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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)

PLACING OF NEW SHARES
UNDER GENERAL MANDATE

Placing Agent



On 14 March 2014 and after the trading hours of the Stock Exchange, the Company has entered into a conditional Placing Agreement with the Placing Agent, under which the Placing Agent will use its best endeavors to place up to 169,000,000 Placing Shares to not fewer than six Placees who are Independent Third Parties. The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the then Shareholders passed at the annual general meeting of the Company held on 21 June 2013.

If all of the Placing Shares are placed, they will represent (i) approximately 8.36% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 7.72% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares pursuant to the Placing. It is expected that no Placee will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

The Placing Price of HK\$0.103 per Placing Share represents (i) a discount of approximately 16.94% to the closing price of HK\$0.124 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement; and (ii) a discount of approximately 19.53% to the average closing price of HK\$0.128 per Share for the five consecutive trading days immediately prior to and including the date of the Placing Agreement.

An application will be made by the Company to the Listing Committee for the approval of the listing of, and permission to deal in, the Placing Shares.

THE PLACING AGREEMENT

Date

14 March 2014 (after the trading hours of the Stock Exchange)

Issuer

The Company

Placing Agent

Having made all reasonable enquiries and to the best of the knowledge, information and belief of the Directors, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

Placees

The Placing Agent will use its best endeavors to place up to 169,000,000 Placing Shares to not fewer than six Placees who are Independent Third Parties and are professional, institutional and/or individual investors approved, selected and/or procured by or on behalf of the Placing Agent as contemplated under the Placing Agreement. It is expected that no Placee will become a substantial Shareholder (as defined under the Listing Rules) as a result of the Placing.

Placing Shares

Pursuant to the Placing Agreement, up to 169,000,000 Placing Shares will be allotted and issued to the Placees, representing (assuming all of them are placed):

- (a) approximately 8.36% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 7.72% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares pursuant to the Placing.

The aggregate nominal value of all the Placing Shares is HK\$169,000.00. The Placing Shares are not subject to any lock-up or other disposal restriction under the terms of the Placing Agreement.

Placing Price

The Placing Price of HK\$0.103 per Placing Share represents:

- (i) a discount of approximately 16.94% to the closing price of HK\$0.124 per Share as quoted on the Stock Exchange as at the date of the Placing Agreement;
- (ii) a discount of approximately 19.53% to the average closing price of HK\$0.128 per Share for the five consecutive trading days immediately prior to and including the date of the Placing Agreement; and

The Placing Agent will receive a Placing Commission of 1.5% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent.

The Placing Agreement, the Placing Price and the Placing Commission were arrived at after arm's length negotiations between the Company and the Placing Agent and, in the case of the Placing Price, with reference to the prevailing market price of the Shares. The Directors consider that the Placing Agreement (including the terms relating to the Placing Price and the Placing Commission) has been entered into on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

The Placing and the obligations of the Placing Agent under the Placing Agreement are conditional upon completion of the following matters:

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, all the Placing Shares; and
- (b) save and except for matters disclosed (i) by the Company on the Stock Exchange website; or (ii) in writing to the Placing Agent prior to the execution of the Placing Agreement; there have not been, at any time before the end of the Placing Period the occurrence of any event or the existence of any circumstance which would render any of the warranties contained in the Placing Agreement untrue or inaccurate in any material respect.

The Company shall use its best endeavors to procure the fulfillment of the Conditions Precedent on or before 5:00 p.m. (Hong Kong Time) on 11 April 2014.

If the Conditions Precedent are not fulfilled in accordance with the provisions of the Placing Agreement, the Placing Agreement shall (unless otherwise agreed in writing by the Company and the Placing Agent) lapse and become null and void and the Company and the Placing Agent shall be released from all obligations subject to the provisions of the Placing Agreement.

Mandate to allot and issue new Shares

The Placing Shares will be allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the then Shareholders passed at the annual general meeting of the Company held on 21 June 2013. Under such general mandate, the Company is authorised to issue up to 169,132,533 Shares as at the date of passing the said resolution.

The Company has not exercised the power to allot and issue any new Shares pursuant to such general mandate prior to the date of the Placing Agreement. Upon completion of the Placing, up to 169,000,000 Placing Shares will be issued under such general mandate. The issue of the Placing Shares is therefore not subject to the Shareholders' approval.

Ranking of the Placing Shares

The Placing Shares, when allotted and issued, will rank *pari passu* in all respects among themselves and with all other Shares in issue as at the date of issue of the Placing Shares.

Termination

If at any time on or prior to 5:00 p.m. (Hong Kong time) on the Closing Date:

- (a) there develops, occurs or comes into force:
 - (i) any new law or regulation or any change in existing laws or regulations which in the reasonable opinion of the Placing Agent has or is likely to have a material adverse effect on the business or financial condition or prospects of the Group; or
 - (ii) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing; or
 - (iii) any significant change (whether or not permanent) in local, national or international market conditions which in the reasonable opinion of the Placing Agent is or may be materially adverse in the context of the Placing or makes it inadvisable or inexpedient to proceed therewith; or
- (b) any breach (which is material in the reasonable opinion of the Placing Agent) of any of the representations, warranties and undertakings set out in the Placing Agreement comes to the knowledge of the Placing Agent or there has been a breach (which is material in the reasonable opinion of the Placing Agent) of any other provision of the Placing Agreement; or

then and in any such case, the Placing Agent may, after consultation with the Company, terminate the Placing Agreement without liability to the Company by giving notice in writing to the Company, which notice may be given at any time prior to 5:00 p.m. (Hong Kong time) on the Closing Date.

CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY

The following table illustrates (i) the shareholding structure of the Company as at the date of this announcement; and (ii) the shareholding structure of the Company immediately after completion of the Placing (assuming there will not be any change in the issued share capital of the Company from the date of this announcement to the completion of the Placing save for the allotment and issue of the Placing Shares):

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	%	No. of Shares	%
Able Success (<i>note 1</i>)	1,097,209,604	54.28%	1,097,209,604	50.09%
Placees	–	–	169,000,000	7.72%
Other public Shareholders	924,115,728	45.72%	924,115,728	42.19%
Total	<u>2,021,325,332</u>	<u>100.00</u>	<u>2,190,325,332</u>	<u>100.00</u>

Note:

- (1) Able Success Asia Limited, a company incorporate in the British Virgin Island with limited liability, the entire issued share capital of which is beneficially owned by Mr. He Jianhong, executive Director and chairman of the Company (position, functions and duties suspended from 27 January 2014). Mr. He Jianhong is therefore deemed to be interested in the Shares held by Able Success under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

REASONS FOR PLACING AND USE OF PROCEEDS

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 PRC and the Group is also engaged in the trading business.

The Company would like to take this opportunity to strengthen the capital base, improve the financial position of the Group and broaden the shareholder base of the Company. The net proceeds will be used as (i) approximately HK\$5 million for trading business; and (ii) the remaining balance of approximately HK\$12.1 million as general working capital of the Company to meet any future business development and obligations.

The gross proceeds from the Placing is estimated to be approximately HK\$17.4 million. Net proceeds from the Placing, after deducting related Placing Commission and other related expenses in connection with the Placing, is estimated to be approximately HK\$17.1 million. The net Placing Price for the Placing is approximately HK\$0.101 per Placing Share.

The terms of the Placing Agreement and the Placing Price were negotiated on arm's length basis between the Company and the Placing Agent, and taking into account the prevailing market condition, the prevailing market price of the Shares and the outlook and prospects of the Group. The Directors (including the independent non-executive Directors) consider that the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Public investors and Shareholders are urged to exercise caution when dealing in the Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

On 9 April 2013 after the trading hours of the Stock Exchange, the Company entered into a subscription agreement (the “Subscription Agreement”) with Mr. Shim Hing Choi (“Mr. Shim”), an entrepreneur and an Independent Third Party, whereby the Company conditionally agreed to allot and issue and Mr. Shim conditionally agreed to subscribe for 60,000,000 shares at a subscription price of HK\$0.55 per share pursuant to the general mandate dated 26 June 2012. The Subscription Agreement subsequently did not proceed.

APPLICATION FOR LISTING

An application will be made by the Company to the Listing Committee for the approval of the listing of, and permission to deal in, the Placing Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“associate”	shall have the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	any day (excluding a Saturday) on which banks are generally open for business in Hong Kong;
“Company”	China Packaging Group Company Limited, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 572);
“Closing Date”	the third (3rd) Business Day immediately after the end of the Placing Period (or such later date as the Company and the Placing Agent may agree in writing);
“Conditions Precedent”	the conditions precedent to completion of the Placing as specified in the Placing Agreement;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

“Independent Third Party(ies)”	persons who are independent of and not connected nor acting in concert (as defined under The Codes on Takeovers and Mergers and Share Repurchases) with the Company or any members of the Group, their respective directors, chief executives or substantial shareholders or any of their respective associates and who are not connected persons of the Company (as defined under the Listing Rules);
“Listing Committee”	the listing committee of the Stock Exchange;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placees”	the placees to be procured by the Placing Agent pursuant to the terms and conditions of the Placing Agreement;
“Placing”	the placing of the Placing Shares in accordance with the terms of the Placing Agreement;
“Placing Agent”	Get Nice Securities Limited, a licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities for the purpose of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Placing Agreement”	the placing agreement dated 14 March 2014 entered into between the Company and the Placing Agent in relation to the Placing;
“Placing Commission”	1.5% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent;
“Placing Period”	the period commencing upon the execution of the Placing Agreement and terminating at 5:00 p.m. (Hong Kong time) on the fifteenth(15th) Business Day immediately following the date on which the Conditions Precedent are satisfied;
“Placing Price”	HK\$0.103 being the subscription price for each Placing Share (exclusive of any brokerage, the SFC transaction levy and the Stock Exchange trading fee payable);
“Placing Shares”	up to 169,000,000 new Shares to be subscribed for by the Placees in accordance with the terms of the Placing Agreement;

“PRC”	the People’s Republic of China;
“SFC”	the Securities and Futures Commission of Hong Kong;
“Shareholder(s)”	holder(s) of Shares;
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 14 March 2014

As of 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.