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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)**

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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 (the “**Stock Exchange**”) 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 the Company dated 8 December 2013, 20 January 2014, 28 January 2014, 18 February 2014 and 10 March 2014 (the “**Announcements**”). Unless otherwise stated, capitalized terms used herein shall have the same meanings ascribed in the Announcements.

The Company wishes to update the shareholders of the Company and the market generally regarding the recent development in relation to the Group.

**DEFENCE TO WRIT OF SUMMONS**

On 14 January 2014, the Company received a writ of summons and statement of claim issued by 廣東省金屬回收公司 (Guangdong Metal Recycling Corporation\*) (“**GMRC**”), one of the two alleged creditors in relation to the Alleged Guarantee, against: (i) Able Success as 1st defendant; (ii) Mr. He as the 2nd defendant; and (iii) the Company as the 3rd defendant, claiming an aggregate sum of approximately RMB644 million (the “**Claim**”).

In response to the Claim, the Company submitted a defence (the “Defence”) to the High Court of The Hong Kong Special Administrative Region on 24 March 2014, which avers, inter alia, that:

1. neither the Board nor the shareholders of the Company had approved or authorized the execution of the purported guarantees or any other documents in favour of GMRC on behalf of the Company;
2. GMRC had actual, alternatively imputed, knowledge or notice of the lack of authority and/or capacity of the Mr. He to execute the purported guarantees, and did not deal with the Company in good faith;
3. the purported guarantees were executed by Mr. He ultra vires and void for want of authority and/or capacity;
4. further or alternatively, the making of the purported guarantees was without any benefit whatsoever to the Company as it was given without any consideration provided by GMRC and was neither in the commercial interests of, nor authorized by, the Company, and constituted a purported disposal of its capital without receiving a benefit in return; and
5. the Company denies that GMRC is entitled to any of its claims and/or interest as alleged in the Claim.

The Company obtained legal advice and considers that it has solid grounds to defend against the Claim.

#### **WRIT OF SUMMONS ISSUED BY GREAT RICH**

The Company wishes to announce that a writ of summons endorsed with a full statement of claim was issued in the High Court of The Hong Kong Special Administrative Region by Great Rich, a wholly owned subsidiary of the Company, as the plaintiff on 25 March 2014 claiming against Ease Faith Limited (“**Ease Faith**”), the supplier in the Sales Contracts as the defendant, for breach of the Sales Contracts or alternatively, money had and received.

Great Rich claims against Ease Faith for the following reliefs:

1. return of the down-payments in the total sum of HK\$17,615,500.00;
2. interest on the said sum pursuant to Sections 48 and 49 of the High Court Ordinance (Chapter 4 of the Laws of Hong Kong);
3. damages to be assessed;
4. costs; and
5. further and/or other relief.

The Company obtained legal advice and considers that Great Rich has a reasonable chance of success or its claims against Ease Faith. The Board considers that the pursuit of the above claims is in the best interest of the Company and its shareholders.

## **LOSS OF CONTROL OF AN OPERATING SUBSIDIARY**

The Board has conducted due diligence reviews of the major projects and transactions of the Company further to the suspension of the position, functions and duties held by Mr. He since February 2014. Despite repeated verbal and written requests, the Board has been unable to contact the legal representative and directors of its indirect wholly owned subsidiary, Shanxi Zhanpen Metal Products Co., Ltd. (山西展鵬金屬製品有限公司) (“**Zhanpen**”), and obtain and access to the books and records of Zhanpen and Bloxworth Enterprise Limited (“**Bloxworth**”), being an intermediate holding company of Zhanpen and a direct wholly owned subsidiary of the Company.

Due to the non-cooperation of the management of Zhanpen and Bloxworth and the continued absence of Mr. He from the Company, the Board has been unable to access to the books and records of Zhanpen and Bloxworth despite the fact that the Board has taken all reasonable steps and has used its best endeavors to resolve the matter.

Given the situation described above, the Board is of the view that the Group does not have the records to prepare accurate and complete financial statements for Zhanpen and Bloxworth for the financial year ended 31 December 2013. On 25 March 2014, the Board resolved that the Group no longer had the power to govern the financial and operating policies of Zhanpen and Bloxworth, and the control over Zhanpen and Bloxworth was lost on that date. The Group therefore deconsolidated Zhanpen and Bloxworth from its financial statements for the financial year ended 31 December 2013 pursuant to the Hong Kong Financial Reporting Standard 10. Details of which will be included in the Company’s annual results announcement for the year ended 31 December 2013 which is scheduled to be released on 31 March 2014.

The Board is in the process of engaging an external independent audit firm to review and conduct investigation into the business operation of Zhanpen. The Board will continue to actively monitor and take any possible appropriate steps to address the matter and the Company will announce updates on any results of the investigation as it becomes available for disclosure.

## **CURRENT BUSINESS DEVELOPMENT**

The Company wishes to update the shareholders of the Company that the Group has focused on the existing trading business in Hong Kong through its wholly-owned subsidiary, namely Ever Good Industries (International) Limited. The Group has obtained a loan facility of HK\$20 million and as set out in the Company announcement dated 14 March 2014 and 17 March 2014, the Company has appointed Get Nice Securities Limited to place of 169,000,000, at best effort basis, new shares at the price of HK\$0.105 per share, completion of which shall be in early April 2014. The Board believes that it has sufficient working capital to sustain the trading business and will generate positive cash generated from operation for this segment.

Apart from trading business, the Board will consider any new business opportunity with prospect with a view to broaden its income stream and is in the interests of the Company and its shareholders as a whole.

The Company will keep the shareholders of the Company and the market informed of any further material development of the aforesaid matters by way of further announcement as and when appropriate.

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

Hong Kong, 25 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.*