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China Packaging Holdings Development Limited

中華包裝控股發展有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1439)

PROPOSED ISSUE OF PROMISSORY NOTE

AND

UNLISTED WARRANTS UNDER GENERAL MANDATE

AND

RESUMPTION OF TRADING

On 21 May 2015, after trading hours of the Stock Exchange, the Company, Rich Kirin, Big Wealth, the Guarantors and the Investor entered into the Subscription Agreement, pursuant to which the Company has conditionally agreed to issue and the Investor has conditionally agreed to subscribe for the Promissory Note with an aggregate principal amount of up to HK\$60,000,000 and the Warrants which carry purchase rights to subscribe for up to 24,000,000 Warrant Shares at the Subscription Price (being the initial price of HK\$0.85 per Warrant Share which is subject to normal adjustment) during the Exercise Period.

The Warrant Shares issued upon exercise of the purchase rights attaching to the Warrants will be issued under the General Mandate.

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the purchase rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

The Investor is a limited liability company incorporated in the BVI. It is indirectly and wholly-owned by CCB International (Holdings) Limited (“CCBI”). CCBI is an investment services flagship which is indirectly and wholly-owned by China Construction Bank Corporation, a joint-stock company incorporated in the PRC and listed on the Main Board of the Stock Exchange (stock code: 0939) and the Shanghai Stock Exchange (stock code: 601939).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Investor and their respective ultimate beneficial owners are Independent Third Parties.

Completion of the Subscriptions is subject to the satisfaction of the conditions precedent under the Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise 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 Friday, 22 May 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Tuesday, 26 May 2015.

THE SUBSCRIPTION AGREEMENT

Date: 21 May 2015 (after trading hours)

Issuer: The Company

Guarantors: Mr. Sun Shao Hua, a Director and a controlling shareholder of the Company
Novel Blaze, a company wholly and beneficially owned by Mr. Sun and a controlling shareholder of the Company

Investor: Chance Talent Management Company

Others: Rich Kirin and Big Wealth

Principal terms of the Promissory Note

The principal terms of the Promissory Note are summarised below:

Issuer: The Company

Principal amount: HK\$60,000,000

Term of the Promissory Note: A term of one year from and including the date of issue of the Promissory Note (the “**Term**”). Provided that the Company’s EBITDA for the financial year before the end of the Term is not less than RMB52,000,000 and the consolidated net asset value of the Group is not less than RMB220,000,000, the Noteholder shall extend the Promissory Note (in whole or in part) on the same terms and conditions of the Promissory Note, for a period of one (1) year commencing from the last day of the Term or if applicable extend for a further term of one year (the “**Extended Term**”), provided that the Noteholder may only make up to two (2) extensions and the aggregate extended term for the above extensions shall not exceed two (2) calendar years.

Form:	The Promissory Note will be issued upon Completion in registered form.
Interest Rate:	9% per annum, accrued from day to day on a 365 days basis payable in arrears with successive interest periods of 6 months until the Maturity Date or if earlier, the exercise of the Noteholder's redemption rights or the Company's Redemption Rights
Security:	The Promissory Note will have the benefit of the security constituted by the Rich Kirin Share Charge, the Big Wealth Share Charge, the personal guarantee provided by Mr. Sun and the corporate guarantee by Novel Blaze.
Status:	The Promissory Note will be constituted by the Note Instrument and constitute direct, unconditional and secured obligations of the Company and shall at all times rank <i>pari passu</i> without any preference among themselves.
Transferability:	The Promissory Note is freely transferable.
Redemption:	The Company shall redeem all outstanding principal amount of the Promissory Note on the Maturity Date
Early redemption:	The Company may, prior to the Maturity Date from and including the date falling 12 months from the date of issue redeem the outstanding principal amount of the Promissory Note (the " Company's Redemption Rights "), with all amounts of accrued interest and all other outstanding amount payable by the Company to the Noteholder, and without penalty.
Mandatory redemption:	The Company must redeem the Promissory Note in full upon the issuance of a notice of redemption by the Noteholder after the occurrence of an event of default at the redemption price of (i) the outstanding principal amount of the Promissory Note, and (ii) such amount as would result in an internal rate of return of 22% per annum on the outstanding principal amount of the Promissory Note from its issue date up to and including the date of full payment of the redemption price.
Warrant Exercise Price set-off redemption:	The Company must also redeem the Promissory Note in whole or in part upon a Warrantholder selects to settle in whole or in part of the total Subscription Price for subscription of Warrant Shares with any Promissory Note held by him.
Covenants and Undertakings	Each of the parties to the Note Instrument agrees to procure, among others, the following as long as any part of the Promissory Note is outstanding: <ul style="list-style-type: none"> (a) no member of the Group will enter into or expand any business outside the existing scope of its business where it will have a material adverse effect, change the scope of the existing principal business or cease carrying on the business;

- (b) no member of the Group will sell, dispose or create any encumbrances over any of its present or future assets, unless it is pursuant to the Note Instrument or other related transaction documents.
- (c) no encumbrance will be created by the Guarantors over the Shares directly or indirectly owned by them, without the prior written consent of the Investor;
- (d) the Company shall maintain a listing for all the issued Shares on the Stock Exchange;
- (e) each member of the Group shall carry on its business as a going concern and act only in its ordinary course of business consistent with past practice;
- (f) other than inter-group loans, no member of the Group will make any borrowings or incur any liabilities other than in the ordinary course of its business consistent with past practice;
- (g) no member of the Group will be dissolved, liquidated, reorganized, restructured or recapitalized except for the sole purpose of giving effect to the Note Instrument or other related transaction documents;
- (h) the ratio of the consolidated total assets over the consolidated net asset value of the Group is not more than two (2);
- (i) each of the Company and Novel Blaze undertakes to give the first right of refusal to engage the Investor to act as its financial advisers in relation to its mergers and acquisition activities undertaken by them upon the execution of the Subscription Agreement until the Maturity Date and thus, given the fee and the terms of engagement offered by the Investor to the Company are the same as other financial advisers, the Company shall engage the Investor as its financial adviser.
- (j) Mr. Sun remain as an executive director of the Company; and
- (k) The consolidated asset value is not less than RMB220,000,000.

Event of defaults:

The major events of default under the Note Instrument include, among others,:

- (a) the Company fails to pay any amount which falls due in accordance with the Note Instrument (including but not limited to the interest payment);
- (b) any representation or warranty given by the Company or any other party in any of the transaction documents is inaccurate, misleading or untrue in any respect;

- (c) the Company or any other party does not perform or comply with any provision under any transaction document;
- (d) any of the Group Companies (i) is insolvent or bankrupt or unable to pay its debts, (ii) stops, suspends, or threatens to stop or suspend, payment of all or a material part of its debts due to financial difficulties, (iii) proposes or makes any agreement for the deferral, rescheduling or other readjustment of all of its debts (or of any part which it will or might otherwise be unable to pay when due) or (iv) proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Company or any of its subsidiaries;
- (e) any other present or future indebtedness (whether actual or contingent) of the Company or any of its subsidiaries for or in respect of moneys borrowed or raised is not paid when due or, as the case may be, within any applicable grace period, or the Company or any of its subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;
- (f) a distress, attachment, execution, seizure before judgment or other legal process is levied, enforced or sued out on or against any part of the property, assets or turnover of the Group;
- (g) an order is made or an effective resolution passed for the winding-up or dissolution or administration of any member of the Group (except for a members' voluntary solvent winding up), except for the purpose of, and followed by, a reconstruction, amalgamation, reorganisation, merger or consolidation (a) on terms approved by the Noteholders, or (b) in the case of such member of the Group, whereby the undertaking and assets of such member of the Group are transferred to or otherwise vested in the Company or another member of the Group;
- (h) an encumbrancer takes possession or a receiver, manager, administrator, liquidator or other similar officer is appointed, of the whole or any material part of the property, assets or turnover of the Company or any of its subsidiaries (as the case may be);
- (i) any step is taken by any governmental authority which is likely to result in the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of any member of the Group; or any member of the Group is prevented from exercising normal control over all or any substantial part of its property, assets and turnover;

- (j) any action, condition or thing (including the obtaining or effecting of any necessary consent, approval, authorisation, exemption, filing, licence, order, recording or registration) at any time required to be taken, fulfilled or done in order (i) to enable the Company lawfully to enter into, exercise its rights and perform and comply with its obligations under the Promissory Note, (ii) to ensure that those obligations are legally binding and enforceable and (iii) to make the Promissory Note admissible in evidence in the courts of the Cayman Islands or British Virgin Islands or Hong Kong is not taken, fulfilled or done;
- (k) it is unlawful for the Company to perform or comply with any one or more of its obligations under the Promissory Note or the Warrants;
- (l) any event occurs which has effect of change of control (within the meaning of the Hong Kong Code on Takeovers and Mergers)
- (m) the Group fails to comply with or pay any sum due from it under any final judgment or any final order made or given by any court or arbitration institute of competent jurisdiction;
- (n) the Company or any of its subsidiaries fails to comply with or pay any sum due from it under any final judgment or any final order made or given by any court or arbitration institute of competent jurisdiction;
- (o) there is happening of events which may have a material adverse effect;
- (p) if the trading of the Shares on the Stock Exchange is suspended as a result for any reason, including without limitation, material adverse market disclosure by the Company or any disciplinary actions taken by a regulatory body against the Company and such suspension continues for three (3) consecutive Trading Days, unless approved by the Noteholders;
- (q) the Shares cease to be listed or admitted to trading on the Stock Exchange;
- (r) there is, or is agreed to be, any transfer of all or substantially all of the assets of the Group as a whole;
- (s) the auditors of the Company are unable to prepare the audited accounts of the Company or issue an opinion other than an unqualified opinion in respect of such audited accounts which will materially adversely affect the operation of the Group as a whole;
- (t) there is a change of principal business of any member of the Group;

- (u) the ratio of the consolidated total assets over the consolidated net asset value of the Group is more than two (2);
- (v) the consolidated net asset value is less than RMB220,000,000;
- (w) any encumbrance has been created by Mr. Sun or Novel Blaze over the Shares directly or indirectly owned by any of them, except those with the prior written consent of the Investor;
- (x) Mr. Sun ceases to be an executive director of the Company;
- (y) the Company disposes of its material assets (or any interest therein) or contracts to do so; and
- (z) any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the foregoing paragraphs.

Principal terms of the Warrants

The principal terms of the Warrants are summarized below:

Issuer: The Company

Number of Warrants: 24,000,000 Warrants, to be issued by the Company will confer the Investor the rights to subscribe up to 24,000,000 Warrant Shares at a subscription price of HK\$0.85.

Based on the initial Subscription Price of HK\$0.85 per Warrant Share and assuming that there will not be any change in the issued share capital of the Company before the exercise of the purchase rights in full (other than the issue of the Warrant Shares), upon the exercise of the purchase rights in full, 24,000,000 Warrant Shares will be issued, representing approximately 3.0% of the existing issued share capital of the Company and approximately 2.9% of the issued share capital as enlarged by the allotment and issue of the Warrant Shares. On such basis, the maximum nominal value of the Warrant Shares will be HK\$20,400,000.

Subscription Price: Each Warrant will carry the right to subscribe for one Share at an initial Subscription Price of HK\$0.85 per Warrant Share, subject to normal adjustments

Exercise Period: The purchase rights attaching to the Warrants may be exercised at any time during the period of three years

Status:	The Warrants will be constituted by way of Warrant Instrument. The Warrants will rank <i>pari passu</i> without any preference among themselves.
Form:	The Warrants will be issued upon Completion in registered form.
Rights of the Warrant Shares:	The Warrant Shares that fall to be issued upon the exercise of the subscription rights attaching to the Warrants will rank <i>pari passu</i> in all respects with the Shares in issue on the relevant date of registration of the name of the relevant holder(s) of the Warrants on the register of members of the Company as holder of such Warrant Shares.
Transferability:	The Warrants are freely transferable
Rights of Warrants:	The Warrantholders will not have any right to attend or vote at any meeting of the Company by virtue of them being the Warrantholders. The Warrantholders shall not have the right to participate in any distributions and/or offers of further securities made by the Company.
Setting-off arrangement:	In the event that a Warrantholder is also the holder of any part of the Promissory Note, the Warrantholder may (but shall not be obliged to), pay the Subscription Price or any part thereof by setting off the same amount of the outstanding principal amount of the Promissory Note held by such Warrantholder in lieu of making payment in cash.
Mandatory exercise of Warrants:	The Company is entitled, but not obligated to, on giving a written notice (the “ Mandatory Exercise Notice ”), require the Warrantholder(s) either to exercise their Subscription Rights of the Warrants at the Subscription Price then in effect or to allow them to lapse, at such time during the Subscription Period when, (i) the volume weighted average price of the Shares during the period of twenty (20) consecutive Trading Days (via Bloomberg AQR function) immediately preceding the date of the Mandatory Exercise Notice exceeds HK\$1.18 per Share, and (ii) the daily trading volume (excluding all block trades) of each twenty (20) Trading Days immediately preceding the date of the Mandatory Exercise Notice is not less than 2,000,000 Shares, provided that if any Trading Day involved a daily trading volume exceeding 150% of that for the Trading Day immediately preceding or following such Trading Day, such Trading Day(s) shall be disregarded in any relevant calculation and shall be deemed not to have existed when ascertaining any period of Trading Days
Redemption:	Each Warrant outstanding shall be redeemed by the Company on the last day of the Exercise Period at the redemption price, being the subscription amount of the Warrants then outstanding/24,000,000 x IRR Return

Basis of pricing of the Warrants:

The initial Subscription Price of HK\$0.85 per Warrant Share represents:

- (i) a discount of approximately 13.27% to the closing price of HK\$0.98 per Share quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 19.05% to the average of the closing prices of HK\$1.05 per Share for the last five consecutive trading days for the Shares prior to the Last Trading Day; and
- (iii) a premium of approximately 93.18% over the audited net asset value per Share attributable to the Shareholders of approximately HK\$0.44 as at 31 December 2014.

The Subscription Price is subject to adjustments in the event of, among others, share consolidation, subdivision, capital distribution, issue of Shares by way of capitalization of profits or reserves, rights issues of Shares, grant of options or warrants over Shares, issue of other convertible securities for cash as well as buy-back of Shares (excluding any on exchange purchase) by the Company. Such adjustment shall be certified by an approved investment bank.

The Subscription Price was determined after arm's length negotiations between the Company and the Investor, taking into account the recent trading prices of the Shares. The Directors consider that the Subscription Price is fair and reasonable and in the best interest of the Company and the Shareholders as a whole.

General Mandate for issue of the Warrant Shares

The Warrant Shares will be allotted and issued under the General Mandate granted to the Directors at the annual general meeting of the Company held on 20 May 2014 subject to the limit of 160,000,000 Shares (representing 20% of the aggregate nominal amount of the share capital of the Company in issue on that date). Thus, the Warrant Subscription is not subject to the approval of the Shareholders of the Company.

The 24,000,000 Warrant Shares, to be allotted and issued upon full exercise of the purchase rights attaching to the Warrants, will utilise 15% of the General Mandate. The General Mandate has not been previously utilized prior to the Warrant Subscription.

Application for listing of Warrant Shares

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Warrant Shares which may fall to be allotted and issued upon exercise of the purchase rights attaching to the Warrants. No listing of the Warrants will be sought on the Stock Exchange or any other stock exchanges.

Conditions Precedent for Subscriptions

The subscription of the Promissory Note by the Investor is conditional on, among other matters, the fulfillment of the following conditions:

- (i) the Investor having received all of the conditions precedent documents in form and substance satisfactory to it;
- (ii) the representations and warranties of the Company and the Guarantors contained in the Subscription Agreement remains true, complete and accurate on the date of completion of the Subscription Agreement;
- (iii) the Investor is satisfied with (i) the due diligence investigations with respect to the Group; and (ii) all “Know Your Client” and anti-money laundering checks and all other customer due diligence requirements with respect to the Group, and the entering into the transactions contemplated under the Subscription Agreement and other transaction documents;
- (iv) the Investor having obtained all necessary internal approvals and the investment committee of the Investor in respect of the subscription of the Promissory Note and the grant of the Warrants as set forth in the Subscription Agreement;
- (v) the Company and the Guarantors having (i) duly complied with all requirements under the applicable laws and constitutional documents necessary for the validity and enforceability of the Subscription Agreement and other transaction documents and the issue of Promissory Note and the grant of the Warrants; (ii) duly completed all procedural requirements required by any relevant governmental authority and constitutional documents in connection with the signing of the Subscription Agreement and other transaction documents and the issue of Promissory Note and the grant of the Warrants; and (iii) obtained all consents and approvals by the relevant governmental authority and under the constitutional documents in connection with the signing of the Subscription Agreement and other transaction documents and the issue of Promissory Note and the grant of the Warrants;
- (vi) there being no action by the relevant governmental authority or other person that would challenge or adversely affect the subscription of the Promissory Note, the grant of Warrants, or other transactions contemplated by the Subscription Agreement and other transaction documents;
- (vii) the announcement in relation to the issuance of the Note and the grant of the Warrant having been made;

- (viii) there shall not have been any suspension of the trading of the Shares on the Hong Kong Stock Exchange for any reason during the period between the date of the Subscription Agreement and the date of Completion (save for the purposes of clearing an announcement in respect of the Note, the grant of the Warrant and any transaction which is of a routine nature resulting in a temporary suspension of trading for not more than three (3) consecutive Business Days, or any suspension of trading in connection with the clearance for any announcement(s) as required by the Listing Rules for the purposes of Chapters 13, 14 and 14A of the Listing Rules for not more than five (5) consecutive Business Days) or cessation of trading of the Shares on the Stock Exchange for any reason;
- (ix) the approval for the listing of and the permission to deal in the new Shares issuable upon the exercise of the subscription right under the Warrants on the Stock Exchange shall have been obtained;
- (x) there being no material adverse change in the principal business etc of the Group, nor the happening of events which may have a material adverse effect to the Group; and
- (xi) there shall not have occurred any change in national or international financial, political or economic conditions which is or is likely to have a material adverse effect to the Group.

In the event that the above conditions are not fulfilled or waived on or before the Long Stop Date or such later date as may be agreed between the Company and the Investor in writing, the Investor may, in its absolute discretion, terminate the Subscription Agreement whereupon the Subscription Agreement shall lapse and become null and void and the Investor shall be released from all rights, obligations and liabilities under the Subscription Agreement, save for any liabilities for any antecedent breaches thereof. The Investor may, at its absolute discretion, waive compliance with any or all of the Conditions Precedent set out above as the Investor may deem fit provided always that no such waiver shall prejudice the Investor's rights hereunder.

Completion of the Subscriptions

The Promissory Note and the Warrants will be issued to the Investor on the same Business Day of fulfillment or waiver (as the case may be) of the conditions precedent or at such other day as the Company and the Investor may agree in writing.

Undertakings

Pursuant to the Subscription Agreement, the Company, Mr. Sun and Novel Blaze have given, among others, the following undertakings:

- (a) So long as the Promissory Note remains outstanding, without the prior written consent of the Investor, each of the Company and Novel Blaze (the “**Obligors**”) shall not, and shall procure the member of the Group not to, create any encumbrance over any of its present or future assets or proceeds (including its shareholdings on other companies) to any third party or contract to do so for guarantees or contingent payment obligations of any member of the Group in respect of financial debt of third parties.
- (b) No encumbrances has been created by Mr. Sun and Novel Blaze over the Shares directly or indirectly owned by them, except those with the prior written consent of the Investor;
- (c) The Company shall ensure at all times that:
 - (i) the consolidated net asset value of the Group is not less than RMB220,000,000;
 - (ii) the ratio of the consolidated total assets over the consolidated net asset value of the Group is not more than 2; and
 - (iii) Mr. Sun shall remain as an executive director of the Company.
- (d) Each of the Company and other Obligors undertakes to give the first right of refusal to engage the Investor to act as its financial advisers in relation to its mergers and acquisition activities undertaken by them upon the execution of the Subscription Agreement until the Maturity Date and thus, given the fee and the terms of engagement offered by the Investor to the Company are the same as other financial advisers, the Company shall engage the Investor as its financial adviser.
- (e) Each of the Obligors further undertakes that, after execution of the Subscription Agreement and before the Completion, each of them shall provide all relevant information to the Investor, upon its reasonable request, to the extent permitted by the applicable laws and in compliance with any confidentiality obligation to which the Group is subject, for the purpose of identifying any event which may have a material adverse effect.

REASONS FOR THE SUBSCRIPTIONS

The Company is an investment holding company. The Group is principally engaged in the design, manufacture, printing and sale of paper-based packaging materials. The reasons for the Promissory Note Subscription are to increase the working capital and to enhance the financial flexibility of the Company. The grant of the Warrants is pertaining to the Subscription Agreement.

The Board considers that the Subscriptions are an appropriate means of fund raising for the Company as it does not have any immediate dilution effect on the shareholding of the existing Shareholders. In addition to the net proceeds that would be raised upon issue of the Promissory Note, further capital would be raised upon exercise of the purchase rights attaching to the Warrants.

The Board considers that the Promissory Note Subscription and the issue of the Warrant Shares provide opportunities for the Group to strengthen the Group's capital base and financial position to better equip the Group with the financial flexibility for development of the business of the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

USE OF PROCEEDS

It is expected that gross proceeds of approximately HK\$60,000,000 will be raised by the Promissory Note Subscription and the net proceeds of approximately HK\$58,575,000 arising therefrom will be utilised by the Group as firstly, payment of any fees, costs and expenses under, or in connection with the Subscription Agreement; and secondly, financing working capital, corporate funding requirement and future possible investments of the Group.

In respect of the Warrant Subscription, assuming the full exercise of the purchase rights attaching to the Warrants, it is expected that gross proceeds of approximately HK\$20,400,000 will be raised. The net proceeds of approximately HK\$20,400,000 will be used for general working capital of the Group, capital expenditures and future investments of the Group. The net price to the Company of each Warrant Share, which is calculated by dividing the net proceeds by the total number of Warrant Shares, will be approximately HK\$0.85.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the Warrant Shares to be issued upon the exercise of all Warrants, when aggregated with all other equity securities which remain to be issued on exercise of all other subscription rights, will not exceed 20% of the issued share capital of the Company.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

The Company has not conducted an equity fund raising activity in the 12 months immediately preceding the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there being no other changes in the share capital of the Company, the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after exercise of the purchase rights attaching to the Warrants in full (assuming that there will not be any change in the issued share capital of the Company before the exercise of such purchase rights) are as follows:

Shareholders	As at the date of this announcement		Immediately after exercise of the purchase rights attaching to the Warrants in full (assuming that there will not be any change in the issued share capital of the Company before the exercise of such purchase rights)	
	Number of Shares	Approximate %	Number of Shares	Approximate %
Novel Blaze (<i>Note 1</i>)	408,000,000	51.0	408,000,000	49.5
Mr. Zhuo Long Wong	68,180,000	8.5	68,180,000	8.3
Qi Yuan Asset Management (H.K.) Limited	58,450,000	7.3	58,450,000	7.1
Mr. Wu Shifa	51,000,000	6.4	51,000,000	6.2
Warrantholders	—	—	24,000,000	2.9
Other public Shareholders	214,370,000	26.8	214,370,000	26.0
Total	<u>800,000,000</u>	<u>100.00</u>	<u>824,000,000</u>	<u>100.00</u>

Note:

1. Mr. Sun Shao Hua, being the executive Director, is the beneficial owner of the entire issued share capital of Novel Blaze.

Completion of the Subscriptions is subject to the satisfaction of the conditions precedent under the Subscription Agreement. As the Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise 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 Friday, 22 May 2015 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares from 9:00 a.m. on Tuesday, 26 May 2015.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meanings

“Big Wealth”	Big Wealth Limited (大富有限公司), a company incorporated in the BVI and an indirect wholly-owned subsidiary of the Company
“Big Wealth Share Charge”	the charge of all shares, rights, entitlements, interests and benefits in the Big Wealth by Rich Kirin in favour of the Investor as security for all sums due and payable under the Subscription Agreement, the Promissory Note and other relevant documents
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
“BVI”	British Virgin Islands
“Company”	China Packaging Holdings Development Limited (中華包裝控股發展有限公司), a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Subscriptions
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company for the time being
“Exercise Period”	the period of three years from the date of issue of the Warrants

“General Mandate”	general mandate granted to the Directors by the Shareholders at the annual general meeting of the Company convened and held on 20 May 2014
“Group”	the Company and its subsidiaries
“Guarantors”	Mr. Sun and Novel Blaze, acting as guarantors in respect of the punctual performance by the Company of all its obligations under the Subscription Agreement and its ancillary documents
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	party(ies) which is/are not connected person(s) (as defined under the Listing Rules) of the Company and is/are independent of the Company and its connected persons
“Investor”	Chance Talent Management Limited, a limited company incorporated under the laws of the BVI, acting as the initial investor, as well as an agent and trustee for subsequent transferees of the Promissory Note and the Warrants
“IRR Return”	an amount equal to an internal rate of return of 14% per annum on the subscription price of the Promissory Note (i.e. HK\$60,000,000) calculated from the issue date of the Promissory Note to the last day of the Exercise Period, taking into account all interest paid on the Promissory Note prior to or on the date of the full redemption of the Promissory Note in accordance with the Note Instrument
“Last Trading Day”	21 May 2015, being the last trading day for the Shares before the date of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	30 May 2015 or any other dates as agreed in writing between the Investor and the Company
“Maturity Date”	the last day of the Term or the Extended Term (as the case may be), or any such other date as mutually agreed between the Company and the Noteholder

“Mr. Sun”	Mr. Sun Shao Hua (孫少華), the chairman and a director of the Company
“Note Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Promissory Note
“Noteholder(s)”	the person(s) in whose name the Promissory Note is registered
“Novel Blaze”	Novel Blaze Limited (嶄亮有限公司), a company incorporated in the BVI and wholly owned by Mr. Sun
“PRC”	the People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan)
“Promissory Note”	the nine per cent secured promissory note in the aggregate principal amount of HK\$60,000,000 due on the Maturity Date
“Promissory Note Subscription”	the subscription of Promissory Note
“Rich Kirin”	Rich Kirin Holdings Limited (富麟控股有限公司), a company incorporated in the BVI and a direct wholly-owned subsidiary of the Company
“Rich Kirin Share Charge”	the charge of all shares, rights, entitlements, interests and benefits in the Rich Kirin by the Company in favour of the Investor as security for all sums due and payable under the Subscription Agreement, the Promissory Note and other relevant documents
“RMB”	Renminbi, the lawful currency of the PRC
“Security Providers”	Rich Kirin and Big Wealth
“Shareholder(s)”	holders of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriptions”	Promissory Note Subscription and Warrant Subscription

“Subscription Agreement”	the Subscription agreement entered into among the Company, the Investor, the Guarantors, Rich Kirin and Big Wealth dated 21 May 2015 in relation to the Subscriptions
“Subscription Price”	the initial Subscription Price of HK\$0.85 per Warrant Share (subject to normal adjustment)
“Trading Day”	a day when the Stock Exchange is open for dealing business, provided if no closing price is reported for one or more consecutive dealing days, such day or days will be disregarded in any relevant calculation and shall be deemed not have existed when ascertaining any period of dealing days
“Warrant(s)”	unlisted warrant(s) to be issued by the Company, entitling the holder thereof to subscribe in cash in aggregate up to HK\$20,400,000 for the Warrant Shares at the Subscription Price (subject to adjustment pursuant to the Warrant Instrument) at any time during the Exercise Period
“Warrantholder(s)”	holder(s) of the Warrant(s)
“Warrant Instrument”	a separate instrument to be executed by the Company by way of a deed poll containing terms of the Warrants, including the adjustment mechanisms of the initial Subscription Price for Warrant Shares
“Warrant Share(s)”	up to initially 24,000,000 new Share(s) to be allotted and issued upon exercise in full of the purchase rights attaching to the Warrant(s)
“Warrant Subscription”	the subscription of the Warrants
“%”	per cent.

By order of the Board
China Packaging Holdings Development Limited
Chen Wei Wei
Chairman

Jiangxi Province, the PRC, 22 May 2015

As at the date of this announcement, the executive Directors are Mr. Chen Wei Wei (Chairman), Mr. Sun Shao Hua and Ms. Hu Li Yu; and the independent non-executive Directors are Mr. Liu Da Jin, Mr. Ma Yiu Ho, Peter and Mr. Wu Ping.