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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 OF INSIDE INFORMATION,
UPDATES ON RECENT DEVELOPMENT
AND SUSPENSION OF DIRECTOR'S DUTIES**

This announcement is made pursuant to Rule 13.09(2) of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). References are made to the announcements of China Packaging Group Company Limited (the “**Company**”) dated 8 December 2013, 20 January 2014, 28 January 2014 and 18 February 2014 (the “**Announcements**”).

Unless otherwise stated, capitalized terms used herein shall have the same meanings ascribed in the Announcements.

THE SALES CONTRACTS

Further to the suspension of the position, functions and duties held by Mr. He, out of due diligence, the board of directors (the “**Board**”) of the Company has conducted reviews of the major projects and transactions of the Company. In the course of so doing, the Company found that its wholly owned subsidiary Great Rich Trading Limited (“**Great Rich**”) had entered into two sales contracts to purchase some raw materials for the purpose of trading (the “**Sales Contracts**”) and despite the receipt of part payments in the total sum of HK\$17,615,500.00 (the “**Said Sum**”), the supplier had failed to deliver the raw materials to Great Rich and is still holding unto the Said Sum. Mr. Zhang Zhantao (“**Mr. Zhang**”), an executive director of the Company, was involved in the signing and follow-up of the Sale Contracts.

In response to the Company's demand for return of the Said Sum and damages for breach of contract, the supplier denied having entered into the Sales Contracts and alleged that the Said Sum was for the repayment of the outstanding sums due under some purported service agreements between the alleged creditor company and a wholly owned company of Mr. He. The Company has since carried out internal investigation but the results were not revealing as the Company was unable to reach Mr. He. Despite that, the Company will continue to request for further information and documents from the supplier and will continue to demand for the return of the Said Sum.

The supplier and the alleged creditor company reiterated their position and said they would report the matter to the police. On 7 March 2014, after trading hours, the Company reported the matter to the police.

THE ALLEGED GUARANTEE AND HONG KONG HIGH COURT CIVIL PROCEEDING INVOLVING ABLE SUCCESS

The Company has been making enquiries for the purpose of verifying the information in relation to the Alleged Guarantee and the Hong Kong High Court civil proceeding involving Able Success. However, the Company was unable to reach Mr. He for clarification of the above matters. After taking legal advice, the Board is of the view that the Alleged Guarantee is void and unenforceable and the Company has valid grounds to defend. The Company will take all necessary steps to resist the Claim.

Able Success is the Group's largest creditor and Mr. He was the key personnel in terms of monitoring the existing business of and bringing new business to the Group. The Board believes that his continued absence from the Company may have adverse impacts on the Group's results and financial position.

The Company appointed new executive directors, namely Mr. Siu Yun Fat and Mr. Lau Fai Lawrence, on 28 January 2014 and currently the new executive directors have been reviewing the operation, contracts and business transactions involving Mr. He with a view to keep such impacts to the minimum level.

SUSPENSION OF DIRECTOR'S DUTIES

The Company received a letter from Mr. Zhang on 7 March 2014, in which he, on his own accord, tendered to the Company a request for suspension of his position, functions and duties due to his involvement in the Sales Contracts with effect from 6 March 2014. On the same day, the Board resolved to temporarily suspend Mr. Zhang from his position as an executive director of the Company (including his executive function as authorised representative of the Company and to sign any documents for and on behalf of the Company) with effect from 6 March 2014. In light of the fact that Mr. Zhang was involved in the signing and follow-up of the Sales Contracts, the Board has decided that it is in the best interest of the Company and the shareholders as a whole to suspend all executive position, functions and duties held by Mr. Zhang.

By order of the Board
China Packaging Group Company Limited
Lau Cheuk Pun
Company Secretary

Hong Kong, 10 March 2014

As at the date of this announcement, the Board comprises (i) four executive Directors, namely Mr. He Jianhong (position, functions and duties suspended from 27 January 2014), Mr. Zhang Zhantao (position, functions and duties suspended from 6 March 2014), Mr. Siu Yun Fat and Mr. Lau Fai Lawrence; and (ii) three independent non-executive Directors, namely Mr. Siu Siu Ling, Robert, Mr. Tam Tak Wah and Mr. Chan Yee Por, Simon.