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中國包裝集團有限公司
China Packaging Group Company Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 572)

ANNOUNCEMENT

DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2008 AND DISPATCH OF 2008 ANNUAL REPORT AND REMAIN SUSPENSION OF TRADING

DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DISPATCH OF ANNUAL REPORT

The Board wishes to inform the Shareholders that there will be a delay in the publication of the annual results announcement and dispatch of annual report for the year ended 31 December 2008.

REMAIN SUSPENSION OF TRADING

The delay in publication of annual results announcement and dispatch of annual report of the Company for the year ended 31 December 2008 constitutes a breach of Rules 13.49(1) and 13.46(2) of the Listing Rules. At the request of the Company, trading in the shares of the Company on the Stock Exchange will remain suspended until such time as the Group's audited annual results for the year ended 31 December 2008 are announced and published in accordance with the Listing Rules.

Reference is made to the announcement of China Packaging Group Company Limited (the "Company") dated 27 April 2009 in relation to the adjournment of board meeting of the Company to be held to approve, inter alia, the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2008 and to consider the payment of final dividend, if any (the "Board Meeting").

DELAY IN PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND DISPATCH OF ANNUAL REPORT

The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company (the "Shareholders") that there will be a delay of the publication of the annual results announcement and dispatch of annual report of the Company for the year ended 31 December 2008. The exact date of the holding of the adjourned Board Meeting will be notified to The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and the Shareholders in accordance with the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company will, in due course, publish an announcement with regard to the notice of the adjourned Board Meeting.

Pursuant to Rules 13.49(1) and 13.46(2) of the Listing Rules, the publication of annual results announcement and dispatch of annual report of the Company for the year ended 31 December 2008 to the Shareholders, including its audited annual accounts, have to take place not more than four months after the date upon which its financial year ended, that is, 30 April 2009.

The reason for the delay is that additional time is required by the audit committee of the Company to engage a competent independent third party to investigate and by the Company to provide or arrange to provide further materials to the auditors of the Company (the “Auditors”) in respect of the following issues which were brought to the Company’s attention by the Auditors in the context of their responsibilities under Hong Kong Standard on Auditing:

(1) Bank confirmation and bank borrowing card procedures

The Auditors informed the Company that they encountered difficulties in carrying out their audit procedures on bank confirmation and bank borrowing card with Bank of China, Fuqing branch (the “Bank”) in respect of the audit of the accounts of Fujian Fuwang Metal Products Co Ltd (福建福旺金屬製品有限公司) (“Fuwang”), a wholly-owned subsidiary of the Company established in the People’s Republic of China (the “PRC”).

In early March and early April 2009, the Auditors arranged for bank confirmation and bank borrowing card procedures with the Bank but was unsatisfied with the procedures encountered and results obtained, including (i) the bank confirmation was given by a customer service manager of the Bank (the “Customer Service Manager”) instead of being given directly by a front desk staff of the Bank; (ii) when the bank confirmation procedures were arranged again in April 2009, the front desk staff of the Bank again referred the confirmation to the Customer Service Manager whose independence was challenged; and (iii) the Customer Service Manager declined to show the Company’s bank borrowing card kept for safe custody by the Bank and the loan and facilities report of Fuwang which should be printed directly from the system maintained by the People’s Bank of China as requested by the Auditors.

The Auditors alleged that they then received instructions from the Company to stop performing further procedures related to bank balances in or bank loans granted by the Bank. The Auditors explained to and reminded the Company of the requirement to perform the bank confirmation and bank borrowing card procedures independently. Pursuant to the alleged instructions of the Company, no further audit procedures were performed by the Auditors in this respect.

The Company wishes to clarify that the alleged instructions of the Company to stop performing further procedures related to bank balances in or bank loans granted by the Bank was due to verbal misunderstanding and the Company’s intention was to ask the Auditors not to further repeat the same confirmation procedures as that might affect the relationship between the Company and the Bank as the Company received complaints from the Bank. In mid April 2009, the Company took the initiative to request the Auditors to visit the Bank and resume the relevant confirmation procedures.

(2) Writ of summons served by banks

The Auditors noted that, as announced by the Company, the Company received a writ of summons filed with the Hong Kong High Court and served by each of (i) China Construction Bank (Asia) Limited for early repayment of outstanding bank loan of US\$1.25 million; and (ii) PT. Bank Mandiri (Persero) Tbk, Hong Kong Branch for repayment of outstanding bank loan of HK\$13.1 million with further interest and other cost and relief. The Auditors considered that it was unclear to them why those amounts were not settled given that the Group had recorded significant positive bank balances as at 31 December 2008.

The Company wishes to clarify the outstanding balance due to China Construction Bank (Asia) was settled in early February 2009. As at 31 March 2009, the Group's unaudited total bank balances, total bank loans and fair value of the derivatives financial instruments are approximately RMB250 million, RMB90 million and USD10 million respectively. In view of the capital expenditures of the Group in respect of factory expansion, payment of lease premiums for land and other capital expenses amounted to approximately RMB150 million which is scheduled to be paid within two years, and that the Group encountered difficulties in the collectability of accounts receivables and raising of new bank loans in recent months, the Company wishes to retain sufficient funds for the capital expenditures and working capital requirements and hence is endeavored to work out a feasible loan rescheduling plan with the banks.

(3) Cash withdrawals and cash deposit procedures

The Auditors noted that there were frequent cash withdrawals from Fuwang's bank account at the Bank (over RMB68 million (unaudited) during the year ended 31 December 2008) and frequent cash deposits to Fuwang's bank account at Bank of Communications and there were time lags between the cash-out and cash-in and that the amounts of the cash-out and cash-in did not match. The Company informed the Auditors that those cash withdrawals were used to pay commission to the procurement personnel of the Group's customers. However, no supporting documentation had been supplied to the Auditors and they were unable to establish whether such commission was recorded in the accounting records of the Group.

The Company wishes to clarify that the cash withdrawals were not only used to pay for the fees charged by the procurement personnel of the Group's customers but also used to pay for the bonus of the sales personnel of the Company. The reason for the Company to pay in cash was to cater for the request of the personnel. The rest of the balance of the cash withdrawals were deposited into the Bank of Communication and remitted to the suppliers as payments for the purchase of materials. The reason for the Company to withdraw cash from the Bank and then deposited into the Bank of Communication was to cater for the requests of the suppliers for the ease of handling. Lastly, the Company will arrange for receipt acknowledgements from the relevant customers or personnel if fees are charged by or bonus is paid to them by cash.

(4) Related party transactions

The Auditors also noted that Fuwang made payments in the PRC during the year ended 31 December 2008 to an entity named 福清市富泰金屬制罐有限公司 (translated as Fu Tai Can Manufacturing Co Ltd) ("Fu Tai"). Mr. Yang Zongwang ("Mr. Yang"), the Chairman and the Chief Executive Officer of the Company confirmed to the Auditors that Fu Tai was owned by his spouse. As at 31 December 2008, amount owed by Fu Tai to the Group was RMB28 million (unaudited). The relationship between Fu Tai and Mr. Yang had not been previously disclosed to the Auditors.

The Company wishes to clarify that Fu Tai is a dormant company and the payments were made with the intention of settling the amounts due to Mr. Yang who advanced money to the Company during the year ended 31 December 2008.

In light of the above issues, the Auditors were of the view that a competent independent third party should be engaged by the Company to conduct an independent investigation into the relevant issues. Furthermore, the amount of provision to be made for trade receivables for the Group for the year ended 31 December 2008 was yet to be agreed between the Company and the Auditors.

In the meantime, the Company's audit committee is seeking for an independent third party to conduct independent investigation. It is currently expected that a further two months period is required to conclude the investigation and for the auditors to finalize their audit work. The Company will publish further announcement(s) to inform the Shareholders on the progress of the independent investigation and audit work.

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By order of the Board
China Packaging Group Company Limited
Yang Zongwang
Chairman

Hong Kong, 30 April 2009

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Yang Zongwang, Mr. Xue De Fa, Mr. Xie Xi and Mr. Liu Zhi Qiang, and two independent non-executive directors, namely Mr. Tong Hing Wah and Mr. Chong Hoi Fung.