal, termination or scaling-down of the Group's existing business; (ii) disposal, restructuring or re-deployment of the Group's assets other than those in its ordinary and usual course of business; (iii) injection of any new business and/or assets into the Group; and (iv) proposed change in board composition of the Group. Should any corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. As at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of any employee of the Group.

MAINTENANCE OF THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the Shares, are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Offeror and the Directors have undertaken to the Stock Exchange that, in the event that after the completion of the Offer, the public float of the Company falls below 25%, they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

GENERAL

All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Get Nice Capital, Veda Capital and Get Nice Securities and any of their respective directors or professional advisors or the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof. Further details have been set out in Appendix I to this Composite Document and in the Form of Acceptance.

ADDITIONAL INFORMATION

Your attention is drawn to the "LETTER FROM THE BOARD", the "LETTER FROM THE INDEPENDENT BOARD COMMITTEE" and the "LETTER FROM THE INDEPENDENT FINANCIAL ADVISER" as set out in this Composite Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, which form part of, this Composite Document.

Yours faithfully,
For and on behalf of
Get Nice Securities Limited
Larry Ng
Director

Qualipak International Holdings Limited
確利達國際控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1332)

Executive Directors
Ms. Poon Ho Yee Agnes
Mr. Lam Hiu Lo
Mr. Leung Chun Cheong
Mr. Wu Hong Cho

Non-executive Directors
Dr. Lam How Mun Peter
Mr. Leung Wai Fai

Independent non-executive Directors
Mr. Chan Sze Hung
Dr. Leung Wai Keung
Mr. Tam Kwok Fai Paul

Registered office
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal place of business in Hong Kong
7th Floor, China United Centre
28 Marble Road
North Point
Hong Kong

30 October 2014

To the Shareholders

Dear Sir or Madam,

THE CONDITIONAL MANDATORY CASH OFFER BY GET NICE SECURITIES LIMITED FOR AND ON BEHALF OF AMAZING BAY LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY AMAZING BAY LIMITED AND PARTIES ACTING IN CONCERT WITH IT) OF QUALIPAK INTERNATIONAL HOLDINGS LIMITED

INTRODUCTION

Reference is made to the Joint Announcement.

The Company was informed by the Vendor (the Controlling Shareholder immediately before the Share Completion) on 29 September 2014 (after trading hours) that on 29 September 2014 (after trading hours), the Vendor had entered into the Sale and Purchase Agreement with the Offeror, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 58,385,656 Shares, for a total consideration of HK$262,735,452, equivalent to HK$4.50 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations, and that Share Completion also took place on 29 September 2014 (after trading hours) after the signing of the Sale and Purchase Agreement.

Immediately following the Share Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 58,385,656 Shares, representing approximately 40.61% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code and following the Share Completion, the Offeror is required to make a conditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

Pursuant to Rule 2.1 and Rule 2.8 of the Takeovers Code, the Independent Board Committee comprising all the non-executive Directors, namely Dr. Lam How Mun Peter and Mr. Leung Wai Fai, and all the independent non-executive Directors, namely, Mr. Chan Sze Hung, Dr. Leung Wai Keung and Mr. Tam Kwok Fai Paul, has been established to make recommendation to the Independent Shareholders as to whether the terms of the Offer are fair and reasonable and its acceptance.

Nuada Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Offer and as to acceptance, and such appointment has been approved by the Independent Board Committee.

The purpose of this Composite Document is to provide you with, among other things, information relating to the Group, the Offeror and the Offer as well as setting out the letter from the Independent Board Committee containing its recommendation to the Independent Shareholders in respect of the terms of the Offer and as to acceptance and the letter from the Independent Financial Adviser containing their advice to the Independent Board Committee in respect of the terms of the Offer and as to acceptance.

THE OFFER

Principal terms of the Offer

Get Nice Securities is making the Offer, on behalf of the Offeror, to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it, in compliance with the Takeovers Code on the following basis:

For each Offer Share **HK$4.50 in cash**

The Offer Price of HK$4.50 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

Further details of the Offer, including terms and procedures for acceptance of the Offer, are set out in the section headed "CONDITIONAL MANDATORY CASH OFFER" in the "LETTER FROM GET NICE SECURITIES" and in Appendix I to this Composite Document and the accompanying Form of Acceptance.

INFORMATION OF THE GROUP

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activities of the Company are investment holding and provision of corporate management services and its subsidiaries are principally engaged in the design, development, manufacture and sale of packaging products and point-of-sales display units.

The following table is a summary of certain financial information of the Group for (i) the six months ended 30 June 2013 and 2014; and (ii) the two financial years ended 31 December 2012 and 31 December 2013, respectively.

	Year ended 31 December 2012 (audited) *HK$'000*	Year ended 31 December 2013 (audited) *HK$'000*	For the six months ended 30 June 2013 (unaudited) *HK$'000*	For the six months ended 30 June 2014 (unaudited) *HK$'000*
Turnover	389,304	436,402	214,199	191,348
Gross profit	71,205	69,472	34,060	30,697
Profit before taxation	26,171	19,712	10,210	4,313
Profit for the year/period	22,915	16,932	8,649	3,509

	As at 31 December 2012 (audited) *HK$'000*	As at 31 December 2013 (audited) *HK$'000*	As at 30 June 2013 (unaudited) *HK$'000*	As at 30 June 2014 (unaudited) *HK$'000*
Consolidated net asset value attributable to owners of the Company	247,707	261,201	253,892	263,361

Shareholding structure of the Company

The following table sets out the shareholding structure of the Company (i) immediately before the Share Completion; and (ii) immediately after the Share Completion and as at the Latest Practicable Date:

	(i) Immediately before the Share Completion		**(ii) Immediately after the Share Completion and as at the Latest Practicable Date**	
	Number of Shares held	*Approximate % of Shares in issue*	*Number of Shares held*	*Approximate % of Shares in issue*
The Offeror and parties acting in concert with it	–	0.00	58,385,656	40.61
The Vendor	58,385,656	40.61	–	0.00
Regulator *(Note 1)*	14,340,442	9.97	14,340,442	9.97
Other connected persons *(Note 2)*	21,126	0.01	21,126	0.01
Public Shareholders	71,018,769	49.41	71,018,769	49.41
Total	143,765,993	100.00	143,765,993	100.00

Notes:

1. Regulator is a direct wholly-owned subsidiary of Yugang-BVI, which is in turn a direct wholly-owned subsidiary of Yugang.

   Yugang is owned by Chongqing Industrial Limited ("**CIL**"), Timmex Investment Limited ("**Timmex**") and Mr. Cheung as to approximately 44.06% in aggregate. CIL is owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace Limited ("**Peking Palace**"), Miraculous Services Limited ("**Miraculous Services**") and Prize Winner Limited ("**Prize Winner**") respectively. Mr. Cheung has 100% beneficial interest in Timmex. Prize Winner is beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services are held by Palin Holdings Limited ("**Palin**") as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which include Mr. Cheung and his family.

   Each of Yugang-BVI, Yugang, CIL, Mr. Cheung and Palin are deemed to be interested in the 14,340,442 Shares held through Regulator.

2. 5,200 and 15,926 of such Shares are held by Ms. Poon Ho Yee Agnes, an executive Director, and Dr. Lam How Mun Peter, a non-executive Director, respectively.

As at the Latest Practicable Date, the Company does not have any outstanding options, derivatives, warrants or other securities which are convertible or exchangeable into the Shares and has not entered into any agreement for the issue of such options, derivatives, warrants or other securities of the Company.

INFORMATION OF THE OFFEROR

Your attention is drawn to the section headed "INFORMATION OF THE OFFEROR" in the "LETTER FROM GET NICE SECURITIES" of this Composite Document.

INTENTION OF THE OFFEROR ON THE GROUP

Your attention is drawn to the sections headed "INFORMATION OF THE OFFEROR" and "OFFEROR'S INTENTION ON THE GROUP" in the "LETTER FROM GET NICE SECURITIES" of this Composite Document. The Board is aware of the intention of the Offeror in respect of the Company and is willing to render reasonable co-operation with the Offeror which is in the interests of the Company and the Shareholders as a whole.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- that there are insufficient Shares in public hands to maintain an orderly market;

the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is restored.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer.

The Offeror and the Directors have undertaken to the Stock Exchange that, in the event that after the completion of the Offer, the public float of the Company falls below 25%, they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the non-executive Directors, namely Dr. Lam How Mun Peter and Mr. Leung Wai Fai, and all the independent non-executive Directors, namely, Mr. Chan Sze Hung, Dr. Leung Wai Keung and Mr. Tam Kwok Fai Paul, has been established to make recommendation to the Independent Shareholders in relation to the Offer pursuant to Rule 2.1 of the Takeovers Code. The Independent Board Committee has approved the appointment of Nuada Limited as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the terms of the Offer and as to acceptance.

RECOMMENDATION

Your attention is drawn to (i) the letter from the Independent Board Committee on pages 20 to 21 of this Composite Document, which sets out its advice and recommendations to the Independent Shareholders in relation to the Offer; and (ii) the letter from the Independent Financial Adviser on pages 22 to 41 of this Composite Document, which sets out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Offer and the principal factors considered by it before arriving at its advice.

ADDITIONAL INFORMATION

You are also advised to read this Composite Document together with the accompanying Form of Acceptance in respect of the acceptance and settlement procedures of the Offer. Your attention is drawn to the additional information contained in the appendices to this Composite Document.

Yours faithfully,
By order of the Board
Qualipak International Holdings Limited
Lam How Mun Peter
Chairman

Qualipak International Holdings Limited
確利達國際控股有限公司

(Incorporated in Bermuda with limited liability)
(Stock Code: 1332)

30 October 2014

To the Independent Shareholders

Dear Sir or Madam,

THE CONDITIONAL MANDATORY CASH OFFER BY GET NICE SECURITIES LIMITED FOR AND ON BEHALF OF AMAZING BAY LIMITED TO ACQUIRE ALL THE ISSUED SHARES (OTHER THAN THOSE ALREADY OWNED BY AMAZING BAY LIMITED AND PARTIES ACTING IN CONCERT WITH IT) OF QUALIPAK INTERNATIONAL HOLDINGS LIMITED

INTRODUCTION

We refer to this Composite Document dated 30 October 2014 jointly issued by or on behalf of the Offeror and the Company of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in this Composite Document unless the context otherwise requires.

We have been appointed as members of the Independent Board Committee to consider the terms of the Offer and to advise you as to whether, in our opinion, the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and as to acceptance thereof.

Nuada Limited has been appointed as the Independent Financial Adviser to the Independent Board Committee to advise the Independent Board Committee in respect of the terms of the Offer and as to acceptance thereof. Details of its advice and principal factors taken into consideration in arriving at its advice are set out in the letter from the Independent Financial Adviser in this Composite Document.

We also wish to draw your attention to the letter from the Board, the letter from Get Nice Securities and the additional information set out in the appendices to this Composite Document.

RECOMMENDATION

Having taken into account the terms of the Offer and the advice from the Independent Financial Adviser and the principal factors taken into account in arriving at its advice, we are of the opinion that the terms of the Offer are fair and reasonable so far as the Independent Shareholders are concerned and recommend the Independent Shareholders to accept the Offer.

In any case, the Independent Shareholders are strongly advised that the decision to realise or to hold their investment is subject to individual circumstances and investment objectives. If in doubt, the Independent Shareholders should consult their own professional advisers for professional advice. Furthermore, the Independent Shareholders who wish to accept the Offer are recommended to read carefully the procedures for accepting the Offer as detailed in this Composite Document.

Yours faithfully,
For and on behalf of
Independent Board Committee
Qualipak International Holdings Limited

Lam How Mun Peter
Non-executive Director

Leung Wai Fai
Non-executive Director

Chan Sze Hung
Independent non-executive Director

Leung Wai Keung
Independent non-executive Director

Tam Kwok Fai Paul
Independent non-executive Director

The following is the full text of a letter of advice from Nuada Limited, the Independent Financial Adviser to the Independent Board Committee, which has been prepared for the purpose of incorporation into the Composite Document, setting out its advice to the Independent Board Committee in respect of the Offer.

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

30 October 2014

To the Independent Board Committee

Dear Sirs,

**CONDITIONAL MANDATORY CASH OFFER BY
GET NICE SECURITIES LIMITED
FOR AND ON BEHALF OF AMAZING BAY LIMITED
TO ACQUIRE ALL THE ISSUED SHARES
(OTHER THAN THOSE ALREADY OWNED BY AMAZING BAY LIMITED
AND
PARTIES ACTING IN CONCERT WITH IT)
OF QUALIPAK INTERNATIONAL HOLDINGS LIMITED**

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee in respect of the Offer, details of which are set out in the Composite Document dated 30 October 2014, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Composite Document unless the context otherwise requires.

On 29 September 2014 (after trading hours), the Vendor had entered into the Sale and Purchase Agreement with the Offeror, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 58,385,656 Shares, for a total consideration of HK$262,735,452, equivalent to HK$4.50 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations, and that Share Completion also took place on 29 September 2014 (after trading hours) after the signing of the Sale and Purchase Agreement.

As at the Latest Practicable Date, the Company has 143,765,993 Shares in issue. Immediately following the Share Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it are interested in 58,385,656 Shares, representing approximately 40.61% of the entire issued share capital of the Company. Pursuant to Rule 26.1 of the Takeovers Code and following the Share Completion, the Offeror is required to make a conditional mandatory general offer in cash for all the issued Shares other than those already owned by the Offeror and parties acting in concert with it.

Pursuant to Rule 26.1 of the Takeovers Code, Get Nice Securities, on behalf of the Offeror, has made the Offer in accordance with the Takeovers Code on the following basis:

For each Offer Share **HK$4.50 in cash**

The Offer Price of HK$4.50 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement.

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the Composite Document.

An Independent Board Committee, comprising all the non-executive Directors, namely Dr. Lam How Mun Peter and Mr. Leung Wai Fai, and all the independent non-executive Directors, namely, Mr. Chan Sze Hung, Dr. Leung Wai Keung and Mr. Tam Kwok Fai Paul, has been established by the Company to make recommendation to the Independent Shareholders in relation to the Offer pursuant to Rule 2.1 of the Takeovers Code. We, Nuada Limited, have been appointed by the Company with the approval from the Independent Board Committee as the Independent Financial Adviser to advise the Independent Board Committee in respect of the Offer.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company, the Vendor or the Offeror that could reasonably be regarded as relevant to the independence of Nuada Limited. In the last two years, no engagement has been performed between the Group, the Vendor or the Offeror and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, there are no arrangements which we will receive any fees or benefits from the Company, the Vendor, the Offeror, any of their subsidiaries or their respective associates.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinion expressed, by the Directors, management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Composite Document are true, accurate and complete in all material respects as of the Latest Practicable Date. We have also relied on our discussion with the Directors regarding the Group and the Offer, including the information and representations contained in the Composite Document. Should there be any subsequent material changes in such information during the Offer Period, the Company should inform the Shareholders as soon as practicable in accordance with Rule 9.1 of the Takeovers Code. The Independent Shareholders will also be notified of any material changes to such information provided in the Composite Document and our opinion as soon as possible after the Latest Practicable Date and throughout the Offer Period. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror respectively in the Composite Document were reasonably made after due enquiry. We have no reason to suspect that any material facts have been omitted or withheld from the information contained or opinions expressed in the Composite Document or to doubt the truth, accuracy and completeness of the information and representations provided by the Directors and the Offeror. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Company and/or the Offeror.

Because of the variations in individual circumstances of Independent Shareholders, we have not taken the tax implications on Independent Shareholders into account in formulating our opinion in respect to the Offer. We are not responsible for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, Independent Shareholders who are resident overseas or subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax position and, if in any doubt, should consult their own professional advisers.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Offer, we have considered the following principal factors and reasons:

1. Information on and financial performance of the Group

The Company is incorporated in Bermuda with limited liability and its Shares are listed on the Main Board of the Stock Exchange. The principal activities of the Company are investment holding and provision of corporate management services and its subsidiaries are principally engaged in the design, development, manufacture and sale of packaging products and point-of-sales display units. Its product portfolio includes luxury goods boxes and cases such as watch boxes, jewellery boxes and eyewear cases, bags and pouches, and display units. The Company's customers are primarily located in the PRC, Hong Kong and Europe. However, as advised by the management of the Company, the Company has no statistical information about the geographical location of the ultimate consumers.

The Company's audited consolidated results for the year ended 31 December 2011, the year ended 31 December 2012 and the year ended 31 December 2013 as extracted from the Company's annual report in 2012 and 2013 (the "**Annual Report 2012**" and "**Annual Report 2013**") are as follows:

	Year ended 31 December 2013 (Audited) *HK$'000*	**Year ended 31 December 2012 (Audited)** *HK$'000*	**Year ended 31 December 2011 (Audited)** *HK$'000*
Turnover	436,402	389,304	418,660
Packaging cases	283,132	251,860	281,692
Bags and pouches	20,712	20,213	17,127
Display units	110,037	95,579	103,580
Others	22,521	21,652	16,261
Gross profit	69,472	71,205	85,925
Profit before taxation	19,712	26,171	46,421
Profit for the year	16,932	22,915	41,490

	As at 31 December 2013 *HK$'000*	**As at 31 December 2012** *HK$'000*	**As at 31 December 2011** *HK$'000*
Consolidated net asset value attributable to owners of the Company	261,201	247,707	164,037

i. Comparison for the year ended 31 December 2012 versus the year ended 31 December 2011

As stated in the above table, the revenue of the Group dropped approximately 7.0% from approximately HK$418.7 million in 2011 to HK$389.3 million in 2012. According to the Annual Report 2012, the decrease was primarily due to the decline of global market demand for consumer products. As further disclosed in the Annual Report 2012, the revenue generated from Europe and Hong Kong ranked the highest in 2012, representing 34.9% and 36.4% of the total revenue respectively. The revenue generated from sales to customers located in Europe was approximately HK$136.0 million in 2012, representing a decrease of approximately HK$18.8 million from 2011, whereas the revenue generated from sales to customers in Hong Kong was approximately HK$141.5 million in 2012, indicating a decrease of approximately HK$4.0 million from 2011.

The Group's gross profit recorded a drop from approximately HK$85.9 million in 2011 to approximately HK$71.2 million in 2012, representing a decrease of approximately 17.1%. As stated in the Annual Report 2012, as the average cost of labour and the average costs of major production materials used in the production such as paper, resin and fabric increased, the percentage of cost of sales to the total revenue increased approximately 2.2% from approximately 79.5% in 2011 to approximately 81.7% in 2012.

ii. Comparison for the year ended 31 December 2013 versus the year ended 31 December 2012

The revenue of the Group increased from approximately HK$389.3 million in 2012 to approximately HK$436.4 million in 2013, representing an increase of approximately 12.1%, which was primarily attributable to the increase in sales of packaging cases and display units from approximately HK$251.9 million in 2012 to approximately HK$283.1 million in 2013 and from approximately HK$95.6 million in 2012 to approximately HK$110.0 million in 2013 respectively. As disclosed in the Annual Report 2013, the increase in revenue was primarily a result of the improvement in demand from customers in Hong Kong and nearby Asia Pacific regions. The Hong Kong market, thus, become the largest market for the year ended 31 December 2013 due to the adoption of the high demand and intense marketing strategies. According to the Annual Report 2013, the sales revenue in the PRC and Hong Kong was approximately HK$191.3 million, an increase of approximately HK$49.8 million over the previous year, as compared with the revenue generated from sales in Europe of approximately HK$122.8 million, a decrease of approximately HK$13.3 million over the previous year.

As stated in the Annual Report 2013, the average costs of production materials and procurement, as well as the average labour costs increased continuously in 2013. A one-off settlement payment to certain employees arising from the cessation of their employment due to the transformation of the Guanlan Processing Factory also accounted for the rise in operating costs of the Group. As a result, the Group's gross profit decreased from approximately HK$71.2 million in 2012 to approximately HK$69.5 million in 2013. Excluding the one-off settlement payment, the Group's gross profit generated from the normal activities would be approximately HK$73.3 million in 2013, indicating a rise in gross profit as compared to approximately HK$71.2 million in 2012.

iii. For the six months period ended 30 June 2014

Set out below is the unaudited consolidated financial result for the six months ended 30 June 2014 and 30 June 2013 as extracted from the Company's interim report published in 2013 and 2014 (the "**Interim Report 2013**" and "**Interim Report 2014**" respectively).

	Six months ended 30 June 2014 (Unaudited) *HK$'000*	**Six months ended 30 June 2013 (Unaudited)** *HK$'000*
Turnover	191,348	214,199
Packaging cases	123,856	129,127
Bags and pouches	6,182	9,992
Display units	51,629	64,974
Others	9,681	10,106
Gross profit	30,697	34,060
Profit before taxation	4,313	10,210
Profit for the period	3,509	8,649

	As at 30 June 2014 *HK$'000*	**As at 30 June 2013** *HK$'000*
Consolidated net asset value attributable to owners of the Company	263,631	253,892

The Group recorded unaudited revenue of approximately HK$191.3 million for the six months ended 30 June 2014, representing a decline of approximately 10.7% as compared to the revenue of approximately HK$214.2 million for the corresponding period in 2013. According to the Interim Report 2014, there was a decline in revenue from existing customers of the Group dipping across all key product categories, which coincided in time with a general slackening in demand for luxury goods under a slowing economy in the PRC, and weak recoveries in Europe and the United States.

The Group's gross profit recorded a drop of approximately 9.9% from approximately HK$34.1 million for the six months ended 30 June 2013 to approximately HK$30.7 million for the corresponding period in 2014. As stated in the Interim Report 2014, it was due to the decrease in revenue in the period. In addition to the fixed production costs and some of the operating expenses, the profit before tax recorded approximately HK$4.3 million for the six months ended 30 June 2014 comparing to approximately HK$10.2 million for six months ended 30 June 2013 due to the increase in wages attributed to the shortage of skilled labour and uprising wages policy in China.

iv. Financial position of the Group

The financial positions of the Group are summarized as below:

	As at 30 June 2014 (Unaudited) *HK$'000*	**As at 31 December 2013 (Audited)** *HK$'000*	**As at 31 December 2012 (Audited)** *HK$'000*	**As at 31 December 2011 (Audited)** *HK$'000*
Equity attributable to owners of the parent	263,361	261,201	247,707	164,037
Net assets	265,546	262,134	249,308	166,494
Time deposits pledged to banks	3,018	7,542	7,516	–
Cash and cash equivalents	87,378	80,502	74,004	59,798

As set out in the above table, an increase from approximately HK$164.0 million as at 31 December 2011 to approximately HK$263.4 million as at 30 June 2014 in the Group's equity attributable to owners of parent has been recorded, which is due to a large extent to an increase of equity of approximately HK$20.2 million from issue of new Shares and the waiver of an intercompany loan of HK$43.0 million due to C C Land Holdings Limited, the Company's parent, on the listing of Shares on the Stock Exchange in July 2012. According to the Interim Report 2014, the Group had no outstanding borrowings and had a balance of cash and cash equivalents approximately HK$87.4 million as at 30 June 2014.

v. Future prospects and outlook of the Group

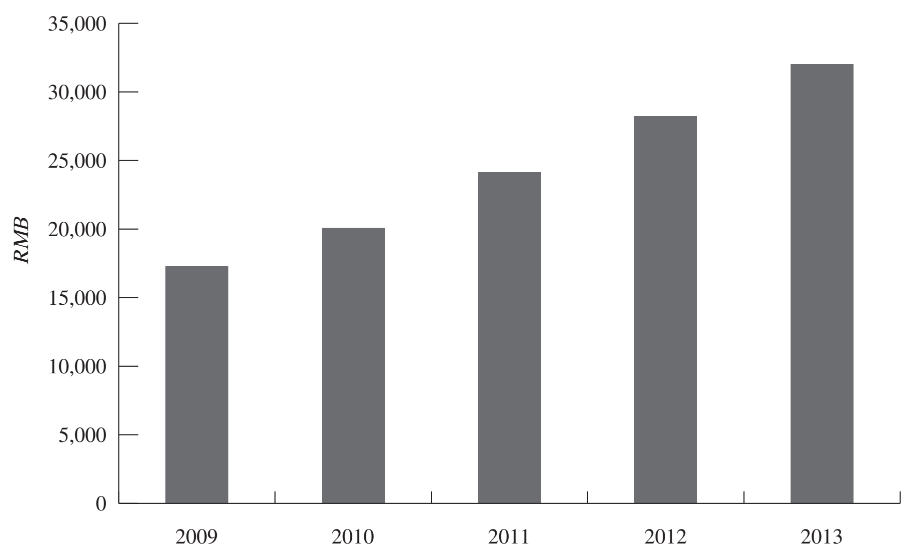
According to the Annual Report 2013, the revenue of the Group was primarily from packaging cases and display units which amounted to approximately HK$283.1 million and HK$110.0 million respectively, representing approximately 64.9% and 25.2% of the total revenue respectively for the year ended 2013. For the six months ended 2014, packaging cases and display units were also the main source of income of the Group, in which they contributed approximately HK$123.9 million and HK$51.6 million respectively, representing 64.7% and 27.0% of the total revenue of the Group respectively.

As discussed in the sub-section headed "For the six months period ended 30 June 2014" above, the Group recorded an unaudited revenue of approximately HK$191.3 million for the six months ended 30 June 2014, representing a decline of approximately 10.7% as compared to the revenue of approximately HK$214.2 million for the corresponding period of 2013, as a result of customers' conservative ordering strategy driven by a weakened consumption sentiment.

The Company's customers are primarily from the PRC, Hong Kong and Europe. However, as advised by the management of the Company, the Company has no information about the geographical location of the ultimate consumers of the packaged goods. Taking into account that the products produced by the Company are primarily used for packaging luxury goods including watches, jewellerys and eyewears, we focused on investigating the consumption on luxury products in three of the world's largest luxury products market, the US, the PRC and Europe.

According to the annual global luxury study in 2014 as published by Bain & Company's (the "**Study**"), which is a leading global business consulting firm, serves clients on issues of strategy, operations, technology, organization and mergers and acquisitions since 1973, based on the performance of the first eight month in 2014, the global market luxury goods consumption is on target to reach €223 billion in 2014, showing a 5% growth in 2014 which represents a decrease in growth rate as compared to 7% in 2013. As further disclosed in the Study, the US recorded a 6 % growth in luxury products consumption in the first eight months of 2014 with slight slow-downs compared to the corresponding period of 2013. As further disclosed in the Study, the luxury good consumption in the PRC recorded a growth of 10% in the first eight months in 2014, representing approximately 1% decrease in its growth rate to the corresponding period in 2013, while the luxury goods consumption in Europe showed an increase of 2%, which is relatively low comparing to that of the US and the PRC.

As disclosed in the Annual Report 2013, excluding the one-off settlement payment to certain employees arising from the cessation of their employment due to the transformation of the Guanlan Processing Factory, the gross profit margin of the Group has dropped from approximately 18.3% in 2012 to approximately 16.8% in 2013, representing a decrease of approximately 1.5%. The decrease was mainly caused by the rise in average cost of production materials and procurement, and average cost of labour. The table set out below shows the average annual wage of employed persons in urban private entities of the manufacturing sector in the PRC from 2009 to 2013.



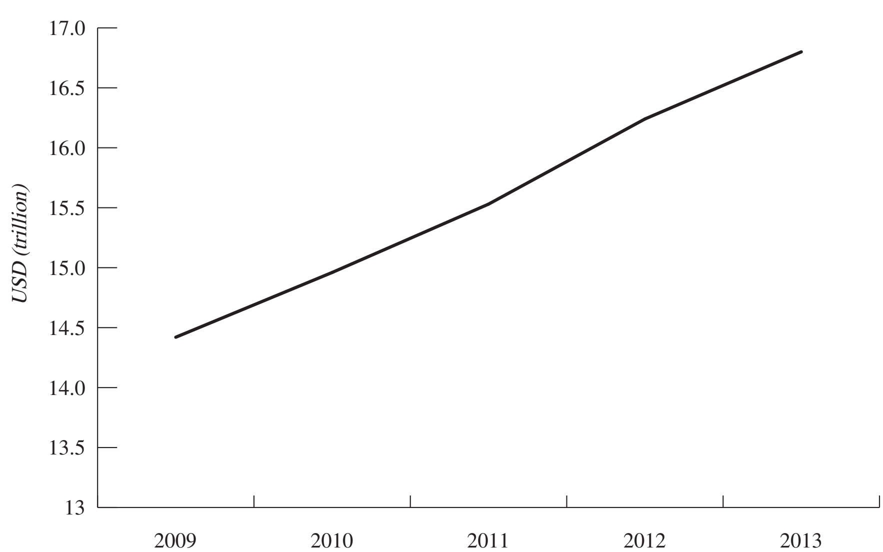
Source: The National Bureau of Statistics of China (http://data.stats.gov.cn/)

According to the National Bureau of Statistics of China, the average wage of employed persons in urban private entities of the manufacturing sector in the PRC increased from RMB17,260 in 2009 to RMB32,035 in 2013, representing a continuous upward trend. As stated in the Annual Report 2013, the Group recorded a rise in employee benefit expenses, which includes wages and salaries, and pension scheme contributions, from approximately HK$102.4 million in 2012 to approximately HK$109.0 million in 2013, representing approximately 26.3% and 25.0% of the Group's revenue for the corresponding year respectively.

As noted in the Interim Report 2014, the Group anticipated a shrinkage in annual revenue for the year due to the decrease in turnover for the six months ended 30 June 2014 comparing to the corresponding period in 2013 as discussed in the sub-section headed "For the six months period ended 30 June 2014" above and the uncertain consumption of the US, the PRC, and Europe which has been discussed in the above paragraphs and therefore, intended to lower the production costs by i) developing more new product designs; ii) implementing more semi-automatic procedures in production process; and iii) diversifying its product range to broaden its customer market basis.

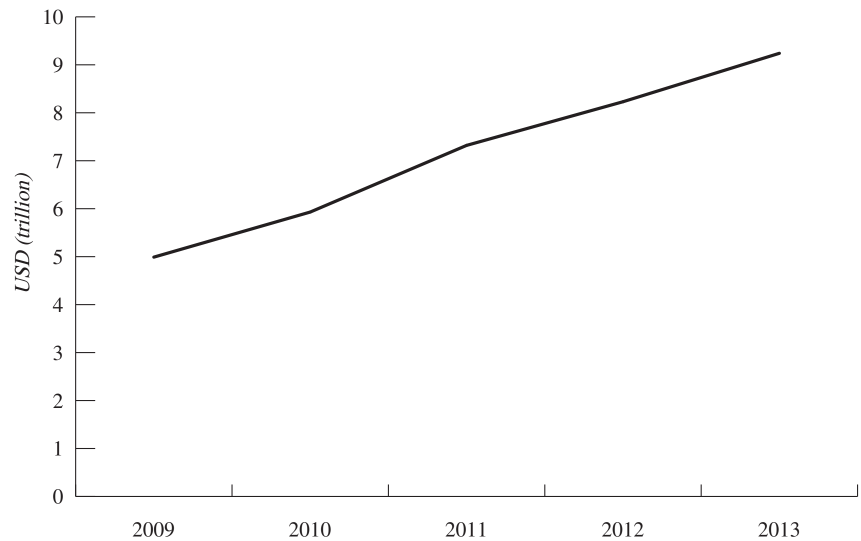
According to the Organization for Economic Co-operation and Development, gross domestic products ("**GDP**") are utilized in measuring the economic performance of a specific country or region. The graphs set out below show the GDP of the US, the PRC, and the European Union from 2009 to 2013.

GDP of the US from 2009 to 2013 in USD (trillion)



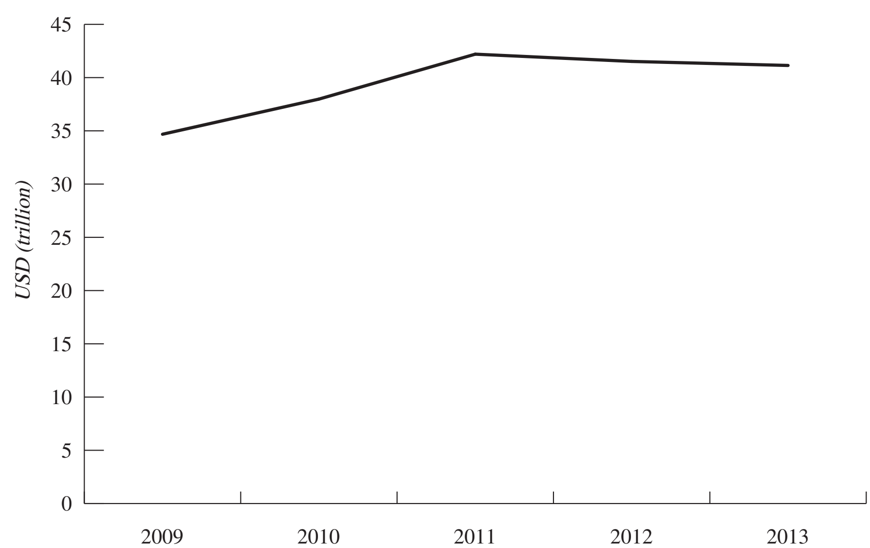
Source: the World Bank (www.worldbank.org)

GDP of the PRC from 2009 to 2013 in USD (trillion)



Source: *the World Bank (www.worldbank.org)*

GDP of European Unions from 2009 to 2013 in USD (trillion)

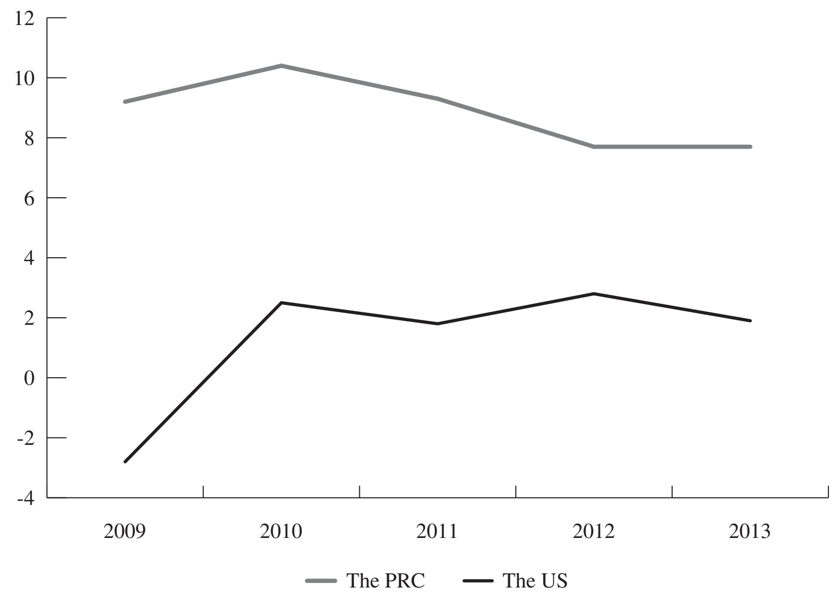


Source: *the World Bank (www.worldbank.org)*

According to the World Bank, GDP of the US and the PRC continually increased from approximately USD14.42 trillion and USD4.99 trillion respectively in 2009 to approximately USD16.80 trillion and USD9.24 trillion respectively in 2013. GDP of the European Union also performed an upward trend from approximately USD34.68 trillion in 2009 to USD42.20 trillion in 2011. However, due to the "**European Recession**" occurred in 2009, most of the European countries suffered marked economic setbacks, the GDP dropped continually since 2011 and recorded USD41.14 trillion in 2013, with a decrease of 2.51% compared to the GDP of 2011.

As the GDP of the US and the PRC recorded increase from 2009 to 2013, we further examine the annual percentage growth rate of GDP (the "**Growth Rate**") in the US and the PRC from 2009 to 2013.

Annual percentage growth rate of GDP of the US and the PRC from 2009 to 2013



Source: the World Bank (www.worldbank.org)

According to the above graph, the Growth Rate of the US first increased from approximately -2.8% in 2009 to approximately 2.5% in 2010. The Growth Rate of the US then fluctuated within a range between 1.8% and 2.5% and recorded 1.9% in 2013. On the other hand, the Growth Rate of the PRC also increased from approximately 9.2% in 2009 to 10.4% in 2010. After that, the Growth Rate of the PRC decreased to approximately 7.7% in 2012 and remained about the same in 2013.

In view that i) the decrease in growth rate of consumption of luxury products in the US, the PRC and Europe; ii) the Group's labour and other costs has increased continuously since 2009 which led to a decrease in gross profit margin from approximately 20.5% in 2011 to approximately 15.9% in 2013; iii) the Company's intention to lower the production costs but no concrete policies have been disclosed yet; iv) the decrease in GDP of European Union as a result of the European Recession adversely affected the consumer market; and v) the fluctuation in Growth Rate of the US and decline in the Growth Rate of the PRC, we therefore consider that the prospects and outlook of the Group may remain uncertain.

2. Information on the Offeror and the Offeror's intentions regarding the future of the Company

i. Information on the Offeror

The Offeror is an investment holding company incorporated in the BVI with limited liability on 21 July 2014. As at the Latest Practicable Date, the Offeror is wholly and ultimately beneficially owned by Ms. Lo, who is also the sole director of the Offeror.

Ms. Lo graduated from the University of Pennsylvania in 1993 and pursued a career in garment manufacturing and fashion businesses in Hong Kong. Subsequently, Ms. Lo was appointed as executive director of 139 Holdings Limited (currently known as ICube Technology Holdings Limited, Stock Code: 139) between the period from 2000 to 2005 and as executive director and vice-chairman of Heritage International Holdings Limited (Stock Code: 412) between the period from 2005 to 2008, which companies are both listed on the Main Board of the Stock Exchange. Such appointments enabled Ms. Lo to gain experience in the stock market in Hong Kong. After Ms. Lo retired herself from positions of vice-chairman and executive director of Heritage International Holdings Limited in March 2008, she entered into investment business of securities trading. Since then, she has accumulated her substantial networth as a seasoned and private investor.

Immediately prior to the entering into of the Sale and Purchase Agreement, the Offeror and its ultimate beneficial owner did not hold any Share and were third parties independent of the Company and its connected persons.

ii. Offeror's intentions regarding the Company

As disclosed in the Composite Document, following the close of the Offer, the Offeror intends to continue the existing principal businesses of the Group. The Offeror will conduct a review on the financial position and the operations of the Company and will formulate long-term business plans and strategy of the Company, explore other business opportunities and consider whether any asset disposal, asset acquisition, business rationalisation, business divestment, fund raising, restructuring of the business and/or business diversification will be appropriate in order to enhance the long-term growth potential of the Company. Nonetheless, as at the Latest Practicable Date, the Offeror and its associates have not entered into any agreements, arrangements, understandings, intentions or negotiations in relation to (i) disposal, termination or scaling-down of the Group's business; (ii) disposal, restructuring or re-deployment of the Group's assets other than those in its ordinary and usual course of business; (iii) injection of any new business and/or assets into the Group; and (iv) proposed change in board composition of the Group. Should any corporate actions materialise, further announcement(s) will be made in accordance with the Listing Rules. As at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of any employee of the Group.

Save for the Offeror's intention regarding the Group as set out above, as at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of any employees of the Group other than those in its ordinary and usual course of business.

iii. Public float and maintenance of the Listing Status of the Company

According to the Composite Document, the Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offer and each of the Offeror and the Company will undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that a sufficient public float exists for the Shares.

As further disclosed in the Composite Document, in the event that after the completion of the Offer, the public float of the Company falls below 25%, the Offeror and the Directors will undertake to the Stock Exchange that they will take appropriate steps to restore the minimum public float as required under the Listing Rules as soon as possible following the close of the Offer to ensure that sufficient public float exists for the Shares.

3. Offer Price

According to the Composite Document, Get Nice Securities, on behalf of the Offeror, is making the Offer to all the Independent Shareholders to acquire all the issued Shares other than those already owned by the Offeror and parties acting in concert with it, in compliance with the Takeovers Code on the following basis:

For each Offer Share HK$4.50 in cash

The Offer Price of HK$4.50 per Offer Share equals to the purchase price per Sale Share paid by the Offeror under the Sale and Purchase Agreement. The Offer Shares to be acquired under the Offer shall be fully paid and free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of the Composite Document.

The Offer is conditional upon the Offeror having received valid acceptances of the Offer which, together with the Shares already acquired or agreed to be acquired by the Offeror and the parties acting in concert with it before or during the Offer Period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

The Offer Price of HK$4.50 per Offer Share represents:

(i) a discount of approximately 28.34% to the closing price of HK$6.28 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a discount of approximately 28.46% to the average closing prices of the Shares as quoted on the Stock Exchange for the 5 consecutive trading days up to and including the Last Trading Day of HK$6.29 per Share;

(iii) a discount of approximately 28.48% to the average closing prices of the Shares as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Day of HK$6.292 per Share;

(iv) a discount of approximately 28.82% to the average closing prices of the Shares as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Day of approximately HK$6.322 per Share;

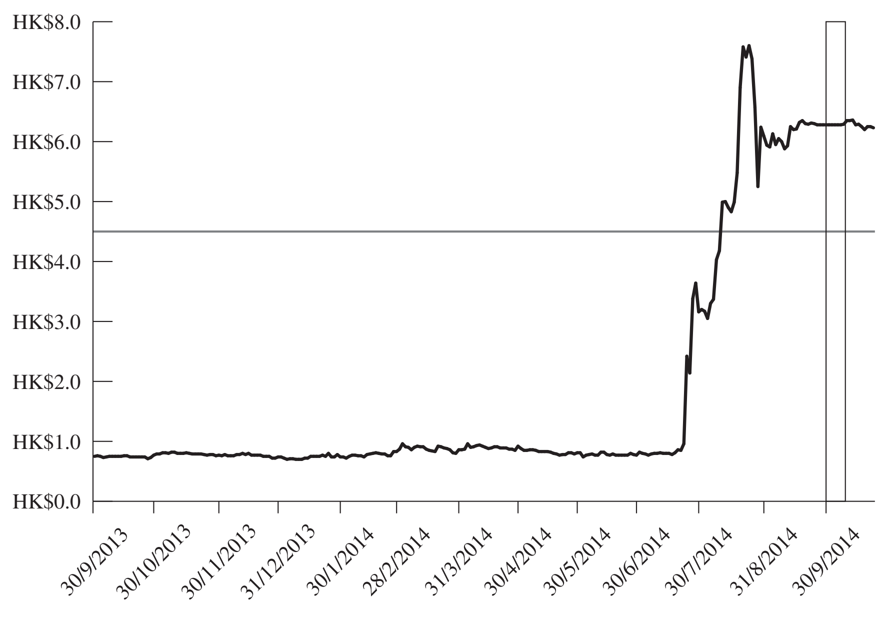
(v) a premium of approximately 147.25% over the audited consolidated net asset value attributable to owners of the Company of approximately HK$1.82 per Share (based on the number of issued Shares as at the date of this joint announcement) as at 31 December 2013, the date to which the latest audited financial results of the Group were made up; and

(vi) a discount of approximately 27.30% to the closing price of HK$6.19 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

4. Historical Share price performance and trading liquidity

i. Historical Share price performance

Set out below is the daily closing price of the Shares (the "**Closing Price**") as quoted on the Stock Exchange from 29 September 2013, being the twelve-month period leading up to 29 September 2014, being the Last Trading Day, with both dates inclusive (the "**Pre-Announcement Period**"), and further up to the Last Practicable Date (the "**Post-Announcement Period**"). The Post-Announcement Period, together with the Pre-Announcement Period, is defined as the "**Review Period**".



Source: The Stock Exchange (http://www.hkex.com.hk)

The Pre-Announcement Period

The Closing Price fluctuated between HK$0.70 and HK$0.96 until 23 July 2014. Upon 24 July 2014, the Closing Price shot up to HK$2.42 and continued to rise until it hit a peak of HK$7.60 on 22 August 2014. After that, the Closing Price gradually decreased and recorded HK$6.28 on the Last Trading Day.

During the Pre-Announcement Period, the Closing Price ranged from the lowest of HK$0.70 on 6 January 2014, 9 January 2014, 10 January 2014 and 13 January 2014 respectively to the highest of HK$7.60 on 22 August 2014, representing approximately 10.86 times increase throughout the Pre-Announcement Period. The Offer Price of HK$4.50 represents a premium of approximately 542.9% over the aforementioned lowest Closing Price and a discount of approximately 40.8% to the aforementioned highest Closing Price.

At the beginning of the Pre-Announcement Period, the Closing Price performed steadily between HK$0.70 and HK$0.96 with limited fluctuation despite of the release of Annual Report 2013 on 25 March 2014. On 19 May 2014, the Company issued a profit warning announcement in respect of the significant decrease in the consolidated net profit attributable to Shareholders for the six months ended 30 June 2014 compared with the corresponding period in the last year, causing the Closing Price decreased moderately from HK$0.82 on 19 May 2014 to HK$0.80 on 20 May 2014. After that, the movement of the Closing Price remained steady until 24 July 2014, in which the Closing Price increased drastically to HK$2.42 from HK$0.96 on 23 July 2014. The Closing Price then further increased to HK$4.99 on 11 August 2014 which exceeded the Offer Price of HK$4.50 and hit the highest value of HK$7.60 on 22 August 2014. On 24 July 2014, 28 July 2014 and 19 August 2014 respectively, the Board issued an unusual price and trading movements announcement and confirmed that they were not aware of any reasons in respect of the surge of the Share Price from HK$0.96 on 23 July 2014 to HK$2.42 on the following trading day, from HK$2.14 on 25 July 2014 to HK$3.38 on the following trading day and from HK$5.48 on 18 August 2014 to HK$6.90 on the following trading day respectively. Starting from 25 August 2014, the Closing Price was generally on a declining trend. Following the interim result announcement released by the Company for the six month ended 30 June 2014 on 26 August 2014 after trading hours, which reported a drop in net profit of 59.4% to HK$3.51 million comparing to the corresponding period in the last year, the Closing Price decreased sharply from HK$6.57 on 26 August 2014 to HK$5.25 on the following trading day.

On 30 September 2014 (before the morning trading session), trading in the Shares on the Stock Exchange was suspended pending the release of an announcement in relation to the shareholding of the Controlling Shareholder, Thrivetrade Limited, pursuant to the Takeovers Code, which is inside information in nature.

As shown from the above, for most of the Pre-Announcement Period, the prices of the Share were lower than the Offer Price.

The Post-Announcement Period

Trading of the Shares on the Stock Exchange was resumed on 10 October 2014. In the Post-Announcement Period, the highest and lowest Closing Price as quoted on the Stock Exchange were HK$6.36 on 15 October 2014 and HK$6.19 on 27 October 2014 respectively.

Given the Offer and the change in control, speculation on the prospects of the Group may have attracted and provided continue support on the level of Share prices during the Post-Announcement Period.

After considering i) the historical price performance of the Shares and the possibility that the level of Share prices during the Post-Announcement Period may have been the result of the Offer and speculation on the Group's prospects; ii) the decreasing trend of profit made by the Group since 2011 as discussed in the section headed "Information on and financial performance of the Group" above; and iii) the uncertainty associated with the prospects and outlook of the Group as discussed in the section headed "Future prospects and outlook of the Group" above, we are of the view that it is uncertain whether the level of the Share prices in the Post-Announcement Period will be sustainable in the long run.

ii. Trading liquidity

The table set out below is the historical trading volume of the Shares during the Review Period.

Month/Period	**Average daily trading volume for the month/period** *(Number of Shares)* *(Note 1)*	**Percentage of average daily trading volume to total number of Shares in issue** *(%)* *(Note 2)*	**Percentage of average daily trading volume to total number of Shares held by public Shareholders as at the Latest Practicable Date** *(%)* *(Note 3)*
2013			
30 September	102,000	0.0709%	0.1436%
October	144,157	0.1003%	0.2030%
November	157,606	0.1096%	0.2219%
December	112,035	0.0779%	0.1578%
2014			
January	75,458	0.0525%	0.1063%
February	190,212	0.1323%	0.2678%
March	507,430	0.3530%	0.7145%
April	135,109	0.0940%	0.1902%
May	44,901	0.0312%	0.0632%
June	141,456	0.0984%	0.1992%
July	4,412,632	3.0693%	6.2133%
August	3,102,958	2.1583%	4.3692%
September	709,663	0.4936%	0.9993%
October and up to the Latest Practicable Date	165,214	0.1149%	0.2326%

Note

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which excludes any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.

2. As no new Shares had been issued during the Review Period, the total number of Shares in issue throughout the whole Review Period was 143,765,993 Shares, being the number of Share in issue as at the Latest Practicable Date.

3. As at the Latest Practicable Date, the total number of Shares held by public Shareholders is 71,018,769 Shares.

During the Pre-Announcement Period, the average daily trading volume for the month/period ranged from 44,901 Shares to 4,412,632 Shares, representing approximately 0.0312% to 3.0693% of the total number of Shares in issue and approximately 0.0632% to 6.2133% of the total number of Shares held by public Shareholders as at the Latest Practicable Date. During the Review Period, the average daily trading volumes for the month/period were generally below 1% of the total number of Shares in issue except recorded 3.0693% in July 2014 and 2.1583% in August 2014, in which announcement of unusual price and trading volume movements confirmed by the Board that it is not aware of any reasons for the unusual price and volume movements was issued respectively.

Given the generally low liquidity of the Shares, the Independent Shareholders who might wish to realize their investment in the Company may not be able to do so without exerting a downward pressure on the market price of the Shares. Therefore, we consider that the Independent Shareholders may not necessarily receive proceeds reflected by the market price from disposal of Shares in the open market and thus, the Offer furnish an alternative mean for Shareholders to realize their investment in the Shares.

5. Comparable Analysis

Price-to-earnings ("**P/E**") ratio and price-to-book ("**P/B**") ratio are commonly used benchmark in valuing a company. The P/E ratio and P/B ratio are calculated based on the audited profits attributable to owners from the most recent financial year and the net asset values attributable to shareholders from the latest published annual/interim reports or results announcements respectively. Based on the Offer Price of HK$4.50 per Offer Share and 143,765,993 Shares in issue as at the Latest Practicable Date, the Company is valued at HK$646,946,968.50. The P/E ratio of the Company implied by the Offer Price (the "**Implied P/E Ratio**") is approximately 48.15 times according to the audited profit attributable to owners of the Company of approximately HK$13,435,000 for the year ended 31 December 2013. The P/B ratio of the Company implied by the Offer Price (the "**Implied P/B Ratio**") is approximately 2.48 times based on the audited net asset value attributable to Shareholders of the Group of approximately HK$261,201,000 as at 31 December 2013.

In accessing the fairness and reasonableness of the Offer Price, we have attempted to compare the Implied P/E Ratio and the Implied P/B Ratio with the P/E ratio and P/B ratio of comparable companies listed in the Stock Exchange which are engaged in business similar to the Group. As stated in the section headed "Information on and financial performance of the Group" above, the Group is principally engaged in i) investment holding; ii) provision of corporate management services; iii) the design, development, manufacture and sale of packaging products including watch boxes, jewellery boxes, eyewear cases, bags and pouches, and point-of-sales display units, with the Group's revenue generated from the design, development, manufacture and sale of packaging products and display units accounted for approximately a total of 92.0%, 89.2% and 90.1% for the three years ended 31 December 2011, 31 December 2012 and 31 December 2013 respectively.

Based on i) the Group's major source of revenue, i.e. design, development, manufacture and sale of packaging products and display units; and ii) the Offeror's intention in continuing the existing principal businesses of the Group, we have conducted a search on the Stock Exchange in identifying comparable companies. Given that the products, i.e. watch boxes, jewellery boxes, eyewear cases, bags, pouches and display units designed, developed and manufactured by the Company are quite unique, we identified four comparables being an exhaustive list of companies listed on the Stock Exchange, namely Jin Bao Bao Holdings Limited, China Packaging Holdings Development Limited, Jin Cai Holdings Company Limited and Jia Yao Holdings Limited (the "**Comparables**"), which are engaged in design, development, manufacture and sale of packaging products that are more diversified from that of the Company, including paper-based products, cigarettes and structural components. However, as the shares of Jia Yao Holdings Limited have just listed on the Stock Exchange since 27 June 2014, its audited annual report after listing has not yet been published. We therefore exclude Jia Yao Holdings Limited as a Comparable.

The table set out below shows the respective P/E ratio and P/B ratio of the Comparables:

Comparables (Stock code)	**Principal Business**	**Market Capitalization as at the Latest Practicable Date**	**Profit attributable to owners of the Comparable**	**Net asset value attributable to shareholders of the Comparable**	**P/E ratio**	**P/B ratio**
		(Note 1)	*(Note 2)*	*(Note 3)*	*(Note 4 and 6)*	*(Note 5 and 6)*
		HK$'000	*RMB'000*	*RMB'000*	*times*	*times*
Jin Bao Bao Holdings Limited (1239)	Design, manufacture and sale of packaging products and structural components.	472,000	19,066	211,138	19.45	1.76
China Packaging Holdings Development Limited (1439)	Design, manufacture, printing and sale of paper-based packaging products, which include flexo-printed cartons and offset-printed cartons of different sizes, shapes and design.	432,000	44,337	138,678	7.65	2.45
Jin Cai Holdings Company Limited (1250)	Design, printing and sale of cigarette packages in the PRC.	390,400	21,249	195,236	14.43	1.57
				Mean	**13.84**	**1.93**

	Value of the Company implied by the Offer Price	**Profit attributable to owners of the Company**	**Net asset value attributable to shareholders of the Company**	**Implied P/E Ratio**	**Implied P/B Ratio**
		(Note 2)	*(Note 3)*		
	HK$'000	*HK$'000*	*HK$'000*	*times*	*times*
The Company	646,947	13,435	261,201	48.15	2.48

Notes

1. The market capitalizations are calculated based on their respective closing prices of the shares and their total number of issued shares as at the Latest Practicable Date as extracted from the Stock Exchange.

2. The profit attributable to owners of the Comparable/Company is extracted from their respective latest published annual reports.

3. The net asset value attributable to shareholders of the Comparable/Company is extracted from their respective latest published annual reports.

4. The P/E ratios are obtained by dividing the market capitalization of the Comparables on the Latest Practicable Date by their respective audited profit attributable to owners of the company as extracted from their latest published annual reports.

5. The P/B ratios are obtained by dividing the market capitalization of the Comparables on the Latest Practicable Date by their respective net asset value attributable to shareholders as extracted from their latest published annual reports.

6. As quoted from Hang Seng Bank Foreign Currency Notes Exchange on 13 October 2014, the exchange rate is HK$1.273 to RMB1.

Based on the above table, we noted that the P/E ratio of the Comparables ranged from approximately 7.65 times to approximately 19.45 times, with a mean of approximately 13.84 times. The Implied P/E Ratio of approximately 48.15 times is significantly higher than the mean and the range of the P/E ratio of the Comparables, indicating that the valuation of the Company as implied by the Offer Price, is higher than all the Comparables. In addition, the P/B ratios of the Comparables ranged from approximately 1.57 times to approximately 2.45 times, with a mean of approximately 1.93 times. The Implied P/B ratio of approximately 2.48 times is higher than the range of the P/B ratios of the Comparables. In this regard, we consider that the Offer Price is fair and reasonable in terms of both P/E ratios and P/B ratios.

RECOMMENDATION

Taking into consideration the above-mentioned principal factors and reasons, in particular the following:

i) the Group's principal business recorded decrease in profit since 2011;

ii) the prospects and outlook of the Group remained uncertain;

iii) the sustainability in the level of price and trading volume of the Shares in the Post-Announcement Period may be uncertain in the long run; and

iv) the Implied P/E Ratio is significantly higher than the range and average of the P/E ratios of the Comparables and the Implied P/B Ratio is higher than the range of the P/B ratios of the Comparables;

we are of the opinion that the Offer is fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

The Independent Shareholders who intend to accept the Offer are reminded to note the recent fluctuation in the Share price. There is no guarantee that the current market price of the Shares will or will not sustain and will or will not be higher than the Offer Price during and after the period for the acceptance of the Offer.

The Independent Shareholders who intend to accept the Offer are also advised to closely monitor the market price and the liquidity of the Shares during the period for the acceptance of the Offer and should consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares, net of all transaction costs, would be higher than that receivable under the Offer according to their own circumstances and investment objectives.

The Independent Shareholders are strongly advised that their decisions to dispose of or hold their investment in the Shares are subject to individual circumstances and investment objectives. The Independent Shareholders are also reminded to read carefully the procedures for accepting the Offer as detailed in the Composite Document, the appendices to the Composite Document and the relevant form of acceptance, if they wish to accept the Offer.

Yours faithfully,
For and on behalf of
Nuada Limited
Kevin Chan
Director

Mr. Kevin Chan is a person licensed under the SFO to carry out type 6 (advising on corporate finance) regulated activities under the SFO and regarded as a responsible officer of Nuada Limited and has over 15 years of experience in corporate finance industry.

1. PROCEDURES FOR ACCEPTANCE OF THE OFFER

(a) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Offer, you must send the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for not less than the number of Shares in respect of which you intend to accept the Offer, by post or by hand, to the Registrar, Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in any event no later than 4:00 p.m. on the First Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

(b) If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Offer in respect of your holding of Shares (whether in full or in part), you must either:

(i) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Offer on your behalf and requesting it to deliver the duly completed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the duly completed and signed Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Registrar; or

(iii) if your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or

(iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set out by HKSCC Nominees Limited.

(c) If the Share certificate(s) and/or transfer receipts and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer in respect of your Shares, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become(s) available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Registrar.

(d) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer in respect of your Shares, you should nevertheless complete and sign the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to the Offeror and/or Get Nice Securities or their respective agent(s) to collect from the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it was/they were delivered to the Registrar with the Form of Acceptance.

(e) Acceptance of the Offer will be treated as valid only if the completed Form of Acceptance is received by the Registrar by no later than 4:00 p.m. on the First Closing Date (or such later time and/or date as the Offeror may determine and announce with the consent of the Executive) and the Registrar has recorded the acceptance and any relevant documents required by the Takeovers Code have been so received, and is:

(i) accompanied by the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if those Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant Shares; or

(ii) from a registered Shareholder or his personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or

(iii) certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate documentary evidence of authority (e.g. grant of probate or certified copy of a power of attorney) to the satisfaction of the Registrar must be produced.

(f) If the Offer is withdrawn or lapses, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any indemnity or indemnities provided in respect thereof) lodged with the Form of Acceptance to the relevant Shareholder(s).

(g) No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT OF THE OFFER

Subject to the Offer becoming or being declared unconditional and provided that valid Form of Acceptance and the relevant Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Registrar no later than the latest time for acceptance, a cheque for the amount due to each of the Independent Shareholders who accepts the Offer less seller's ad valerom stamp duty in respect of the Shares tendered by it/him/her under the Offer will be despatched to such Independent Shareholder by ordinary post at its/his/her own risk as soon as possible but in any event within seven (7) Business Days following the later of the date on which the Offer becomes or is declared unconditional and the receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

Settlement of the consideration to which any accepting Independent Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer (save with respect to the payment of seller's ad valerom stamp duty), without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such accepting Independent Shareholder.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) All acceptances must be received by the Registrar by the latest time for acceptances, being 4:00 p.m. on the First Closing Date in accordance with the instructions printed on the Form of Acceptance, unless the Offer becomes or is declared unconditional, or is extended or revised with the consent of the Executive. The Offer is conditional upon the Offeror having received valid acceptances in respect of the Shares which, together with the Shares already acquired or agreed to be acquired by it and any party acting in concert with it before or during the Offer Period, will result in the Offeror and any party acting in concert with it holding more than 50% of the Shares. Pursuant to the Takeovers Code, where the Offer becomes or is declared unconditional, the Offer will remain open for acceptance for not less than 14 days thereafter. The Offeror will make an announcement as and when the Offer becomes or is declared unconditional.

(b) If the Offeror revises the terms of the Offer (in accordance with the relevant requirements under the Takeovers Code), all Independent Shareholders, whether or not they have already accepted the Offer, will be entitled to accept the revised Offer under the revised terms.

(c) If the Offer is extended or revised, the announcement of such extension or revision will state the next closing date or, if the Offer has become unconditional as to acceptances, a statement that the Offer will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offer is closed to the Independent Shareholders who have not accepted the Offer, and an announcement will be released. The revised Offer will be kept open for at least 14 days thereafter.

(d) If the First Closing Date of the Offer is extended, any reference in this Composite Document and in the Form of Acceptance to the First Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offer as extended.

4. ANNOUNCEMENTS

(a) By 6:00 p.m. on the First Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the revision, extension, expiry or unconditionality of the Offer. The Offeror must post an announcement on the Stock Exchange's website by 7:00 p.m. on the First Closing Date stating, amongst other information required under Rule 19.1 of the Takeovers Code, whether the Offer has been revised or extended, has expired or has become or been declared unconditional.

The announcement will state the total number of Shares and rights over Shares:

(i) for which acceptances of the Offer have been received;

(ii) held, controlled or directed by the Offeror or persons acting in concert with it before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement must include details of any relevant securities (as defined in the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent, save for any borrowed shares which have been either on-lent or sold. The announcement must also specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers of Shares.

(b) In computing the total number of Shares represented by acceptances, only valid acceptances that are complete, in good order and satisfy the acceptance conditions set out in paragraph 1 of this Appendix and which have been received by the Registrar no later than 4:00 p.m. on the First Closing Date, being the latest time and date for acceptance of the Offer, shall be included.

(c) As required under the Takeovers Code, all announcements in relation to the Offer which the Executive and the Stock Exchange have confirmed that they have no further comments thereon must be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

5. RIGHT OF WITHDRAWAL

(a) Acceptance of the Offer tendered by the Independent Shareholders shall be irrevocable and cannot be withdrawn, except in the circumstances set out in (b) below or in compliance with Rule 17 of the Takeovers Code, which provides that an acceptor of the Offer shall be entitled to withdraw its/his/her acceptance after 21 days from the First Closing Date if the Offer has not by then become unconditional as to acceptances. An acceptor of the Offer may withdraw its/his/her acceptance by lodging a notice in writing signed by the acceptor (or its/his/her agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar.

(b) If the Offeror is unable to comply with the requirements set out in the paragraph headed "ANNOUNCEMENTS" above, the Executive may require that the Independent Shareholders who have tendered acceptances to the Offer to be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

In such case, when the Independent Shareholder(s) withdraw their acceptance(s), the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any indemnity or indemnities provided in respect thereof) lodged with the Form of Acceptance to the relevant Independent Shareholder(s).

6. OVERSEAS SHAREHOLDERS

The Offer is available to all the Independent Shareholders, including the Overseas Shareholders. However, the Overseas Shareholders who wish to participate in the Offer are subject to, and may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdiction in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdiction).

7. STAMP DUTY

Seller's ad valorem stamp duty payable by the Independent Shareholders who accept the Offer and calculated at a rate of 0.1% of (i) the market value of the Offer Shares subject to such acceptance; or (ii) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, will be deducted from the amount payable by the Offeror to such person on acceptance of the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the accepting Independent Shareholders and will pay the buyer's ad valorem stamp duty in connection with the acceptances of the Offer and the transfer of the Offer Shares to the Stamp Office in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

8. TAX IMPLICATIONS

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, parties acting in concert with the Offeror, the Company, Get Nice Securities, Get Nice Capital and Veda Capital and their respective ultimate beneficial owners, directors, officers, advisers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

9. GENERAL

(a) All communications, notices, Form of Acceptance, Share certificate(s), transfer receipt(s), other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to settle the consideration payable under the Offer to be delivered by or sent to or from the Independent Shareholders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Offeror, parties acting in concert with the Offeror, the Company, Get Nice Securities, Get Nice Capital and Veda Capital and any of their respective directors or professional advisers or the Registrar or other parties involved in the Offer or any of their respective agents accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(b) The provisions set out in the Form of Acceptance form part of the terms and conditions of the Offer.

(c) The accidental omission to despatch this Composite Document and/or Form of Acceptance or any of them to any person to whom the Offer is made will not invalidate the Offer in any way.

(d) The Offer is, and all acceptances will be, governed by and construed in accordance with the laws of Hong Kong.

(e) Due execution of the Form of Acceptance will constitute an authority to the Offeror, Get Nice Securities or such person or persons as the Offeror may direct to complete, amend and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(f) By accepting the Offer, the Independent Shareholders will be deemed to warrant that they will sell their Shares to the Offeror free from all Encumbrances and together with all rights attaching or accruing thereto, including all rights to receive any dividend or other distribution declared, made or paid on or after the date on which the Offer is made, being the date of this Composite Document.

(g) The Overseas Shareholders who wish to participate in the Offer are subject to, and may be affected by the applicable laws of the relevant jurisdiction. Overseas Shareholders should observe any applicable legal and regulatory requirements in their own jurisdictions. Acceptance of the Offer by such person will constitute a warranty by such person that he/she/it is permitted under all applicable laws to accept the Offer, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. Any such person will be responsible for any applicable taxes or other governmental payments payable by it/him/her.

(h) Acceptance of the Offer by any nominee will be deemed to constitute a warranty by such nominee to the Offeror that the number of Shares in respect of which it is indicated in the Form of Acceptance is the aggregate number of Shares held by such nominee for such beneficial owner who is accepting the Offer.

(i) Reference to the Offer in this Composite Document and in the Form of Acceptance shall include any extension or revision thereof.

(j) All acceptances, instructions, authorities and undertakings given by the Independent Shareholders in the Form of Acceptance shall be irrevocable except as permitted under the Takeovers Code.

(k) The English text of this Composite Document and the Form of Acceptance shall prevail over their respective Chinese text for the purpose of interpretation.

1. FINANCIAL SUMMARY

The following is a summary of the financial results of the Group for (i) the six months ended 30 June 2014 as extracted from the published interim report of the Company; (ii) the financial year ended 31 December 2011 as extracted from the Company's prospectus dated 28 June 2012; and (iii) each of the two financial years ended 31 December 2012 and 2013 as extracted from the published annual reports of the Company.

The consolidated financial statements of the Group for each of the three financial years ended 31 December 2013 were audited by Ernst & Young, Certified Public Accountants, Hong Kong and did not contain any qualifications. For each of the three financial years ended 31 December 2013 and the six months ended 30 June 2014, no dividend was declared or paid. The summary statement of profit or loss and other comprehensive income for the Group for the three financial years ended 31 December 2013 and the six months ended 30 June 2014 set out below does not contain any extraordinary items or exceptional items due to size, nature or incidence.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Six months ended 30 June		Year ended 31 December		
	2014	2013	2013	2012	2011
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
REVENUE	191,348	214,199	436,402	389,304	418,660
Cost of sales	(160,651)	(180,139)	(366,930)	(318,099)	(332,735)
Gross profit	30,697	34,060	69,472	71,205	85,925
Other income and gains	845	2,023	4,235	2,975	3,564
Selling and distribution expenses	(7,128)	(7,087)	(16,049)	(14,688)	(14,969)
Administrative expenses	(18,808)	(17,111)	(37,080)	(32,841)	(27,913)
Other expenses	(388)	(900)	(890)	(966)	294
Share of profits and losses of associates	(905)	(775)	24	486	(480)
PROFIT BEFORE TAX	4,313	10,210	19,712	26,171	46,421
Income tax expense	(804)	(1,561)	(2,780)	(3,256)	(4,931)
PROFIT FOR THE PERIOD/YEAR	3,509	8,649	16,932	22,915	41,490
OTHER COMPREHENSIVE INCOME					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(97)	41	59	–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD/YEAR	3,412	8,690	16,991	22,915	41,490

	Six months ended 30 June		Year ended 31 December		
	2014	**2013**	**2013**	**2012**	**2011**
	(Unaudited)	**(Unaudited)**	**(Audited)**	**(Audited)**	**(Audited)**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Profit attributable to:					
Owners of the parent	2,257	6,144	13,435	20,341	37,828
Non-controlling interests	1,252	2,505	3,497	2,574	3,662
	3,509	8,649	16,932	22,915	41,490
Total comprehensive income attributable to:					
Owners of the parent	2,160	6,185	13,494	20,341	37,828
Non-controlling interests	1,252	2,505	3,497	2,574	3,662
	3,412	8,690	16,991	22,915	41,490
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	HK1.57 cents	HK4.27 cents	HK9.35 cents	HK14.93 cents	HK29.24 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June		As at 31 December		
	2014	2013	2013	2012	2011
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
NON-CURRENT ASSETS					
Property, plant and equipment	117,060	119,762	119,461	121,247	124,843
Prepaid land lease payments	12,739	13,140	12,940	13,341	13,742
Investments in associates	230	336	1,135	1,111	625
Total non-current assets	130,029	133,238	133,536	135,699	139,210
CURRENT ASSETS					
Prepaid land lease payments	402	402	402	402	402
Inventories	37,873	42,825	41,586	36,141	39,007
Trade and bills receivables	57,013	50,519	53,295	51,611	45,916
Prepayments, deposits and other receivables	11,118	6,124	4,110	4,889	4,600
Tax recoverable	–	–	186	875	–
Pledged deposits	3,018	7,528	7,542	7,516	–
Cash and cash equivalents	87,378	85,659	80,502	74,004	59,798
Total current assets	196,802	193,057	187,623	175,438	149,723
CURRENT LIABILITIES					
Trade and bills payables	38,530	46,388	31,931	31,651	38,329
Other payables and accruals	20,211	21,645	25,168	28,640	29,783
Due to a related party	–	–	–	–	52,409
Tax payable	1,012	639	404	–	901
Total current liabilities	59,753	68,672	57,503	60,291	121,422
NET CURRENT ASSETS	137,049	124,385	130,120	115,147	28,301
TOTAL ASSETS LESS CURRENT LIABILITIES	267,078	257,623	263,656	250,846	167,511
NON-CURRENT LIABILITIES					
Deferred tax liabilities	1,532	1,585	1,522	1,538	1,017
Net assets	265,546	256,038	262,134	249,308	166,494
EQUITY					
Equity attributable to owners of the parent					
Issued capital	14,377	14,377	14,377	14,377	–
Reserves	248,984	239,515	246,824	233,330	164,037
	263,361	253,892	261,201	247,707	164,037
Non-controlling interests	2,185	2,146	933	1,601	2,457
Total equity	265,546	256,038	262,134	249,308	166,494

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The followings are the audited consolidated financial statements of the Group extracted from the annual report of the Company for the financial year ended 31 December 2013. No qualified opinion has been issued by the Company's auditors, for the three years ended 31 December 2013.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

	Notes	2013 *HK$'000*	2012 *HK$'000*
REVENUE	*5*	436,402	389,304
Cost of sales		(366,930)	(318,099)
Gross profit		69,472	71,205
Other income and gains	*5*	4,235	2,975
Selling and distribution expenses		(16,049)	(14,688)
Administrative expenses		(37,080)	(32,841)
Other expenses		(890)	(966)
Share of profits and losses of associates		24	486
PROFIT BEFORE TAX	*6*	19,712	26,171
Income tax expense	*9*	(2,780)	(3,256)
PROFIT FOR THE YEAR		16,932	22,915
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		59	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		16,991	22,915
Profit attributable to:			
Owners of the parent	*11*	13,435	20,341
Non-controlling interests		3,497	2,574
		16,932	22,915

	Notes	2013 HK$'000	2012 HK$'000
Total comprehensive income attributable to:			
Owners of the parent	*11*	13,494	20,341
Non-controlling interests		3,497	2,574
		16,991	22,915
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*12*	HK9.35 cents	HK14.93 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	119,461	121,247
Prepaid land lease payments	14	12,940	13,341
Investments in associates	16	1,135	1,111
Total non-current assets		133,536	135,699
CURRENT ASSETS			
Prepaid land lease payments	14	402	402
Inventories	17	41,586	36,141
Trade and bills receivables	18	53,295	51,611
Prepayments, deposits and other receivables	19	4,110	4,889
Tax recoverable		186	875
Pledged deposits	20	7,542	7,516
Cash and cash equivalents	20	80,502	74,004
Total current assets		187,623	175,438
CURRENT LIABILITIES			
Trade and bills payables	21	31,931	31,651
Other payables and accruals	22	25,168	28,640
Tax payable		404	–
Total current liabilities		57,503	60,291
NET CURRENT ASSETS		130,120	115,147
TOTAL ASSETS LESS CURRENT LIABILITIES		263,656	250,846
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	1,522	1,538
Net assets		262,134	249,308
EQUITY			
Equity attributable to owners of the parent			
Issued capital	24	14,377	14,377
Reserves	25(a)	246,824	233,330
		261,201	247,707
Non-controlling interests		933	1,601
Total equity		262,134	249,308

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

		Attributable to owners of the parent										
	Notes	Issued capital HK$'000	Share premium account HK$'000	Special reserve HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2012		–	–	(158)	2,291	–	78	–	161,826	164,037	2,457	166,494
Profit and total comprehensive income for the year		–	–	–	–	–	–	–	20,341	20,341	2,574	22,915
Contribution from a shareholder**		–	–	–	43,000	–	–	–	–	43,000	–	43,000
Disposal of carved-out subsidiaries		–	–	158	–	–	–	–	–	158	–	158
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	–	–	(3,430)	(3,430)
Capitalisation issue of shares	*24(iii)*	219	–	–	–	(219)	–	–	–	–	–	–
Issue of new shares	*24(ii), (iv)*	14,158	21,420	–	–	(12,642)	(78)	–	–	22,858	–	22,858
Share issue expenses	*24*	–	(2,687)	–	–	–	–	–	–	(2,687)	–	(2,687)
At 31 December 2012 and 1 January 2013		14,377	18,733*	–*	45,291*	(12,861)*	–*	–*	182,167*	247,707	1,601	249,308
Profit for the year		–	–	–	–	–	–	–	13,435	13,435	3,497	16,932
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations		–	–	–	–	–	–	59	–	59	–	59
Total comprehensive income for the year		–	–	–	–	–	–	59	13,435	13,494	3,497	16,991
Dividend paid to a non-controlling shareholder		–	–	–	–	–	–	–	–	–	(4,165)	(4,165)
At 31 December 2013		14,377	18,733*	–*	45,291*	(12,861)*	–*	59*	195,602*	261,201	933	262,134

* These reserve accounts comprise the consolidated reserves of HK$246,824,000 (2012: HK$233,330,000) in the consolidated statement of financial position.

** On 24 February 2012, an amount of HK$43,000,000 was waived by C C Land Holdings Limited ("CC Land"), the then immediate holding company of the Company, and was recognised as a capital contribution from a shareholder.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		19,712	26,171
Adjustments for:			
Share of profits and losses of associates		(24)	(486)
Bank interest income	5	(101)	(89)
Depreciation	13	5,118	4,983
Amortisation of prepaid land lease payments	14	401	401
Gain on disposal of items of property, plant and equipment	5	(42)	(62)
Impairment/(write-back of impairment) of trade receivables	6	(358)	307
Write-down of inventories to net realisable value	6	889	61
Forfeiture of deposits from customers	5	3	865
		25,598	32,151
Decrease/(increase) in inventories		(6,334)	2,805
Increase in trade, bills and other receivables, prepayments and deposits		(547)	(6,291)
Decrease in trade, bills and other payables and accruals		(3,195)	(8,686)
Cash generated from operations		15,522	19,979
Interest received		101	89
Hong Kong profits tax paid		(1,703)	(4,511)
Net cash flows from operating activities		13,920	15,557
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	13	(3,347)	(1,389)
Proceeds from disposal of items of property, plant and equipment		57	64
Increase in pledged time deposits		(26)	(7,516)
Net cash flows used in investing activities		(3,316)	(8,841)

	Notes	2013 HK$'000	2012 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	24	–	22,858
Share issue expenses	24	–	(2,687)
Dividend paid to a non-controlling shareholder		(4,165)	(3,430)
Decrease in an amount due to a related party		–	(9,251)
Net cash flows from/(used in) financing activities		(4,165)	7,490
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,439	14,206
Cash and cash equivalents at beginning of year		74,004	59,798
Effect of foreign exchange rate changes, net		59	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		80,502	74,004
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	64,416	57,976
Non-pledged time deposits with original maturity of less than three months when acquired		16,086	16,028
		80,502	74,004

STATEMENT OF FINANCIAL POSITION
31 December 2013

	Notes	2013 HK$'000	2012 HK$'000
NON-CURRENT ASSETS			
Investments in subsidiaries	15	47,890	47,890
CURRENT ASSETS			
Prepayments and other receivables	19	296	290
Due from subsidiaries	15	6,928	6,300
Cash and cash equivalents	20	17,552	17,836
Total current assets		24,776	24,426
CURRENT LIABILITIES			
Accruals	22	2,387	2,409
Due to subsidiaries	15	1,600	1,600
Tax payable		33	42
Total current liabilities		4,020	4,051
NET CURRENT ASSETS		20,756	20,375
Net assets		68,646	68,265
EQUITY			
Issued capital	24	14,377	14,377
Reserves	25(b)	54,269	53,888
Total equity		68,646	68,265

NOTES TO FINANCIAL STATEMENTS
31 December 2013

1. Corporate information and group reorganisation

Qualipak International Holdings Limited (the "Company") was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability on 24 October 2011. The principal place of business of the Company is located at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 July 2012 (the "Listing Date").

The principal activities of the Company are investment holding and provision of corporate management services. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, development, manufacture and sale of packaging products and point-of-sales display units.

Pursuant to the reorganisation of the Company in connection with the listing of the shares of the Company on the Stock Exchange (the "Reorganisation"), the Company became the holding company of the companies now comprising the Group on 15 May 2012. Details of the Reorganisation are set out in the paragraph headed "Reorganisation" under the section headed "History, Development and Corporate Reorganisation" in the prospectus of the Company dated 28 June 2012.

2.1 Basis of preparation

Pursuant to the Reorganisation, the subsidiaries now comprising the Group were under common control of the controlling shareholder before and after the Reorganisation. Accordingly, these financial statements have been prepared by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the financial periods presented.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2013. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The 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.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group has directly disposed of the related assets or liabilities.

2.2 Changes in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements:

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*
HKFRS 10	*Consolidated Financial Statements*
HKFRS 11	*Joint Arrangements*
HKFRS 12	*Disclosure of Interests in Other Entities*
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 *– Transition Guidance*
HKFRS 13	*Fair Value Measurement*
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*
HKAS 19 (2011)	*Employee Benefits*
HKAS 27 (2011)	*Separate Financial Statements*
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*
HKAS 36 Amendments	Amendments to HKAS 36 *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets* (early adopted)
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements. However, the application of HKFRS 12 and amendments to HKAS 1 resulted in additional disclosures in the consolidated financial statements.

HKFRS 10 replaces the portion of HKAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements and addresses the issues in HK(SIC)-Int 12 *Consolidation – Special Purpose Entities*. It establishes a single control model used for determining which entities are consolidated. To meet the definition of control in HKFRS 10, an investor must have (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. The changes introduced by HKFRS 10 require management of the Group to exercise significant judgement to determine which entities are controlled.

The application of HKFRS 10 does not change any of the consolidation conclusions of the Group in respect of its involvement with investees as at 1 January 2013.

HKFRS 12 sets out the disclosure requirements for subsidiaries, joint arrangements, associates and structured entities previously included in HKAS 27 *Consolidated and Separate Financial Statements,* HKAS 31 *Interests in Joint Ventures* and HKAS 28 *Investments in Associates*. It also introduces a number of new disclosure requirements for these entities. Details of the disclosures for a subsidiary and associates are included in notes 15 and 16 to the financial statements.

The HKFRS 10, HKFRS 11 and HKFRS 12 Amendments clarify the transition guidance in HKFRS 10 and provide further relief from full retrospective application of these standards, limiting the requirement to provide adjusted comparative information to only the preceding comparative period. The amendments clarify that retrospective adjustments are only required if the consolidation conclusion as to which entities are controlled by the Group is different between HKFRS 10 and HKAS 27 or HK(SIC)-Int 12 at the beginning of the annual period in which HKFRS 10 is applied for the first time.

The HKAS 1 Amendments change the grouping of items presented in other comprehensive income ("OCI"). Items that could be reclassified (or recycled) to profit or loss at a future point in time (for example, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) are presented separately from items which will never be reclassified (for example, the revaluation of land and buildings). The amendments have affected the presentation only and have had no impact on the financial position or performance of the Group. The Group has chosen to use the new title "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

The HKAS 36 Amendments remove the unintended disclosure requirement made by HKFRS 13 on the recoverable amount of a cash-generating unit which is not impaired. In addition, the amendments require the disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognised or reversed during the reporting period, and expand the disclosure requirements regarding the fair value measurement for these assets or units if their recoverable amounts are based on fair value less costs of disposal. The amendments are effective retrospectively for annual periods beginning on or after 1 January 2014 with earlier application permitted, provided HKFRS 13 is also applied. The Group has early adopted the amendments in these financial statements. The amendments have had no impact on the financial position or performance of the Group.

2.3 Issued but not yet effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[4]
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	*Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39*[4]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS12 and HKAS 27 (2011) – *Investment Entities*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKAS 19 Amendments	Amendments to HKAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[1]
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*[1]
HK(IFRIC)-Int 21	*Levies*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[2]

1 *Effective for annual periods beginning on or after 1 January 2014*
2 *Effective for annual periods beginning on or after 1 July 2014*
3 *Effective for annual periods beginning on or after 1 January 2016*
4 *No mandatory effective date yet determined but is available for adoption*

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 9 issued in November 2009 is the first part of phase 1 of a comprehensive project to entirely replace HKAS 39 *Financial Instruments: Recognition and Measurement*. This phase focuses on the classification and measurement of financial assets. Instead of classifying financial assets into four categories, an entity shall classify financial assets as subsequently measured at either amortised cost or fair value, on the basis of both the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. This aims to improve and simplify the approach for the classification and measurement of financial assets compared with the requirements of HKAS 39.

In November 2010, the HKICPA issued additions to HKFRS 9 to address financial liabilities (the "Additions") and incorporated in HKFRS 9 the current derecognition principles of financial instruments of HKAS 39. Most of the Additions were carried forward unchanged from HKAS 39, while changes were made to the measurement of financial liabilities designated as at fair value through profit or loss using the fair value option ("FVO"). For these FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. However, loan commitments and financial guarantee contracts which have been designated under the FVO are scoped out of the Additions.

In December 2013, the HKICPA added to HKFRS 9 the requirements related to hedge accounting and made some related changes to HKAS 39 and HKFRS 7 which include the corresponding disclosures about risk management activity for applying hedge accounting. The amendments to HKFRS 9 relax the requirements for assessing hedge effectiveness which result in more risk management strategies being eligible for hedge accounting. The amendments also allow greater flexibility on the hedged items and relax the rules on using purchased options and non-derivative financial instruments as hedging instruments. In addition, the amendments to HKFRS 9 allow an entity to apply only the improved accounting for own credit risk-related fair value gains and losses arising on FVO liabilities as introduced in 2010 without applying the other HKFRS 9 requirements at the same time.

The HKAS 19 Amendments apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The Group expects to adopt the amendments from 1 January 2015.

HKAS 39 is aimed to be replaced by HKFRS 9 in its entirety. Before this entire replacement, the guidance in HKAS 39 on impairment of financial assets continues to apply. The previous mandatory effective date of HKFRS 9 was removed by the HKICPA in December 2013 and a mandatory effective date will be determined after the entire replacement of HKAS 39 is completed. However, the standard is available for application now. The Group will quantify the effect in conjunction with other phases, when the final standard including all phases is issued.

Amendments to HKFRS 10 include a definition of an investment entity and provide an exception to the consolidation requirement for entities that meet the definition of an investment entity. Investment entities are required to account for subsidiaries at fair value through profit or loss in accordance with HKFRS 9 rather than consolidate them. Consequential amendments were made to HKFRS 12 and HKAS 27 (2011). The amendments to HKFRS 12 also set out the disclosure requirements for investment entities. The Group expects that these amendments will not have any impact on the Group as the Company is not an investment entity as defined in HKFRS 10.

The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2014.

2.4 Summary of significant accounting policies

Subsidiaries

Subsidiaries are all entities (including structured entities), directly or indirectly, controlled by the Company. Control is achieved when the 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 Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the 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 Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The 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 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 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 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 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 of disposal, 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 reporting period 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, but 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, unless the asset is carried at a revalued amount, in which case the reversal of impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

 (i) has control or joint control over the Group;

 (ii) has significant influence over the Group; or

 (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

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

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment 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 the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the 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:

Land and buildings	2% to 5% or over the unexpired terms of the leases, if less than 50 years
Leasehold improvements	20% or over the unexpired terms of the leases, if less than 5 years
Electricity supply system	10%
Furniture, fixtures and equipment	10% to 20%
Motor vehicles	20% to 25%
Plant and machinery	10%
Moulds	15%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation methods 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.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is 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. Assets held under capitalised finance leases, including prepaid land lease payments under 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 profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

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 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

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 rate method less any allowance for impairment. 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 other income and gains in profit or loss. The loss arising from impairment is recognised as finance costs in profit or loss 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 primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the 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 Group has retained.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is 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 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 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 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 and all collateral has been realised or has been transferred to the Group.

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 write-off is later recovered, the recovery is credited to other expenses in 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, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals.

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 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.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

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 there is a currently 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

The Group uses derivative financial instruments, being forward currency contracts, to manage its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and is subsequently remeasured at fair value. The derivative financial instruments 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 the derivative financial instruments are taken directly to 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 consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

Provisions

A provision is 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 the reporting period 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 the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period 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 goodwill or 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 and associates, when 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 and associates, 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 the 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.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) rental income, on a time proportion basis over the lease terms; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants after 7 November 2002 is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension schemes

The 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. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss 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 Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of 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 difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of certain overseas subsidiaries is a currency other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollars 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 profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant accounting judgements and estimates

The preparation of the 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.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. 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 of disposal and its value in use. The calculation of the fair value less costs of disposal 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.

Provision for obsolete and slow-moving inventories

The Group has a general provision policy on inventories based on ageing. The Group's sales and marketing managers review the inventory ageing listing on a periodical basis for those aged inventories. This involves a comparison of the carrying values of aged inventory items with their respective net realisable values. The purpose is to ascertain whether allowance is required to be made in the financial statements for any obsolete and slow-moving items. In addition, physical counts on all inventories are carried out on a periodical basis in order to determine whether allowance needs to be made in respect of any obsolete and defective inventories identified.

Impairment loss on trade and other receivables

In determining whether impairment loss on trade and other receivables is required, the Group takes into consideration the ageing status and the likelihood of collection. Following the identification of doubtful debts, the Group's responsible personnel discusses with the relevant customers and debtors and reports to management on the recoverability. Impairment loss is only made for receivables that are unlikely to be collected.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of the amount of unrecognised tax losses are set out in note 23 to the financial statements.

4. Operating segment information

For management purposes, the Group has only one operating segment which is the manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Revenue from external customers based on the locations of these customers is analysed as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Hong Kong and Mainland China	191,304	141,474
Europe	122,753	136,015
North and South America	83,432	81,933
Others	38,913	29,882
	436,402	389,304

The geographical locations of the Group's non-current assets are analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong	68,554	70,089
Mainland China	64,982	65,610
	133,536	135,699

The non-current asset information above is based on the locations of the assets.

Information about a major customer

Revenue of approximately HK$131,748,000 (2012: HK$66,250,000) was derived from sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units to a single customer, which accounted for more than 10% of the Group's total revenue.

5. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's other income and gains is as follows:

	2013	2012
	HK$'000	*HK$'000*
Bank interest income	101	89
Sale of scrap materials	733	532
Gain on disposal of items of property, plant and equipment	42	62
Gross rental income	960	678
Fair value gain on derivative financial instruments	2,013	393
Forfeiture of deposits from customers	3	865
Others	383	356
	4,235	2,975

6. Profit before tax

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

	Notes	2013 HK$'000	2012 HK$'000
Cost of inventories sold		366,041	318,038
Depreciation	*13*	5,118	4,983
Amortisation of prepaid land lease payments	*14*	401	401
Minimum lease payments under operating leases in respect of land and buildings		263	212
Auditors' remuneration		1,350	1,585
Employee benefit expenses (including directors' remuneration *(note 7)*):			
Wages and salaries		97,294	92,870
Pension scheme contributions		11,681	9,485
		108,975	102,355
Gross rental income	*5*	(960)	(678)
Direct operating expenses (including repairs and maintenance) arising on rental-earning properties		285	51
Net rental income		(675)	(627)
Foreign exchange differences, net*		1,248	659
Impairment/(write-back of impairment) of trade receivables*		(358)	307
Write-down of inventories to net realisable value		889	61

* *These items are included in "Other expenses" on the face of the consolidated statement of profit or loss and other comprehensive income.*

7. Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Fees	990	466
Other emoluments:		
Salaries, allowances and benefits in kind	3,490	2,698
Performance related bonuses*	800	1,400
Pension scheme contributions	129	104
	5,409	4,668

* *Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the Company's operating results, individual performance of the directors and comparable market statistics during the year.*

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2013	**2012**
	HK$'000	*HK$'000*
Mr. Chan Sze Hung	200	94
Dr. Leung Wai Keung	200	94
Mr. Tam Kwok Fai Paul	200	94
	600	282

Mr. Chan Sze Hung, Dr. Leung Wai Keung and Mr. Tam Kwok Fai Paul were appointed as independent non-executive directors of the Company on 19 June 2012.

There were no other emoluments payable to the independent non-executive directors during the year (2012: Nil).

(b) Executive directors and non-executive directors

Year ended 31 December 2013	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:					
Mr. Lam Hiu Lo	–	–	–	–	–
Mr. Leung Chun Cheong	–	650	–	30	680
Ms. Poon Ho Yee Agnes	–	2,145	400	99	2,644
Mr. Wu Hong Cho	–	695	400	–	1,095
	–	3,490	800	129	4,419
Non-executive directors:					
Dr. Lam How Mun Peter	250	–	–	–	250
Mr. Leung Wai Fai	140	–	–	–	140
	390	–	–	–	390
	390	3,490	800	129	4,809

Year ended 31 December 2012	Note	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total remuneration
		HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Executive directors:						
Mr. Lam Hiu Lo		–	–	–	–	–
Mr. Leung Chun Cheong		–	332	–	14	346
Ms. Poon Ho Yee Agnes	*(i)*	–	1,950	900	90	2,940
Mr. Wu Hong Cho		–	416	500	–	916
		–	2,698	1,400	104	4,202
Non-executive directors:						
Dr. Lam How Mun Peter		118	–	–	–	118
Mr. Leung Wai Fai		66	–	–	–	66
		184	–	–	–	184
		184	2,698	1,400	104	4,386

(i) The director's emoluments during the period from 1 January 2012 to 11 July 2012 were paid by way of a management fee to CC Land, the then immediate holding company of the Company.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. Five highest paid employees

The five highest paid employees during the year included two directors (2012: two directors), details of whose remuneration are set out in note 7 above. Details of the remuneration for the year of the remaining three (2012: three) non-director highest paid employees are as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	2,770	2,493
Performance related bonuses	100	162
Pension scheme contributions	131	118
	3,001	2,773

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2013	**2012**
Nil to HK$1,000,000	2	3
HK$1,000,001 to HK$1,500,000	1	–
	3	3

9. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year. The Group's subsidiaries, which are established in the People's Republic of China (the "PRC"), had no assessable profit during the year.

	2013	**2012**
	HK$'000	*HK$'000*
Group:		
Current – Hong Kong		
Charge for the year	2,769	2,789
Underprovision/(overprovision) in prior years	27	(54)
Deferred *(note 23)*	(16)	521
Total tax charge for the year	2,780	3,256

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Profit before tax	19,712	26,171
Tax at the statutory tax rate	3,142	4,318
Income from offshore manufacturing operation not subject to tax	(1,177)	(1,773)
Adjustments in respect of current tax of previous periods	27	(54)
Profits and losses attributable to associates	(4)	(80)
Income not subject to tax	(67)	(15)
Expenses not deductible for tax	804	948
Tax losses utilised from previous periods	(113)	(116)
Tax losses not recognised	345	10
Others	(177)	18
Tax charge at the Group's effective tax rate	2,780	3,256

10. Dividend

The directors do not recommend the payment of any dividend in respect of the year (2012: Nil).

11. Profit attributable to owners of the parent

The consolidated profit attributable to owners of the parent for the year ended 31 December 2013 includes a loss of HK$7,898,000 (2012: HK$5,143,000) which has been dealt with in the financial statements of the Company *(note 25(b))*.

12. Earnings per share attributable to ordinary equity holders of the parent

The calculation of basic earnings per share amount for the year ended 31 December 2013 is based on the profit for the year attributable to ordinary equity holders of the parent of HK$13,435,000 (2012: HK$20,341,000), and the weighted average number of ordinary shares of 143,765,993 (2012: 136,203,824) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2012 includes 127,196,162 ordinary shares of the Company in issue, and 2,193,832 ordinary shares of the Company issued pursuant to the capitalisation issues as if the shares had been in issue throughout the year ended 31 December 2012, and 14,375,999 ordinary shares of the Company issued on 11 July 2012 in connection with the listing of the ordinary shares of the Company on the Stock Exchange.

The Group had no potentially dilutive ordinary shares in issue during those years.

13. Property, plant and equipment

Group

	Land and buildings HK$'000	Leasehold improvements HK$'000	Electricity supply system HK$'000	Furniture, fixtures and equipment HK$'000	Motor vehicles HK$'000	Plant and machinery HK$'000	Moulds HK$'000	Total HK$'000
31 December 2013								
At 31 December 2012 and 1 January 2013:								
Cost	144,154	2,872	2,729	10,066	2,843	15,989	6,251	184,904
Accumulated depreciation	(28,879)	(2,804)	(2,728)	(8,265)	(2,225)	(12,879)	(5,877)	(63,657)
Net carrying amount	115,275	68	1	1,801	618	3,110	374	121,247
At 1 January 2013, net of accumulated depreciation	115,275	68	1	1,801	618	3,110	374	121,247
Additions	–	628	–	327	1,069	1,323	–	3,347
Disposals	–	–	–	(14)	–	(1)	–	(15)
Depreciation provided during the year	(3,022)	(134)	(1)	(467)	(522)	(807)	(165)	(5,118)
At 31 December 2013, net of accumulated depreciation	112,253	562	–	1,647	1,165	3,625	209	119,461
At 31 December 2013:								
Cost	144,154	3,500	2,729	10,069	3,532	11,024	1,294	176,302
Accumulated depreciation	(31,901)	(2,938)	(2,729)	(8,422)	(2,367)	(7,399)	(1,085)	(56,841)
Net carrying amount	112,253	562	–	1,647	1,165	3,625	209	119,461
31 December 2012								
At 1 January 2012:								
Cost	144,154	3,193	2,729	12,313	2,975	20,102	8,202	193,668
Accumulated depreciation	(25,857)	(3,072)	(2,727)	(10,449)	(1,966)	(17,156)	(7,598)	(68,825)
Net carrying amount	118,297	121	2	1,864	1,009	2,946	604	124,843
At 1 January 2012, net of accumulated depreciation	118,297	121	2	1,864	1,009	2,946	604	124,843
Additions	–	33	–	431	–	925	–	1,389
Disposals	–	–	–	(2)	–	–	–	(2)
Depreciation provided during the year	(3,022)	(86)	(1)	(492)	(391)	(761)	(230)	(4,983)
At 31 December 2012, net of accumulated depreciation	115,275	68	1	1,801	618	3,110	374	121,247
At 31 December 2012:								
Cost	144,154	2,872	2,729	10,066	2,843	15,989	6,251	184,904
Accumulated depreciation	(28,879)	(2,804)	(2,728)	(8,265)	(2,225)	(12,879)	(5,877)	(63,657)
Net carrying amount	115,275	68	1	1,801	618	3,110	374	121,247

The net carrying amount of land and buildings shown above comprises:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Land and buildings situated in Hong Kong:		
Long term leases	60,308	61,741
Medium term leases	5,119	5,276
	65,427	67,017
Buildings situated in Mainland China:		
Medium term leases	46,826	48,258
	112,253	115,275

Certain of the Group's land and buildings were pledged to a bank to secure general banking facilities granted to the Group *(note 29)*.

14. Prepaid land lease payments

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Carrying amount at 1 January	13,743	14,144
Recognised during the year	(401)	(401)
Carrying amount at 31 December	13,342	13,743
Current portion	(402)	(402)
Non-current portion	12,940	13,341

The leasehold land is situated in Mainland China and is held under a medium term lease.

15. Investments in subsidiaries

	Company	
	2013	**2012**
	HK$'000	*HK$'000*
Unlisted shares, at cost	47,890	47,890

The amounts due from and to subsidiaries included in the Company's current assets and current liabilities are unsecured, interest-free and are repayable on demand or within one year.

Particulars of the Company's subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Big Focus Limited#	British Virgin Islands ("BVI")	Ordinary US$1	–	100	Investment holding
Empire New Assets Limited	BVI/Hong Kong	Ordinary US$100	–	100	Property holding
King Place Investments Limited	BVI/Hong Kong	Ordinary US$100	–	100	Property holding
Onestep Enterprises Limited#	BVI	Ordinary US$100	–	100	Investment holding
Permate Production Inc.#	BVI	Ordinary US$20	–	100	Property holding
Qualipak Development Limited#	BVI	Ordinary US$10,000	100	–	Investment holding
Qualipak Fortune Inc.#	BVI	Ordinary US$10,000	–	100	Dormant
Qualipak Manufacturing Limited###	Hong Kong	Ordinary HK$100 Non-voting deferred HK$22,303,857 *(Note)*	–	100	Manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units
Qualipak Manufacturing (China) Limited#	BVI	Ordinary US$1	–	100	Holding a vehicle
Qualipak Nominees Limited#	BVI	Ordinary US$1	–	100	Provision of nominee services
Qualipak Packaging (Zhongshan) Co., Ltd#/##	PRC	Registered and paid-up HK$16,000,000	–	100	Dormant
Qualipak Production Inc.#	BVI	Ordinary US$10,000	–	100	Property holding
Qualipak Production (Shenzhen) Company Limited*/## (確必達包裝製造(深圳)有限公司)	PRC	Registered and paid-up US$1,000,000	–	100	Manufacture and sale of packaging products
Theme Production House Limited	Hong Kong	Ordinary HK$1,000,000	–	51	Trading of display units
Winning Hand Management Limited	BVI/ Mainland China	Ordinary US$1	–	100	Property holding
Wisdom Way Limited	Hong Kong	Ordinary HK$2	–	100	Property holding

\# *These are either investment holding companies or dormant companies which have no specific principal place of operations.*

\## *These companies are registered as wholly-owned foreign enterprises under PRC law.*

\### *The statutory financial statements of the subsidiary are audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.*

* *Direct translation from the Chinese name which is for identification purposes only.*

Note: The non-voting deferred shares have restricted rights on the distribution of profits, capital and voting.

Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2013	2012
Percentage of equity interest held by non-controlling interests of Theme Production House Limited	49%	49%

	2013 HK$'000	2012 HK$'000
Profit for the year allocated to non-controlling interests of Theme Production House Limited	3,497	2,574
Dividend paid to non-controlling interests of Theme Production House Limited	4,165	3,430
Accumulated balances of non-controlling interests at the reporting date of Theme Production House Limited	933	1,601

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before inter-company eliminations:

	2013 HK$'000	2012 HK$'000
Revenue	103,148	86,354
Total expenses	(96,011)	(81,102)
Profit and total comprehensive income for the year	7,137	5,252
Current assets	17,045	15,655
Non-current assets	86	170
Current liabilities	(15,227)	(12,558)
Net cash flows from/(used in) operating activities	6,306	(2,631)
Net cash flows used in investing activities	(4)	(70)
Net cash flows used in financing activities	(8,500)	(7,000)
Net decrease in cash and cash equivalents	(2,198)	(9,701)

16. Investments in associates

	Group 2013 *HK$'000*	2012 *HK$'000*
Share of net assets	1,135	1,111
Goodwill on acquisition	31,438	31,438
	32,573	32,549
Provision for impairment	(31,438)	(31,438)
	1,135	1,111

Particulars of the associates are as follows:

Name	Place of incorporation/ registration and business	Particulars of issued shares held	Percentage of ownership interest attributable to the Group	Principal activities
Technical International Holdings Limited	BVI	Ordinary shares of US$1 each	30	Investment holding
T Plus Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design and trading of wine openers, knives and kitchenware
Technical Development (HK) Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design and trading of wine openers, knives and kitchenware
Technical (HK) Manufacturing Limited	Hong Kong	Ordinary shares of HK$1 each	30	Design and trading of wine openers, knives and kitchenware

All the above associates are held by a wholly-owned subsidiary of the Company and were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network. They have been accounted for using the equity method in these financial statements.

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2013	2012
	HK$'000	*HK$'000*
Share of the associates' profit for the year	24	486
Share of the associates' total comprehensive income	24	486
Aggregate carrying amount of the Group's investments in associates	1,135	1,111

17. Inventories

	Group	
	2013	2012
	HK$'000	*HK$'000*
Raw materials	11,412	12,116
Work in progress	13,236	11,426
Finished goods	16,938	12,599
	41,586	36,141

18. Trade and bills receivables

	Group	
	2013	2012
	HK$'000	*HK$'000*
Trade and bills receivables	53,634	52,666
Impairment	(339)	(1,055)
	53,295	51,611

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period generally ranges from 30 to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Within 1 month	27,380	27,554
1 to 2 months	17,870	14,465
2 to 3 months	6,026	6,819
Over 3 months	2,019	2,773
	53,295	51,611

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

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
At 1 January	1,055	748
Impairment losses recognised	48	307
Amount written off as uncollectible	(374)	–
Impairment losses reversed	(390)	–
	339	1,055

Included in the above provision for impairment of trade receivables are provisions for individually impaired trade receivables of HK$339,000 (2012: HK$1,055,000) with a carrying amount before provision of HK$435,000 (2012: HK$1,055,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in principal payments.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Neither past due nor impaired	36,828	32,574
Less than 1 month past due	12,610	13,519
1 to 3 months past due	3,761	5,518
	53,199	51,611

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company 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. The Group does not hold any collateral or other credit enhancements over these balances.

19. Prepayments, deposits and other receivables

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Prepayments	981	1,330	293	282
Deposits	2,697	3,488	–	–
Other receivables	432	71	3	8
	4,110	4,889	296	290

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.

20. Cash and cash equivalents and pledged deposits

	Group		Company	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cash and bank balances	64,416	57,976	1,466	1,808
Time deposits	23,628	23,544	16,086	16,028
	88,044	81,520	17,552	17,836
Less: Pledged time deposits *(Note)*	(7,542)	(7,516)	–	–
Cash and cash equivalents	80,502	74,004	17,552	17,836

Note: The time deposits were pledged to secure general banking facilities granted to the Group's associates *(note 29)*.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$6,152,000 (2012: HK$7,727,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of cash and cash equivalents and pledged deposits approximate to their fair values.

21. Trade and bills payables

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Within 1 month	25,170	26,202
1 to 2 months	6,203	5,089
2 to 3 months	524	98
Over 3 months	34	262
	31,931	31,651

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

22. Other payables and accruals

	Group		**Company**	
	2013	**2012**	**2013**	**2012**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Deposits received	13,786	15,263	–	–
Other payables	145	20	–	–
Accruals	11,237	13,357	2,387	2,409
	25,168	28,640	2,387	2,409

Other payables are non-interest-bearing and are normally settled within three months.

23. Deferred tax liabilities

The movements in deferred tax liabilities during the year are as follows:

Group

	Depreciation allowance in excess of related depreciation *HK$'000*
At 1 January 2012	1,017
Deferred tax charged to profit or loss during the year *(note 9)*	521
At 31 December 2012 and 1 January 2013	1,538
Deferred tax credited to profit or loss during the year *(note 9)*	(16)
At 31 December 2013	1,522

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by a subsidiary established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2013, no deferred tax has been recognised for withholding taxes as the Group's subsidiaries established in Mainland China have been loss-making for some time.

The Group had tax losses arising in Hong Kong of HK$211,000 (2012: HK$765,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of HK$1,296,000 (2012: Nil) 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.

24. Share capital

Shares

	2013 *HK$'000*	2012 *HK$'000*
Authorised:		
1,000,000,000 (2012: 1,000,000,000) ordinary shares of HK$0.10 each	100,000	100,000
Issued and fully paid:		
143,765,993 (2012: 143,765,993) ordinary shares of HK$0.10 each	14,377	14,377

There was no movement in the Company's share capital during the year. The movements in the Company's authorised and issued share capital during the year ended 31 December 2012 were as follows:

	Note	Number of ordinary shares of HK$0.10 each	Nominal value of ordinary shares *HK$'000*
Authorised:			
At 1 January 2012		500,000	50
Increase in authorised share capital on 15 May 2012	*(i)*	999,500,000	99,950
At 31 December 2012		1,000,000,000	100,000

	Notes	Number of shares in issue	Issued capital *HK$'000*	Share premium account *HK$'000*	Contributed surplus *HK$'000*	Total *HK$'000*
Issued and fully paid:						
At 1 January 2012		1	–	–	–	–
Issue of new shares pursuant to share swap on 15 May 2012	*(ii)*	127,196,161	12,720	–	(12,642)	78
Capitalisation issues on 11 July 2012	*(iii)*	2,193,832	219	–	(219)	–
Issue of new shares on 11 July 2012	*(iv)*	14,375,999	1,438	21,420	–	22,858
		143,765,993	14,377	21,420	(12,861)	22,936
Share issue expenses		–	–	(2,687)	–	(2,687)
At 31 December 2012		143,765,993	14,377	18,733	(12,861)	20,249

(i) Pursuant to an ordinary resolution passed on 15 May 2012, the authorised share capital of the Company was increased from HK$50,000 to HK$100,000,000 by the creation of additional 999,500,000 shares of HK$0.10 each, ranking pari passu in all respects with the existing shares of the Company.

(ii) On 15 May 2012, the Company entered into a sale and purchase agreement with CC Land, to acquire from CC Land the entire issued share capital of Qualipak Development Limited, the then direct wholly-owned subsidiary of CC Land, in exchange for which the Company allotted and issued 127,196,161 ordinary shares, all credited as fully paid to CC Land and the then one nil paid share held by CC Land was also credited as fully paid.

(iii) Pursuant to the written resolution of CC Land passed on 19 June 2012, the directors had authorised to capitalise HK$219,000 standing to the credit of the contributed surplus account of the Company and apply the same to pay up in full at par 2,193,832 ordinary shares for allotment and issue to CC Land on 11 July 2012.

(iv) On 11 July 2012, 14,375,999 ordinary shares of HK$0.10 each were issued at a price of HK$1.59 per share for a total consideration, before expenses, of approximately HK$22,858,000. Dealing in these shares on the Stock Exchange commenced on 12 July 2012.

25. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page II-7.

(b) Company

	Notes	**Share premium account** *HK$'000*	**Contributed surplus** *HK$'000*	**Retained profits/ (accumulated losses)** *HK$'000*	**Total** *HK$'000*
At 1 January 2012		–	–	(47)	(47)
Profit for the year and total comprehensive income for the year		–	–	251	251
Acquisition of a subsidiary	*24(ii)*	–	35,170	–	35,170
Capitalisation issues of shares	*24(iii)*	–	(219)	–	(219)
Issue of new shares	*24(iv)*	21,420	–	–	21,420
Share issue expenses		(2,687)	–	–	(2,687)
At 31 December 2012 and 1 January 2013		18,733	34,951	204	53,888
Profit for the year and total comprehensive income for the year		–	–	381	381
At 31 December 2013		18,733	34,951	585	54,269

26. Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include (i) any director, officer, employee, consultant, professional, customer, supplier (whether of goods or services), agent, partner or adviser of or contractor to any member of the Group or its Related Group or a company in which the Group holds an interest or a subsidiary of such company (collectively the "Eligible Group"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include the Eligible Group; or (iii) a company beneficially owned by the Eligible Group. The Scheme became effective on 18 May 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

"Related Group" means (i) each of the substantial shareholders of the Company, and (ii) each associate and substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the Company or of a substantial shareholder referred to in (i) above, and (iii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (ii) above, and (iv) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iii) above, and (v) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iv) above.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the Scheme. The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an issued ordinary share of the Company on the date of offer of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option has been granted since the adoption of the Scheme.

27. Notes to the consolidated statement of cash flows

Major non-cash transactions

(a) During the year ended 31 December 2012, the Company entered into a sale and purchase agreement with CC Land, to acquire from CC Land the entire equity interest in a wholly-owned subsidiary of CC Land, in exchange for which the Company allotted and issued 127,196,161 ordinary shares. Further details of which are set out in note 24(ii) to the financial statements.

(b) On 24 February 2012, an amount of HK$43,000,000 due to CC Land was waived, and was recognised as a capital contribution from a shareholder.

28. Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2013 and 2012.

At 31 December 2013, the contingent liabilities of the Company not provided for in the financial statements comprised guarantees of HK$42,000,000 (2012: HK$42,000,000), in aggregate, given to banks in connection with facilities granted to a subsidiary, of which the banking facilities were not utilised by the subsidiary as at 31 December 2013 and 2012.

29. Pledge of assets

At 31 December 2013, the Group pledged certain of its land and buildings with an aggregate carrying amount of HK$35,240,000 (2012: HK$36,125,000) as securities for general banking facilities granted to the Group.

At 31 December 2013, the Group pledged deposits with an aggregate carrying amount of HK$7,542,000 (2012: HK$7,516,000) as securities for general banking facilities granted to the Group's associates.

The Company did not pledge any of its assets as at 31 December 2013 and 2012.

30. Operating lease arrangements

(a) As lessor

The Group leases its properties (note 13 to the financial statements) under an operating lease arrangement, with a lease negotiated for a term of three years. The term of the lease generally also requires the tenant to pay security deposits and provides for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivable under a non-cancellable operating lease with its tenant falling due as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Within one year	960	960
In the second to fifth years, inclusive	508	1,468
	1,468	2,428

(b) As lessee

The Group leases certain of its manufacturing plants and car parks under operating lease arrangements. The leases for the manufacturing plants and car parks are negotiated for a term of one year.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Within one year	173	165

31. Commitments

Other than the operating lease commitments detailed in note 30(b) above, neither the Group nor the Company had any significant commitments as at 31 December 2013 and 2012.

32. Related party transactions

(a) In addition to the transactions disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties during the year:

		Group	
		2013	**2012**
	Notes	*HK$'000*	*HK$'000*
Rental income earned from the then immediate holding company	*(i)*	–	226
Rental income earned from an entity which is under common control of a controlling shareholder of the Company	*(i)*	960	452
Management fee paid to the then immediate holding company	*(ii)*	–	1,277

Notes:

(i) The rental income received from CC Land, the then immediate holding company of the Company, and an entity which is under common control of a controlling shareholder of the Company were mutually agreed between the Company and the related parties. Upon the listing of shares of the Company on the Listing Date, the Company and CC Land are under common control of a controlling shareholder.

(ii) The management fee paid to CC Land for the share of certain costs including director's remuneration, staff welfare and miscellaneous costs was mutually agreed between the Company and CC Land.

Details of the amount of the director's remuneration paid by way of a management fee are set out in note 7 to the financial statements.

(b) Operating lease arrangement with a related party

On 20 June 2012, a subsidiary of the Group entered into a three-year agreement ending 11 July 2015 with C C Land Management Limited, a company of which is under common control of a controlling shareholder of the Company, to lease office premises in Hong Kong. The amount of rental income is included in note 32(a)(i) to the financial statements. The amount of an operating lease commitment as a lessor is included in note 30(a) to the financial statements.

(c) Compensation of key management personnel of the Group

Further details of directors' emoluments are included in note 7 to the financial statements.

Upon the listing of the shares of the Company on the Stock Exchange, the transactions with the then immediate holding company included in notes 32(a)(i) and 32(a)(ii) to the financial statements have been discontinued.

Except for the transactions with related parties which is under common control of a controlling shareholder of the Company and the then immediate holding company included in notes 32(a)(i) and 32(a)(ii) to the financial statements, all of the above related party transactions do not constitute a connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

33. Financial instruments by category and fair value of financial instruments

The financial assets and liabilities of the Company and the Group as at 31 December 2013 and 2012 are loans and receivables, and financial liabilities at amortised cost, respectively.

The carrying amounts of all financial instruments approximate to their fair values due to the short term maturities of these instruments.

34. Financial risk management objectives and policies

The Group's principal financial instruments include cash and cash equivalents, trade and bills receivables, deposits and other receivables, trade and bills payables and other payables and accruals. Details of the major financial instruments and the Group's relevant accounting policies are disclosed in note 2.4 to the financial statements.

The main risks arising from the Group's financial instruments are 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.

Foreign currency risk

The Group has currency exposure as the majority of its sales from packaging products were denominated in US$, which is pegged to HK$. On the other hand, the expenses or expenditures incurred in the operations of the manufacturing plants were denominated in RMB, which expose the Group to foreign currency risk.

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or devaluation of RMB against HK$ and US$ may have impact on the operating results of the Group.

There are limited hedging instruments available to the Group to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has entered into cross currency swaps with a bank in an effort to reduce the Group's exposure to foreign currency exchange risk. The Group may decide to enter into hedging transactions in the future and management monitors the foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax.

	Increase/ (decrease) in RMB rate	Increase/ (decrease) in profit before tax
	%	*HK$'000*
2013		
If HK$ weakens against RMB	3	(2)
If HK$ strengthens against RMB	(3)	2
2012		
If HK$ weakens against RMB	7	(1)
If HK$ strengthens against RMB	(7)	1

Credit risk

The Group trades only with recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, trade and other receivable balances are monitored on an ongoing basis to ensure that follow-up action is taken to recover overdue debts and the Group's exposure to bad debts is not significant. The Group's maximum exposures to credit risk are the carrying amounts of trade and bills receivables and other receivables as disclosed in notes 18 and 19 to the financial statements, respectively. In addition, the Group reviews the recoverable amount of each individual trade debtor at the end of the reporting period to ensure that adequate impairment losses have been made for irrecoverable amounts.

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents and have available funding through an adequate amount of committed credit facilities to meet its business operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or less than 3 months
	HK$'000
At 31 December 2013	
Trade and bills payables	31,931
Other payables and accruals	11,382
	43,313

	On demand or less than 3 months HK$'000	3 to 12 months HK$'000	Total HK$'000
At 31 December 2012			
Trade and bills payables	31,389	262	31,651
Other payables and accruals	13,377	–	13,377
	44,766	262	45,028

The maturity profile of the Company's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand HK$'000	Less than 3 months HK$'000	Total HK$'000
At 31 December 2013			
Due to subsidiaries	1,600	–	1,600
Accruals	–	2,387	2,387
	1,600	2,387	3,987

	On demand HK$'000	Less than 3 months HK$'000	Total HK$'000
At 31 December 2012			
Due to subsidiaries	1,600	–	1,600
Accruals	–	2,409	2,409
	1,600	2,409	4,009

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern in order to provide returns to the shareholders, to procure adequate financial resources from shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2013 and 2012.

The Group monitors capital using a net debt-to-adjusted capital ratio, which is net debt divided by adjusted capital. Net debt includes trade and bills payables and other payables and accruals, less cash and cash equivalents. Adjusted capital includes equity attributable to owners of the parent plus net debt. The net debt-to-adjusted capital ratios as at the end of the reporting periods were as follows:

	Group	
	2013	**2012**
	HK$'000	*HK$'000*
Trade and bills payables	31,931	31,651
Other payables and accruals	25,168	28,640
Less: Cash and cash equivalents	(80,502)	(74,004)
Net debt	(23,403)	(13,713)
Equity attributable to owners of the parent	261,201	247,707
Adjusted capital	237,798	233,994
Net debt-to-adjusted capital ratio	N/A	N/A

35. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 25 March 2014.

3. UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The followings are the consolidated financial statements of the Group extracted from the interim report of the Company for the six months ended 30 June 2014.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the six months ended 30 June 2014

		Six months ended 30 June	
		2014	**2013**
		(Unaudited)	**(Unaudited)**
	Notes	*HK$'000*	*HK$'000*
REVENUE	*4*	191,348	214,199
Cost of sales		(160,651)	(180,139)
Gross profit		30,697	34,060
Other income and gains	*4*	845	2,023
Selling and distribution expenses		(7,128)	(7,087)
Administrative expenses		(18,808)	(17,111)
Other expenses		(388)	(900)
Share of profits and losses of associates		(905)	(775)
PROFIT BEFORE TAX	*5*	4,313	10,210
Income tax expense	*6*	(804)	(1,561)
PROFIT FOR THE PERIOD		3,509	8,649
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(97)	41
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,412	8,690
Profit attributable to:			
Owners of the parent		2,257	6,144
Non-controlling interests		1,252	2,505
		3,509	8,649
Total comprehensive income attributable to:			
Owners of the parent		2,160	6,185
Non-controlling interests		1,252	2,505
		3,412	8,690
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	*8*	HK1.57 cents	HK4.27 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2014

	Notes	30 June 2014 (Unaudited) HK$'000	31 December 2013 (Audited) HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	9	117,060	119,461
Prepaid land lease payments		12,739	12,940
Investments in associates		230	1,135
Total non-current assets		130,029	133,536
CURRENT ASSETS			
Prepaid land lease payments		402	402
Inventories		37,873	41,586
Trade and bills receivables	10	57,013	53,295
Prepayments, deposits and other receivables		11,118	4,110
Tax recoverable		–	186
Pledged deposits		3,018	7,542
Cash and cash equivalents		87,378	80,502
Total current assets		196,802	187,623
CURRENT LIABILITIES			
Trade and bills payables	11	38,530	31,931
Other payables and accruals		20,211	25,168
Tax payable		1,012	404
Total current liabilities		59,753	57,503
NET CURRENT ASSETS		137,049	130,120
TOTAL ASSETS LESS CURRENT LIABILITIES		267,078	263,656
NON-CURRENT LIABILITIES			
Deferred tax liabilities		1,532	1,522
Net assets		265,546	262,134
EQUITY			
Equity attributable to owners of the parent			
Issued capital	12	14,377	14,377
Reserves		248,984	246,824
		263,361	261,201
Non-controlling interests		2,185	933
Total equity		265,546	262,134

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2014

	Attributable to owners of the parent								
	Issued capital (Unaudited) *HK$'000*	Share premium account (Unaudited) *HK$'000*	Capital reserve (Unaudited) *HK$'000*	Contributed surplus (Unaudited) *HK$'000*	Exchange fluctuation reserve (Unaudited) *HK$'000*	Retained profits (Unaudited) *HK$'000*	Total (Unaudited) *HK$'000*	Non-controlling interests (Unaudited) *HK$'000*	Total equity (Unaudited) *HK$'000*
At 1 January 2013	14,377	18,733	45,291	(12,861)	–	182,167	247,707	1,601	249,308
Profit for the period	–	–	–	–	–	6,144	6,144	2,505	8,649
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	41	–	41	–	41
Total comprehensive income for the period	–	–	–	–	41	6,144	6,185	2,505	8,690
Dividend paid to a non-controlling shareholder	–	–	–	–	–	–	–	(1,960)	(1,960)
At 30 June 2013	14,377	18,733	45,291	(12,861)	41	188,311	253,892	2,146	256,038
At 1 January 2014	14,377	18,733	45,291	(12,861)	59	195,602	261,201	933	262,134
Profit for the period	–	–	–	–	–	2,257	2,257	1,252	3,509
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	–	–	–	–	(97)	–	(97)	–	(97)
Total comprehensive income for the period	–	–	–	–	(97)	2,257	2,160	1,252	3,412
At 30 June 2014	14,377	18,733*	45,291*	(12,861)*	(38)*	197,859*	263,361	2,185	265,546

* *These reserve accounts comprise the consolidated reserves of HK$248,984,000 (31 December 2013: HK$246,824,000) in the condensed consolidated statement of financial position.*

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014

	Note	Six months ended 30 June 2014 (Unaudited) HK$'000	2013 (Unaudited) HK$'000
Net cash flows from operating activities		2,553	14,581
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	9	(173)	(1,024)
Proceeds from disposal of items of property, plant and equipment		40	29
Decrease/(increase) in pledged time deposits		4,524	(12)
Net cash flows from/(used in) investing activities		4,391	(1,007)
CASH FLOWS FROM A FINANCING ACTIVITY			
Dividend paid to a non-controlling shareholder		–	(1,960)
Net cash flows used in a financing activity		–	(1,960)
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,944	11,614
Cash and cash equivalents at beginning of period		80,502	74,004
Effect of foreign exchange rate changes, net		(68)	41
CASH AND CASH EQUIVALENTS AT END OF PERIOD		87,378	85,659

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 June 2014

1. Corporate information

Qualipak International Holdings Limited (the "Company") was incorporated in Bermuda under the Companies Act 1981 of Bermuda as an exempted company with limited liability on 24 October 2011. The principal place of business of the Company is located at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

The principal activities of the Company are investment holding and provision of corporate management services. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the design, development, manufacture and sale of packaging products and point-of-sales display units.

2.1 Basis of preparation

The unaudited interim condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Accounting Standard 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

The accounting policies and basis of preparation adopted in the preparation of these unaudited interim condensed consolidated financial statements are consistent with those adopted in the Group's annual financial statements for the year ended 31 December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong, except for the adoption of the new and revised HKFRSs as disclosed in note 2.2 below.

These unaudited interim condensed consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These unaudited interim condensed consolidated financial statements are presented in Hong Kong dollar ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.2 Change in accounting policies and disclosures

The Group has adopted the following new and revised HKFRSs for the first time for the current period's unaudited interim condensed consolidated financial statements:

HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
HKAS 39 Amendments	Amendments to HKAS 39 *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*

The adoption of the new and revised HKFRSs has had no significant financial effect on these unaudited interim condensed consolidated financial statements.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of the new and revised HKFRSs but is not yet in a position to state whether the new and revised HKFRSs would have a potential impact on its results of operations and financial position.

3. Operating segment information

For management purposes, the Group has only one operating segment which is the manufacture and sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units. Since this is the only operating segment of the Group, no further operating segment analysis thereof is presented.

Revenue from external customers based on the locations of these customers is analysed as follows:

	Six months ended 30 June	
	2014	**2013**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Hong Kong and Mainland China	84,713	103,561
Europe	52,906	57,582
North and South America	29,362	37,329
Others	24,367	15,727
	191,348	214,199

The geographical locations of the Group's non-current assets are analysed as follows:

	30 June 2014 (Unaudited) *HK$'000*	**31 December 2013 (Audited)** *HK$'000*
Hong Kong	66,486	68,554
Mainland China	63,543	64,982
	130,029	133,536

The non-current asset information above is based on the location of assets.

Information about a major customer

Revenue of approximately HK$52,943,000 (six months ended 30 June 2013: HK$78,609,000) was derived from sale of watch boxes, jewellery boxes, eyewear cases, bags and pouches and display units to a single customer, which accounted for more than 10% of the Group's total revenue.

4. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's other income and gains is as follows:

	Six months ended 30 June	
	2014 (Unaudited) *HK$'000*	**2013 (Unaudited)** *HK$'000*
Bank interest income	53	69
Sale of scrap materials	199	233
Gain on disposal of items of property, plant and equipment	40	15
Gross rental income	480	480
Fair value gain on a derivative financial instrument	–	875
Others	73	351
	845	2,023

5. Profit before tax

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

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Depreciation	2,574	2,495
Amortisation of prepaid land lease payments	201	201
Employee benefit expenses (including directors' remuneration):		
Wages and salaries	41,625	47,459
Pension scheme contributions	5,181	5,859
	46,806	53,318
Foreign exchange differences, net	(316)*	900*
Write-back of impairment of trade receivables	–	(17)
Fair value loss/(gain) on a derivative financial instrument	704*	(875)

* *These items are included in "Other expenses" on the face of the condensed consolidated statement of profit or loss and other comprehensive income.*

6. Income tax

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2013: 16.5%) on the estimated assessable profits arising in Hong Kong during the period. Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in Mainland China.

	Six months ended 30 June	
	2014	2013
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current charge for the period		
Hong Kong	744	1,514
Mainland China	50	–
Deferred	10	47
Total tax charge for the period	804	1,561

7. Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

8. Earnings per share attributable to ordinary equity holders of the parent

The calculation of the basic earnings per share amount for the six months ended 30 June 2014 is based on the profit for the period attributable to ordinary equity holders of the parent of HK$2,257,000 (six months ended 30 June 2013: HK$6,144,000), and the weighted average number of ordinary shares of 143,765,993 (six months ended 30 June 2013: 143,765,993) in issue during the period.

The Group had no potentially dilutive ordinary share in issue during the six months ended 30 June 2014 and 2013.

9. Additions to property, plant and equipment

During the six months ended 30 June 2014, the Group incurred HK$173,000 (six months ended 30 June 2013: HK$1,024,000) on the acquisition of items of property, plant and equipment.

10. Trade and bills receivables

	30 June 2014 (Unaudited) *HK$'000*	**31 December 2013 (Audited)** *HK$'000*
Trade and bills receivables	57,352	53,634
Impairment	(339)	(339)
	57,013	53,295

The Group's trading terms with its customers are mainly on credit, except for new customers where payment in advance is normally required. The credit period generally ranges from 30 to 60 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade and bills receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Within 1 month	37,128	27,380
1 to 2 months	11,124	17,870
2 to 3 months	6,977	6,026
Over 3 months	1,784	2,019
	57,013	53,295

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired as follows:

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Neither past due nor impaired	40,892	36,828
Less than 1 month past due	12,980	12,610
Over 1 month past due	3,141	3,761
	57,013	53,199

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company 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. The Group does not hold any collateral or other credit enhancements over these balances.

11. Trade and bills payables

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Within 1 month	31,953	25,170
1 to 2 months	6,434	6,203
2 to 3 months	94	524
Over 3 months	49	34
	38,530	31,931

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

12. Share capital

Shares

	30 June 2014 (Unaudited) *HK$'000*	31 December 2013 (Audited) *HK$'000*
Authorised:		
1,000,000,000 (31 December 2013: 1,000,000,000) ordinary shares of HK$0.10 each	100,000	100,000
Issued and fully paid:		
143,765,993 (31 December 2013: 143,765,993) ordinary shares of HK$0.10 each	14,377	14,377

13. Share option scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include (i) any director, officer, employee, consultant, professional, customer, supplier (whether of goods or services), agent, partner or adviser of or contractor to any member of the Group or its Related Group or a company in which the Group holds an interest or a subsidiary of such company (collectively the "Eligible Group"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include the Eligible Group; or (iii) a company beneficially owned by the Eligible Group. The Scheme became effective on 18 May 2012 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

"Related Group" means (i) each of the substantial shareholders of the Company, and (ii) each associate and substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the Company or of a substantial shareholder referred to in (i) above, and (iii) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (ii) above, and (iv) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iii) above, and (v) each associate or substantial shareholder or direct or indirect associated company or jointly-controlled entity of any of the foregoing entities referred to in (iv) above.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at the date of approval of the Scheme. The maximum number of shares issuable under the Scheme to each eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 14 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, save that such period shall not be more than 10 years from the date of offer of the share options.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) The Stock Exchange of Hong Kong Limited (the "Stock Exchange") closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of an issued ordinary share of the Company on the date of offer of the share options.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

No share option has been granted since the adoption of the Scheme.

14. Pledge of assets

At 30 June 2014, the Group pledged certain of its land and buildings with an aggregate carrying amount of HK$34,797,000 (31 December 2013: HK$35,240,000) as securities for general banking facilities granted to the Group.

At 30 June 2014, the Group pledged deposits with an aggregate carrying amount of HK$3,018,000 (31 December 2013: HK$7,542,000) as a security for general banking facilities granted to the Group's associates.

15. Operating lease arrangements

(a) As lessor

The Group leases its properties under operating lease arrangement, with a lease negotiated for a term of three years. The term of the lease generally also requires the tenant to pay security deposits and provides for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivable under a non-cancellable operating lease with its tenant falling due as follows:

	30 June 2014 (Unaudited) *HK$'000*	**31 December 2013 (Audited)** *HK$'000*
Within one year	960	960
In the second to fifth years, inclusive	28	508
	988	1,468

(b) As lessee

The Group leases certain of its manufacturing plants and car parks under operating lease arrangements. The leases for the manufacturing plants and car parks are negotiated for a term of one year.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2014 (Unaudited) *HK$'000*	**31 December 2013 (Audited)** *HK$'000*
Within one year	350	173

16. Contingent liabilities

At the end of the reporting period, contingent liabilities not provided for in the unaudited interim condensed consolidated financial statements were as follows:

	30 June 2014 (Unaudited) *HK$'000*	**31 December 2013 (Audited)** *HK$'000*
Guarantees given to a financial institution in connection with facilities granted to its associates	4,500	–

17. Related party transactions

(a) During the period, the Group entered into a transaction with a related party as follows:

		Six months ended 30 June	
	Note	**2014 (Unaudited)** *HK$'000*	**2013 (Unaudited)** *HK$'000*
Rental income earned from an entity which is under common control of a controlling shareholder of the Company	*(i)*	480	480

Note:

(i) The rental income received from an entity which is under common control of a controlling shareholder of the Company was mutually agreed between the Company and the related party.

(b) Commitment with a related party

On 20 June 2012, a subsidiary of the Group entered into a three-year agreement ending 11 July 2015 with C C Land Management Limited, a company of which is under common control of a controlling shareholder of the Company, to lease office premises in Hong Kong. The amount of rental income is included in note 17(a)(i) to these unaudited interim condensed consolidated financial statements. The amount of an operating lease commitment as a lessor is included in note 15(a) to these unaudited interim condensed consolidated financial statements.

(c) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2014	**2013**
	(Unaudited)	**(Unaudited)**
	HK$'000	*HK$'000*
Short term employee benefits	1,871	1,665

18. Financial instruments by category and fair value of financial instruments

The financial assets and liabilities of the Group as at 30 June 2014 and 31 December 2013 are loans and receivables, and financial liabilities at amortised cost, respectively.

The carrying amounts of all financial instruments approximate to their fair values due to the short term maturities of these instruments.

19. Approval of the unaudited interim condensed consolidated financial statements

The unaudited interim condensed consolidated financial statements was approved and authorised for issue by the board of directors on 26 August 2014.

4. INDEBTEDNESS

Borrowings

At the close of business on 30 September 2014, being the latest practicable date for the purpose of this indebtedness statement, the Group had no outstanding borrowings.

Contingent liabilities

At the close of business on 30 September 2014, the Group has contingent liabilities in respect of guarantees amounting to HK$4,500,000 given to a financial institution for general banking facilities granted to the Group's associates.

Pledge of Assets

At 30 September 2014, certain assets of the Group including the deposit of HK$3,021,000 and the land and buildings located in Hong Kong with aggregate carrying amount of approximately HK$34,576,000 were pledged to certain banks to secure general banking facilities granted to the Group and the Group's associates.

Save as aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, at the close of business on 30 September 2014, the Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities or guarantees outstanding.

5. MATERIAL CHANGE

Save for the decline in profitability which is mainly due to the decrease in revenue and increase in labour cost and other operating costs for the six months ended 30 June 2014 as compared with the corresponding period in 2013 (as disclosed in the interim report of the Company for the six months ended 30 June 2014), there was no material change in the financial or trading position or outlook of the Group since 31 December 2013, being the date to which the latest audited consolidated financial statements of the Group were made up, up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror, Ms. Lo and parties acting in concert with any one of them and the Offer), and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than the opinion expressed by the Offeror, Ms. Lo and parties acting in concert with any one of them), have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

Authorised:		*HK$*
1,000,000,000	Shares	100,000,000
Issued:		
143,765,993	Shares	14,376,599

Save for the Shares, the Company had no outstanding options, derivatives, warrants and other convertible securities or rights affecting the Shares as at the Latest Practicable Date.

All Shares in issue rank pari passu in all respects with each other including rights to dividends, voting and return of capital. The Company has not issued any Shares since 31 December 2013, the date to which the latest audited financial statements of the Company were made up.

3. DISCLOSURE OF INTERESTS

(a) Directors' and chief executive's interests and short positions in the Shares

As at the Latest Practicable Date, the interest of the Directors and chief executive of the Company in the issued share capital of the Company was set out as follows:

Name	Capacity/ Nature of interest	Number of Shares interested	Approximate percentage of the issued share capital of the Company
Dr. Lam How Mun Peter	Beneficial owner	15,926	0.01
Ms. Poon Ho Yee Agnes	Beneficial owner	5,200	0.00

Save as disclosed in this sub-section (a), none of the Directors and chief executive of the Company had any interests in the Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company.

(b) Substantial Shareholders' interests and short positions in the Shares

As at the Latest Practicable Date, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity/Nature of interest	Number of Shares interested	Approximate percentage of the issued share capital of the Company
The Offeror	Beneficial owner [1]	58,385,656	40.61
Ms. Lo	Interest in a controlled corporation [1]	58,385,656	40.61
Regulator	Beneficial owner [2]	14,340,442	9.97
Yugang-BVI	Interest in a controlled corporation [2]	14,340,442	9.97
Yugang	Interest in a controlled corporation [2]	14,340,442	9.97
CIL	Interest in a controlled corporation [2]	14,340,442	9.97
Mr. Cheung	Interest in a controlled corporation [2]	14,340,442	9.97
Palin	Interest in a controlled corporation [2]	14,340,442	9.97

Notes

1. As at the Latest Practicable Date, the Offeror is wholly-owned by Ms. Lo. Accordingly, Ms. Lo is deemed to be interested in 58,385,656 Shares held through the Offeror.

2. As at the Latest Practicable Date, Regulator is a direct wholly-owned subsidiary of Yugang-BVI, which is in turn a direct wholly-owned subsidiary of Yugang.

   Yugang is owned by CIL, Timmex and Mr. Cheung as to approximately 44.06% in aggregate. CIL is owned as to 35%, 30%, 5% and 30% by Mr. Cheung, Peking Palace, Miraculous Services and Prize Winner respectively. Mr. Cheung has 100% beneficial interest in Timmex. Prize Winner is beneficially owned by Mr. Cheung and his associates. Peking Palace and Miraculous Services are held by Palin as the trustee for Palin Discretionary Trust, a family discretionary trust, the objects of which include Mr. Cheung and his family.

   Each of Yugang-BVI, Yugang, CIL, Mr. Cheung and Palin are deemed to be interested in the 14,340,442 Shares held through Regulator.

Save as disclosed in this sub-section (b), the Company had not been notified of other relevant interests or short positions in the Shares and underlying Shares as at the Latest Practicable Date as required to be kept by the Company pursuant to Section 336 of the SFO.

(c) Interest in the Offeror

As at the Latest Practicable Date, none of the Company nor any of the Directors had any interest in the shares, warrants, options, derivatives or securities carrying conversion or subscription rights into shares of the Offeror.

4. DEALINGS IN SECURITIES OF THE COMPANY

During the Relevant Period,

(a) Mr. Leung Chun Cheong, an executive Director, disposed 733 Shares on 24 July 2014 at a price of HK$2.38 per Share and 32,000 Shares on 25 July 2014 at a price of HK$2.10 per Share. Save as mentioned, none of the Directors has any dealings in any Shares, warrants, options, derivatives or securities carrying conversion or subscription rights into Shares;

(b) no subsidiaries of the Company, pension funds of any member of the Group or any advisers to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code had any dealings in any Shares, warrants, options, derivatives or securities carrying conversion or subscription rights into Shares;

(c) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code; and

(d) no fund managers connected with the Company had any dealings in any Shares, warrants, options, derivatives or securities carrying conversion or subscription rights into Shares.

5. DEALINGS IN SECURITIES OF THE OFFEROR

During the Relevant Period, none of the Company nor Directors had any dealings in the shares, warrants, options, derivatives or securities carrying conversion or subscription rights into shares of the Offeror.

6. OTHER DISCLOSURE OF INTERESTS

As at the Latest Practicable Date,

(a) no Shares or any convertible securities, warrants, options or derivatives issued by the Company was owned or controlled by a subsidiary of the Company or by a pension fund (if any) of any member of the Group or by an adviser to the Company as specified in class (2) of the definition of "associate" under the Takeovers Code;

(b) no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between a person who owned or controlled Shares or any convertible securities, warrants, options or derivatives issued by the Company and the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of "associate" under the Takeovers Code;

(c) in respect of the 15,926 and 5,200 Shares beneficially owned by Dr. Lam How Mun Peter, being a non-executive Director, and Ms. Poon Ho Yee Agnes, being an executive Director, respectively, both Dr. Lam How Mun Peter and Ms. Poon Ho Yee Agnes intended to reject the Offer, save as the aforesaid, no Director has any beneficial interest in any Shares that are subject to the Offer;

(d) no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Company;

(e) no benefit (other than statutory compensation) was or would be given to any Director as compensation for loss of office or otherwise in connection with the Offer;

(f) no agreement or arrangement between any Director and any other person was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;

(g) no material contracts had been entered into by the Offeror in which any Director had a material personal interest; and

(h) none of the Company or the Directors had borrowed or lent any Shares, convertible securities, warrants, options or derivatives in respect of any Shares.

7. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any of its subsidiaries or associated companies which (i) (including both continuous and fixed term contracts) had been entered into or amended within 6 months before the date of the commencement of the Offer Period; or (ii) was a continuous contract with a notice period of 12 months or more; or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration or claims which would materially or adversely affect the operations of the Group and no litigation, arbitration or claim which would materially or adversely affect the operations of the Group was known to the Directors to be pending or threatened by or against any member of the Group.

9. MATERIAL CONTRACTS

No contract (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) had been entered into by the Group within the two years immediately preceding the date of the Joint Announcement, and up to and including the Latest Practicable Date which was, or might be, material.

10. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained or referred to in this Composite Document:

Name	Qualification
Nuada Limited	a licensed corporation permitted to carry out business in Type 6 (advising on corporate finance) regulated activity as defined under the SFO

As at the Latest Practicable Date, the above expert did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above expert has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, and/or references to its name in the form and context in which it appears.

11. GENERAL

(i) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. Its head office and principal place of business in Hong Kong is at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong.

(ii) The registered office of Nuada Limited is at Unit 1805-08, 18/F, Office Plus @ Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

(iii) The English text of this Composite Document and the Form of Acceptance shall prevail over the Chinese translation in the case of inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours at the head office and principal place of business in Hong Kong of the Company at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong; (ii) on the SFC's website at http://www.sfc.hk; and (iii) the website of the Company at http://www.qualipakhk.com, from the date of this Composite Document up to as long as the Offer remain open for acceptance:

(a) the Memorandum of Association and Bye-laws of the Company;

(b) the annual reports of the Company for each of the two years ended 31 December 2012 and 2013;

(c) the letter from the Board as set out on pages 15 to 19 of this Composite Document;

(d) the letter from the Independent Board Committee as set out on pages 20 to 21 of this Composite Document;

(e) the letter from the Independent Financial Adviser as set out on pages 22 to 41 of this Composite Document; and

(f) the written consent from Nuada Limited referred to under the paragraph headed "EXPERT'S QUALIFICATION AND CONSENT" in this Appendix III.

1. RESPONSIBILITY STATEMENT

The information contained in this Composite Document relating to the Offeror and its intention has been supplied by the Offeror. The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than any information relating to the Group, the Vendor and parties acting in concert with any one of them), and confirms, having made all reasonable enquiries, that to the best of her knowledge, opinions expressed in this Composite Document (other than the opinions expressed by the Group, the Vendor and parties acting in concert with any one of them) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statement contained in this Composite Document misleading.

2. MARKET PRICE

The table below shows the closing prices of the Shares quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the Last Trading Day; and (iii) the Latest Practicable Date.

Date	**Closing price per Share** *HK$*
2014	
April 30	0.92
May 30	0.81
June 30	0.77
July 31	3.20
August 29	6.09
September 29 (Last Trading Day)	6.28
September 30	trading suspended
Latest Practicable Date	6.19

During the Relevant Period:

(i) the highest closing price of the Shares as quoted on the Stock Exchange was HK$7.6 per Share on 22 August 2014; and

(ii) the lowest closing price of the Shares as quoted on the Stock Exchange was HK$0.74 per Share on 4 June 2014.

3. DISCLOSURE OF INTERESTS

The Offeror is an investment holding company incorporated in the BVI with limited liability on 21 July 2014. As at the Latest Practicable Date, the Offeror is wholly and ultimately beneficially owned by Ms. Lo. Ms. Lo is the sole director of the Offeror.

On 29 September 2014 (after trading hours), the Vendor had entered into the Sale and Purchase Agreement with the Offeror, pursuant to which the Vendor agreed to sell and the Offeror agreed to purchase the Sale Shares, being 58,385,656 Shares, for a total consideration of HK$262,735,452, equivalent to HK$4.50 per Sale Share, which was agreed between the Vendor and the Offeror after arm's length negotiations, and that Share Completion also took place on 29 September 2014 (after trading hours) after the signing of the Sale and Purchase Agreement. The Sale Shares represent approximately 40.61% of the entire issued share capital of the Company as at the Latest Practicable Date.

Save for the Sale Shares, none of the Offeror, its director and parties acting in concert with any one of them had owned or controlled any other interest in the Shares, options, warrants, derivatives or securities which are convertible into Shares as at the Latest Practicable Date.

4. DEALINGS IN SECURITIES OF THE COMPANY

(a) Save for the purchase of the Sale Shares according to the Sale and Purchase Agreement, none of the Offeror, its director and parties acting in concert with any one of them has dealt for value in the Shares, outstanding option, derivatives, warrants or other securities convertible into Shares during the Relevant Period.

(b) As at the Latest Practicable Date, no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code existed between the Offeror or any party acting in concert with it and any other person.

(c) As at the Latest Practicable Date, no person had irrevocably committed himself to accept or not to accept the Offer.

(d) As at the Latest Practicable Date, no arrangement of any kind referred to in Note 8 to Rule 22 of the Takeovers Code exists between a person who owned or controlled Shares or convertible securities, warrants, options or derivatives of the Company and the Offeror or any party acting in concert with it during the Relevant Period.

(e) As at the Latest Practicable Date, neither the Offeror nor any party acting in concert with it had borrowed or lent any Shares or convertible securities, warrants, options or derivatives of the Company.

(f) As at the Latest Practicable Date, no Shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by any fund managers connected with the Offeror or any party acting in concert with it, and no such person had dealt in any Shares or convertible securities, warrants, options or derivatives of the Company during the Relevant Period.

5. OTHER ARRANGEMENTS IN RELATION TO THE OFFER

As at the Latest Practicable Date:

(a) save for the Sale and Purchase Agreement, there was no agreement, arrangement or understanding (including any compensation arrangement) between the Offeror and parties acting in concert with it and any Director, recent Director, Shareholder or recent Shareholder which had any connection with or dependent on the Offer;

(b) no material contracts had been entered into by the Offeror in which any Director has a material personal interest;

(c) there is no agreement or arrangement to which the Offeror and its concert party is a party which relates to circumstances in which it may or may not invoke or seek to invoke a condition to the Offer;

(d) save for the charge of the Shares to be acquired pursuant to the Offer the payment for which is financed by the amount drawn under the Loan Facility, there was no agreement, arrangement or understanding that the securities acquired in pursuance of the Offer would be transferred, charged or pledged to any other persons. Get Nice Securities does not have any interest in the Shares or other securities of the Company carrying voting rights or convertible securities, warrants, options or derivatives of the Company;

(e) no benefit had been or would be given to any Directors as compensation for loss of office or otherwise in connection with the Offer; and

(f) there were no arrangement (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror which might be material to the Offer.

6. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts whose letter, opinion and/or advice is contained in this Composite Document:

Name	Qualification
Veda Capital	a licensed corporation permitted to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO
Get Nice Capital	a licensed corporation permitted to carry out business in Type 6 (advising on corporate finance) regulated activity under the SFO
Get Nice Securities	a licensed corporation permitted to carry out businesses in Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

As at the Latest Practicable Date, the above experts did not have any shareholding, direct or indirect, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

The above experts have given and have not withdrawn their respective written consents to the issue of this Composite Document with the inclusion of their advices, and/or the references to their names in the form and context in which they appear.

7. MISCELLANEOUS

As at Latest Practicable Date:

(i) The principal members of the Offeror's concert group are the Offeror and Ms. Lo.

(ii) The correspondence address of Ms. Lo is Room 2201-3, 22/F., China United Centre, 28 Marble Road, North Point, Hong Kong.

(iii) The registered office of the Offeror is situated at Coastal Building, Wickham's Cay II, P.O. Box 2221, Road Town, Tortola, BVI.

(iv) The registered office of Get Nice Securities and Get Nice Capital are situated at 10/F, COSCO Tower, Grand Millennium Plaza, 183 Queen's Road Central, Hong Kong.

(v) The registered office of Veda Capital is situated at Suite 3711, 37/F, Tower II, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.

(vi) The English text of this Composite Document shall prevail over the Chinese text in the case of inconsistency.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours at the head office and principal place of business in Hong Kong of the Company at 7th Floor, China United Centre, 28 Marble Road, North Point, Hong Kong; (ii) on the SFC's website at http://www.sfc.hk; and (iii) the website of the Company at http://www.qualipakhk.com, from the date of this Composite Document for as long as the Offer remains open for acceptance:

(a) the Memorandum and Articles of Association of the Offeror;

(b) the letter from Get Nice Securities, the text of which is set out in the section headed "LETTER FROM GET NICE SECURITIES" in this Composite Document; and

(c) the written consents from Get Nice Securities, Get Nice Capital and Veda Capital respectively as referred to in the paragraph headed "EXPERTS' QUALIFICATIONS AND CONSENTS" in this Appendix IV.