

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



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

(Provisional Liquidators Appointed)

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 572)

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2009**

**FINANCIAL SUMMARY**

The joint and several provisional liquidators (the “Provisional Liquidators”) of China Packaging Group Company Limited (Provisional Liquidators Appointed) (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2009 together with comparative figures for the six months period ended 30 June 2008 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months period ended 30 June 2009*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2009</b>	<b>2008</b>
		<b>RMB'000</b>	<b>RMB'000</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Turnover</b>	<i>4</i>	<b>58,518</b>	410,240
Costs of sales		<b>(47,548)</b>	(285,634)
<b>Gross profit</b>		<b>10,970</b>	124,606
Other income		<b>4</b>	4,735
Selling expenses		<b>(2,569)</b>	(11,684)
Administrative expenses		<b>(3,575)</b>	(12,188)
<b>Profit from operation</b>		<b>4,830</b>	105,469
Gain on termination of derivative financial instruments		<b>23,340</b>	–
Loss on change in fair value of derivative financial instruments		–	(7,578)
Impairment on amounts due from deconsolidated subsidiaries and amounts recovered from deconsolidated subsidiaries	<i>11</i>	<b>22,056</b>	–
Finance costs		<b>(1,803)</b>	(2,934)

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2009</b>	<b>2008</b>
		<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit before taxation</b>	<i>5</i>	<b>48,423</b>	94,957
Income tax expense	<i>6</i>	<b>(1,177)</b>	(19,282)
<b>Profit and total comprehensive profit for the period attributable to equity holders of the Company</b>		<b><u>47,246</u></b>	<b><u>75,675</u></b>
Dividends recognised as distribution during the period	<i>7</i>	<b><u>–</u></b>	<b><u>24,190</u></b>
Earnings per share	<i>8</i>		
– Basic		<b><u>RMB0.075</u></b>	<b><u>RMB0.125</u></b>
– Diluted		<b><u>N/A</u></b>	<b><u>RMB0.125</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2009

	<i>Notes</i>	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
<b>Non-current assets</b>			
Property-plant and equipment		<b>68,659</b>	55,426
Prepaid lease payments		—	—
		<u><b>68,659</b></u>	<u>55,426</u>
<b>Current assets</b>			
Inventories		<b>3,156</b>	4,341
Trade and other receivables	9	<b>74,651</b>	63,286
Pledged bank deposits		—	35,640
Bank balances and cash		<b>9,089</b>	11,313
		<u><b>86,896</b></u>	<u>114,580</u>
<b>Current liabilities</b>			
Trade and other payables	10	<b>10,858</b>	15,193
Amount due to a shareholder		<b>46,710</b>	42,544
Taxation payable		<b>3,723</b>	4,385
Bank borrowings		<b>58,527</b>	110,508
Provision for bank loans guarantee for a deconsolidated subsidiary		<b>29,000</b>	29,000
Other financial liabilities		<b>71,044</b>	—
Derivative financial instruments		—	96,198
		<u><b>219,862</b></u>	<u>297,828</u>
<b>Net current liabilities</b>		<u><b>(132,966)</b></u>	<u>(183,248)</u>
<b>Net liabilities</b>		<u><b>(64,307)</b></u>	<u>(127,822)</u>
<b>Capital and reserves</b>			
Share capital		<b>67,399</b>	64,260
Reserves		<b>(131,706)</b>	(192,082)
<b>Deficit attributable to equity holders of the Company</b>		<u><b>(64,307)</b></u>	<u>(127,822)</u>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*For the six months ended 30 June 2009*

### **1. GENERAL**

China Packaging Group Company Limited (Provisional Liquidators Appointed) (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is 14/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) and have been suspended from trading since 28 April 2009.

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of tinplate cans for the packaging of beverage in Shanxi, the People’s Republic of China (the “PRC”).

The condensed consolidated financial statements are presented in thousands of Renminbi (“RMB”), unless otherwise stated.

### **2. BASIS OF PRESENTATION**

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34: “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the same accounting policies as those adopted in the annual financial statements for the year ended 31 December 2008 (the “2008 Annual Accounts”). These condensed consolidated financial statements should be read in conjunction with the 2008 Annual Report. The financial information relating to the financial year ended 31 December 2008 that is included in these condensed consolidated financial statements is derived from the 2008 Annual Accounts.

The interim financial report is unaudited and has not been reviewed by the audit committee of the Company or the auditors.

## **2.1 Winding-up petitions, appointment of provisional liquidators, going concern and group restructuring**

As at 30 June 2009, the Company and its subsidiaries (collectively the “Group”) had unaudited net current liabilities of approximately RMB132,966,000 (31 December 2008: RMB183,248,000) and unaudited net liabilities of RMB64,307,000 (31 December 2008: RMB127,822,000). These conditions indicate the existence of a fundamental uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

On 2 October 2009, pursuant to an order of the High Court of the Hong Kong Special Administrative Region, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited (“FTI Consulting”) (formerly Ferrier Hodgson Limited), were appointed as the provisional liquidators to the Company (the “Provisional Liquidators”) as a result of the winding up petition made by DBS Bank (Hong Kong) Limited, one of the major creditors, against the Company. Upon the appointment of the Provisional Liquidators, the powers of the directors were suspended with regard to the affairs and business of the Company.

The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this report and the condensed consolidated financial statements for the six months ended 30 June 2009 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these condensed consolidated financial statements for the six months ended 30 June 2009 based on the books and records made available to the Provisional Liquidators.

Save as addressed above, the Provisional Liquidators make no representation as to the completeness and accuracy of the information contained in the condensed consolidated financial statements for the six months ended 30 June 2009.

The Company is in the first stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) as at the date of these financial statements. The Company is required to submit a viable resumption proposal to the Stock Exchange by 21 August 2010, to address the following issues:

1. Demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules.
2. Publish all outstanding financial results and address any concerns that may be raised by the auditors.

3. Demonstrate that the Company has adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules.
4. Address certain issues raised by Deloitte Touche Tohmatsu, the then auditors of the Company, which details were set out in the announcement of the Company dated 30 April 2009, to the satisfaction of the Stock Exchange.
5. Withdrawal or dismissal of the winding-up petition, and discharge of the Provisional Liquidators.

If the Company failed to submit a viable resumption proposal to address the above conditions on or before 21 August 2010, the Stock Exchange may proceed to place the Company in the second stage of the delisting procedures.

The restructuring proposal submitted by Business Giant Limited (the “Investor”) on 13 December 2009 has been accepted by the Provisional Liquidators (on behalf of the Company). On 28 December 2009, an exclusivity and escrow agreement was entered into amongst the Provisional Liquidators, on behalf of the Company, FTI Consulting (the “Escrow Agent”) and the Investor (“the Escrow Agreement”). Pursuant to the Escrow Agreement, the Provisional Liquidators granted the Investor an exclusive right up to 27 December 2010 to negotiate a legally binding agreement for the implementation of the restructuring proposal.

The Provisional Liquidators appointed Partners Capital International Limited as financial adviser to the Company regarding the restructuring of the Group and submitting a viable resumption proposal to the Stock Exchange. A resumption proposal was submitted to the Stock Exchange on 21 August 2010.

The unaudited condensed consolidated financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

## 2.2 Deconsolidation of subsidiaries

The Provisional Liquidators consider that control of the Company over certain subsidiaries has been lost subsequent to the year ended 31 December 2008. Details are set out below:

- On 5 October 2009, Bloxworth Enterprises (HK) Limited (“Bloxworth HK”), a wholly owned subsidiary of the Company, which wholly owns Fujian Fuwang Metal Products Company Limited (福建福旺金屬製品有限公司) (“Fuwang”), was placed in creditors’ voluntary liquidation pursuant to section 228A of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong. On 26 February 2010, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting were appointed as Joint and Several Liquidators of Bloxworth HK.
- On 23 March 2010, Chinawinner Enterprises (HK) Limited, Chinawinner Enterprises Limited and Rich Victory Development Limited, all direct wholly owned subsidiaries of the Company and the subsidiary of Chinawinner Enterprises Limited, Sichuan Zhanwang Metal Products Company Limited (四川省展旺金屬製品有限公司) (“Zhanwang”) (collectively, the “Disposed Group”), were transferred to a special purpose vehicle controlled by the Provisional Liquidators for realisation for the benefit of the creditors of the Company and to facilitate the restructuring as proposed by the Investor.

The Provisional Liquidators are of the view that the results and assets and liabilities of Bloxworth HK, Fuwang and the Disposed Group should not be consolidated to the financial statements of the Group since 1 January 2008. The condensed consolidated financial statements as at and for the six months ended 30 June 2009 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the aforesaid situations. The non-consolidation of Bloxworth HK, Fuwang and the Disposed Group is not in compliance with the requirements of Hong Kong Accounting Standards (“HKAS”) 27 “Consolidated and Separate Financial Statements”.

Any adjustment as a result of the abovementioned action may have a significant effect to the Group’s condensed consolidated financial statements for the six months ended 30 June 2009 and the relevant disclosures. Accordingly, the corresponding figures shown in the condensed consolidated financial statements may not be comparable with those figures for the six months period ended 30 June 2008.

### 2.3 Departure from the Hong Kong Financial Reporting Standards (“HKFRSs”)

Due to the failure of getting access to the books and records of certain subsidiaries and the resignation of the majority of management personnel responsible for maintaining the books and records, the Provisional Liquidators do not have sufficient data to compile the condensed consolidated financial statements of the Group for the six months ended 30 June 2009 so as to comply with the HKFRSs. The following information, among others, are not disclosed in the said condensed consolidated financial statements:

- (a) Condensed consolidated statement of cash flows for the six months ended 30 June 2009 as required by HKAS 7 “Statement of Cash Flows” issued by the HKICPA;
- (b) Details of the Group’s aging of debtors and creditors as required by the Listing Rules;
- (c) Details of related party disclosures as required by HKAS 24 “Related Party Disclosures” issued by HKICPA; and
- (d) Segment information disclosures as required by HKAS 14 “Segment Reporting” issued by the HKICPA and the Listing Rules.

### 3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current period, the Group has applied for the first time the following new and revised Hong Kong Accounting Standards (“HKAS”s), amendments and interpretations (“INT”s) (hereinafter collectively referred to as “new and revised HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are effective for accounting period beginning on or after 1 January 2009.

HKAS 1 (Revised)	Presentation of Financial Statements
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on liquidation
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendments)	Vesting Conditions and Cancellations
HKFRS 7 (Amendments)	Improving Disclosures about Financial instruments
HKFRS 8	Operating Segments
HK(IFRIC)*-Int 9 and HKAS 39 (Amendments)	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation



HK(IFRIC)-Int 18 HKFRSs (Amendments)	Transfer of assets from Customers Improvements to HKFRSs issued in 2008, except for the amendment to HKFRS 5 that is effective for annual periods beginning on or after 1 July 2009
HKFRSs (Amendments)	Improvements to HKFRSs issued in 2009 in relation to the amendment to paragraph 80 of HKAS 39

\* *IFRIC represents the International Financial Reporting Interpretations Committee.*

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

### **Presentation of Financial Statements**

HKAS 1 (Revised) “Presentation of Financial Statements” affects certain disclosures and presentation of the financial statements. The balance sheet is renamed as the statement of financial position and the cash flow statement is renamed as the statement of cash flows. All income and expenses arising from transactions with non-owners are presented in the statement of comprehensive income, and the total carried to the statement of changes in equity. The owner changes in equity are presented in the statement of changes in equity. HKAS 1 (Revised) also requires disclosures of the reclassification adjustments and tax effects relating to each component of other comprehensive income for the year. HKAS 1 (Revised) has been applied retrospectively.

The Group has not early applied the following new or revised standards, amendments or interpretations that have been issued but are not yet effective:

HKFRSs (Amendments)	Amendment to HKFRS 5 as part of Improvements to HKFRSs 2008 <sup>1</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2009 <sup>2</sup>
HKFRSs (Amendments)	Improvements to HKFRSs 2010 <sup>3</sup>
HKAS 24 (Revised)	Related Party Disclosures <sup>4</sup>
HKAS 27 (Revised)	Consolidated and Separate Financial Statements <sup>1</sup>
HKAS 32 (Amendment)	Classification of Rights Issues <sup>5</sup>
HKAS 39 (Amendment)	Eligible Hedged Items <sup>1</sup>
HKFRS 1 (Amendments)	Additional Exemptions for First-time Adopters <sup>6</sup>
HKFRS 1 (Amendments)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters <sup>8</sup>
HKFRS 2 (Amendments)	Group Cash-settled Share-based Payment Transactions <sup>6</sup>
HKFRS 3 (Revised)	Business Combinations <sup>1</sup>
HKFRS 9	Financial Instruments <sup>7</sup>
HK(IFRIC)-Int 14 (Amendments)	Prepayments of a Minimum Funding Requirement <sup>4</sup>
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners <sup>1</sup>
HK(IFRIC)-Int 18	Transfers of assets from customers <sup>1</sup>
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments <sup>8</sup>
HK Interpretation 4 (Amendments)	Leases – determination of the length of lease term in respect of Hong Kong land leases <sup>6</sup>

- <sup>1</sup> *Effective for annual periods beginning on or after 1 July 2009.*
- <sup>2</sup> *Amendments that are effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.*
- <sup>3</sup> *Amendments that are effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate.*
- <sup>4</sup> *Effective for annual periods beginning on or after 1 January 2011.*
- <sup>5</sup> *Effective for annual periods beginning on or after 1 February 2010.*
- <sup>6</sup> *Effective for annual periods beginning on or after 1 January 2010.*
- <sup>7</sup> *Effective for annual periods beginning on or after 1 January 2013.*
- <sup>8</sup> *Effective for annual periods beginning on or after 1 July 2010.*

The adoption of HKFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition dates are on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in the Group's ownership interest in a subsidiary that do not result in loss of control of the subsidiary. Changes in the Group's ownership interest that do not result in loss of control of the subsidiary will be accounted for as equity transactions. The Provisional Liquidators anticipate that the application of other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

#### 4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold and services rendered during the period.

#### 5. PROFIT BEFORE TAXATION

	<b>Six months ended 30 June</b>	
	<b>2009</b>	2008
	<b>RMB'000</b>	RMB'000
	<b>(Unaudited)</b>	(Unaudited)
Profit before taxation has been arrived at after charging:		
Cost of inventories recognized as an expense	<b>47,548</b>	285,634
Depreciation of property, plant and equipment	<b>2,786</b>	15,143
Minimum lease payments in respect of:		
– Land and buildings	<b>349</b>	524
– Machinery and equipment	<b>1,000</b>	1,000
Release of prepaid lease payments	–	24
And after crediting:		
Interest income on bank deposits	<b>4</b>	1,474

## 6. INCOME TAX EXPENSE

Six months ended 30 June	
2009	2008
<i>RMB'000</i>	<i>RMB'000</i>
(Unaudited)	(Unaudited)

The charge comprises:

Income tax calculated at the rates prevailing in the PRC	<u>1,177</u>	<u>19,282</u>
--	--------------	---------------

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The PRC corporate income tax is calculated at the applicable tax rates in accordance with the relevant law and regulations in the PRC. A PRC subsidiary, Shanxi Zhanpen Metal Products Company Limited (山西展鹏金属製品有限公司) ("Zhanpen"), was approved as enterprise with foreign investment and therefore, it is exempted from corporate income tax for three years starting from the first year of profit-making after offsetting prior year tax losses, followed by a 50% reduction for the next two consecutive years thereafter. 2009 is the fifth year after first profitable year. Accordingly, corporate income tax for Zhanpen was provided at a reduced rate of 15% based on the corporate income tax rate of 30%. According to the letter issued by Fenyang State Tax Bureau on 24 February 2006, Zhanpen was approved as an enterprise with foreign investment and thus the local enterprise tax of 3% is exempted.

Under the Law of the People's Republic of China on Corporate Income Tax (the "CIT Law") and Implementation Regulation of the CIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards. Because Zhanpen, is in the last year of the tax relief period, the chargeable corporate income tax rate is 30%. From year 2010 onward, corporate income tax rate of 25% will be applied to Zhanpen.

No provision for deferred taxation has been recognised in the condensed consolidated financial statements as there are no significant temporary differences arising during the period or at the end of the reporting period.

## 7. DIVIDEND

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Ordinary shares:		
Interim dividend – NIL per share	–	–
Final, paid for 2007 RMB0.042 per share	–	24,190
	<u>–</u>	<u>24,190</u>
	<b><u>–</u></b>	<b><u>24,190</u></b>

## 8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	<b>Six months ended 30 June</b>	
	<b>2009</b>	<b>2008</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Earnings:		
Profit for the period for the purposes of basic and diluted earnings per share	<u>47,246</u>	<u>75,675</u>
	<b><u>47,246</u></b>	<b><u>75,675</u></b>
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic earnings per share	<b>628,427,075</b>	604,898,773
Effect of dilutive potential ordinary shares:		
Share options	–	2,855,991
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>628,427,075</u>	<u>607,754,764</u>
	<b><u>628,427,075</u></b>	<b><u>607,754,764</u></b>

For the six months ended 30 June 2008 and 30 June 2009, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding warrants since their exercise price was higher than the average market price of the Company's shares during those periods.

**9. TRADE AND OTHER RECEIVABLES**

	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
Trade receivables	73,747	61,139
Other receivables, deposits and prepayments	<u>904</u>	<u>2,147</u>
	<b><u>74,651</u></b>	<b><u>63,286</u></b>

All the trade and other receivables are expected to be recovered within one year.

**10. TRADE AND OTHER PAYABLES**

	<b>30 June 2009 RMB'000 (Unaudited)</b>	31 December 2008 RMB'000 (Audited)
Trade payables	4,615	8,314
Receipt in advance, other payables and accrued charges	<u>6,243</u>	<u>6,879</u>
	<b><u>10,858</u></b>	<b><u>15,193</u></b>

All the trade and other payables are expected to be settled within one year.

**11. IMPAIRMENT ON AMOUNTS DUE FROM DECONSOLIDATED SUBSIDIARIES AND AMOUNTS RECOVERED FROM DECONSOLIDATED SUBSIDIARIES**

	<b>30 June 2009 RMB'000 (Unaudited)</b>	30 June 2008 RMB'000 (Unaudited)
Impairment on amounts due from the deconsolidated subsidiaries	(8)	–
Amounts recovered from the deconsolidated subsidiaries	<u>22,064</u>	<u>–</u>
	<b><u>22,056</u></b>	<b><u>–</u></b>

*Note:*

As disclosed in note 2.2 to the financial statements, the Provisional Liquidators considered that the control over certain subsidiaries had been lost since 1 January 2008. The results, assets and liabilities of these subsidiaries were therefore deconsolidated from the financial statements of the Group since then.

## **BUSINESS REVIEW**

The Company is principally engaged in investment holding. The Group is principally engaged in the manufacture and sale of tinplate cans for the packaging of beverage in Shanxi, the PRC.

On 2 October 2009, DBS Bank (Hong Kong) Limited filed an application with the High Court of Hong Kong (the “High Court”) for the winding up petition against the Company. Accordingly, the High Court appointed Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting, to act as provisional liquidators to the Company on the same day.

As such, the Provisional Liquidators do not have the same knowledge of the financial affairs of the Group as the directors of the Company would have, particularly in relation to the transactions entered into by the Group prior to the appointment date. Although the Group was principally engaged in the manufacture and sale of tinplate cans for the packaging of foods and beverage in the PRC and the provision of tinplate lacquering and printing services, due to the loss in control and winding up of the subsidiaries engaged in the lacquering and printing services, only the manufacture and sale of tinplate cans for the packaging of beverage business in Shanxi, PRC is maintained.

## **CONTINGENT LIABILITIES**

Since the Provisional Liquidators lost control of certain subsidiaries and failed to get access to the complete books and records of the Company and its subsidiaries, the Provisional Liquidators make no representation as to the completeness and accuracy of the contingent liabilities for the six months ended 30 June 2009.

## **EVENTS AFTER THE REPORTING PERIOD AND KEY EVENTS AFTER THE APPOINTMENT OF THE PROVISIONAL LIQUIDATORS AND RESTRUCTURING OF THE GROUP**

On 2 October 2009, DBS Bank (Hong Kong) Limited filed an application with the High Court of Hong Kong (the “High Court”) for the winding up petition against the Company. Accordingly, the High Court appointed Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting, to act as Provisional Liquidators to the Company (the “Provisional Liquidators”) on the same day.

On 5 October 2009, Bloxworth Enterprise HK Limited (“Bloxworth HK”), a wholly owned subsidiary of the Company, which wholly owns the shareholding interest in Fujian Fuwang Metal Products Co Ltd (福建福旺金屬製品有限公司), was placed in creditors’ voluntary liquidation pursuant to section 228A of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong. On 26 February 2010, Mr. Fok Hei Yu and Mr. Roderick John Sutton were appointed as Joint and Several Liquidators of Bloxworth HK.

Partners Capital International Limited has been appointed by the Provisional Liquidators as the financial advisor to the Company regarding the restructuring of the Group.

On 28 December 2009, the Provisional Liquidators, on behalf of the Company, and the Escrow Agent entered into an exclusivity and escrow agreement with the Investor. The said agreement granted the Investor a 12-month exclusivity to negotiate the restructuring of the Company, certain subsidiaries and associated companies in the Group, and in turn, the Investor paid a sum of HK\$5 million to the Company to meet the costs and expenses in relation to the implementation of the restructuring of the Company during the 12-month exclusivity period. Furthermore, the Investor acknowledges that the Company and its business in the PRC may require working capital for its normal operations during this period and agrees to make available a working capital facility to the Group, if necessary.

On 22 February 2010, the Stock Exchange issued a letter to the Company, inter alia, requiring the Company to submit a viable resumption proposal to address the following issues:

- demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules;
- publish all outstanding financial results and address any concerns that may be raised by the auditors of the Company;
- demonstrate that the Company has adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules;

- address certain issues raised by Deloitte Touche Tohmatsu, the former auditors of the Company, which details were set out in the announcement of the Company dated 30 April 2009, to the satisfaction of the Stock Exchange; and
- withdrawal or dismissal of the winding-up petition and discharge of the Provisional Liquidators.

On 23 March 2010, the Provisional Liquidators and Sino Gather Limited (“Sino Gather”) (a special purpose vehicle controlled by the Provisional Liquidators) entered into a sale and purchase agreement where Sino Gather agreed to acquire and the Provisional Liquidators (on behalf of the Company) agreed to sell the entire share capital of Chinawinner Enterprises Limited, Chinawinner Enterprises (HK) Limited, Rich Victory Development Limited, at an aggregate nominal consideration of HK\$3. The said transaction is primarily in furtherance of the Group’s restructuring.

On 13 May 2009, the two structured five year interest rate swaps entered by the Company on 31 December 2007 (“the Swaps”) were early terminated by the Deutsche Bank as a result of the Company not paying the interest payment under the Swaps on the due dates and the Company received a statement of demand dated 15 May 2009 for an early termination amount of US\$10,319,033 (equivalent to approximately RMB70,830,000) and a gain of RMB23,340,000 was recognised upon termination of the Swaps on the same date. The Provisional Liquidators had negotiated with Deutsche Bank the basis for calculation of the early termination amount. In August 2010, both parties agreed the revised early termination amount of US\$10,069,033.

The Stock Exchange placed the Company in the first stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules. If the Company failed to submit a viable resumption proposal by 21 August 2010, the Stock Exchange may proceed to place the Company in the second stage of the delisting procedures. A resumption proposal was submitted to the Stock Exchange on 21 August 2010.



## **PROSPECTS**

It is anticipated that the financial position of the Group will be substantially improved upon (i) the Investor signing a formal restructuring agreement with the Provisional Liquidators (on behalf of the Company without personal liability) to revive the Group; and (ii) completion of the proposed restructuring of the Group as contemplated under such agreement. The Investor and the Provisional Liquidators anticipate all existing liabilities owed to the creditors of the Company and creditors of its subsidiaries holding guarantees given by the Company will be compromised and discharged through a proposed scheme of arrangement and the Group will be able to turnaround its existing net liabilities position upon completion of the restructuring.

Subject to, among other things, the approvals of the shareholders of the Company and the Stock Exchange upon completion of the abovementioned restructuring agreement, the Company's shares will resume trading on the Stock Exchange.

It is the Investor's intention to maintain the Group's existing business in Shanxi, the PRC, currently conducted through Shanxi Zhanpen Metal Products Co Ltd (山西展鵬金屬製品有限公司), an indirect wholly owned subsidiary of the Company.

## **SUSPENSION OF TRADING OF THE COMPANY'S SHARES AND APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS**

Trading in the shares of the Company has been suspended from trading on the Stock Exchange since 28 April 2009.

On 2 October 2009, DBS Bank (Hong Kong) Limited filed an application with the High Court for the winding up petition against the Company. Accordingly, the High Court appointed the Provisional Liquidators to the Company on the same day.

The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this announcement and the interim financial statements for the six months ended 30 June 2009 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these condensed consolidated financial statements for the six months ended 30 June 2009 based on the books and records made available to the Provisional Liquidators.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

As the Provisional Liquidators were appointed on 2 October 2009, the Provisional Liquidators are unable to comment on whether the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the “Model Code”) as the code of conduct regarding securities transactions by the directors of the Company for the six months ended 30 June 2009. The Provisional Liquidators make no representation as to whether the directors of the Company have complied with the required standard set out in the Model Code during the six months ended 30 June 2009.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

The Provisional Liquidators make no representation as to whether the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2009.

## **AUDIT COMMITTEE**

Following the resignations of the majority of the Company’s independent non-executive directors in March and July 2009, there has been no replacement of members at the audit committee. No audit committee is therefore maintained as required by Rule 3.21 of the Listing Rules. As a result, the interim accounts of the Group for the six months ended 30 June 2009 have not been reviewed by the audit committee.

## **CORPORATE GOVERNANCE**

As the Provisional Liquidators were appointed on 2 October 2009, the Provisional Liquidators are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2009.

## **PUBLICATION OF INFORMATION ON WEBSITES**

This results announcement is available for viewing on the website of Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.cpackaging.com.hk](http://www.cpackaging.com.hk).

For and on behalf of  
**CHINA PACKAGING GROUP COMPANY LIMITED**

(Provisional Liquidators Appointed)

**FOK Hei Yu**

**Roderick John SUTTON**

*Joint and Several Provisional Liquidators*

*who act without personal liabilities*

Hong Kong, 29 November 2010

*On the basis of the information available from the previous announcements made by the Company, the board of directors of the Company comprises one executive director, namely, Mr. Liu Zhi Qiang, and one independent non-executive director, namely Mr. Chong Hoi Fung.*