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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)**

## **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

<b>FINANCIAL HIGHLIGHTS</b>	<b>Six Months ended 30 June</b>		<b>Change</b>
	<b>2015</b>	<b>2014</b>	
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	
	<b>RMB'000</b>	<b>RMB'000</b>	
<b>Turnover</b>	<b>274,601</b>	216,146	27.0%
<b>Gross profit</b>	<b>63,862</b>	52,390	21.9%
<b>Gross profit margin</b>	<b>23.3%</b>	24.2%	
<b>Profit attributable to owners of the Company</b>	<b>25,133</b>	21,915	14.7%
<b>Earnings per share</b>			
Basic (RMB cents)	<b>3.14</b>	2.79	12.5%
Diluted (RMB cents)	<b>3.04</b>	2.79	9.0%

### **UNAUDITED INTERIM RESULTS**

The board (the “Board”) of directors (the “Directors”) of China Packaging Holdings Development Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30 June 2015 together with the unaudited comparative figures for the six months ended 30 June 2014 as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the six months ended 30 June 2015*

	<i>Notes</i>	<b>Six months ended 30 June</b>	
		<b>2015</b> <b>(Unaudited)</b> <b>RMB'000</b>	<b>2014</b> <b>(Unaudited)</b> <b>RMB'000</b>
<b>Turnover</b>	4	<b>274,601</b>	216,146
Cost of sales		<b>(210,739)</b>	(163,756)
<b>Gross profit</b>		<b>63,862</b>	52,390
Other revenue	5	765	512
Other income	6	4,178	5,705
Selling and distribution expenses		<b>(14,707)</b>	(9,260)
Administrative expenses		<b>(10,700)</b>	(15,206)
Equity-settled share option expenses		<b>(10,298)</b>	–
Profit from operating activities		<b>33,100</b>	34,141
Finance costs	8	<b>(1,137)</b>	(985)
Profit before tax	7	<b>31,963</b>	33,156
Income tax expenses	9	<b>(6,830)</b>	(11,241)
<b>Profit for the period</b>		<b>25,133</b>	21,915
<b>Other comprehensive income for the period, net of tax</b>			
<i>Items that may be reclassified</i> <i>subsequently to profit or loss:</i>			
Exchange differences on translating of foreign operations		<b>5</b>	219
Other comprehensive income for the period, net of tax		<b>5</b>	219
<b>Total comprehensive income for the period, net of tax</b>		<b>25,138</b>	22,134
<b>Profit attributable to owners of the Company</b>		<b>25,133</b>	21,915
<b>Total comprehensive income attributable to owners of the Company</b>		<b>25,138</b>	22,134
<b>Earnings per share attributable to owners of the Company</b>			
– Basic (RMB cents)	11	<b>3.14</b>	2.79
– Diluted (RMB cents)	11	<b>3.04</b>	2.79

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015

	<i>Notes</i>	<b>30 June 2015 (Unaudited) RMB'000</b>	31 December 2014 (Audited) RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		146,070	153,034
Prepaid lease payments		2,346	2,375
		<u>148,416</u>	<u>155,409</u>
<b>Current assets</b>			
Inventories		18,872	17,890
Trade receivables	12	136,484	105,797
Prepayments, deposits and other receivables		21,227	9,587
Derivative financial instruments	15, 16	3,666	–
Tax recoverable		–	960
Pledged bank deposits		66,955	660
Cash and bank balances		220,348	92,481
		<u>467,552</u>	<u>227,375</u>
<b>Current liabilities</b>			
Trade, bills, other payables and accruals	13	108,525	95,615
Bank borrowings	14	27,170	11,000
Promissory note	15	64,331	–
Convertible bonds	16	15,295	–
Tax payables		329	–
		<u>215,650</u>	<u>106,615</u>
<b>Net current assets</b>		<u>251,902</u>	<u>120,760</u>
<b>Total assets less current liabilities</b>		<u>400,318</u>	<u>276,169</u>
<b>Non-current liability</b>			
Bank borrowings	14	87,800	–
<b>Net assets</b>		<u><u>312,518</u></u>	<u><u>276,169</u></u>
<b>Capital and reserves</b>			
Share capital		6,287	6,287
Reserves		306,231	269,882
<b>Total equity</b>		<u><u>312,518</u></u>	<u><u>276,169</u></u>

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

## 1. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standard (the “HKAS”) 34 “Interim financial reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The unaudited condensed consolidated financial statements should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2014 as contained in the Company’s annual report 2014 (the “Annual Report 2014”), which have been prepared in accordance with the Hong Kong Financial Reporting Standards (the “HKFRSs”).

These unaudited condensed consolidated financial statements are presented in Renminbi (“RMB”) and rounded to the nearest thousand (RMB’000), unless otherwise stated. RMB is the Company’s presentation currency and the functional currency of the principal operating subsidiary of the Group. The functional currency of the Company is Hong Kong dollars. The directors consider that choosing RMB as the presentation currency best suits the needs of the shareholders and investors. These unaudited condensed consolidated financial statements were approved for issue on 28 August 2015.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The accounting policies adopted in the unaudited condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Annual Report 2014 except for the impact of the adoption of the new and revised standards, amendments and interpretations (the “new HKFRSs”).

In the current period, the Group has applied, for the first time, the following new HKFRSs issued by the HKICPA, which are effective for the Group’s financial year beginning on 1 January 2015. A summary of the new HKFRSs are set out as below:

HKFRSs (Amendments)	Annual Improvements to HKFRSs 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2011-2013 Cycle
HKAS 19 (Amendments)	Defined Benefit Plans: Employee Contributions

The application of the above new HKFRSs had no material effect on the results and financial positions of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied any new HKFRSs that have been issued but are not yet effective for the current accounting period.

### 3. OPERATING SEGMENT

The Group currently operates in one operating segment which is the sales of paper-based packaging products. The chief operating decision makers allocated resources and assessed performance based on the results of the period for the entire business comprehensively. Accordingly, the Group does not present separately segment information.

Segment revenue reported represents revenue generated from external customers. There were no inter-segment sales for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

During the six months ended 30 June 2015 and 2014, all revenue is derived from customers in the PRC.

### 4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold, net of discounts and excludes value added tax.

An analysis of the Group's turnover is as follows:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Flexo-printed cartons	<b>152,448</b>	120,391
Offset-printed cartons		
– Traditional paper-based cartons	<b>73,907</b>	64,942
– Stone-paper based cartons	<b>48,246</b>	30,813
	<b>274,601</b>	216,146

### 5. OTHER REVENUE

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales of residual materials	<b>550</b>	347
Bank interest income	<b>215</b>	165
	<b>765</b>	512

## 6. OTHER INCOME

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Tax concession ( <i>Note</i> )	4,178	5,542
Exchange gain	–	163
	<u>4,178</u>	<u>5,705</u>

*Note:* Tax concession represents the government subsidy given by the local government with reference to the amount of value-added tax, land use tax and enterprise income tax paid in the PRC.

## 7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	<b>Six months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Staff costs:</b>		
Employee benefit expense (including directors' remuneration)		
Wages and salaries	16,364	10,324
Retirement benefit schemes contributions	1,907	1,251
	<u>18,271</u>	<u>11,575</u>
<b>Other items:</b>		
Cost of inventories sold	210,739	163,756
Depreciation of property, plant and equipment	7,075	2,770
Amortisation of prepaid lease payments	30	30
Loss on disposal of property, plant and equipment	2	–
Minimum lease payments under operating leases of rented premises	82	82
Research and development costs	1,891	999
Equity-settled share option expenses	10,298	–
	<u>240,317</u>	<u>341,932</u>

## 8. FINANCE COSTS

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest expenses on bank borrowings wholly repayable within five years	960	985
Imputed interest on promissory notes	122	–
Imputed interest on convertible bonds	55	–
	<u>1,137</u>	<u>985</u>

## 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2015	2014
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
The PRC Enterprise Income Tax		
– Current tax	6,694	10,077
– Under provision in prior period	136	1,164
	<u>6,830</u>	<u>11,241</u>

No deferred tax has been provided for as there were no material temporary differences.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for the period (six months ended 30 June 2014: 16.5%). No Hong Kong profits tax is provided for the period as the Group does not have any assessable profit from the Group's operation located in Hong Kong.

A PRC subsidiary is subject to the PRC Enterprise Income Tax at 25% for the six months ended 30 June 2015 (six months ended 30 June 2014: 25%). Pursuant to the relevant laws and regulations in the PRC, this PRC subsidiary is entitled to preferential treatment on enterprise income tax enjoyed by high and new technology enterprise for three years from 2014 to 2016. As such, the applicable enterprise income tax rate for this PRC subsidiary has been reduced from 25% to the preferential tax rate of 15% for the three years from 2014 to 2016.

## 10. INTERIM DIVIDEND

The directors do not recommend payment of any dividends for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

## 11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

### Earnings

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit attributable to the owners of the Company for the purpose of basic earnings per share	25,133	21,915
Effect of dilutive potential ordinary shares:		
Interest on convertible bonds, net of tax	46	—
	<u>25,179</u>	<u>21,915</u>

### Number of shares

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Weighted average number of ordinary shares for the purpose of basic earnings per share	800,000,000	786,740,331
Effect of dilutive potential ordinary shares:		
Share options issued by the Company	5,772,602	—
Convertible bonds	23,529,411	—
	<u>829,302,013</u>	<u>786,740,331</u>

Basic earnings per share for the period ended 30 June 2015 and 2014 are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of shares in issue during the period.

Diluted earnings per share for the period ended 30 June 2015 is calculated by adjusting the weighted average number of shares in issue during the period to assume conversion of all dilutive potential ordinary shares. The weighted average number of ordinary shares as above is adjusted by the number of shares that would have been issued assuming the exercise of share options and conversion of convertible bonds.

Diluted earnings per share for the period ended 30 June 2014 were the same as the basic earnings per share as there were no potential dilutive ordinary shares in issue during the period ended 30 June 2014.

## 12. TRADE RECEIVABLES

The following is an analysis of trade receivables by age, presented based on the invoice date. The analysis below is net of allowance for doubtful debts:

	<b>30 June 2015 RMB'000 (Unaudited)</b>	31 December 2014 RMB'000 (Audited)
0 – 30 days	64,857	55,635
31 – 60 days	60,922	50,162
61 – 90 days	10,705	–
	<hr/>	<hr/>
	<b>136,484</b>	<b>105,797</b>
	<hr/> <hr/>	<hr/> <hr/>

The average credit period on sales of goods is from 30 to 90 days. In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. Allowances for doubtful debts are recognised against trade receivables based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of the counterparty's current financial position. The directors of the Company considered no provision for impairment is recognised during the period (six months ended 30 June 2014: Nil) as these customers had no recent history of default.

The Company does not hold any collaterals or other credit enhancements over these balances.

As at 30 June 2015, no trade receivables were past due but not impaired (31 December 2014: Nil).

## 13. TRADE, BILLS, OTHER PAYABLES AND ACCRUALS

	<b>30 June 2015 RMB'000 (Unaudited)</b>	31 December 2014 RMB'000 (Audited)
Trade payables	76,228	76,909
Bills payable	21,590	660
Accruals	10,075	9,880
Other payables	632	8,166
	<hr/>	<hr/>
	<b>108,525</b>	<b>95,615</b>
	<hr/> <hr/>	<hr/> <hr/>

An aged analysis of the trade payables, based on invoice date, is as follows:

	<b>30 June 2015 RMB'000 (Unaudited)</b>	31 December 2014 RMB'000 (Audited)
0 – 30 days	37,681	40,422
31 – 60 days	38,547	36,487
	<u>76,228</u>	<u>76,909</u>

The average credit period on purchases of certain goods is 60 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

As at 30 June 2015, the bills payable of approximately RMB21,590,000 (31 December 2014: RMB660,000) was secured by the bank deposits.

#### 14. BANK BORROWINGS

	<b>30 June 2015 RMB'000 (Unaudited)</b>	31 December 2014 RMB'000 (Audited)
Secured	<u>114,970</u>	<u>11,000</u>
Carrying amount repayable:		
Within one year	27,170	11,000
More than one year, but not exceeding two years	87,800	–
	<u>114,970</u>	<u>11,000</u>
Less: Amounts shown under current liabilities	<u>(27,170)</u>	<u>(11,000)</u>
Amounts shown under non-current liabilities	<u>87,800</u>	<u>–</u>

All the bank borrowings were denominated in RMB. As at 30 June 2015 and 31 December 2014, the bank borrowings were secured by certain property, plant and equipment, prepaid lease payments and pledged bank deposits held by the Group.

The ranges of effective interest rates (which are equal to the contracted interest rates) on bank borrowings are as follows:

	<b>30 June 2015 (Unaudited)</b>	31 December 2014 (Audited)
Fixed rate	<u>5.1% to 7.8%</u>	<u>6.6% to 7.8%</u>

## 15. PROMISSORY NOTE

On 19 June 2015, the Company issued a redeemable 7.5% promissory note with the principal amount of HK\$80,000,000 and interest payable half yearly (the “Promissory Note”).

The Promissory Note has a term of one year and the holder shall extend the Promissory Note on the same terms and conditions of the Promissory Note for a further period of one year (the “Extended Term”) provided that the Group’s earnings before interest, taxes, depreciation and amortisation (“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 Company may, prior to the maturity date of the Promissory Note from and including the date falling 12 months from the date of issue redeem the outstanding principal amount of the Promissory Note, with all amounts of accrued interests, handling fee and all other outstanding amount payable by the Company to the holder of the Promissory Notes, and without penalty.

The Promissory Note has the benefit of the security constituted by the share charges created by Rich Kirin Holdings Limited and Big Wealth Limited; the guarantee of Mr. Sun Shao Hua, a Director and a controlling shareholder of the Company; and the guarantee of Novel Blaze Limited, the ultimate holding company of the Company.

The Promissory Note contains two components: term extension derivative and liability component. The fair value of the liability component of the Promissory Note at the date of issue was estimated to be approximately RMB64,534,000 based on the effective interest rate of 6.3% per annum. The term extension derivative is measured at fair value with changes in fair value recognised in profit or loss.

The movements of the liability component and term extension derivative of the Promissory Note during the period are set out below:

	<b>Liability component</b> <i>RMB'000</i>	<b>Term extension derivative</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 31 December 2014 and 1 January 2015 (Audited)	–	–	–
Issue of promissory note	64,534	(2,857)	61,677
Imputed interest charged	122	–	122
Coupon interest payable	(162)	–	(162)
Exchange realignment	(163)	7	(156)
	<u>64,331</u>	<u>(2,850)</u>	<u>61,481</u>
<b>At 30 June 2015 (Unaudited)</b>	<b><u>64,331</u></b>	<b><u>(2,850)</u></b>	<b><u>61,481</u></b>

## 16. CONVERTIBLE BONDS

On 19 June 2015, the Company issued redeemable 7.5% convertible bonds with aggregate principal amount of HK\$20,000,000 and interest payable half yearly (“Convertible Bonds”). The Convertible Bonds entitle the holder to convert to ordinary shares of the Company at a conversion price of HK\$0.85 per share and will be converted into 23,529,411 shares assuming full conversion.

Conversion may occur at any time during the term of the Convertible Bonds.

The Convertible Bonds have a term of one year and the holder shall extend the Convertible Bonds on the same terms and conditions of the Convertible Bonds for a further period of one year (the “Extended Term”) provided that the Group’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.

Subject to the Promissory Note (Note 15) having been redeemed in full, the Company has the right to redeem all (but not part of) the outstanding principal amount of the Convertible Bonds at any time during the period between the first day of the twelfth month following the date of issue of the Convertible Bonds and the last day immediately preceding the maturity date of the Convertible Bonds.

Unless previously redeemed, converted, purchased and cancelled, the Company shall pay on the maturity date an aggregate price of (i) the outstanding principal amount of the Convertible Bonds on the maturity date, (ii) 17.5% of the outstanding principal amount on the maturity date of the Convertible Bonds (exclusive of interest) multiplied by the term or the Extended Term expressed in years for the redemption of the portion of the Convertible Bonds which has not been converted into Shares, (iii) all accrued and unpaid interest and handling fee and unpaid default interest accrued in respect of such outstanding principal amount of the Convertible Bonds to be redeemed, and (iv) all other outstanding amounts payable by the Company to the holder of the Convertible Bonds.

The Convertible Bonds have the benefit of the security constituted by the share charges created by Rich Kirin Holdings Limited and Big Wealth Limited; the guarantee of Mr. Sun Shao Hua, a Director and a controlling shareholder of the Company; and the guarantee of Novel Blaze Limited, the ultimate holding company of the Company.

The Convertible Bonds contains four components: redemption option derivative, term extension derivative, liability component and equity component. The equity component is presented in equity heading “convertible bonds reserve”. The effective interest rate of the liability component on initial recognition is 11.8% per annum. The redemption option derivative and term extension derivative is measured at fair value with changes in fair value recognised in profit or loss.

Details of the Convertible Bonds on initial recognition are as follows:

	<i>RMB'000</i> (Unaudited)
Liability component	15,320
Equity component	915
Redemption option derivative	(155)
Term extension derivative	(663)
	<hr/>
Proceeds from issue of the Convertible Bonds	<u>15,417</u>

The movements of the liability component, equity component, redemption option derivative and term extension derivative of the Convertible Bonds during the period are set out below:

	<b>Liability component</b> <i>RMB'000</i>	<b>Equity component</b> <i>RMB'000</i>	<b>Redemption option derivative</b> <i>RMB'000</i>	<b>Term extension derivative</b> <i>RMB'000</i>	<b>Total</b> <i>RMB'000</i>
At 31 December 2014 and 1 January 2015 (Audited)	–	–	–	–	–
Issue of convertible bonds	15,320	915	(155)	(663)	15,417
Imputed interest charged	55	–	–	–	55
Coupon interest payable	(41)	–	–	–	(41)
Exchange realignment	(39)	(2)	–	2	(39)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 30 June 2015 (Unaudited)</b>	<b><u>15,295</u></b>	<b><u>913</u></b>	<b><u>(155)</u></b>	<b><u>(661)</u></b>	<b><u>15,392</u></b>

## 17. SHARE CAPITAL AND SHARE OPTION SCHEME

### Share capital

	Number of shares '000	Share capital HK\$'000	
<i>Authorised:</i>			
Ordinary shares of HK\$0.01 each	<u>8,000,000</u>		<u>80,000</u>

	Number of shares '000	Share capital HK\$'000	RMB'000
<i>Issued and fully paid:</i>			
At 31 December 2014, 1 January 2015 and 30 June 2015,			
Ordinary shares of HK\$0.01 each	<u>800,000</u>	<u>8,000</u>	<u>6,287</u>

### Share option scheme

The Company operates a share option scheme (“the Scheme”) pursuant to a shareholders’ resolution passed on 13 December 2013 for the purpose of providing incentives and rewards to eligible participants for their contributions to the Group. Eligible participants of the Scheme included any full-time or part-time employee of the Company or any member of the Group, including any Executive Directors, Non-executive Directors and Independent Non-executive Directors, advisors, consultants of the Group. The Scheme was valid and effective on 13 January 2014 and, unless otherwise altered or terminated, will remain in full force for a period of ten years from that date.

The maximum number of shares in respect of which share options may be granted under the Scheme must not exceed 10% of the share capital of the Company in issue as at the date of approval of the Scheme (the “Scheme Mandate Limit”). Subject to the approval of shareholders in general meeting, the Company may refresh the Scheme Mandate Limit to the extent that the total number of shares which may be issued upon exercise of all options to be granted under the Scheme under the Scheme Mandate Limit as refreshed must not exceed 10% of the shares in issue as at the date of such shareholders’ approval. However, the Company may not grant any option if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and other share option schemes exceeds 30% of the shares in issue.

In addition, the maximum number of shares in respect of which share options may be granted to any eligible participant within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any future grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

The subscription price for the shares subject to options will be a price determined by the Board and notified to each participant and shall be the highest of (i) the closing price of the shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the options, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange’s daily quotations sheets for the five trading days immediately preceding the date of grant of the options; and (iii) the nominal value of a share.

The offer of a grant of share options may be accepted within 28 days from the date of the offer with a consideration of HK\$1 being payable by the participant. An option may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by our Board to each participant provided that the period within which the option must be exercised shall not be more than 10 years from the date of the grant of option. The exercise of an option may be subject to the administration of our Board whose decision as to all matters arising from or in relation to the Scheme as its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties to the Scheme.

The following table discloses the movements of the Company's share options:

**30 June 2015**

Name or category of participant	Option type	Number of share options					At 30 June 2015	Date of grant of share options (dd/mm/yy)	Exercise period of share options (dd/mm/yy)	Exercise price of share options HK\$	Price of Company's share at grant date of share options HK\$
		At 1 January 2015	Granted during the period	Exercised during the period	Forfeited during the period	Expired during the period					
<b>Directors</b>											
Mr. Chen Wei Wei	2014 tranche 1	3,450,000	-	-	-	-	3,450,000	18/12/14	18/12/14 to 17/12/17	0.65	0.65
Mr. Chen Wei Wei	2014 tranche 2	3,450,000	-	-	-	-	3,450,000	18/12/14	18/12/15 to 17/12/17	0.65	0.65
Mr. Sun Shao Hua	2014 tranche 1	3,750,000	-	-	-	-	3,750,000	18/12/14	18/12/14 to 17/12/17	0.65	0.65
Mr. Sun Shao Hua	2014 tranche 2	3,750,000	-	-	-	-	3,750,000	18/12/14	18/12/15 to 17/12/17	0.65	0.65
Ms. Hu Li Yu	2014 tranche 1	3,300,000	-	-	-	-	3,300,000	18/12/14	18/12/14 to 17/12/17	0.65	0.65
Ms. Hu Li Yu	2014 tranche 2	3,300,000	-	-	-	-	3,300,000	18/12/14	18/12/15 to 17/12/17	0.65	0.65
Employees of the Group	2014 tranche 1	9,500,000	-	-	-	-	9,500,000	18/12/14	18/12/14 to 17/12/17	0.65	0.65
Employees of the Group	2014 tranche 2	9,500,000	-	-	-	-	9,500,000	18/12/14	18/12/15 to 17/12/17	0.65	0.65
Employees of the Group	2015 tranche 1	-	20,000,000	-	-	-	20,000,000	24/04/15	24/04/15 to 23/04/18	1.09	1.09
Employees of the Group	2015 tranche 2	-	20,000,000	-	-	-	20,000,000	24/04/15	24/04/16 to 23/04/18	1.09	1.09
		<u>40,000,000</u>	<u>40,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,000,000</u>				

Options that were granted during the six months ended 30 June 2015 have a term of three years commencing from 24 April 2015 and shall vest and become exercisable in two equal tranches on 24 April 2015 and 24 April 2016 respectively. The remaining exercisable period of 2015 tranche 1 and 2 were approximately 3 and 2 years respectively.

At 30 June 2015, the number of shares in respect of which share options had been granted and remained outstanding under the Company's share option scheme was 80,000,000 (31 December 2014: 40,000,000), representing approximately 10% (31 December 2014: 5%) of the shares of the Company in issue at that date.

The Group recognised an expense of RMB10,298,000 for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil) in relation to the outstanding share options granted by the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

During the period under review, the Group continued to be principally engaged in the manufacturing and sales of paper-based packaging products with operation in Jiangxi Province in the PRC. The Group provides one stop solution which includes designing, manufacturing, and printing of packaging products to its customers which are mostly based in Jiangxi Province. Our products are generally used in packaging of a wide variety of products such as food and beverage, glass and ceramics articles, metal hardware and chemicals products, bamboo articles, etc. Currently, we have extended the application of our stone paper to shopping bags for department stores.

With the satisfactory and steady performance of the 4 new production lines (2 new printing production lines, 1 corrugated paperboard production line and 1 stone paper production line) established in late 2014, the Group's performance has achieved steady growth during the period under review as compared to the corresponding period amidst of the increasing competitive market condition.

### FINANCIAL REVIEW

During the period under review, the turnover of the Group was approximately RMB274.6 million (six months ended 30 June 2014: approximately RMB216.1 million), representing an increase of approximately RMB58.5 million or approximately 27.1% as compared to the last corresponding period. The increase in turnover was mainly attributable to the substantial increase in sales volume from approximately 72.1 million square meter to approximately 93.3 million square meter. The commencement of commercial production of our new production lines have enabled us to capture the increasing sales order placed by our existing customers and new customers in the PRC.

#### Turnover by products

	Six months ended 30 June			
	2015		2014	
	<i>RMB'000</i>	<i>% of Total</i>	<i>RMB'000</i>	<i>% of Total</i>
Flexo-printed cartons	<b>152,448</b>	<b>55.5</b>	120,391	55.7
Offset-printed cartons				
– Traditional paper-based cartons	<b>73,907</b>	<b>26.9</b>	64,942	30.0
– Stone-paper based cartons	<b>48,246</b>	<b>17.6</b>	30,813	14.3
Sub-total	<b>122,153</b>	<b>44.5</b>	95,755	44.3
Total	<b>274,601</b>	<b>100</b>	216,146	100

#### Flexo-printed cartons

During the period under review, our revenue from sales of flexo-printed cartons was approximately RMB152.4 million (six months ended 30 June 2014: approximately RMB120.4 million), accounted for approximately 55.5% (six months ended 30 June 2014: approximately 55.7%) of our total revenue. The increase in approximately RMB32.0 million or approximately 26.6% was attributable to the increase in sales to existing customers and increase in our customer base which are mainly engaged in the electronic, textile and pharmaceutical business.

## Offset-printed cartons

During the period under review, our revenue from sales of offset-printed cartons was approximately RMB122.2 million (six months ended 30 June 2014: approximately RMB95.8 million), accounted for approximately 44.5% (six months ended 30 June 2014: approximately 44.3%) of our total revenue. The increase in approximately RMB26.4 million or approximately 27.6% was mainly because of the increase in sales of traditional paper-based cartons from approximately RMB64.9 million to approximately RMB73.9 million due to our reduction of its selling price to attract more sales. On the other hand, the sales of stone-paper based cartons has also increased significantly from approximately RMB30.8 million to approximately RMB48.2 million due to our introduction of stone-paper based bags to new customers such as department stores.

## Turnover by product categories of our customers

	Six months ended 30 June			
	2015		2014	
	<i>RMB'000</i>	<i>% of Total</i>	<i>RMB'000</i>	<i>% of Total</i>
Food and beverages	<b>96,052</b>	<b>35.0</b>	93,841	43.4
Glass and ceramics articles	<b>34,687</b>	<b>12.6</b>	54,534	25.2
Metal hardware and chemical products	<b>25,358</b>	<b>9.2</b>	29,281	13.5
Bamboo articles	<b>19,354</b>	<b>7.1</b>	22,609	10.5
Department stores	<b>25,024</b>	<b>9.1</b>	—	—
Others	<b>74,126</b>	<b>27.0</b>	15,881	7.4
Total	<b><u>274,601</u></b>	<b><u>100</u></b>	<b><u>216,146</u></b>	<b><u>100</u></b>

*Note:* Other products mainly include stationary, energy and electronic products, textile and pharmaceutical products.

The Group's main customers are manufacturers of food and beverages in the PRC. During the period under review, revenue from food and beverages manufacturers was approximately RMB96.1 million (six months ended 30 June 2014: approximately RMB93.8 million), representing approximately 35.0% (six months ended 30 June 2014: approximately 43.4%) of the total turnover. The decrease in proportion of revenue from food and beverages manufacturers was mainly because, during the period under review, the Group has successfully introduced stone-paper based bags to department stores, and also captured more sales orders from the manufacturers of electronic and pharmaceutical products.

## Gross profit and gross profit margin

	Six months ended 30 June			
	2015		2014	
	RMB'000	GP margin (%)	RMB'000	GP margin (%)
Flexo-printed cartons	30,906	20.3	25,079	20.8
Offset-printed cartons				
– Traditional paper-based cartons	16,741	22.7	17,036	26.2
– Stone-paper based cartons	16,215	33.6	10,275	33.3
Sub-total	32,956	27.0	27,311	28.5
Total	63,862	23.3	52,390	24.2

During the period under review, the overall gross profit of the Group was approximately RMB63.9 million (six months ended 30 June 2014: approximately RMB52.4 million), representing an increase of approximately 21.9% or approximately RMB11.5 million. However, overall gross profit margin decreased slightly from approximately 24.2% for the last corresponding period to approximately 23.3% during the period under review.

The gross profit from flexo-printed cartons for the period under review was approximately RMB30.9 million, representing a growth of approximately 23.1% as compared to approximately RMB25.1 million for the last corresponding period. The gross profit margin for flexo-printed cartons decreased slightly to approximately 20.3% for the period under review from approximately 20.8% for the last corresponding period mainly due to the increase in production cost.

The gross profit from offset-printed cartons for the period under review was approximately RMB33.0 million, representing a growth of approximately 20.9% as compared to approximately RMB27.3 million for the last corresponding period. The gross profit margin for offset-printed cartons decreased to approximately 27.0% for the period under review from approximately 28.5% for the last corresponding period. The decrease was mainly attributable to the drop in profit margin from traditional paper-based cartons because the Group decreased its average selling price in order to attract more sales.

## OTHER REVENUE AND INCOME

During the period under review, other revenue and income of the Group was approximately RMB4.9 million (six months ended 30 June 2014: approximately RMB6.2 million), representing a decrease of approximately 21% or approximately RMB1.3 million. The decrease was mainly attributable to the reduction in tax concession which was provided by the local government in the PRC through partially refund of the enterprise income tax paid by the Group. The reduction in tax concession was because of the decrease in enterprise income tax paid in the PRC resulted from the decrease in the enterprise income tax rate of the Group's PRC subsidiary from 25% (for the corresponding period) to 15% (for the period under review) after the PRC subsidiary being qualified as a High and New Technology Enterprise in the second half of 2014.

## SELLING AND DISTRIBUTION EXPENSES

During the period under review, selling and distribution expenses of the Group was approximately RMB14.7 million (six months ended 30 June 2014: approximately RMB9.3 million), representing an increase by approximately 58.1% or approximately RMB5.4 million. The increase was mainly due to the composite effect of

(i) an increase in distribution and delivery costs which was resulted from the increase in sales volume and number of customers located in different cities or provinces in the PRC and (ii) an increase in sales commission and salary to sales staff due to the increase in sales activities. With the additional production capacity and launching of new product line (stone paper-based bags) after the commence operation of the new production lines during the period under review, the Group has increased its selling activities in order to attract more sales. Consequently, our selling and distribution expense as a percentage of our total turnover increased to approximately 5.4% for the period under review (approximately 4.3% for the last corresponding period).

## **ADMINISTRATIVE EXPENSES**

During the period under review, administrative expenses of the Group was approximately RMB10.7 million (six months ended 30 June 2014: approximately RMB15.2 million), representing a decrease by approximately 29.6% or approximately RMB4.5 million. The decrease was primarily attributable to the recognition of the listing expenses of approximately RMB7.5 million in the 2014 interim report (nil in the period under review). The reduction in such administrative expenses was partly offset by a surge in the staff cost as a result of the growth of the Group's business.

## **FINANCE COSTS**

During the period under review, finance costs of the Group was approximately RMB1.1 million (six months ended 30 June 2014: approximately RMB1.0 million), representing an increase by approximately 10% or approximately RMB0.1 million. The increase was mainly because of the increase in drawdown of bank borrowings and the issue of Promissory Note and Convertible Bonds.

## **INCOME TAX EXPENSES**

During the period under review, income tax expenses of the Group was approximately RMB6.8 million (six months ended 30 June 2014: approximately RMB11.2 million), representing a decrease by approximately 39.3% or approximately RMB4.4 million. The Group's effectively tax rate was approximately 21.4% for the period under review and 33.9% for the last corresponding period. The decrease was mainly because Hongsheng, a PRC subsidiary, is qualified as a High and New Technology Enterprise and is entitled to enjoy preferential treatment on corporate income tax for three years commencing from 2014. Since the approval was not obtained until August 2014, the decrease was not reflected in the 2014 interim report.

## **PROFIT FOR THE PERIOD**

As a combined result of the factors discussed above, our profit for the period increased from approximately RMB21.9 million for the last corresponding period by approximately RMB3.2 million or approximately 14.6% to approximately RMB25.1 million for the period under review. Our net profit margin decreased slightly from 10.1% for the last corresponding period to 9.2% for the period under review.

## **LIQUIDITY AND FINANCIAL RESOURCES**

During the period under review, the Group maintained in healthy liquidity position with working capital financed by internal resources, bank borrowings, Promissory Note and Convertible Bonds. As at 30 June 2015, the cash and cash equivalents were approximately RMB220.3 million (31 December 2014: approximately RMB92.5 million), mostly denominated in Renminbi and Hong Kong Dollars. The Group's total borrowings which includes bank borrowings, Promissory Note and Convertible Bonds amounted to approximately RMB194.6 million (31 December 2014: approximately RMB11 million). As at 30 June 2015, approximately 59.1% (31 December 2014: 100%) of the total borrowing were denominated in Renminbi and approximately 40.9% (31 December 2014: nil)

of the total borrowing were denominated in Hong Kong Dollars. The Group's gearing ratio is calculated as total borrowings, which is the summation of bank borrowings, Promissory Note and Convertible Bonds, divided by total equity. The gearing ratio of the Group as at 30 June 2015 and 31 December 2014 were approximately 62.3% and approximately 4.0% respectively.

On 19 June 2015, the Group issued Promissory Note and Convertible Bonds ("Note and Bonds") with principal amount of HKD80,000,000 and HKD20,000,000 respectively. The Note and Bonds will be repayable in full by 19 June 2016 and shall be extended for a further term of one year, provided that they shall not be extended for more than two years. The Note and Bonds may be redeemed at the option of the Group in whole at any time during the period between the first day of the twelfth month following the date of issue and the last day immediately preceding the maturity date. The Note and Bonds bear a fixed coupon interest rate at 7.5% per annum payable semi-annually, commencing on 19 December 2015.

The net proceeds from the issue of Note and Bonds was approximately HKD97.5 million. The Company shall use such net proceeds for capital expenditure (including those related to mergers and acquisitions) and financing the general working capital.

## **INVENTORIES**

The Group has implemented a stringent inventories control to reduce the holding risk. As at 30 June 2015, the inventories carried a total worth of approximately RMB18.9 million which was slightly more than the amount of approximately RMB17.9 million as at 31 December 2014. The inventory turnover increased by 2 days to 16 days compared to 14 days as at 31 December 2014.

## **TRADE RECEIVABLES**

As at 30 June 2015, the trade receivables amounted to approximately RMB136.5 million (31 December 2014: approximately RMB105.8 million). The trade receivables turnover days increased by 4 days to 68 days compared to 64 days as at 31 December 2014.

## **TRADE PAYABLES**

As at 30 June 2015, the trade payables amounted to approximately RMB76.2 million (31 December 2014: approximately RMB76.9 million). The trade payables turnover days decreased by 5 days to 56 days compared to 61 days as at 31 December 2014.

## **OUTLOOK**

Despite concerns over the uncertainty in global financial markets and the PRC internal challenges which may exert impacts on the economy of China, the Group expects China's economic development will be steady in the second half of 2015. We believe that the Chinese government will continue to implement measures to stimulate economic development and promote domestic consumption.

The Group will strive to develop new products with high gross profits and high demand, while continuing to diversify the products of the Group. In particular, we will continue to regard stone-paper based material as the key products of the Group and continue to invest substantial resources to capture a larger market share. By utilizing many years of experience and well-established scale of advantages, it is expected to further drive the growth of finished products, increase the proportion of sales, and contribute more profits to the Group.

The Group will continue to strengthen its existing business and actively exploring for new investment opportunities through potential acquisitions and joint ventures, so as to maximize returns for the shareholders and investors.

## **EMPLOYEES**

As at 30 June 2015, the Group had 516 full time employees in total (31 December 2014: 458). The Group remunerates its employees based on their performance, experience and prevailing industry practice. Competitive remuneration package is offered to retain elite employees. The package includes salaries, medical insurance, discretionary bonuses, other benefits as well as mandatory provident fund schemes for employees in Hong Kong and state-managed retirement benefit schemes for employees in the PRC.

## **SHARE OPTION SCHEME**

The Company adopted a share option scheme pursuant to a shareholders' resolution passed on 13 December 2013 (the "Share Option Scheme") as incentives or rewards to eligible participants who means full-time or part-time employees of our Company or members of our Group, including Executive Directors, Non-executive Directors and Independent Non-executive Directors, advisors, consultants of our Group. The Share Option Scheme constitutes a share option scheme governed by Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The Share Option Scheme is valid and effective during the period commencing on 13 January 2014 and ending on 12 January 2024, being the date falling 10 years from the date on which the Share Option Scheme becomes unconditional. A summary of the Share Option Scheme is as follows:

### **Basis of determining the exercise/subscription price**

The subscription price for the shares subject for any option under the Scheme shall be the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a trading day; (ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the date of grant of the option; and (iii) the nominal value of the Company's share. A total of 80,000,000 share options have been granted under Share Option Scheme since its adoption.

### **Maximum number of shares**

The total number of shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme must not, in aggregate, exceed 10 percent of the shares in issue as at 12 December 2013 (i.e. 800,000,000 shares) i.e. 80,000,000 shares unless refreshed by the shareholders. However, the Company may not grant any option if the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and other share option schemes adopted by the Group from time to time exceeds 30 percent of the shares in issue.

### **Maximum entitlement of each participant**

The total number of shares issued and to be issued upon exercise of the option granted to a participant under the Share Option Scheme in any 12-month period must not exceed one percent of all the shares in issue from time to time unless a further grant to such participant is approved by the shareholders in general meeting.

**Time for acceptance of option**

A share option will be offered for acceptance for a period of 28 days from the date on which the option is granted.

**Amount payable on application or acceptance of option**

HK\$1.00

**Minimum and maximum period for the holding of a share option before it can be exercised**

Unless otherwise determined by the Directors and stated in the offer of grant of the share options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of a share option before it can be exercised provided that the period within which the option must be exercised must not be more than 10 years from the date of the grant of the option.

The following table disclosed movements in the company's share options granted under the Share Option Scheme during the six months ended 30 June 2015:

Name and category of grantee	Date of grant	Exercisable period	Exercise price per Share	Outstanding at beginning of the period	Granted during the period	Exercised during the period	Lapsed/cancelled during the period	Outstanding at end of the period
Directors								
Mr. Chen Wei Wei	18/12/14	18/12/14 to 17/12/17	0.65	3,450,000	–	–	–	3,450,000
	18/12/14	18/12/15 to 17/12/17	0.65	3,450,000	–	–	–	3,450,000
Mr. Sun Shao Hua	18/12/14	18/12/14 to 17/12/17	0.65	3,750,000	–	–	–	3,750,000
	18/12/14	18/12/15 to 17/12/17	0.65	3,750,000	–	–	–	3,750,000
Ms. Hu Li Yu	18/12/14	18/12/14 to 17/12/17	0.65	3,300,000	–	–	–	3,300,000
	18/12/14	18/12/15 to 17/12/17	0.65	3,300,000	–	–	–	3,300,000
				21,000,000	–	–	–	21,000,000
Other employees								
	18/12/14	18/12/14 to 17/12/17	0.65	9,500,000	–	–	–	9,500,000
	18/12/14	18/12/15 to 17/12/17	0.65	9,500,000	–	–	–	9,500,000
	24/4/15	24/4/15 to 23/4/18	1.09	–	20,000,000	–	–	20,000,000
	24/4/15	24/4/16 to 23/4/18	1.09	–	20,000,000	–	–	20,000,000
				40,000,000	40,000,000	–	–	80,000,000
Total of all categories				40,000,000	40,000,000	–	–	80,000,000

## EXCHANGE RISK EXPOSURE

The Group mainly operates in the PRC and most of its operating transactions are settled in RMB. Most of its assets and liabilities are denominated in RMB. Although the Group may be exposed to foreign currency exchange risks, the Board does not expect future currency fluctuations to materially impact the Group's operations. The Group did not adopt formal hedging policies and no instruments have been applied for foreign currency hedging purposes during the period under review.

## INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: nil) to the shareholders.

## **CAPITAL COMMITMENTS**

As at 30 June 2015, the Group's capital commitments were approximately RMB67.9 million (31 December 2014: approximately RMB67.9 million). All the capital commitments were related to capital contribution payable to subsidiaries.

## **CONTINGENT LIABILITIES**

As at 30 June 2015, the Group did not have any material contingent liabilities or guarantees.

## **PLEDGE OF ASSETS**

As at 30 June 2015, the Group pledged certain assets with a carry value of approximately RMB184.3 million (31 December 2014: approximately RMB15.6 million) as collateral for the Group's bills payable and bank borrowings.

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

The Group did not have any significant investments, material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2015.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2015.

## **CORPORATE GOVERNANCE**

The Company has adopted the Code Provisions in the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules as its own code of corporate governance. The Board confirms that, saved as disclosed below, the Company has complied with the CG Code throughout the period ended 30 June 2015.

The Company is aware of the requirement under paragraph A.2.1 of the CG Code that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The Company does not have any officer with the title of "chief executive officer". Mr. Chen Wei Wei, the Chairman of the Group, is also responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a conducive manner. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The roles of the respective Executive Directors and senior management, who are in charge of different functions, complement the role of the Chairman. The Board is of the view that this structure provides the Group with strong and consistent leadership, facilitates effective and efficient planning and implementation of business decisions and strategies, and ensures the generation of shareholders' benefits.

The Board shall nevertheless review the structure from time to time to ensure appropriate move is being taken should suitable circumstance arise.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct for securities transactions. Having made specific enquiries, all the Directors confirm that they have complied with the Model Code throughout the period under review.

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules.

The primary duties of the Audit Committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditors, review the financial statements and provide material advice in respect of financial reporting and oversee the internal control procedures of the Company. The Audit Committee consists of three Independent Non-executive Directors, namely Mr. Ma Yiu Ho, Peter (Chairman), Mr. Liu Da Jin and Mr. Wu Ping.

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2015 have not been audited by the auditor of the Company but have been reviewed by the Audit Committee. The Audit Committee is of the view that the interim report for the six months ended 30 June 2015 is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

This results announcement is published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) under “Latest Listed Company Information” and the designated website of the Company at <http://www.hs-pack.com>. The interim report of the Company for the six months ended 30 June 2015 will be dispatched to the shareholders and be posted on the aforesaid websites in due course.

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

Jiangxi Province, the PRC, 28 August 2015

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