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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)**

**(A) PROPOSED OPEN OFFER OF NOT LESS THAN  
1,095,162,666 OFFER SHARES AND  
NOT MORE THAN 1,096,112,353 OFFER SHARES  
AT THE SUBSCRIPTION PRICE OF HK\$0.04  
EACH ON THE BASIS OF ONE OFFER SHARE  
FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE;  
AND  
(B) RESUMPTION OF TRADING**

**Financial adviser to the Company**



**結好融資有限公司**  
GET NICE CAPITAL LIMITED

**Underwriter of the Open Offer**



**結好證券有限公司**  
GET NICE SECURITIES LIMITED

**PROPOSED OPEN OFFER**

The Board proposes to raise approximately HK\$43.8 million, before expenses, by issuing not less than 1,095,162,666 Offer Shares and not more than 1,096,112,353 Offer Shares at the Subscription Price of HK\$0.04 per Offer Share.

The Open Offer is only available to the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) existing Shares in issue and held on the Record Date and payable in full on acceptance.

The Qualifying Shareholders are not entitled to apply for excess Offer Shares and any such Offer Shares not taken up by the Qualifying Shareholders in excess of their respective entitlements under the Open Offer will be underwritten by the Underwriter.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 1,095,162,666 Offer Shares proposed to be allotted and issued represent approximately 50% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of the 1,095,162,666 Offer Shares immediately after the completion of the Open Offer.

Assuming all the outstanding Share Options are exercised in full on or before the Record Date, the maximum number of 1,096,112,353 Offer Shares proposed to be allotted and issued represent approximately 50.04% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of 1,899,374 new Shares pursuant to the exercise of the subscription rights attached to the Share Options in full on or before the Record Date and the 1,096,112,353 Offer Shares immediately after completion of the Open Offer.

The net proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$42.0 million (after expenses). The Group intends to apply the net proceeds from the Open Offer as to (i) approximately HK\$15.0 million as a reserve for the repayment of the current liabilities as and when due; (ii) approximately HK\$10.0 million for trading business in Hong Kong for health product, (iii) approximately HK\$10.0 million for the establishment of a wholly-owned subsidiary in the PRC for trading business of metal and other raw materials; and (iv) approximately HK\$7.0 million for general working capital of the Group and the future investments opportunities of the Group if suitable activities are identified.

The Record Date is Tuesday, 13 May 2014. The last day of dealings in the Shares on cum-entitlement basis is Friday, 2 May 2014. The Shares will be dealt in on ex-entitlement basis from Monday, 5 May 2014. To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date, and be a Qualifying Shareholder.

Since the Open Offer will not increase the issued share capital or the market capitalization of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), the Open Offer is not subject to Shareholders' approval under the Listing Rules.

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Prospectus will be despatched to the Non-Qualifying Shareholders for information only and no Application Form will be sent to them.

## **WARNING OF THE RISKS OF DEALING IN SHARES**

**The Open Offer is conditional upon, inter alia, the fulfillment of the conditions as set out under the paragraph headed “Conditions of the Open Offer” in this announcement. Therefore, the Open Offer may or may not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all such conditions are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Tuesday, 22 April 2014, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Wednesday, 23 April 2014.

## **PROPOSED OPEN OFFER**

On 22 April 2014, the Company and the Underwriter entered into the Underwriting Agreement in respect of the proposed Open Offer.

The terms of the Open Offer are set out below:

### **Issue Statistics**

Basis of the Open Offer	:	One (1) Offer Share for every Two (2) existing Shares held on the Record Date
Number of Shares in issue as at the date of this announcement	:	2,190,325,332
Number of outstanding Share Options as at the date of this announcement	:	1,899,374 Share Options entitling the holders thereof to subscribe for 1,899,374 new Shares
Number of Offer Shares ( <i>Note</i> )	:	not less than 1,095,162,666 Offer Shares (assuming no subscription rights attaching to the outstanding Share Options are exercised on or before the Record Date); and  not more than 1,096,112,353 Offer Shares (assuming full exercise of the subscription rights attaching to the outstanding Share Options on or before the Record Date)

Subscription Price	:	HK\$0.04 per Offer Share with nominal value of HK\$0.001 each
Underwriter	:	Get Nice Securities Limited
Enlarged issued share capital of the Company upon completion of the Open Offer	:	Not less than 3,285,487,998 Shares (assuming no subscription rights attaching to the outstanding Share Options are exercised on or before the Record Date) and not more than 3,288,337,059 Shares (assuming full exercise of the subscription rights attaching to the outstanding Share Options on or before the Record Date)
Funds to be raised before expenses	:	Approximately HK\$43.8 million

*Note:*

As at the date of this announcement, the Company has 1,899,374 outstanding Share Options entitling the holders thereof to subscribe for 1,899,374 new Shares. Save for the Share Options, the Company has no outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

Assuming no further issue of new Shares or repurchase of Shares on or before the Record Date, the 1,095,162,666 Offer Shares proposed to be allotted and issued represent approximately 50.00% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of the 1,095,162,666 Offer Shares immediately after completion of the Open Offer.

Assuming full exercise of the subscription rights attaching to the outstanding Share Options on or before the Record Date, the maximum number of 1,096,112,353 Offer Shares proposed to be allotted and issued represent approximately 50.04% of the Company's issued share capital as at the date of this announcement and approximately 33.33% of the Company's issued share capital as enlarged by the allotment and issue of 1,899,374 new Shares pursuant to the exercise of the subscription rights attached to the Share Options in full on or before the Record Date and the 1,096,112,353 Offer Shares immediately after completion of the Open Offer.

The Open Offer is not subject to any Shareholders' approval and the Offer Shares are not issued under the general mandate granted to the Directors.

### **Basis of Assured Allotment**

The basis of the assured allotment shall be one (1) Offer Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's assured allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

## **Status of the Offer Shares**

The Offer Shares, when allotted, issued and fully paid, shall rank pari passu in all respects with the then existing Shares in issue on the date of allotment of the Offer Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

## **Share Certificates and Refund Cheques for the Offer Shares**

Subject to the fulfillment of the conditions as set out in the paragraph headed “Conditions of the Open Offer” in this announcement, share certificates for all fully-paid Offer Shares are expected to be posted on or before Thursday, 5 June 2014 by ordinary mail to the Qualifying Shareholders who have validly accepted and applied for (where appropriate), and paid for the Offer Shares by 4:00 p.m. on Wednesday, 28 May 2014 at their own risk. If the Open Offer is terminated, refund cheques will be despatched on or before Thursday, 5 June 2014 by ordinary post at the respective Shareholders’ own risk.

## **Qualifying Shareholders**

The Company will send the Prospectus Documents to the Qualifying Shareholders only and the Company will send the Prospectus to the Non-Qualifying Shareholders for information only.

To qualify for the Open Offer, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date;
2. be a Qualifying Shareholder.

The last day of dealings in the Shares on the Stock Exchange on a cum-entitlement basis will be Friday, 2 May 2014. The Shares will be dealt in on an ex-entitlement basis on the Stock Exchange from Monday, 5 May 2014.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfer of Shares (together with the relevant share certificates) with the Company’s Hong Kong branch share register and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 7 May 2014.

The invitation to apply for the Offer Shares will not be transferable.

## **Closure of Register of Members**

The register of members of the Company will be closed from Thursday, 8 May 2014 to Tuesday, 13 May 2014, both dates inclusive, for the purpose of ascertaining entitlements to the Open Offer. No transfer of Shares will be registered during this period.

## **Overseas Shareholders and Non-Qualifying Shareholders**

If at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside of Hong Kong, that Shareholder may not be eligible to take part in the Open Offer. The Prospectus Documents will not be registered or filed under the applicable securities or equivalent legislation of any jurisdiction other than in Hong Kong.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Directors will make enquiries as to whether the issue of Offer Shares to the Overseas Shareholder(s) may contravene the applicable securities legislation of the relevant overseas places or the requirements of the relevant regulatory body or stock exchange.

If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Offer Shares to such Overseas Shareholder(s), the Open Offer will not be extended to such Overseas Shareholders. The results of enquiries and the basis of any exclusion of the Overseas Shareholders will be included in the Prospectus. If they are excluded, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any Application Forms to the Non-Qualifying Shareholders.

The Offer Shares to which the Non-Qualifying Shareholders would have been entitled will be underwritten and taken up by the Underwriter.

Beneficial owners with their Shares held by a nominee (or which are held in CCASS) should note that the Board will regard such nominee (including HKSCC) as a single Shareholder according to the register of members of the Company. Beneficial owners with their Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange registration of their Shares in their own names prior to the relevant book closure period. Beneficial owners whose Shares are held by a nominee (or which are held in CCASS) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar by 4:30 p.m. on Wednesday, 7 May 2014. Beneficial owners should consult their professional advisers if they are in any doubt as to whether they should register their shareholding in their own names.

**Those Qualifying Shareholders who do not take up the Offer Shares in full to which they are entitled and the Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted upon completion of the Open Offer.**

### **No application for excess Offer Shares and fractions of the Offer Shares**

No application for excess Offer Shares will be available to any Qualifying Shareholders to apply for any Offer Share in excess of their respective assured entitlements since each Qualifying Shareholder will be given equal and fair opportunities to participate in the Company's future development by subscribing for his/her/its assured entitlements under the Open Offer and if an application for excess Offer Shares is arranged, the Company would be required to put in additional efforts and costs to administer the excess application procedures, which is not cost-effective.

In order to alleviate the difficulties arising from the existence of odd lots of Shares arising from the Open Offer, the Company has appointed Get Nice Securities Limited to provide matching services for the sale and purchase of odd lots of Shares on a best effort basis during the period between Friday, 6 June 2014 to Thursday, 26 June 2014 (both days inclusive). Shareholders who wish to take advantage of this facility should contact Mr. Larry Ng of Get Nice Securities Limited at 10th Floor, Cosco Tower, 183 Queen's Road Central, Hong Kong at telephone number (852) 2970 8000 during office hours of such period. Shareholders should note that successful matching of the sale and purchase of odd lots of the Shares is not guaranteed. Shareholders who are in doubt about this facility are recommended to consult their professional adviser.

Fractional entitlements to the Offer Shares will not be issued to the Qualifying Shareholders but will be aggregated, underwritten and taken up by the Underwriter. The Company will not allot any fractions of the Offer Shares.

Any Shortfall Underwritten Shares, any Offer Shares created by aggregation of fractional Offer Shares and any Offer Shares which the Non-Qualifying Shareholders would otherwise have been entitled (if any) will be underwritten and taken up by the Underwriter.

### **Subscription price**

The Subscription Price for the Offer Shares is HK\$0.04 per Offer Share, payable in full upon acceptance of the relevant assured allotment under the Open Offer. The Subscription Price represents:

- (a) a discount of approximately 70.37% to the closing price of HK\$0.135 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 69.70% to the average closing price of approximately HK\$0.132 per Share for the five consecutive trading days ended on the Last Trading Day; and
- (c) a discount of approximately 61.17% to the theoretical ex-entitlement price of approximately HK\$0.103 per Share based on the closing price of HK\$0.135 per Share as quoted on the Stock Exchange on the Last Trading Day.

Based on the Subscription Price of HK\$0.04 and assuming no change in the Shareholding structure of the Company from the date of this announcement to immediately after completion of the Open Offer, the gross proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$43.8 million (before expenses). The net proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$42.0 million (after expenses). The net price raised per Offer Share is estimated at approximately HK\$0.038.

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the Shares, the business development and financial position of the Group and the absence of excess application arrangement to the Qualifying Shareholders. The Directors consider that under the Open Offer, each Qualifying Shareholder is entitled to subscribe for the Offer Shares at the same price in proportion to his/her/its existing shareholding in the Company and that the discount of the Subscription Price will lower the further investment cost of the Qualifying Shareholders and encourages them to participate in the Open Offer. The Directors (excluding Mr. He Jianhong and Mr. Zhang Zhantao, whose positions, functions and duties have been suspended from 27 January 2014 and 6 March 2014 respectively, but including all the independent non-executive Directors) consider that the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Application for listing**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares. Dealings in the Offer Shares will be subject to the payment of stamp duty, Stock Exchange trading fee and any other applicable fees and charges in Hong Kong.

None of the securities of the Company is listed or dealt in on any other stock exchange other than the Stock Exchange and no such listing or permission to deal is proposed to be sought.

Subject to the granting of listing of, and permission to deal in, the Offer Shares on the Stock Exchange, the Offer Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Offer Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **CONDITIONS OF THE OPEN OFFER**

The Open Offer is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. In addition, the Open Offer is conditional upon the following conditions being fulfilled:

- (a) the Listing Committee of the Stock Exchange granting or agreeing to grant in principle (subject to allotment of Offer Shares) and not having withdrawn or revoked the listing of and permission to deal in all the Offer Shares (in their fully-paid form);
- (b) the filing and registration of all documents relating to the Open Offer, which are required to be filed or registered with the Registrar of Companies in Hong Kong in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders;



- (d) compliance with and performance of all the undertakings and obligations of the Company and the Underwriter under the terms of the Underwriting Agreement.

In the event that any of the conditions has not been satisfied and/or waived (where applicable) in whole or in part by the Underwriter pursuant to the terms of the Underwriting Agreement and being no later than the Latest Time for Acceptance (or such other time and/or date as the Company and the Underwriter may determine in writing), the Underwriting Agreement shall determine (save in respect of any rights and obligations which may accrue under the Underwriting Agreement) and no party thereto shall have any claim against the other parties save for any antecedent breach of the Underwriting Agreement.

If the Underwriting Agreement is terminated, the Open Offer will not proceed.

## **THE UNDERWRITING AGREEMENT**

Date	:	22 April 2014
Underwriter	:	Get Nice Securities Limited, to the best of the Directors' knowledge, information and belief having made all reasonable enquires, the Underwriter and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons
Total number of Offer Shares being underwritten by the Underwriter	:	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Offer Shares not subscribed by the Qualifying Shareholders, any Offer Shares created by aggregation of fractional Offer Shares and any Offer Shares which the Non-Qualifying Shareholders would otherwise have been entitled (if any) on a fully underwritten basis, not less than 1,095,162,666 Offer Shares and not more than 1,096,112,353 Offer Shares, subject to the terms and conditions of the Underwriting Agreement
Commission	:	2.5% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date

The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the existing financial position of the Company, the size of the Open Offer, and the current and expected market conditions. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Open Offer will be fully underwritten by the Underwriter. Upon completion of the Open Offer in accordance with the terms of the Underwriting Agreement, the public float requirement under the Listing Rules will be complied with.

## **TERMINATION OF THE UNDERWRITING AGREEMENT**

Notwithstanding anything contained in the Underwriting Agreement, the Underwriter may terminate the arrangement set out in the Underwriting Agreement by notice in writing to the Company at any time prior to the Latest Time for Termination (i.e. 4:00 p.m. on Tuesday, 3 June 2014 pursuant to the expected timetable), if it becomes aware of the fact that there shall develop, occur, exist or come into effect:

- (1) any new law or regulation or any change in existing laws or regulations in Hong Kong or in which the Company conducts or carries on business; or
- (2) any significant change (whether or not permanent) in local, national or international economic, financial, political or military conditions; or
- (3) any significant change (whether or not permanent) in local, national or international securities market conditions (any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise) or exchange controls; or
- (4) any material adverse change in relation to the business or the financial or trading position or prospects of the Company or any members of the Group which in the sole and absolute opinion of the Underwriter will adversely affect the prospects of the Company or the Open Offer; or
- (5) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out,

and in the reasonable opinion of the Underwriter, such change has or would have a material and adverse effect on the business, financial or trading position or prospects of the Company as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

If, at any time prior to the Latest Time for Termination, the Company commits any breach of or omits to observe any of the obligations or undertakings expressed to be assumed by it under the Underwriting Agreement which breach or omission will have a material and adverse effect of its business, financial or trading position, the Underwriter shall be entitled (but not bound) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Underwriter from its obligations under the Underwriting Agreement.

Upon giving of notice of termination pursuant to the Underwriting Agreement, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and save as provided on the Underwriting Agreement, the obligations of the parties to the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such indemnities, fees and expenses (but not the underwriting commission) referred to in the Underwriting Agreement. If the Underwriter exercises such right, the Open Offer will not proceed.

## EXPECTED TIMETABLE

The expected timetable for the Open Offer set out below is indicative only and it has been prepared on the assumption that all the conditions as set out under the paragraph headed “Conditions of the Open Offer” in this announcement will be fulfilled. The expected timetable for the Open Offer is set out below:

**2014**

*(Hong Kong time)*

Last day of dealing in Shares on cum-entitlement basis of the Open Offer . . . . .	Friday, 2 May
Ex-date (the first day of dealings in Shares on ex-entitlement basis of the Open Offer) . . . . .	Monday, 5 May
Latest time for lodging transfers of shares in order to qualify for the Open Offer . . . . .	4:30 p.m. on Wednesday, 7 May
Register of members closes (both days inclusive) . . . . .	Thursday, 8 May to Tuesday, 13 May
Record Date . . . . .	Tuesday, 13 May
Register of members of the Company re-opens . . . . .	Wednesday, 14 May
Despatch of the Prospectus Documents . . . . .	Wednesday, 14 May
Latest time for Acceptance and payment for the Offer Shares . . . . .	4:00 p.m. on Wednesday, 28 May
Latest time for Termination of the Underwriting Agreement by the Underwriter and the Open Offer becomes unconditional. . . . .	4:00 p.m. on Tuesday, 3 June
Announcement of the results of the Open Offer . . . . .	Wednesday, 4 June
Despatch of refund cheques if the Open Offer is terminated . . . . .	Thursday, 5 June
Despatch of share certificates for Offer Shares . . . . .	Thursday, 5 June
Expected first day of dealing in Offer Shares on the Stock Exchange . . . . .	Friday, 6 June
Designated broker starts to stand in the market to provide matching services . . . . .	Friday, 6 June
Last day for the designated broker to stand in the market to provide matching services. . . . .	Thursday, 26 June

## EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE

The Latest Time for Acceptance will be postponed if there is:

- a tropical cyclone warning signal number 8 or above, or
- a “black” rainstorm warning

in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Wednesday, 28 May 2014. Instead, the Latest Time for Acceptance will be rescheduled to 12:00 noon on the next Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 12:00 noon. If the Latest Time for Acceptance is postponed in accordance with the foregoing, the dates mentioned in the section headed “Expected Timetable” in this announcement may be affected. An announcement will be made by the Company in such event accordingly.

## WARNING OF THE RISKS OF DEALING IN SHARES

**The Open Offer is conditional upon, inter alia, the fulfillment of the conditions as set out under the paragraph headed “Conditions of the Open Offer” in this announcement. Therefore, the Open Offer may or may not proceed. Any dealings in the Shares from the date of this announcement up to the date on which all such conditions are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating dealings in the Shares are recommended to consult their own professional advisers. Shareholders and potential investors of the Company should therefore exercise extreme caution when dealing in the Shares.**

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company assuming that there is no change in the shareholding structure of the Company from the date of this announcement to immediately after completion of the Open Offer:

### (a) Assuming none of the Share Option is exercised on or before the Record Date:

	As at the date of this announcement		Immediately after completion of the Open Offer (assuming all Offer Shares are taken up by the Qualifying Shareholders)		Immediately after completion of the Open Offer (assuming none of the Offer Shares are taken up by the Qualifying Shareholders)	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)	Number of Shares	% (approx.)
<b>Director</b>						
Mr. He Jianhong (Note 1)	1,097,209,604	50.09	1,645,814,406	50.09	1,097,209,604	33.40
The Underwriter and Sub-underwriters (Note 2)	–	–	–	–	1,095,162,666	33.33
Public Shareholders	1,093,115,728	49.91	1,639,673,592	49.91	1,093,115,728	33.27
Total	<u>2,190,325,332</u>	<u>100.00</u>	<u>3,285,487,998</u>	<u>100.00</u>	<u>3,285,487,998</u>	<u>100.00</u>

**(b) Assuming all the outstanding Share Options are exercised in full on or before the Record Date:**

	As at the date of this announcement		Assuming all the outstanding Share Options are exercised in full on or before the Record Date		Immediately after completion of the Open Offer (assuming all Offer Shares are taken up by the Qualifying Shareholders)		Immediately after completion of the Open Offer (assuming none of the Offer Shares are taken up by the Qualifying Shareholders)	
	Number of Shares	% (approx.)	Number of Shares	% (approx.)	Number of Shares	% (approx.)	Number of Shares	% (approx.)
<b>Director</b>								
Mr. He Jianhong (Note 1)	1,097,209,604	50.09	1,097,209,604	50.05	1,645,814,406	50.05	1,097,209,604	33.37
The Underwriter and Sub-underwriters (Note 2)	-	-	-	-	-	-	1,096,112,353	33.33
<b>Public shareholders</b>								
Holders of the Share Options (Note 3)	-	-	1,899,374	0.09	2,849,061	0.09	1,899,374	0.06
Other Shareholders	1,093,115,728	49.91	1,093,115,728	49.86	1,639,673,592	49.86	1,093,115,728	33.24
Total	<u>2,190,325,332</u>	<u>100.00</u>	<u>2,192,224,706</u>	<u>100.00</u>	<u>3,288,337,059</u>	<u>100.00</u>	<u>3,288,337,059</u>	<u>100.00</u>

**Notes:**

- The interest disclosed represents the 1,097,209,604 Shares held by Able Success Asia Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is beneficially owned by Mr. He Jianhong, executive Director and chairman of the Board (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 Asia Limited under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). As at the date of this announcement, the Company has no knowledge on whether Able Success Asia Limited would subscribe for any of the Offer Shares to which it is entitled under the Open Offer.
- This scenario is for illustration purpose only. As at the date of this announcement, the Underwriter has sub-underwritten its underwriting obligations under the Underwriting Agreement to Sub-underwriters such that each of the Underwriter and the Sub-underwriters (together with their respective parties acting in concert as defined in the Takeovers Code) will not own 30% or more of the voting power of the Company after completion of the Open Offer (for both scenarios (a) and (b) referred above). Each of the Underwriter and the Sub-underwriters (and their respective ultimate beneficial owners) (i) is not a party acting in concert with each other; and (ii) is not a party acting in concert with the Company, any of the Directors, chief executive and substantial Shareholders of the Company, the Company's subsidiaries, and their respective associates.

In the event that the Underwriter or any of the Sub-underwriters is required to take up the Offer Shares pursuant to its underwriting obligations under the Underwriting Agreement, the Underwriter or such Sub-underwriter will procure independent placees to take up such number of Offer Shares as may be necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.

- As at the date of this announcement, the Company had 1,899,374 outstanding Share Options entitling the holders thereof to subscribe for 1,899,374 new Shares under the Old Share Option Scheme. None of the Directors held any of the 1,899,374 outstanding Share Options.

## **REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS**

The Group is principally engaged in the manufacture and sale of tinplate cans for the packaging as well as trading business and related services.

Based on the Subscription Price of HK\$0.04 per Offer Share and assuming no change in the Shareholding structure of the Company from the date of this announcement to immediately after completion of the Open Offer (other than the Shares to be issued and allotted pursuant to the exercise of the subscription rights attaching to the outstanding Share Options on or before the Record Date), the gross proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$43.8 million (before expenses). The net proceeds to be raised by the Company from the Open Offer will amount to approximately HK\$42.0 million (after expenses). The Group intends to apply the net proceeds from the Open Offer as to (i) approximately HK\$15.0 million as a reserve for the repayment of the current liabilities as and when due; (ii) approximately HK\$10.0 million for trading business in Hong Kong for health product, (iii) approximately HK\$10.0 million for the establishment of a wholly-owned subsidiary in the PRC for trading business of metal and other raw materials; and (iv) approximately HK\$7.0 million for general working capital of the Group and the future investments opportunities of the Group if suitable activities are identified.

The Board considers that it is prudent to finance the Group's long-term growth by long-term financing, preferably in the form of equity. The Board also believes that the Open Offer will enable the Group to strengthen its capital base and to enhance its financial position. The Open Offer will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and to continue to participate in the future development of the Group. Accordingly, the Board considers that fund raising through the Open Offer is in the interests of the Company and the Shareholders as a whole.

The Board has considered other fund raising alternatives, including rights issue and bank borrowings. If compared to an open offer, (i) a rights issue would involve extra administrative work and costs for the trading arrangements in relation to nil-paid rights; and (ii) bank borrowings would result in additional interest burden and higher gearing ratio of the Group. As such, the Board is of the view that an open offer is more costs effective and efficient.

Furthermore, the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company and to allow Qualifying Shareholders an equal opportunity to maintain their proportionate interests in the Company and continue to participate in the future development of the Group should they wish to do so.

## FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Company has been refocusing its resources on new opportunities in trading business and possible business matching services after the deconsolidation of Shanxi Zhanpen Metal Products Co., Ltd (山西展鵬金屬製品有限公司) (“**Zhanpen**”), an indirect wholly-owned subsidiary of the Company, and Bloxworth Enterprise Limited (“**Bloxworth**”), an immediate holding company of Zhanpen and a direct wholly-owned subsidiary of the Company, from its financial statements for the financial year ended 31 December 2013, so as to create long-term value for Shareholders. For more information regarding Zhanpen and Bloxworth, please refer to the Company’s announcements dated 25 March 2014 and 31 March 2014.

In the first quarter of 2014, the Group has commenced its trading business for health products in Hong Kong. The Group will continue to explore this trading business. In respect of the trading in the PRC, in particular, metal trading and other raw materials, the Group is planning to establish a wholly-owned subsidiary in the PRC for the trading business.

The Group will strive to expand its operation scale and proactively seek for investment opportunities to acquire businesses with good potential apart from current trading business, so as to strengthen its operation, diversify its business and broaden its income stream. The Board believes that the business performance of the Group will be improved. With the proceeds raised from the Open offer and as explained more fully in the above paragraph headed “Reasons for the Open Offer and Use of Proceeds”, the Group will have additional funding to expand its scale of business and develop its business.

## FUND RAISING ACTIVITIES INVOLVING ISSUE OF SECURITIES IN THE PAST TWELVE MONTHS

Dates of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
14 March 2014, 17 March 2014, 28 March 2014 and 10 April 2014	Placing of 169,000,000 new Shares by the Company under the general mandate at a price of HK\$0.105 per Share	Approximately HK\$17.5 million	(i) approximately HK\$5 million for trading business;  (ii) the remaining balance as general working capital of the Company to meet any future business developments and obligations	(i) approximately HK\$5 million for trading business;  (ii) the remaining balance of HK\$12.5 million as general working capital of the Company, of which: (a) HK\$3.0 million for the development of trading business; (b) HK\$7.7 million for the obligations for settlement of liabilities; and (c) HK\$1.8 million for administrative and legal expenses

Save as disclosed above, the Company has not conducted any fund raising activities in the past twelve months immediately before the date of this announcement.

## **POSSIBLE ADJUSTMENTS TO THE SHARE OPTIONS**

As a result of the Open Offer, the exercise price of the Share Options may be adjusted in accordance with the terms of the Old Share Option Scheme. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

## **LISTING RULES IMPLICATIONS**

Since the Open Offer will not increase the issued share capital or the market capitalization of the Company by more than 50% within the twelve-month period immediately preceding this announcement and the Open Offer is fully underwritten by the Underwriter who is not a director, chief executive or substantial shareholder of the Company (or an associate of any of them), the Open Offer is not subject to Shareholders' approval under the Listing Rules.

## **GENERAL**

The Prospectus Documents setting out details of the Open Offer will be despatched to the Qualifying Shareholders on the Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Prospectus will be despatched to the Non-Qualifying Shareholders for information only and no Application Form will be sent to them.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on Tuesday, 22 April 2014, pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of the Shares with effect from 9:00 a.m. on Wednesday, 23 April 2014.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Application Form(s)”	the application form(s) to be used by the Qualifying Shareholders to apply for the Offer Shares in connection with the Open Offer in such form as may be agreed between the Company and the Underwriter
“associate(s)”	the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors



“Business Day”	a day (other than a Saturday and Sunday) on which banks are generally open for business for more than five hours in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Packaging Group Company Limited, an company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange (stock code: 572)
“connected person(s)”	the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Last Trading Day”	17 April 2014, being the last trading day of the Shares on the Stock Exchange before the release of this announcement
“Latest Time for Acceptance”	4:00 p.m. on 28 May 2014 (or such other date as the Underwriter may agree with the Company as the latest date for acceptance of, and payment for, Offer Shares)
“Latest Time for Termination”	4:00 p.m. on the third Business Day after (but excluding) the Latest Time for Acceptance, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that (those) place(s)

“Offer Share(s)”	not less than 1,095,162,666 new Shares and not more than 1,096,112,353 new Shares to be allotted and issued pursuant to the Open Offer
“Old Share Option Scheme”	the old share option scheme (the “ <b>Old Scheme</b> ”) adopted by the Company. The Company has terminated the Old Scheme pursuant to an ordinary resolution passed at an extraordinary general meeting of the Company held on 22 February 2012, and adopted a new share option at the same meeting. Under the Old Scheme, a share option may be exercised in accordance with the terms of the share option scheme prior to the expiry of such date as determined by the board of directors but in any event not exceeding 10 years from the date of acceptance
“Open Offer”	the proposed issue by way of an open offer, subject to the fulfillment of certain conditions, of not less than 1,095,162,666 Offer Shares and not more than 1,096,112,353 Offer Shares for subscription by the Qualifying Shareholders on the basis of one (1) Offer Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date for the Offer Shares at the Subscription Price payable in full on application and otherwise on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“Posting Date”	14 May 2014 or such other date as the Underwriter may agree with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only to the Non-Qualifying Shareholders (as the case may be)
“PRC”	The People’s Republic of China
“Prospectus”	the prospectus to be despatched to Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form

“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	13 May 2014 (or such other date as the Underwriter may agree with the Company), as the date by reference to which entitlements to the Open Offer are expected to be determined
“Registrar”	Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the issued and unissued capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Share Options”	The options issued under the Old Share Option Scheme
“Shortfall Underwritten Shares”	any Underwritten Shares not accepted by Shareholders or for which duly completed Application Form(s) (accompanied by cheques or banker’s cashier orders for the full amount payable on application which are honoured on first or, at the discretion of the Underwriter, subsequent presentation) have not been lodged for acceptance, or received, as the case may be, on or before the Latest Time for Acceptance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.04 per Offer Share
“Substantial Shareholder”	the meaning ascribe thereto under the listing Rules
“Sub-Underwriter(s)”	the sub-underwriter(s) who has agreed to act as a sub-underwriter in relation to the Offer Shares pursuant to the sub-underwriting agreement with the Underwriter
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“Underwriter”	Get Nice Securities Limited, a licensed corporation to carry out businesses in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO

“Underwriting Agreement”	the underwriting agreement dated 22 April 2014 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Open Offer
“Underwritten Shares”	not less than 1,095,162,666 Offer Shares and not more than 1,096,112,353 Offer Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%” or “per cent.”	percentage or per centum

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

Hong Kong, 22 April 2014

*As at the date of this announcement, the board of directors of the Company comprises of (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.*