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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)

MAJOR TRANSACTION

SUPPLEMENTAL AGREEMENT TO THE SHARE PURCHASE AGREEMENT

Reference is made to the announcements of China Packaging Holdings Development Limited (the “**Company**”) dated 17 November 2015, 14 December 2015 and 15 January 2016 in relation to, among other things, the Acquisition. Capitalised terms used herein shall have the same meanings as those defined in Company’s announcement dated 17 November 2015 (the “**Announcement**”) unless otherwise defined herein.

THE SUPPLEMENTAL AGREEMENT

On 26 February 2016 (after trading hours), the Company and the Seller entered into a supplemental agreement (the “**Supplemental Agreement**”) to add certain terms of the Share Purchase Agreement. The principal amendments contemplated under the Supplemental Agreement are summarized below:

Amendment to the conditions precedent

As advised by the PRC legal adviser, in order to safeguard the interests of the Company in the VIE Contracts, the Company and the Seller agreed to add the conditions precedent as follows:

- (i) Mr. Sun Shao Hua (“**Mr. Sun**”), the beneficial owner of Novel Blaze Limited (“**Novel Blaze**”), which holds 51% of the issued share capital in the Company immediately before Completion, having transferred his entire issued share capital in Novel Blaze to his wife, Ms. Zheng Xue Xia (“**Ms. Zheng**”);
- (ii) The Seller having executed the undertaking letter (the “**Seller’s Undertaking**”), pursuant to which, the Seller, subject to Completion having taken place in accordance with the terms of the Share Purchase Agreement, hereby irrevocably and unconditionally undertakes to the Company that:
 - a. The Seller shall continue to maintain his Chinese nationality and citizenship;
 - b. The Seller shall notify the Company and the Stock Exchange in writing if he intends to dispose of any of the Consideration Shares (the “**Disposal of the Seller**”). Such notice shall contain details of the Disposal of the Seller, including but not limited to the number of Consideration Shares to be sold (the “**Disposal Shares**”), his shareholding in the Company upon completion of the Disposal of the Seller and, where applicable, details of the transferee(s);

- c. The Seller shall not, directly or indirectly, dispose of any of the Consideration Shares unless either one of the following conditions is satisfied:
- i. the Company has confirmed to the Seller in writing that the aggregate shareholdings of all shareholders who have provided undertakings similar to the Seller's Undertaking to the Company from time to time (the "**Relevant PRC Shareholders**") would remain 50% or above (or such other percentage shareholding in the Company as required by applicable PRC laws and regulations from time to time as confirmed in writing by the Company's PRC lawyers to ensure "control" of the Company as defined in and for the purpose of the Draft Law so that the VIE Contracts continue to be in full force and effect) upon completion of the Disposal of the Seller; or
 - ii. transferee(s) of the Disposal Shares are PRC citizens and each of the transferees has provided to the Company (a) satisfactory evidence of his or her citizenship; and (b) an irrevocable undertaking to the Company in substantially the same form as the Seller's Undertaking and any variations shall be made only with the consent of the Company;

and the Stock Exchange has confirmed in writing that it has no objection to the proposed Disposal of the Seller. If so requested by the Stock Exchange, the Seller shall provide to the Stock Exchange a legal opinion issued by a PRC legal adviser for its assessment of the implication (if any) of the Disposal of the Seller under the Draft Law.

The Seller's Undertaking shall continue to be in full force and effect unless and until the earlier of (i) the Company is no longer required to comply with the relevant PRC law governing the VIE Contracts and the Stock Exchange has given its written consent for the termination of the Seller's Undertaking, and (ii) the Seller ceases to hold any of the Consideration Shares.

- (iii) Ms. Zheng having executed an undertaking letter ("**Ms. Zheng's Undertaking**"), pursuant to which, Ms. Zheng, subject to Completion having taken place in accordance with the terms of the Share Purchase Agreement, irrevocably and unconditionally undertakes to the Company that:
- a. she shall continue to maintain her Chinese nationality and citizenship;
 - b. Novel Blaze shall continue to be wholly owned by Ms. Zheng;
 - c. Ms. Zheng shall notify the Company and the Stock Exchange in writing if she intends to dispose of any of the Shares directly or indirectly held by her (the "**Disposal of Ms. Zheng**"). Such notice shall contain details of the Disposal of Ms. Zheng, including but not limited to the number of Shares to be sold, her remaining shareholding in the Company upon completion of the Disposal of Ms. Zheng and, where applicable, details of the transferee(s);
 - d. Ms. Zheng shall not dispose of any of the Shares directly or indirectly held by her, including the 408,000,000 Shares beneficially owned by Novel Blaze and any further Shares which she may acquire directly or indirectly after the date of this Letter, unless either one of the following conditions is satisfied:

- i. she shall hold, directly or indirectly, not less than 50% of the issued share capital of the Company (or such other percentage shareholding in the Company as required by applicable PRC laws and regulations from time to time as confirmed in writing by the Company's PRC lawyers to ensure "control" of the Company as defined in and for the purpose of the Draft Law so that the VIE Contracts continue to be in full force and effect) (the "**Minimum Percentage**") upon completion of the Disposal of Ms. Zheng. Prior to any Disposal of Ms. Zheng pursuant to this paragraph (iii)d(i), she shall provide evidence to the satisfaction of the Company that her remaining shareholding in the Company would not be less than the Minimum Percentage; or
- ii. the transferee(s) of the Shares are PRC citizens and each of the transferees has provided to the Company (a) satisfactory evidence of his or her citizenship; and (b) an irrevocable undertaking in substantially the same form as Ms. Zheng's Undertaking and any variations shall be made only with the consent of the Company;

and the Stock Exchange has confirmed in writing that it has no objection to the proposed Disposal of Ms. Zheng. If so requested by the Stock Exchange, she shall provide to the Stock Exchange a legal opinion issued by a PRC legal adviser for its assessment of the implications (if any) of the Disposal of Ms. Zheng under the Draft Law.

Ms. Zheng's Undertaking shall continue to be in full force and effect unless and until the earlier of (i) the Company is no longer required to comply with the relevant PRC law governing the VIE Contracts and the Stock Exchange has given its written consent for the termination of Ms. Zheng's Undertaking, and (ii) Ms. Zheng ceases to hold any of the Shares.

- (iv) The Company having executed the undertaking letter (the "**Company's Undertaking**"), pursuant to which, the Company, subject to Completion having taken place, undertakes to the Stock Exchange that:
 - a. the Company shall at all times enforce the letters of undertakings provided by Ms. Zheng and the Seller;
 - b. save for any issue of new Shares pursuant to (i) the exercise of any share options granted or to be granted under the Share Option Scheme ("**Share Options**") adopted by the Company on 13 December 2013; and (ii) the exercise of conversion rights attached to the HK\$20,000,000 7.5% convertible bonds due in 2016 issued by the Company on 19 June 2015 ("**Convertible Bonds**"), the Company shall not issue any new Shares to any person(s) who are not Relevant PRC Shareholders, whether pursuant to the specific mandate and/or the general mandate from the Shareholders, unless the following conditions are satisfied:
 - i. the aggregate shareholdings of all Relevant PRC Shareholders would represent not less than 50% (or such other percentage shareholding in the Company as required by applicable PRC laws and regulations from time to time as confirmed in writing by the Company's PRC lawyers to ensure "control" of the Company as defined in and for the purpose of the Draft Law so that the VIE Contracts continue to be in full force and effect) of the enlarged issued share capital of the Company, assuming all Share Options have been fully exercised and all Convertible Bonds have been fully converted, upon completion of such issue of Shares; and
 - ii. the Stock Exchange has confirmed in writing that it has no objection to the proposed issue of Shares. If so requested by the Stock Exchange, the Company shall provide to the Stock Exchange a legal opinion issued by a PRC legal adviser for its assessment of the implications (if any) of the proposed issue of Shares under the Draft Law.

- (v) The Seller having completed the foreign exchange registration under Circular 37 with the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局); and
- (vi) The Stock Exchange of Hong Kong Limited having granted the listing approval in respect of, and permission to deal in, the Consideration Shares.

Amendments to the Consideration Deduction

In order to enhance the Group's rights and interests under the Share Purchase Agreement after taking into consideration the latest status of the Target Group, it was agreed under the Supplemental Agreement that the Consideration shall be subject to an adjustment based on the audited consolidated profit after tax of the Target Group (excluding the consolidation adjustment arising from the Transaction) under Hong Kong Financial Reporting Standards for the financial year ending 31 December 2016.

Amendments to the date for the Conditions to be fulfilled

As additional time is required to fulfill the Conditions, it was agreed that the latest date for the Company and the Seller to fulfill the Conditions pursuant to the Share Purchase Agreement is to be extended from 29 February 2016 to 30 June 2016 or such other dates as agreed by the Seller and the Company.

Save for the amendments contained in the Supplemental Agreement as stated above and the corresponding and consequential changes, all other major terms and conditions of the Share Purchase Agreement shall remain in full force and effect. The Board considers that such amendments and changes would not have any adverse impact on the business and performance of the Group and the terms of the Supplemental Agreement are in the interests of the Company and the Shareholders as a whole.

Completion of the Acquisition is subject to the satisfaction and/or waiver of the conditions precedent under the Share Purchase Agreement (as amended by the Supplemental Agreement) and therefore, the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

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

PRC, February 26, 2016

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.