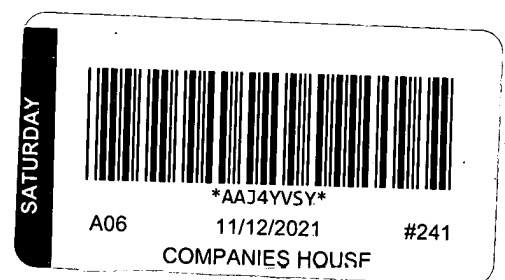


Registration number: 05972505

LINPAC Packaging China Holdings Limited

Annual Report and Financial Statements

for the year ended 31 December 2020



LINPAC Packaging China Holdings Limited

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LINPAC Packaging China Holdings Limited

Company Information

Director	M A Richards
Registered office	Linpac Wakefield Road Featherstone Pontefract West Yorkshire WF7 5DE
Independent auditors	Deloitte LLP Senior statutory auditor 1 City Square Leeds, United Kingdom LS1 2AL

LINPAC Packaging China Holdings Limited

Director's Report

for the year ended 31 December 2020

The director presents the annual report and the audited financial statements of LINPAC Packaging China Holdings Limited (the "Company") for the year ended 31 December 2020.

Directors of the company

The director, who held office during the year, was as follows:

J A Jones (resigned 8 March 2021)

The following director was appointed after the year end:

M A Richards (appointed 8 March 2021)

Directors' indemnities

Pursuant to the company's articles of association, the directors were throughout the financial year ended 31 December 2020 and are at the date of this report entitled to a qualifying indemnity provision as defined in section 234 of the Companies Act 2006.

Principal activity

The Company is a group financing Company holding intercompany indebtedness with other Kleopatra Holdings 2 S.C.A group companies.

Throughout these financial statements, the term 'Group' refers to Kleopatra Holdings 2 S.C.A. and its consolidated subsidiaries.

Business review

Fair review of the business

The loss for the financial year ended 31 December 2020 amounts to £4,362,000 (2019: profit of £360,000). No dividend was paid during the year (2019: £nil). The Company had net liabilities at 31 December 2020 of £8,076,000 (2019: £3,714,000).

During the year, the Company fully impaired its loans owed by group undertakings amounting to £4,780,000 (2019: £nil) in light of challenges faced globally as a result of the pandemic.

Given the straight forward nature of the business, the Company's director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business. The Kleopatra Holdings 2 S.C.A annual report includes details of the KPIs that are used across the Group.

The ultimate parent company is Kleopatra Holdings 1 S.C.A. The new Group's results are consolidated within Kleopatra Holdings 2 S.C.A. The ultimate controlling party is Strategic Value Partners LLP.

The immediate parent undertaking of Linpac Packaging China Holdings Limited remains Linpac Packaging Limited.

The smallest and largest group in which the Company is consolidated at 31 December 2020 is Kleopatra Holdings 2 S.C.A, a company registered in Luxembourg. Copies of the financial statements are publicly available and upon request from RCS Luxembourg B 168851, 46A Avenue J. F. Kennedy, 1855 Luxembourg.

LINPAC Packaging China Holdings Limited

Director's Report

for the year ended 31 December 2020 (continued)

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 Kleopatra Holdings 2 S.C.A, which include those of the Company, are discussed in the Directors' Report in Kleopatra Holdings 2 S.C.A annual report, which does not form part of this report. Such risks are managed on a group basis.

Going concern

The directors of Kleopatra Holdings 2 S.C.A, have indicated to the director 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 2020 financial statements, and the financial statements have therefore been prepared on a going concern basis. Please refer to the accounting policies section for more information.

There was no significant impact due to Brexit and Covid-19 during the year. The directors continue to monitor the situation, however no material adverse impact on this Company is expected due to the straightforward nature of this entity.

Financial risk management

Management of the Group and the execution of its strategy are subject to a number of financial risks, including currency 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.

Currency risk, interest rate risk, liquidity risk and credit risk

Currency risk

The Company has intercompany borrowings denominated in foreign currencies. To mitigate this risk, Company intercompany receivables are denominated in foreign currencies as well.

Interest risk

The Company has interest bearing loan receivables and loan payables. Interest on the intercompany accounts are reviewed periodically.

Liquidity risk

By the use of established short term and longer term forecasting processes, the Company 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.

Credit risk

The Company's credit risk principally arises from its Intercompany loan recoverability due to the overall size of these balances. The management regularly reviews the balances to ensure that the amounts are recoverable.

LINPAC Packaging China Holdings Limited

Director's Report

for the year ended 31 December 2020 (continued)

Future developments

The future development of the Group is detailed in the Kleopatra Holdings 2 S.C.A annual report. The activity of the Company is expected to remain the same in the coming year. Refer to note 17 for details of non adjusting events after the financial period.

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 auditor is aware of that information. The director confirms that there is no relevant information that he knows of and of which he knows the auditor is unaware. This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Reappointment of auditors

The auditor, Deloitte LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006, including an exemption to produce a Strategic report.

Non adjusting events after the financial period

There are no non adjusting events after the financial period.

Approved by the board of director on 9/2/21 and signed by:



M A Richards
Director

LINPAC Packaging China Holdings Limited

Director's Responsibility Statement

The director acknowledges his responsibilities for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under Company law the director must not approve the financial statements unless he is 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 these financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- 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 director is responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The director is 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.

LINPAC Packaging China Holdings Limited

Independent Auditor's Report to the Members of LINPAC Packaging China Holdings Limited

Report on the financial statements

Opinion

In our opinion the financial statements of LINPAC China Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Profit and Loss Account,
- the Balance Sheet,
- the Statement of changes in equity, and
- the related notes 1 to 17.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

LINPAC Packaging China Holdings Limited

Independent Auditor's Report to the Members of LINPAC Packaging China Holdings Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The director is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

LINPAC Packaging China Holdings Limited

Independent Auditor's Report to the Members of LINPAC Packaging China Holdings Limited (continued)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the entity's industry and its control environment, and reviewed the entity's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and those charged with governance about their own identification and assessment of the risks of irregularities. We obtained an understanding of the legal and regulatory framework that the entity operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the entity's ability to operate or to avoid a material penalty. This included GDPR.

We discussed among the audit engagement team including relevant internal specialists such as tax, valuations and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

LINPAC Packaging China Holdings Limited

Independent Auditor's Report to the Members of LINPAC Packaging China Holdings Limited (continued)

Report on other legal and regulatory requirements

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

Matters on which we are required to report by exception

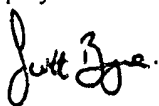
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to take advantage of the small companies exemption in preparing the Director's report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



.....
Scott Bayne, FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP,
Statutory Auditor
Leeds, United Kingdom

09/12/2021
Date:.....

LINPAC Packaging China Holdings Limited

Profit and Loss Account for the year ended 31 December 2020

	<i>Note</i>	<i>2020</i> <i>£ 000</i>	<i>2019</i> <i>£ 000</i>
Foreign exchange (loss)/gain		<u>(13)</u>	<u>85</u>
Operating (loss)/profit		(13)	85
Impairment on investment	10	(4,780)	-
Interest receivable and similar income	5	486	344
Interest payable and similar expenses	6	<u>(1)</u>	<u>(1)</u>
(Loss)/profit before taxation		(4,308)	428
Taxation on (loss)/profit	9	<u>(54)</u>	<u>(68)</u>
(Loss)/profit for the year		<u>(4,362)</u>	<u>360</u>

There is no other comprehensive income for the year (2019: nil), and therefore no separate Statement of Comprehensive Income was prepared.

The above results were derived from continuing operations.

LINPAC Packaging China Holdings Limited

Balance Sheet

as at 31 December 2020

Registration number: 05972505

	Note	2020 £ 000	*As restated 2019 £ 000
Fixed assets			
Investments	10	1,707	5,285
Current liabilities			
Creditors	11	(9,764)	(8,982)
Loans and borrowings	13	(3)	(1)
Income tax liability		(16)	(16)
		<u>(9,783)</u>	<u>(8,999)</u>
Net current liabilities		<u>(9,783)</u>	<u>(8,999)</u>
Net liabilities		<u>(8,076)</u>	<u>(3,714)</u>
Capital and reserves			
Called up share capital	12	-	-
Profit and loss account		<u>(8,076)</u>	<u>(3,714)</u>
Shareholders' deficit		<u>(8,076)</u>	<u>(3,714)</u>

*Certain prior year balances have been restated, see note 17 for details.

The financial statements on pages 10 to 25 were approved by the Board and signed on 9/12/21 by:



M A Richards
Director

The notes on pages 13 to 25 form an integral part of these financial statements.

LINPAC Packaging China Holdings Limited

Statement of Changes in Equity for the year ended 31 December 2020

	<i>Called up share capital £ 000</i>	<i>Profit and loss account £ 000</i>	<i>Total shareholders' deficit £ 000</i>
At 1 January 2019	-	(4,074)	(4,074)
Profit for the year	-	360	360
At 31 December 2019	-	(3,714)	(3,714)
At 1 January 2020	-	(3,714)	(3,714)
Loss for the year	-	(4,362)	(4,362)
At 31 December 2020	-	(8,076)	(8,076)

The notes on pages 13 to 25 form an integral part of these financial statements.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020

1 General information

The Company is a private company limited by share capital, incorporated in United Kingdom and domiciled in England & Wales.

The address of its registered office is:

Linpac
Wakefield Road
Featherstone
Pontefract
West Yorkshire
WF7 5DE

These financial statements were authorised for issue by the director. Please refer to the Director's Report for the principal activity of this Company.

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

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006. These financial statements are presented in Pounds Sterling which is the currency of the primary economic environment in which the Company operates.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard as follows. Where relevant, equivalent disclosures have been given in the consolidated financial statements of Kleopatra Holdings 2 S.C.A and can be obtained as disclosed in note 15.

The principal activity of the Company is described in the Director's Report.

Summary of disclosure exemptions

- 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;
- The requirements of IAS 7 Statement of Cash Flows,
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement, or the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective),

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

- 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 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;
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from Contracts with Customers';
- The requirements of IFRS 7 Financial Instruments: Disclosures, provided that equivalent disclosures are included in the consolidated financial statements of the Group in which the entity is consolidated; and
- The requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based Payment'.

Going concern

In determining the appropriate basis of preparation of the financial statements, the director is required to consider whether the Company can continue in operational existence for the foreseeable future. The Company's business activities, together with factors that are likely to affect its future development, financial performance and financial position are set out in the Director's Report. In addition, the material financial and operational risks and uncertainties that impact the Company's performance are outlined in the Director's Report.

The directors of Kleopatra Holdings 2 S.C.A have indicated to the director 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 2020 financial statements, and the financial statements have therefore been prepared on a going concern basis. The Net liabilities of the Company at 31 December 2020 are £8,076,000. Kleopatra Holdings 2 S.C.A has cash at bank of £123,072,000 as at 31 December 2020 as per the publicly available accounts.

Given the straight forward nature of this Company, neither COVID-19 nor Brexit are expected to have a material impact in determining the appropriate basis of preparation of the financial statements, the director is required to consider whether the Company can continue in operational existence for the foreseeable future. The companies' business activities, together with factors that are likely to affect its future development, financial performance are set out in the Director's Report. The Company did not see any material impact due to these situations in the current year. As a result of this process, at the time of approving the financial statements, the director is of the opinion that it is appropriate to adopt the going concern basis of preparation of the financial statements.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Consolidation

The Company is a wholly owned subsidiary of LINPAC Finance Limited and of its ultimate parent, Kleopatra Holdings 2 S.C.A. It is included in the consolidated financial statements of Kleopatra Holdings 2 S.C.A. which are publicly available. Therefore the Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

These financial statements are separate 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.

Interest receivable

Interest receivable and similar income is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

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.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Financial asset - recognition and measurement

Financial assets are recognised when the entity becomes a party to the contract and, as a consequence, has a legal right to receive cash.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The Company classifies its financial assets in the following measurement categories:

- those measured at amortised cost,
- those to be measured subsequently at fair value, either through other comprehensive income (FVTOCI) or through profit or loss (FVTPL)

Financial asset at amortised cost

A financial asset is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

Derecognition

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 Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss (ECL) model for the measurement and recognition of impairment loss on financial assets measured at amortised cost e.g. investments, loans and bank balance.

ECL is the weighted average of difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate, with the respective risks of default occurring as the weights. When estimating the cash flows, the Company is required to consider:

- All contractual terms of the financial assets (including prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Financial liabilities - recognition and measurement

Financial liabilities are recognised when the entity becomes a party to the contract and, as a consequence, has a legal obligation to pay cash.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives as appropriate.

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

The Company's financial liabilities comprises of loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The Company does not have any financial liabilities which are subsequently re-measured at fair value through profit or loss.

Loans and borrowings

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

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

2 Accounting policies (continued)

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

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 the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Investments

Investments in subsidiary undertakings, associates and joint ventures are stated at cost less any provision for impairment. Impairment reviews are performed by the director 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.

Creditors

Creditors are amounts payable to other group companies. 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.

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

Reserves

The Company's reserves are as follows:

- Called up share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

3 Critical accounting judgements and key sources of estimation uncertainty

Key sources of estimation uncertainty

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below. There are no key sources of estimation uncertainty other than those noted below. There are no critical judgements made in the process of applying the Company's accounting policies.

Impairment of loans

Loans are reviewed at each balance sheet date to determine whether there is any indication of impairment.

4 New and amended standards and interpretations

The following new and revised IFRS, which became effective for annual periods beginning on or after 1 January 2020, have been adopted in these financial statements. The application of these revised IFRS has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

5 Interest receivable and similar income

	2020 £ 000	2019 £ 000
Interest receivable and similar income	486	344

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

6 Interest payable and similar expenses

	2020 £ 000	2019 £ 000
Interest on group loans	<u>1</u>	<u>1</u>

7 Directors' and employee information

The Company has no employees (2019: none) and 1 director (2019: 1). The director received no remuneration for his services to the Company (2019: £nil). His costs are borne by LINPAC Group Holdings Limited, a fellow Group undertaking.

8 Auditors' remuneration

Fees payable to the Company's auditors in respect of auditing the Company's financial statements of £4,000 (2019: £3,500) have been borne by the parent company, LINPAC Packaging Limited and not recharged.

9 Taxation on profit

Tax charged in the profit and loss account

	2020 £ 000	2019 £ 000
Current taxation		
UK corporation tax	-	-
Overseas tax suffered	<u>54</u>	<u>68</u>
Tax expense in the income statement	<u>54</u>	<u>68</u>

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

9 Taxation on profit (continued)

The tax on profit before taxation for the year is lower than the standard rate of corporation tax in the UK (2019 - lower than the standard rate of corporation tax in the UK) of 19% (2019- 19%).

The differences are reconciled below:

	2020 £ 000	2019 £ 000
(Loss)/profit before taxation	(4,308)	428
Corporation tax at standard rate	(818)	81
Expenses not deductible	908	-
Tax decrease from utilisation of tax losses	(11)	(5)
Transfer pricing adjustments	(69)	(76)
Overseas tax suffered	54	68
Effects of group relief	(10)	-
Total tax charge	54	68

The Finance (No.2) Act 2015 reduced the main rate of UK corporation tax to 19%, effective from 1 April 2017. A further reduction in the UK corporation tax rate to 17% was expected to come into effect from 1 April 2020 (as enacted by Finance Act 2016 on 15 September 2016). However, legislation introduced in the Finance Act 2020 (enacted on 22 July 2020) repealed the reduction of the corporation tax, thereby maintaining the current rate of 19%. Deferred taxes on the balance sheet have been measured at 19% which represents the future corporation tax rate that was enacted at the balance sheet date.

The UK Budget 2021 announcements on 3rd March 2021 included measures to support economic recovery as a result of the ongoing COVID-19 pandemic. These included an increase to the UK's main corporation tax rate to 25%, which is due to be effective from 1st April 2023. The Finance Bill 2021 was substantively enacted on 24th May 2021 and given Royal Assent on 10th June 2021. However as this was not substantively enacted at the balance sheet date this has not been reflected in the measurement of deferred tax balances at the period end.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

10 Investments

	2020 £ 000	<i>*As restated</i> 2019 £ 000
Subsidiary undertakings	-	-
Loans owed by group undertakings	-	3,944
Amount owed by group undertakings	1,707	1,341
	<u>1,707</u>	<u>5,285</u>

Loans owed by group undertakings

Loans owed by group undertakings are unsecured, with interest charged at a combination of fixed rate and floating rate of 3% margin above LIBOR. There is no fixed date of repayment for the group loans.

During the year, the Company fully impaired its loans owed by group undertakings amounting to £4,780,000 (2019: £nil) in light of challenges faced globally as a result of the pandemic.

Amounts owed by group undertakings

Amounts owed by group undertakings are unsecured, non-interest bearing and have no fixed date of repayment.

The directors do not expect the loans and amounts owed by group undertakings to be repaid within the next 12 months.

*Certain prior year balances have been restated, see note 17 for details.

Subsidiaries

	2020 £ 000	2019 £ 000
Cost or valuation		
At 1 January and 31 December	4,910	4,910
Provision		
At 1 January and 31 December	4,910	4,910
Carrying amount		
At 31 December	-	-

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

10 Investments (continued)

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.

Investments are held in the form of ordinary shares.

Details of the subsidiary as at 31 December 2020 and 31 December 2019 are as follows:

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

11 Creditors

	2020 £ 000	2019 £ 000
Amounts owed to group undertakings	-	69
Group loans	9,764	8,913
	<u>9,764</u>	<u>8,982</u>

Amounts owed to group undertakings are incurred in the normal course of business and 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 3.59% margin above LIBOR.

The group loans are payable by 1 January 2024, however intended to be settled within a year. It also includes a loan of £1.3m denominated in US Dollars (\$1.8m) and loan of £4.4m denominated in Euros (€5m).

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

12 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

13 Loans and borrowings

	2020	2019
	£ 000	£ 000
<i>Current loans and borrowings</i>		
Bank overdrafts	<u>3</u>	<u>1</u>

14 Related party transactions

The Company has taken advantage of the exemption granted by Financial Reporting Standard 101 not to disclose transactions with other wholly owned Group companies.

15 Parent and ultimate parent undertaking

The Company's immediate parent is LINPAC Packaging Limited.

The Company's ultimate parent undertaking is Kleopatra Holdings 1 S.C.A a company incorporated in Luxembourg. The Company's ultimate controlling party is Strategic Value Partners LLC. As at 31 December 2020 they manage funds holding 92.96% of the equity (2019: 92.96%).

Kleopatra Holdings 2 S.C.A. is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Kleopatra Holdings 2 S.C.A.'s consolidated financial statements can be obtained from the Company Secretary at the registered address of 46A Avenue John F. Kennedy, 1855 Luxembourg.

16 Non adjusting events after the financial period

There are no non adjusting event after the financial period.

LINPAC Packaging China Holdings Limited

Notes to the Financial Statements

for the year ended 31 December 2020 (continued)

17 Reclassification of comparative balances

Amount owed by group undertakings of £1,341,000, and Loans owed by group undertakings of £3,944,000, which were previously reported within Current assets as Debtors: amounts due within one year in error, have been restated as investments to appropriately reflect the nature of the balances that are intended for use on a continuing basis in the entities' activities.