

Registration number: 05972505

LINPAC Packaging China Holdings Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2016

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LINPAC Packaging China Holdings Limited

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LINPAC Packaging China Holdings Limited

Company Information

Director M P Nicholls

Company secretary S E Joseph

Registered office Wakefield Road
Featherstone
Pontefract
West Yorkshire
WF7 5DE

**Independent
auditors** PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Central Square
29 Wellington Street
Leeds
West Yorkshire
LS1 4DL

LINPAC Packaging China Holdings Limited

Director's Report for the year ended 31 December 2016

The director presents his report and the audited financial statements for the year ended 31 December 2016.

Directors of the company

The director who held office during the year and up to the date of signing the financial statements was as follows:

M P Nicholls

Business review

Fair review of the business

The loss for the financial year ended 31 December 2016 amounts to £3,308,000 (2015 profit: £92,000). No dividend was paid during the year (2015: £nil). The company had net liabilities at 31 December 2016 of £3,315,000 (2015: £7,000).

The loss for the financial year included net exceptional expenses totalling £3,496,000 relating to the impairment of an investment.

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The LINPAC Senior Holdings Limited annual report includes details of the KPIs that are used across the group (see note 13).

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the group and are not managed separately. Accordingly, the principal risks and uncertainties of LINPAC Senior Holdings Limited, which include those of the company, are discussed in the Directors' Report in LINPAC Senior Holdings' annual report, which does not form part of this report (see note 13). Such risks are managed on a group basis.

Financial risk management

Management of the Group and the execution of its strategy are subject to a number of financial risks, including currency risk, credit risk, interest rate risk, and liquidity risk. These are formally reviewed by the Board and appropriate processes are put in place to monitor and mitigate them. This risk management process is carried out at a strategic and at an operational level, covering all primary disciplines within the Group's significant businesses.

LINPAC Packaging China Holdings Limited

Director's Report for the year ended 31 December 2016 (continued)

Currency risk, interest rate risk and liquidity risk

Currency risk

The group experienced some currency volatility following the UK referendum on EU membership, however the effects on the bottom line were limited in the year. The group is well located geographically in relation to its markets, which also provides production flexibility, and has a relatively balanced revenue and cost portfolio, which creates a natural hedge. The group has some direct and indirect exposure to the UK market and will continue to monitor the effects of a UK withdrawal from the European Union.

Interest rate risk

The Group's interest rate risk principally arises from the cost flexing where interest is subject to variable rates dependent on the LIBOR (or equivalent applicable to the currency denomination).

Liquidity risk

By the use of established short term and longer term forecasting processes, the Group ensures that sufficient committed facilities are in place to meet the requirements of the business. This takes into account cash flows from operations and the Group's holdings of cash and cash equivalents. Sufficient liquidity headroom exists to meet current forecast requirements.

Future developments

The future development of the group is detailed in the LINPAC Senior Holdings Limited annual report.

Disclosure of information to the auditors

The director has taken steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditors are unaware.

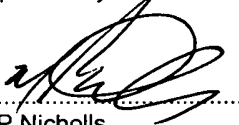
Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Small companies provision statement

This report has been prepared in accordance with the small companies regime under the Companies Act 2006.

Approved by the Board on 31 March 2017 and signed by its order by:


.....
M P Nicholls
Director

LINPAC Packaging China Holdings Limited

Statement of Director's Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

LINPAC Packaging China Holdings Limited

Independent Auditors' Report to the members of LINPAC China Holdings Limited

Report on the financial statements

Our opinion

In our opinion, LINPAC Packaging China Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Income Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 "Reduced Disclosure Framework".

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Director's remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the director was not entitled to: prepare financial statements in accordance with the small companies regime; take advantage of the small companies exemption in preparing the Director's Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

LINPAC Packaging China Holdings Limited

Independent Auditors' Report to the members of LINPAC China Holdings Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Director's Responsibilities set out on page 4, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the director's judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Randal Casson (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds

31 March 2017

LINPAC Packaging China Holdings Limited

Income Statement for the year ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Administrative (expense)/income		(75)	9
Exceptional administrative expense	3	<u>(3,496)</u>	<u>-</u>
Operating (loss)/profit		(3,571)	9
Other interest receivable and similar income	4	317	242
Interest payable and similar charges	5	<u>(1)</u>	<u>(121)</u>
(Loss)/profit on ordinary activities before taxation		(3,255)	130
Taxation on (loss)/profit on ordinary activities	8	<u>(53)</u>	<u>(38)</u>
(Loss)/profit for the financial year		<u><u>(3,308)</u></u>	<u><u>92</u></u>

There is no other comprehensive income for the year.

The above results were derived from continuing operations.

The notes on pages 10 to 15 form an integral part of these financial statements.


LINPAC Packaging China Holdings Limited

(Registration number: 05972505)

Statement of Financial Position for the year ended 31 December 2016

	Note	2016 £ 000	2015 £ 000
Fixed assets			
Investments	9	1,414	3,931
Current assets			
Debtors	10	5,244	4,270
Creditors: Amounts falling due within one year			
Trade and other payables	12	(9,957)	(8,197)
Income tax liability	8	<u>(16)</u>	<u>(11)</u>
Creditors: Amounts falling due within one year		<u>(9,973)</u>	<u>(8,208)</u>
Net current liabilities		<u>(4,729)</u>	<u>(3,938)</u>
Net liabilities		<u>(3,315)</u>	<u>(7)</u>
Capital and reserves			
Profit and loss account		<u>(3,315)</u>	<u>(7)</u>
Total shareholders' deficit		<u>(3,315)</u>	<u>(7)</u>

The financial statements on pages 7 to 15 were approved by the director on 31 March 2017.


.....
M P Nicholls
Director

The notes on pages 10 to 15 form an integral part of these financial statements.

LINPAC Packaging China Holdings Limited

Statement of Changes in Equity for the year ended 31 December 2016

	Profit and loss account £ 000	Total shareholders' deficit £ 000
At 1 January 2015	<u>(99)</u>	<u>(99)</u>
Profit for the financial year	<u>92</u>	<u>92</u>
Total comprehensive income for the year	<u>92</u>	<u>92</u>
At 31 December 2015	<u>(7)</u>	<u>(7)</u>

	Profit and loss account £ 000	Total shareholders' deficit £ 000
At 1 January 2016	<u>(7)</u>	<u>(7)</u>
Loss for the financial year	<u>(3,308)</u>	<u>(3,308)</u>
Total comprehensive income for the year	<u>(3,308)</u>	<u>(3,308)</u>
At 31 December 2016	<u>(3,315)</u>	<u>(3,315)</u>

The notes on pages 10 to 15 form an integral part of these financial statements.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016

1 General information

The company is a private company limited by share capital incorporated and domiciled in UK.

The address of its registered office is:

Wakefield Road
Featherstone
Pontefract
West Yorkshire
WF7 5DE

These financial statements were authorised for issue by the director on 31 March 2017.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with the FRS 101:

- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of paragraph 79(a)(iv) of IAS 1
- Paragraphs 10(d), 10(f), 16, 38A, 38B-D, 40A-D, 111 and 134-136 of IAS 1
- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.

Going concern

The directors of the company's ultimate parent company, LINPAC Senior Holdings Limited, have indicated to the directors of the company, in writing, that it is their present intention to continue to support the company to enable it to meet its obligations as and when they fall due for a period of at least 12 months from the date of approval of the 2016 financial statements, and the financial statements have therefore been prepared on a going concern basis.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Changes in accounting policy

None of the standards, interpretations and amendments effective for the first time from 1 January 2016 have had a material effect on the financial statements.

Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the rates in effect at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates ruling at the balance sheet date. All differences are taken to the profit and loss account in the year in which they arise.

Tax

The tax expense for the period comprises current tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of profit and loss that are taxable or deductible in other years and it further excludes items which are not taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. A net deferred tax asset is recognised as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provision for impairment. Impairment reviews are performed by the directors where there has been an indication of potential impairment, such as producing a loss in the financial year under review and where that loss is forecast to continue.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

2 Accounting policies (continued)

Debtors

Debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the debtor.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

3 Exceptional administrative expenses

	2016 £ 000	2015 £ 000
Provision against investment in subsidiary	<u>(3,496)</u>	<u>-</u>

4 Other interest receivable and similar income

	2016 £ 000	2015 £ 000
Group loans	<u>317</u>	<u>242</u>

5 Interest payable and similar charges

	2016 £ 000	2015 £ 000
Group loans	<u>1</u>	<u>121</u>

6 Directors' and employee information

The company has no employees (2015: none) and 1 Director (2015: 1). The director received no remuneration for their services to the company (2015: £nil). Their costs are borne by fellow Group undertakings.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

7 Auditors' remuneration

Fees payable to the company's auditors for the audit of the company's financial statements of £3,500 (2015: £3,500) have been borne by the parent company, LINPAC Packaging Limited and not recharged.

8 Tax on (loss)/profit on ordinary activities

Tax charged in the income statement

	2016	2015
	£ 000	£ 000
Current taxation		
UK corporation tax	<u>53</u>	<u>38</u>

The tax on (loss)/profit before taxation for the year is higher than the standard rate of corporation tax in the UK (2015 - higher than the standard rate of corporation tax in the UK) of 20% (2015 - 20.25%).

The differences are reconciled below:

	2016	2015
	£ 000	£ 000
(Loss)/profit on ordinary activities before taxation	<u>(3,255)</u>	<u>130</u>
Corporation tax at standard rate	(651)	26
Impairment of investment	699	-
Group relief tax reconciliation	20	6
Transfer pricing adjustments	(68)	(32)
Overseas tax suffered	<u>53</u>	<u>38</u>
Total tax charge	<u>53</u>	<u>38</u>

Changes to reduce the UK corporation tax rate to 19% from 1 April 2017 had already been enacted on 26 October 2015 and a further reduction to the UK corporation tax rate to 17% from 1 April 2020 was announced in the Chancellor's Budget on 16 March 2016, which was substantially enacted on 6 September 2016.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the Year Ended 31 December 2016 (continued)

9 Investments

Subsidiary	£ 000
Cost or valuation	
At 1 January 2016	3,931
Additions	<u>979</u>
At 31 December 2016	<u>4,910</u>
At 1 January 2016	-
Provision	<u>(3,496)</u>
At 31 December 2016	<u>(3,496)</u>
Carrying amount	
At 31 December 2016	<u>1,414</u>
At 31 December 2015	<u>3,931</u>

In the opinion of the director, the aggregate value of the company's investments in subsidiary undertakings is not less than the aggregate amount included in the statement of financial position.

Details of the subsidiary as at 31 December 2016 are as follows:

Name of subsidiary	Registered address	Activity	Country of incorporation	% of Share Capital owned
LINPAC Packaging (Changzhou) Co Limited	No 16, Fengqi Road, Wujin High-Tech Industrial Development Zone, Changzhou City, Jiangsu	Plastic conversion	China	100

10 Debtors

	2016	2015
	£ 000	£ 000
Amounts owed by group undertakings	638	317
Group loans	<u>4,606</u>	<u>3,953</u>
	<u>5,244</u>	<u>4,270</u>

Amounts owed by group undertakings are unsecured, non-interest bearing and have no fixed date of repayment whereas group loans are unsecured, with interest charged at a combination of fixed rate and floating rate of a margin above LIBOR. There is no fixed date of repayment for the group loans.

LINPAC Packaging China Holdings Limited

**Notes to the Financial Statements for the Year Ended 31 December 2016
(continued)**

11 Called up share capital

	2016		2015	
	Number	£ 000	Number	£ 000
Allotted and fully paid:				
Ordinary shares of £1 each	2	-	2	-

12 Trade and other payables

	2016	2015
	£ 000	£ 000
Amounts owed to group undertakings	402	348
Group loans	9,555	7,849
	<u>9,957</u>	<u>8,197</u>

Amounts owed to group undertakings are unsecured, non-interest bearing and have no fixed date of repayment whereas group loans are unsecured, interest charged at a combination of fixed rate and floating rate of a margin above LIBOR. There is no fixed date of repayment for the group loans.

13 Parent and ultimate parent undertaking

The company's immediate parent is LINPAC Packaging Limited.

The ultimate parent is LINPAC Senior Holdings Limited.

The most senior parent entity producing publicly available financial statements is LINPAC Senior Holdings Limited, a company incorporated in England & Wales and the controlling party and the only party which consolidates the financial statements of the Company. These financial statements therefore provide information about the Company as an individual undertaking. Copies of the financial statements of the ultimate parent, LINPAC Senior Holdings Limited, are available upon request from Wakefield Road, Featherstone, Pontefract, WF7 5DE.

The ultimate controlling party is Strategic Value Partners LLC. As at 31 December 2016 they manage funds holding 87.26% of the equity.