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**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)

## **NOTICE OF THE EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of China Packaging Group Company Limited (Provisional Liquidators Appointed) (the “**Company**”) will be held at Level 22, The Center, 99 Queen’s Road Central, Central, Hong Kong on Thursday, 6 October 2011, at 11:30 a.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following resolutions of the Company:

### **SPECIAL RESOLUTIONS**

#### **Implementation of the Company’s Restructuring Proposal**

1. “**THAT**, conditional upon (i) resolution numbered 5 as set out in this notice being passed; (ii) the grant of the listing of and permission to deal in the New Shares (as defined below) by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”); and (iii) upon the Share Consolidation (as defined in resolution numbered 5 as set out in this notice) becoming effective:
  - (a) the par value of each issued Consolidated Share (as defined in resolution number 5 as set out in this notice) be reduced from HK\$0.80 to HK\$0.001 (the “**New Shares**”) and the credit arising from such cancellation and reduction will be applied to eliminate the accumulated losses of the Company (the “**Capital Reduction**”);
  - (b) the amount which shall arise as a result of the Capital Reduction be applied in such manner consistent with the Companies law (2010 Revision) of the Cayman Islands;

- (c) the Fok Hei Yu and Roderick John Sutton in their capacity as joint and several provisional liquidators of the Company in Hong Kong (the “**Provisional Liquidators**”) and/or the directors of the Company (the “**Directors**”) be and are hereby authorised generally to take all necessary steps and to do all other things and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) which may be necessary or desirable for the purpose of giving effect to or implementing any of the foregoing.”

### **Amendments to the Company’s Memorandum of Association and Articles of Association**

2. “**THAT**, conditional upon (i) the condition precedents set out in the Restructuring Agreement (as defined in resolution numbered 4 as set out in this notice) being fulfilled; and (ii) resolutions numbered 1, 5 and 8 as set out in this notice being passed, the Memorandum of Association of the Company be and are hereby amended in the following manners:
- (a) by deleting the existing Memorandum No. 8 in its entirety and substituting therefor the following new Memorandum:
8. The share capital of the Company is HK\$250,000,000 divided into 250,000,000,000 shares of a nominal or par value of HK\$0.001 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (Revised) and the Articles of Association and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of shares whether stated to be preference or otherwise shall be subject to the powers hereinbefore contained.”

3. **“THAT**, conditional upon the condition precedents set out in the Restructuring Agreement (as defined in resolution numbered 4 as set out in this notice) being fulfilled, the Articles of Association of the Company be and are hereby amended in the following manners:

(a) by inserting the following definition immediately after the definition of “the Board” in Article 1(A):

“Business Day” means any day (excluding Saturdays, Sundays and public holidays in Hong Kong) on which banks generally are open for business in Hong Kong;”

(b) by inserting the following definition immediately after the definition of “holding company” in Article 1(A):

““Listing Rules” means the Rules Governing the Listing of Securities on the Stock Exchange;”

(c) by inserting the following definition immediately after the definition of “Newspapers” in Article 1(A):

““Ordinary Shares” means the Company’s ordinary Shares of a par value of HK\$0.001 each;”

(d) by inserting the following definition immediately after the definition of “paid” in Article 1(A):

““Preference Shares” means the Company’s preference Shares of a par value of HK\$0.001 each;”

- (e) by inserting the following definition immediately after the definition of “Statutes” in Article 1(A):

““Stock Exchange” means The Stock Exchange of Hong Kong Limited;”

- (f) by inserting a new Article 6A immediately after Article 6 as follows:

“6A Share Capital

Unless otherwise determined by the Members in accordance with these Articles, the authorised share capital of the Company shall be divided into two classes:

- (a) Ordinary Shares of par value HK\$0.001 each; and
- (b) Preference Shares of par value HK\$0.001 each.

- (g) by inserting a new Article 6B immediately after the new Article 6A as follows:

“6B Rights of Ordinary Shares

The holders of Ordinary Shares shall, subject to the provision of these Articles:

- (a) be entitled to one vote per shares;
- (b) be entitled to such dividends as the Board may from time to time declare;
- (c) in the event of a winding-up or dissolution of the Company, whether voluntary or involuntary or for the purpose of a reorganisation or otherwise or upon any distribution of capital, be entitled to the surplus assets of the Company; and
- (d) generally be entitled to enjoy all of the rights attaching to the shares.

- (h) by inserting a new Article 6C immediately after the new Article 6B as follows:

“6C Rights of Preference Shares

Notwithstanding anything else to the contrary in these Articles, the Preference Shares shall have the following special rights and restrictions and, as between themselves, shall carry equal rights and rank *pari passu* with one another:

(A) AS REGARDS TERMS OF PREFERENCE SHARES AND CONVERSION

- (a) From the date of the issue of the Preference Shares (the “**Date of Issues**”), each holder of Preference Shares shall have the right at any time and from time to time to convert all or part (any conversion in part being in the amounts or integral multiples of a board lot of Ordinary Shares on the Stock Exchange) of his holding of such Preference Shares into fully paid Ordinary Shares (subject as provided below) in accordance with the formula set out in sub-Article (A)(c) below).
- (b) The right to convert shall be exercisable on any date by completing the notice of conversion endorsed on the certificate relating to the Preference Shares to be converted (a “**Conversion Notice**”) and delivering it (together with the certificate relating to the Preference Shares and such other evidence (if any) as the Directors may reasonably require to prove the title of the person exercising such right) to the registrars for the time being of the Company during normal business hours, such conversion shall become effective on the date immediately following the date of surrender of the certificate in respect of the Preference Shares and delivery of a Conversion Notice (the “**Conversion Date**”) Provided that if any Conversion Date would otherwise fall on a Saturday, Sunday or other day which is a public holiday in Hong Kong or a day on which a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal is hoisted in Hong Kong at any time between 9 a.m. and 5 p.m. and on which banks are open in Hong Kong for general banking business, such Conversion Date shall be the next day which is not such a day as aforesaid Saturday, Sunday or other public holiday. A Conversion Notice once given may not be withdrawn without the consent in writing of the Company.

- (c) The number of Ordinary Shares to be issued and allotted to any holder of Preference Shares on the exercise of his conversion rights will be calculated as follows:

$$X = Y \times \frac{A}{B}$$

where:

X = the number of Ordinary Shares that may be allotted and issued upon conversion of the relevant Preference Shares

Y = the number of the Preference Shares to be converted

A = the issue price of the Preference Shares, i.e. HK\$0.12 per Preference Shares

B = the initial conversion price of the Preference Shares (subject to adjustment)(being initially HK\$0.12 per Preference Shares) (“**Conversion Price**”)

- (d) The Company shall not later than the expiration of 10 Business Days after receipt of a conversion notice, despatch certificates for the Ordinary Shares resulting from conversion and, if appropriate, certificates for, any balance of the Preference Shares remaining unconverted.
- (e) The Ordinary Shares resulting from conversion shall carry the right to receive all dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company by reference to a record date on or after the relevant Conversion Date and shall rank pari passu in all other respects and form one class with the Ordinary Share capital of the Company then in issue and fully paid.

- (f) The Company shall use its reasonable endeavours to ensure that the listing approval granted by the Listing Committee of the Stock Exchange for dealing in and listing of all the Ordinary Shares arising on conversion shall be maintained and not be revoked provided that such obligations shall cease upon any privatization scheme as may be permitted under the Hong Kong Code on Takeovers and Mergers having become effective.
- (g) The right to convert Preference Shares by holders into Ordinary Shares shall be subject to these Articles and all other applicable laws and regulations. No conversion of Preference Shares will be permitted by the Company if such conversion will render the Company fails to comply with Rule 8.08 of the Listing Rules.

(B) AS REGARDS ADJUSTMENT

- (a) The Conversion Price shall from time to time be adjusted in accordance with the following relevant provisions and so that if the event giving rise to any such adjustment shall be such as would be capable of falling within more than one of sub-Articles (B)(a)(i) to (viii) inclusive of this sub-Article it shall fall within the first of the applicable sub-Articles to the exclusion of the remaining sub-Articles:
  - (i) If the Company shall issue Ordinary Shares at a price (including both cash consideration and non-cash consideration) per Ordinary Share (the “**Issue Price**”) which is less than the prevailing Conversion Price or (ii) if the Company or any other company shall issue (for cash or non-cash consideration) securities convertible into (or any other right to acquire) new Ordinary Shares, at a conversion price or subscription price (the “**Strike Price**”) which is less than the prevailing Conversion Price, the Conversion Price shall be adjusted downwards to such Issue Price or Strike Price (as the case may be) (prior to deduction of any fees or commissions) PROVIDED THAT the adjusted Conversion Price shall not be less than the par value of the Ordinary Shares on the Conversion Date unless permitted by law and in compliance with the Listing Rules.

The adjustment to the Conversion Price made pursuant to this condition shall become effective immediately on the same date as the date of (i) the issue of the Ordinary Shares at the Issue Price or (ii) the issue of the securities or rights carrying the Strike Price.

For the avoidance of doubt, any adjustments to the Conversion Price made pursuant to this condition shall only be downward adjustments and shall not be retroactive.

- (ii) If and whenever the Ordinary Shares by reason of any consolidation or sub-division become of a different nominal amount, the Conversion Price in force immediately prior thereto shall be adjusted by multiplying it by the revised nominal amount and dividing the result by the former nominal amount. Each such adjustment shall be effective from the close of business in Hong Kong on the day immediately preceding the date on which the consolidation or sub-division becomes effective.
- (iii) If and whenever the Company shall issue (other than in lieu of a cash dividend) any Ordinary Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund), the Conversion Price in force immediately prior to such issue shall be adjusted by multiplying it by the aggregate nominal amount of the issued Ordinary Shares immediately before such issue and dividing the result by the sum of such aggregate nominal amount and the aggregate nominal amount of the Ordinary Shares issued in such capitalisation. Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for such issue.



(iv) If and whenever the Company shall make any Capital Distribution (as defined in sub-Article (B)(b) below) to holders (in their capacity as such) of Ordinary Shares (whether on a reduction of capital or otherwise) or shall grant to such holders rights to acquire for cash assets of the Company or any of its subsidiaries, the Conversion Price in force immediately prior to such distribution or grant shall be reduced by multiplying it by the following fraction:

$$\frac{A - B}{A}$$

where:

A = the market price (as defined in sub-Article (B)(b) below) on the date on which the Capital Distribution or, as the case may be, the grant is publicly announced or (failing any such announcement) the date next preceding the date of the Capital Distribution or, as the case may be, of the grant; and

B = the fair market value on the day of such announcement or (as the case may require) the next preceding day, as determined in good faith by an approved firm of accountants or approved merchant bank, of the portion of the Capital Distribution or of such rights which is attributable to one Ordinary Share,

Provided that:

- (aa) if in the opinion of the relevant approved firm of accountants or approved merchant bank, the use of the fair market value as aforesaid produces a result which is significantly inequitable, it may instead determine (and in such event the above formula shall be construed as if B meant) the amount of the said market price which should properly be attributed to the value of the Capital Distribution or rights; and
- (bb) the provisions of this sub-Article (B)(a)(iv) shall not apply in relation to the issue of Ordinary Shares paid out of profits or reserves and issued in lieu of a cash dividend.

Each such adjustment shall be effective (if appropriate retroactively) from the commencement of the day next following the record date for the Capital Distribution or the grant.

- (v) If and whenever the Company shall offer to holders of Ordinary Shares new Ordinary Shares for subscription by way of rights, or shall grant to holders of Ordinary Shares any options or warrants to subscribe for new Ordinary Shares, at a price which is less than eighty per cent. (80%) of the market price at the date of the announcement of the terms of the offer or grant, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of the announcement of such offer or grant by a fraction of which the numerator is the number of Ordinary Shares in issue immediately before the date of such announcement plus the number of Ordinary Shares which the aggregate of the amount (if any) payable for the rights, options or warrants and of the amount payable for the total number of new Ordinary Shares comprised therein would purchase at such market price and the denominator is the number of Ordinary Shares in issue immediately before the date of such announcement plus the aggregate number of

Ordinary Shares offered for subscription or comprised in the options or warrants (such adjustment to become effective (if appropriate retroactively) from the commencement of the day next following the record date for the offer or grant) Provided however that no such adjustment shall be made if the Company shall make a like offer or grant (as the case may be) at the same time to the Preference Shares holder (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong) as if it had exercised the conversion rights in full on the day immediately preceding the record date for such offer or grant.

- (vi) (aa) If and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Ordinary Shares, and the total Effective Consideration (as defined below) per Ordinary Share initially receivable for such securities is less than ninety per cent. (90%) of the market price at the date of the announcement of the terms of issue of such securities, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to the issue by a fraction of which the numerator is the number of Ordinary Shares in issue immediately before the date of the issue plus the number of Ordinary Shares which the total Effective Consideration receivable for the securities issued would purchase at such market price and the denominator is the number of Ordinary Shares in issue immediately before the date of the issue plus the number of Ordinary Shares to be issued upon conversion or exchange of, or the exercise of the subscription rights conferred by, such securities at the initial conversion or exchange rate or subscription

price. Such adjustment shall become effective (if appropriate retrospectively) from the close of business in Hong Kong on the business day next preceding whichever is the earlier of the date on which the issue is announced and the date on which the Company determines the conversion or exchange rate or subscription price.

- (bb) If and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in part (aa) of this sub-Article (B)(a)(vi) are modified so that the total Effective Consideration per Ordinary Share initially receivable for such securities shall be less than ninety per cent. (90%) of the market price at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately prior to such modification by a fraction of which the numerator is the number of Ordinary Shares in issue immediately before the date of such modification plus the number of Ordinary Shares which the total Effective Consideration receivable for the securities issued at the modified conversion or exchange price would purchase at such market price and of which the denominator is the number of Ordinary Shares in issue immediately before such date of modification plus the number of Ordinary Shares to be issued upon conversion or exchange of or the exercise of the subscription rights conferred by such securities at the modified conversion or exchange rate or subscription price. Such adjustment shall become effective as at the date upon which such modification shall take effect. A right of conversion or exchange or subscription shall not be treated as modified for the foregoing purposes where it is adjusted to take account of rights or capitalisation issues and other events normally giving rise to adjustment of conversion or exchange terms.

For the purposes of this sub-Article (B)(a)(vi), the “**total Effective Consideration**” receivable for the securities issued shall be deemed to be the consideration receivable by the Company for any such securities plus the additional minimum consideration (if any) to be received by the Company upon (and assuming) the conversion or exchange thereof or the exercise of such subscription rights, and the Effective Consideration per Ordinary Share initially receivable for such securities shall be such aggregate consideration divided by the number of Ordinary Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange rate or the exercise of such subscription rights at the initial subscription price, in each case without any deduction for any commissions, discounts or expenses paid, allowed or incurred in connection with the issue.

- (vii) If and whenever the Company shall issue wholly for cash any Ordinary Shares at a price per Ordinary Share which is less than ninety per cent. (90%) of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying the Conversion Price in force immediately before the date of such announcement by a fraction of which the numerator is the number of Ordinary Shares in issue immediately before the date of such announcement plus the number of Ordinary Shares which the aggregate amount payable for the issue would purchase at such market price and the denominator is the number of Ordinary Shares in issue immediately before the date of such announcement plus the number of Ordinary Shares so issued. Such adjustment shall become effective on the date of the issue.

(viii) If and whenever the Company shall issue Ordinary Shares for the acquisition of asset at a total Effective Consideration (as defined below) per Ordinary Share which is less than ninety per cent. (90%) of the market price at the date of the announcement of the terms of such issue, the Conversion Price shall be adjusted by multiplying it by a fraction of which the numerator shall be the total Effective Consideration per Ordinary Share and the denominator shall be such market price. Each such adjustment shall be effective (if appropriate retroactively) from the close of business in Hong Kong on the business day next preceding the date on which the Company determines the issue price for such Ordinary Shares. For the purpose of this sub-Article (B)(a)(viii) “**total Effective Consideration**” shall be the aggregate consideration credited as being paid for such Ordinary Shares by the Company on acquisition of the relevant asset without any deduction of any commissions, discounts or expenses paid, allowed or incurred in connection with the issue thereof, and the “**total Effective Consideration per Ordinary Share**” shall be the total Effective Consideration divided by the number of Ordinary Shares issued as aforesaid.

(b) For the purposes of this sub-Article (B):

“**announcement**” shall include the release of an announcement to the press or the delivery or transmission by telephone, facsimile or otherwise of an announcement to the Stock Exchange and “**date of announcement**” shall mean the date on which the announcement is first so released, delivered or transmitted;

“**approved firm of accountants**” means an accountant firm of repute in Hong Kong selected by the Company for the purpose of providing a specific opinion or calculation or determination hereunder;

**“approved merchant bank”** means a merchant bank of repute in Hong Kong selected by the Company for the purpose of providing a specific opinion or calculation or determination hereunder;

**“Capital Distribution”** shall (without prejudice to the generality of that phrase) include distributions in cash or specie. Any dividend charged or provided for in the accounts for any financial period shall (whenever paid and however described) be deemed to be a Capital Distribution provided that any such dividend shall not automatically be so deemed if:

- (i) it is paid out of the aggregate of the net profits (less losses) attributable to the holders of Ordinary Shares for all financial periods after that ended 31 December as shown in the audited consolidated profit and loss account of the Company and its subsidiaries for each such financial period;  
or
- (ii) to the extent that (i) above does not apply, the rate of that dividend, together with all other dividends on the class of capital in question charged or provided for in the accounts for the financial period in question, does not exceed the aggregate rate of dividend on such class of capital charged or provided for in the accounts for the last preceding financial period. In computing such rates, such adjustments may be made as are in the opinion of the auditors of the Company for the time being appropriate to the circumstances and shall be made in the event that the lengths of such periods differ materially;

“**issue**” shall include allot;

“**market price**” means the average of the closing prices of one Ordinary Share dealing on the Stock Exchange for each of the last five Stock Exchange dealing days on which dealings in the Ordinary Shares on the Stock Exchange took place ending on the last such dealing day preceding the day on or as of which the market price is to be ascertained;

“**Ordinary Shares**” includes, for the purposes of Ordinary Shares comprised in any issue, distribution or grant pursuant to sub-Articles (i), (iii), (v), (vi), (vii) or (viii) of sub-Article (B)(a) above, any such ordinary shares of the Company as, when fully paid, will be Ordinary Shares;

“**reserves**” includes unappropriated profits;

“**rights**” includes rights in whatsoever form issued.

- (c) The provisions of sub-Articles (i), (iii), (iv), (v), (vi), (vii) and (viii) of sub-Article (B)(a) above shall not apply to:
- (i) the bonus issue of Ordinary Shares on the basis of 13 Ordinary Shares for every 1,000 Ordinary Shares to those qualifying shareholders of the Company whose names appear in the register of members of the Company on the record date as approved by the shareholders of the Company on 6 October 2011;
  - (ii) an issue of fully paid Ordinary Shares upon the exercise of any conversion rights attached to securities convertible into Ordinary Shares or upon exercise of any rights (including any conversion of the Preference Shares) to acquire Ordinary Shares provided that an adjustment has been made under this section in respect of the issue of such securities or granting of such rights (as the case may be);



- (iii) an issue of Ordinary Shares or other securities of the Company or any subsidiary of the Company wholly or partly convertible into, or rights to acquire, Ordinary Shares to officers or employees of the Company or any of its subsidiaries pursuant to any employee or executive share scheme;
- (iv) an issue by the Company of Ordinary Shares or by the Company or any subsidiary of the Company of securities wholly or partly convertible into or rights to acquire Ordinary Shares, in any such case in consideration or part consideration for the acquisition of any other securities, assets or business provided that an adjustment has been made (if appropriate) under this section in respect of the issue of such securities or granting of such rights (as the case may be);
- (v) an issue of fully paid Ordinary Shares by way of capitalisation of all or part of any subscription right reserve, or any similar reserve which has been or may be established pursuant to the terms of any securities wholly or partly convertible into or rights to acquire Ordinary Shares; or
- (vi) an issue of Ordinary Shares pursuant to a scrip dividend scheme where an amount not less than the nominal amount of the Ordinary Shares so issued is capitalised and the market value of such Ordinary Shares is not more than 110 per cent. of the amount of dividend which holders of the Ordinary Shares could elect to or would otherwise receive in cash, for which purpose the “**market value**” of one Ordinary Share shall mean the average of the closing prices for such Stock Exchange dealing days on which dealings in the Ordinary Shares took place (being not less than five such dealing days) as are selected by the Directors in connection with determining the basis of allotment in respect of the relevant scrip dividend and which fall within the period of one month ending on the last day on which holders of Ordinary Shares may elect to receive or (as the case may be) not to receive the relevant dividend in cash.

- (d) Any adjustment to the Conversion Price shall be made to the nearest one-tenth of a cent so that any amount under one-twentieth of a cent shall be rounded down and any amount of one-twentieth of a cent or more shall be rounded up and in no event shall any adjustment (otherwise than upon the consolidation of Ordinary Shares into Ordinary Shares of a larger nominal amount) involve an increase in the Conversion Price. In addition to any determination which may be made by the directors of the Company every adjustment to the Conversion Price shall be certified (at the option of the Company) either by the auditors of the Company for the time being or by an approved firm of accountants or approved merchant bank.
- (e) Notwithstanding anything contained herein, no adjustment shall be made to the Conversion Price in any case in which the amount by which the same would be reduced in accordance with the foregoing provisions of this section would be less than one-tenth of a cent and any adjustment that would otherwise be required then to be made shall not be carried forward.
- (f) If the Company or any subsidiary of the Company shall in any way modify the rights attached to any share or loan capital so as wholly or partly to convert or make convertible such share or loan capital into, or attach thereto any rights to acquire, Ordinary Shares, the Company shall appoint an approved firm of accountants or approved merchant bank to consider whether any adjustment to the Conversion Price is appropriate (and if such approved firm of accountants or approved merchant bank shall certify that any such adjustment is appropriate the Conversion Price shall be adjusted accordingly and the provisions of sub-Articles (B)(d), (e) and (h) of this section shall apply).

- (g) Notwithstanding the provisions of sub-Article (B)(a), in any circumstances where the Directors shall consider that an adjustment to the Conversion Price provided for under the said provisions should not be made or should be calculated on a different basis or that an adjustment to the Conversion Price should be made notwithstanding that no such adjustment is required under the said provisions or that an adjustment should take effect on a different date or with a different time from that provided for under the provisions, the Company may appoint an approved firm of accountants or approved merchant bank to consider whether for any reason whatever the adjustment to be made (or the absence of adjustment) would or might not fairly and appropriately reflect the relative interests of the persons affected thereby and, if such approved firm of accountants or approved merchant bank shall consider this to be the case, the adjustment shall be modified or nullified or an adjustment made instead of no adjustment in such manner including without limitation, making an adjustment calculated on a different basis) and/or the adjustment shall take effect from such other date and/or time as shall be certified by such approved firm of accountants or approved merchant bank to be in its opinion appropriate.
- (h) Whenever the Conversion Price is adjusted as herein provided the Company shall give notice to the Preference Shares holder by way of announcement or otherwise that the Conversion Price has been adjusted (setting forth the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof) and shall at all times thereafter so long as there remains Preference Shares make available for inspection at its registered office in Hong Kong a signed copy of the said certificate of the auditors of the Company or (as the case may be) of the relevant approved firm of accountants or approved merchant bank and a certificate signed by a Director setting forth brief particulars of the event giving rise to the adjustment, the Conversion Price in effect prior to such adjustment, the adjusted Conversion Price and the effective date thereof and shall, on request, send a copy thereof to the Preference Shares holder.

- (i) If application of any of the provisions of this sub-Article (B) would but for this sub-Article (B)(i) result in the Conversion Price being reduced so that on conversion Ordinary Shares shall fall to be issued at a discount to their nominal value, then the Conversion Price shall be adjusted to an amount equal to the nominal value of one Ordinary Share.

(C) AS REGARDS DIVIDEND

The holders of Preference Shares shall not be entitled to any dividend or distribution.

(D) AS REGARDS REDEMPTION

The Preference Shares are non-redeemable.

(E) AS REGARDS CAPITAL

Subject to the rights and restrictions relating to the Preference Shares, on a return of capital on liquidation, the assets of the Company available for distribution among the members shall be applied in repaying to the holders of the Preference Shares the nominal amount paid up on the Preference Shares. The paid-up Preference Shares shall rank for return of capital on liquidation in priority to all other shares in the capital of the Company for the time being in issue while the non-paid-up Preference Shares shall rank *pari passu* with the Ordinary Shares for the time being in issue.

(F) AS REGARDS FURTHER PARTICIPATION

The Preference Shares shall not carry any right to participate in profits or assets of the Company beyond such rights as are expressly set out in the terms of the Preference Shares.

(G) AS REGARDS VOTING

The Preference Shares shall not confer on the holders thereof the right to receive notices of general meetings and shall not entitle the holders:–

- (i) to attend and to vote upon any resolution (other than a resolution for winding up the Company or a resolution varying or abrogating any of the special rights attached to such shares) at a general meeting of the Company; or
- (ii) for, varying or, abrogating the rights or privileges of the holders of the Preference Share.

Subject as aforesaid on a show of hands every holder of Preference Shares who is present in person or (being a corporation) by a representative shall have one vote and on a poll every holder of Preference Shares who is present in person or (being a corporation) by a representative or (in either such case) by proxy shall have one vote for each Preference Share held.

(H) AS REGARDS RESTRICTIONS ON THE COMPANY

Notwithstanding any other provisions of the Articles, except with the consent or sanction of the holders of the Preference Shares given in accordance with the provisions of the Articles, so long as any Preference Shares remain outstanding, the Company shall at all times maintain sufficient unissued Ordinary Shares available in order to implement conversion in full of all shares and other securities for the time being capable of being converted then or thereafter into Ordinary Shares.

(I) AS REGARDS DOCUMENTS

While any of the Preference Shares remain outstanding the Company shall send to the holders of Preference Shares a copy of every document sent to the holders of other shares of the Company at the same time as it is sent to such holders.

(J) AS REGARDS VARIATION OF RIGHTS

Subject to as provided in the Articles and the applicable laws, the Company shall not alter the rights attached to the Preference Shares without both the prior consent of a majority of the holders of the Ordinary Shares and a separate consent of a majority of the Preference Shares holders (i.e. not less than 50% of the outstanding Preference Shares for the time being).

(K) AS REGARDS DEALINGS BY CONNECTED PERSON

Subject to the connected transaction requirements of the Listing Rules, the Preference Shares may be issued to any connected person of the Company (as defined in the Listing Rules). The Company will notify the Stock Exchange in relation to any dealings by such connected persons of the Company in the Preference Shares from time to time immediately upon the Company becoming aware of it.

(L) AS REGARDS PRE-EMPTIVE RIGHTS

In the event that the Company shall at any time issue to holders of new Ordinary Shares securities convertible into Ordinary Shares, the Company shall not be obliged to offer such shares/securities to the holders of Preference Shares.

(M) AS REGARDS LISTING

The Preference Shares will not be listed on any stock exchange.

(N) AS REGARDS TRANSFERABILITY

The Preference Shares are freely transferable by the holders thereof after the Date of Issue, subject to the requirements of the Listing Rules.”

## ORDINARY RESOLUTIONS

### Implementation of the Company's Restructuring Proposal

4. “**THAT**, conditional upon (i) the proposed scheme of arrangement to be effected under section 166 of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong being sanctioned by the High Court of Hong Kong Special Administrative Region (“**Hong Kong**”); (ii) the proposed scheme of arrangement to be effected under section 86 of the Companies law (2010 Revision) of the Cayman Islands being sanctioned by the Grand Court of the Cayman Islands; (iii) passing of the resolutions numbered 1 to 3 and 5 set out in this notice of EGM (the “**Notice**”); (iv) the grant of the listing of and permission to deal in the Subscription Shares, Conversion Shares, Preference Shares and Option Shares (all such terms as defined hereinafter) by the Stock Exchange; and (v) upon the Share Consolidation (as defined in resolution numbered 5 as set out in this notice) and Share Split (as defined in resolution numbered 5 as set out in this notice) and Capital Reduction (as defined in resolution numbered 1 as set out in this notice) becoming effective:
- (a) the entering into of the restructuring agreement dated 17 June 2011 between the Company, the Provisional Liquidators (as defined in resolution numbered 1 as set out in this notice), Integrated Asset Management (Asia) Limited and Business Giant Limited (collectively, the “**Investors**”) and FTI Consulting (Hong Kong) Limited in respect of the restructuring of the Company (as supplemented and amended by a supplemental agreement made between the same parties on 9 September 2011) (the “**Restructuring Agreement**”, a copy of which has been produced to the EGM marked “A” and signed by the chairman of the EGM for identification purposes) and the transactions contemplated thereunder and the performance thereof by the Company, be and are hereby approved, confirmed and ratified;
  - (b) the allotment and issue of 230,000,000 New Shares (as defined in resolution numbered 1 as set out in this notice) (the “**Subscription Shares**”) pursuant to the terms of the Restructuring Agreement be and is hereby approved;

- (c) the creation and issue by the Company of convertible notes (the “**Convertible Notes**”) in the aggregate principal amount of HK\$18,000,000 due on the date falling on the expiry of five years from the date on which the Convertible Notes is issued, convertible into New Shares in the capital of the Company on and subject to the terms and conditions (the “**CN Conditions**”) contained in the Restructuring Agreement be and is hereby generally and unconditionally approved in all respects;
- (d) the Provisional Liquidators and/or the directors of the Company (the “**Directors**”) be and are hereby generally and specifically authorised to issue the Convertible Notes and to allot and issue such number of New Shares (the “**Conversion Shares**”) as may be required to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Notes on and subject to the terms and conditions of the Restructuring Agreement and the CN Conditions;
- (e) the allotment and issue of 520,000,000 preference shares (the “**Preference Shares**”), with the Preference Shares having the rights and restrictions as set out in the circular of the Company dated 12 September 2011 (the “**Circular**”) of which this notice forms part, be and is hereby approved;
- (f) the Provisional Liquidators and/or the Directors be and are hereby authorised to allot and issue such number of new ordinary shares in the capital of the Company as may be allotted and issued upon the exercise of the conversion rights attaching to the Preference Shares;
- (g) the grant of 56,000,000 options (the “**Options**”) to subscribe for the New Shares of the Company (the “**Option Shares**”) at the exercise price of HK\$0.15 per Option Share in accordance with the terms and conditions of the Options be and is hereby approved;
- (h) the allotment and issue of the Option Share(s) upon the exercise of the subscription rights attaching to the Options to the relevant holder of the Options be and is hereby approved;



- (i) the Provisional Liquidators and/or the Directors be and are hereby authorised generally to take all necessary steps and to do all other things and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) which may be necessary or desirable for the purpose of (i) giving effect to or implementing or (ii) amending, varying or modifying, any of the foregoing upon such terms and conditions as the Provisional Liquidators and/or the Directors may think fit.”

5. “**THAT**, conditional upon (i) resolution numbered 1 as set out in this notice being passed; (ii) the relevant sanction from the Grand Court of the Cayman Islands in relation to the Capital Reduction (as defined in resolution numbered 1 as set out in this notice) having been obtained; and (iii) the grant of the listing of and permission to deal in the New Shares (as defined in resolution numbered 1 as set out in this notice) by The Stock Exchange of Hong Kong Limited:

- (a) every eight ordinary issued shares of the Company of HK\$0.10 each (“**Shares**”) be consolidated into one ordinary issued share of HK\$0.80 each (“**Consolidated Shares**”) (“**Share Consolidation**”);
- (b) subject to the Share Consolidation and the Capital Reduction (as defined in resolution numbered 1 as set out in this notice) having become effective, the authorised unissued share capital of the Company of HK\$134,287,891, comprised of 1,342,878,919 shares each with a nominal value of HK\$0.10 be altered so as to be comprised of 134,287,891,900 shares of HK\$0.001 each (“**Share Split**”);
- (c) fractional entitlements as a result of the capital restructuring as set out in the foregoing paragraphs of this resolution will be aggregated and sold for the benefit of the Company;
- (d) all of the New Shares in the capital of the Company after completion of the capital restructuring as set out in the foregoing paragraphs of this resolution shall rank pari passu in all respects with each other and have the same rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company; and
- (e) the Provisional Liquidators and/or the directors of the Company be and are hereby authorised generally to take all necessary steps and to do all other things and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) which may be necessary or desirable for the purpose of giving effect to or implementing any of the foregoing.”

6. “**THAT**, conditional upon (i) the grant of the listing of and permission to deal in the Bonus Shares (as defined hereinafter) by The Stock Exchange of Hong Kong Limited; and (ii) upon the Share Consolidation (as defined in resolution numbered 5 as set out in this notice), Share Split (as defined in resolution numbered 5 as set out in this notice) and Capital Reduction (as defined in resolution numbered 1 as set out in this notice) becoming effective:
- (a) the bonus issue (“**Bonus Issue**”) of shares of the Company (“**Bonus Share(s)**”), credited as fully paid, to the shareholders of the Company whose names appear on the registers of members of the Company on 19 October 2011 or a date to be further announced by the Company (the “**Record Date**”) on the basis of 13 Bonus Shares for every 1,000 existing ordinary issued shares of the Company held by them respectively on the Record Date, be and is hereby approved;
  - (b) the Provisional Liquidators and/or the directors of the Company (the “**Director**”) be and are hereby authorised to exclude shareholders, who are residents outside the Hong Kong Special Administrative Region of the People’s Republic of China, on account of prohibitions or requirements under overseas laws or regulations or for some other reasons which the board of Directors considers expedient, from being allotted the Bonus Shares;
  - (c) the Provisional Liquidators and/or the Directors be and are hereby authorised to issue and allot the Bonus Shares pursuant to the Bonus Issue;
  - (d) no fractional Bonus Shares shall be allotted to members of the Company and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company;
  - (e) the Bonus Shares to be issued and allotted pursuant to this resolution shall be subject to the memorandum and articles of association of the Company and shall rank *pari passu* in all respects with the existing shares in the capital of the Company in issue as at the date of allotment and issue of the Bonus Shares, including all future dividends and distributions which are declared, made or paid after the date on which the Bonus Shares are allotted and issued; and
  - (f) the Provisional Liquidators and/or the Directors be authorised to do all acts and things as may be necessary and expedient in connection with Bonus Issue, including, but not limited to, the allotment and issue of the Bonus Shares.”

## **Whitewash Waiver**

7. “**THAT**, the waiver (the “**Whitewash Waiver**”), granted or to be granted by the Executive Director (the “**Executive**”) of the Corporate Finance Division of the Securities and Futures Commission of Hong Kong pursuant to Note 1 on Dispensations from Rule 26 of the Hong Kong Code on Takeovers and Mergers waiving any obligation on the part of the Integrated Asset Management (Asia) Limited and Business Giant Limited and parties acting in concert with them, to make a general offer for all the issued shares of the Company not already owned or agreed to be acquired by them pursuant to the Restructuring Agreement and the transactions contemplated therein, be and is hereby approved, and the Provisional Liquidators (as defined in resolution numbered 1 as set out in this notice) and/or the directors of the Company be and are hereby authorised generally to take all necessary steps and to do all other things and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) as they may consider to be necessary or desirable to give effect to any of the matters relating to, or incidental to, the Whitewash Waiver.”

## **Increase of the Company’s Authorised Share Capital**

8. “**THAT**, conditional upon (i) resolutions numbered 1, 2 and 5 as set out in this notice being passed; and (ii) the relevant sanctions from the Grand Court of the Cayman Islands in relation the Capital Reduction (as defined in resolution numbered 1 as set out in this notice) having been obtained, the authorised share capital of the Company be increased from HK\$134,370,032.04, divided into 134,370,032,035 shares of HK\$0.001 each to HK\$250,000,000 divided into 250,000,000,000 shares of HK\$0.001 each by the creation of an additional 115,629,967,965 shares of HK\$0.001 each with effect from the date of the passing of this resolution.”

## **Appointment of Directors**

9. “**THAT**, upon completion (“**Completion**”) of the Restructuring Agreement (as defined in resolution numbered 5 as set out in this notice):
  - (a) Mr. Leung Heung Ying, Alvin be appointed as an executive director of the Company with effect from the time of Completion;
  - (b) Mr. Wong Tat Wai Derek be appointed as an executive director of the Company with effect from the time of Completion;

- (c) Dr. Lam Andy Siu Wing, *JP* be appointed as an independent non-executive director of the Company with effect from the time of Completion;
- (d) Mr. Siu Siu Ling, Robert be appointed as an independent non-executive director of the Company with effect from the time of Completion;
- (e) Mr. Tam Tak Wah be appointed as an independent non-executive director of the Company with effect from the time of Completion; and
- (f) the board of directors of the Company shall be authorised to fix the remuneration of each of Mr. Leung Heung Ying, Alvin, Mr. Wong Tat Wai Derek, Dr. Lam Andy Siu Wing, *JP*, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah, and that the register of directors of the Company be amended to note such appointments of directors as set out above, and that the Cayman Islands Registrar of Companies be notified of the same.”

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, 12 September 2011

*Notes:*

1. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint another person as his proxy to attend and vote instead of him. A proxy need not be a member of the Company. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him to attend and vote on his behalf. In case of a recognised clearing house (or its nominee(s) and in each case, being a corporation), it may authorise such persons as it thinks fit to act as its representative of the meeting and vote in its stead.
2. A form of proxy for the use in connection with the EGM is enclosed with this Circular. To be valid, the form of proxy, and (if required by the Board) the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority must be deposited at the branch share registrars of the Company, Computershare Hong Kong Investor Services Ltd., at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
3. Where there are joint holders of any Ordinary Share, any one of such joint holders may vote, either in person or by proxy, in respect of such Ordinary Share as if he were solely entitled thereto, but if more than one of such joint holders be present at the EGM, the vote of the senior member who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the registrar of members of the Company in respect of the joint holding.
4. Resolutions numbered 1 and 4 to 7 shall be voted by way of a poll of the Independent Shareholders (as defined in the Circular).

*As at the date of this notice, 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.*