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中國包裝集團有限公司
China Packaging Group Company Limited

(Provisional Liquidators Appointed)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2008

FINANCIAL SUMMARY

The joint and several provisional liquidators (the "Provisional Liquidators") of China Packaging Group Company Limited (Provisional Liquidators Appointed) (the "Company") announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2008 together with comparative figures for the previous year as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

	Notes	**2008** *RMB'000*	2007 *RMB'000*
Turnover	*4*	**193,354**	668,641
Cost of sales		**(149,262)**	(457,630)
Gross profit		**44,092**	211,011
Other income		**2,688**	4,637
Selling expenses		**(8,349)**	(19,749)
Administrative expenses		**(18,241)**	(32,938)
Profit from operations		**20,190**	162,961
Loss on change in fair values of derivative financial instruments		**(3,806)**	(35,895)
Loss on deconsolidation of subsidiaries, impairment on investment costs and amounts due from deconsolidated subsidiaries, amounts recovered from deconsolidated subsidiaries	*6*	**(800,402)**	–
Impairment loss on deposit for compensation		**(12,400)**	–
Provision for loss on bank loans guarantee for a deconsolidated subsidiary		**(29,000)**	–
Finance costs	*5*	**(5,752)**	(6,425)

	Notes	**2008** *RMB'000*	2007 *RMB'000*
(Loss)/profit before tax	*7*	**(831,170)**	120,641
Income tax expense	*8*	**(5,243)**	(28,141)
(Loss)/profit for the year attributable to equity holders of the Company		**(836,413)**	92,500
(Loss)/earnings per share attributable to equity holders of the Company during the year	*10*		
– Basic		**(RMB1.366)**	RMB0.167
– Diluted		**N/A**	RMB0.158

CONSOLIDATED BALANCE SHEET
At 31 December 2008

	Notes	2008 RMB'000	2007 RMB'000
Non-current assets			
Property, plant and equipment		**55,426**	277,845
Deposits paid for acquisition of property, plant and equipment		**–**	81,253
Prepaid lease payments		**–**	82,868
Pledged bank deposits		**–**	4,678
		55,426	446,644
Current assets			
Inventories		**4,341**	29,170
Trade and other receivables	*11*	**63,286**	183,133
Prepaid lease payments		**–**	48
Pledged bank deposits		**35,640**	12,283
Bank balances and cash		**11,313**	400,060
		114,580	624,694
Current liabilities			
Trade and other payables	*12*	**15,193**	66,900
Amounts due to directors		**–**	154
Amount due to a shareholder		**42,544**	–
Taxation payable		**4,385**	9,853
Bank loans		**110,508**	88,382
Provision for bank loans guarantee for a deconsolidated subsidiary		**29,000**	–
Derivative financial instruments		**96,198**	113,656
		297,828	278,945
Net current (liabilities)/assets		**(183,248)**	345,749
		(127,822)	792,393
Capital and reserves			
Share capital		**64,260**	62,516
Reserves		**(192,082)**	718,962
(Deficit)/equity attributable to equity holders of the Company		**(127,822)**	781,478
Non-current liabilities			
Bank loans – amount due after one year		**–**	10,915
		(127,822)	792,393

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2008

1. GENERAL

China Packaging Group Company Limited (Provisional Liquidators Appointed) (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 21 October 2002 under the Companies Law of the Cayman Islands. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is 14/F, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and have been suspended from trading since 28 April 2009.

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of tinplate cans for the packaging of beverage in Shanxi, the People's Republic of China (the "PRC").

The consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

2. BASIS OF PRESENTATION

2.1 Winding-up petitions, appointment of provisional liquidators, going concern and group restructuring

As at 31 December 2008, the Company and its subsidiaries (collectively the "Group") incurred a loss attributable to equity holders of the Company of approximately RMB836,413,000 for the year ended 31 December 2008 (2007: profit of approximately RMB92,500,000) and the Group had net current liabilities of approximately RMB183,248,000 (2007: net current assets of RMB345,749,000) and net liabilities of RMB127,822,000 (2007: net assets of RMB781,478,000). These conditions indicate the existence of a fundamental uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

On 2 October 2009, pursuant to an order of the High Court of the Hong Kong Special Administrative Region, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting (Hong Kong) Limited ("FTI Consulting") (formerly Ferrier Hodgson Limited), were appointed as the provisional liquidators to the Company (the "Provisional Liquidators") as a result of the winding up petition made by DBS Bank (Hong Kong) Limited, one of the major creditors, against the Company. Upon the appointment of the Provisional Liquidators, the powers of the directors were suspended with regard to the affairs and business of the Company.

The Provisional Liquidators are responsible for the accuracy and completeness of the contents of the annual report and the audited financial statements for the year ended 31 December 2008 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these audited financial statements for the year ended 31 December 2008 based on the books and records made available to the Provisional Liquidators.

Save as addressed above, the Provisional Liquidators make no representation as to the completeness and accuracy of the information contained in these financial statements.

The Company is in the first stage of the delisting procedures in accordance with Practice Note 17 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as at the date of these financial statements. The Company is required to submit a viable resumption proposal to the Stock Exchange by 21 August 2010, to address the following issues:

1. Demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules.

2. Publish all outstanding financial results and address any concerns that may be raised by the auditors.

3. Demonstrate that the Company has adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules.

4. Address certain issues raised by Deloitte Touche Tohmatsu, the then auditors of the Company, which details were set out in the announcement of the Company dated 30 April 2009, to the satisfaction of the Stock Exchange.

5. Withdrawal or dismissal of the winding-up petition, and discharge of the Provisional Liquidators.

If the Company failed to submit a viable resumption proposal to address the above conditions on or before 21 August 2010, the Stock Exchange may proceed to place the Company in the second stage of the delisting procedures.

The restructuring proposal submitted by Business Giant Limited (the "Investor") on 13 December 2009 has been accepted by the Provisional Liquidators (on behalf of the Company). On 28 December 2009, an exclusivity and escrow agreement was entered into amongst the Provisional Liquidators on behalf of the Company, FTI Consulting (the "Escrow Agent") and the Investor (the "Escrow Agreement"). Pursuant to the Escrow Agreement, the Provisional Liquidators granted the Investor an exclusive right up to 27 December 2010 to negotiate a legally binding agreement for the implementation of the restructuring proposal.

The Provisional Liquidators appointed Partners Capital International Limited as financial adviser to the Company regarding the restructuring of the Group and submitting a viable resumption proposal to the Stock Exchange. A resumption proposal was submitted to the Stock Exchange on 21 August 2010.

The financial statements have been prepared on a going concern basis on the basis that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

2.2 Deconsolidation of subsidiaries

The Provisional Liquidators consider that control of the Company over certain subsidiaries has been lost subsequent to the year ended 31 December 2008. Details are set out below:

- On 5 October 2009, Bloxworth Enterprises (HK) Limited ("Bloxworth HK"), a wholly owned subsidiary of the Company, which wholly owns Fujian Fuwang Metal Products Company Limited (福建福旺金屬製品有限公司) ("Fuwang"), was placed in creditors' voluntary liquidation pursuant to section 228A of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong. On 26 February 2010, Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting were appointed as Joint and Several Liquidators of Bloxworth HK.

- On 23 March 2010, China Winner Enterprises (HK) Limited, China Winner Enterprises Limited and Rich Victory Development Limited, all direct wholly owned subsidiaries of the Company and the subsidiary of China Winner Enterprises Limited, Sichuan Zhanwang Metal Products Company Limited (四川省展旺金屬製品有限公司) ("Zhanwang") (collectively, the "Disposed Group"), were transferred to a special purpose vehicle controlled by the Provisional Liquidators for realisation for the benefit of the creditors of the Company and to facilitate the restructuring as proposed by the Investor.

The Provisional Liquidators are of the view that the results and assets and liabilities of Bloxworth HK, Fuwang and the Disposed Group should not be consolidated to the financial statements of the Group since 1 January 2008. The consolidated financial statements as at and for the year ended 31 December 2008 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the aforesaid situations. The non-consolidation of Bloxworth HK, Fuwang and the Disposed Group is not in compliance with the requirements of the Hong Kong Accounting Standards ("HKAS") 27 "Consolidated and Separate Financial Statements".

2.3 Departure from the Hong Kong Financial Reporting Standards ("HKFRSs")

Due to the failure of getting access to the books and records of certain subsidiaries and the resignation of the majority of management personnel responsible for maintaining the books and records, the Provisional Liquidators do not have sufficient data to compile the financial statements of the Group for the year ended 31 December 2008 so as to comply with the HKFRSs. The following information, among others, are not disclosed in the said financial statements:

(a) Information about the extent and nature of the financial instruments as required by HKAS 32 "Financial Instruments: Disclosure and Presentation" issued by the HKICPA;

(b) Details of the Group's policy in respect of the financial risk management as required by HKFRS 7 "Financial Instruments: Disclosure and Presentation" issued by the HKICPA;

(c) Consolidated cash flow statements for the year ended 31 December 2008 as required by HKAS 7 "Statement of Cash Flows" issued by the HKICPA;

(d) Details of related party disclosures as required by HKAS 24 "Related Party Disclosures" issued by the HKICPA;

(e) Details of the Group's aging of debtors and creditors as required by the Listing Rules;

(f) Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance;

(g) Details of directors' and employees' emoluments as required by the Listing Rules and the Hong Kong Companies Ordinance; and

(h) Segment information disclosures as required by HKAS 14 "Segment Reporting" issued by the HKICPA and the Listing Rules.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied, for the first time, the following new standard, amendment of Hong Kong Accounting Standards ("HKAS"s) and interpretations ("INT"s) (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), which are effective for the Group's financial year beginning 1 January 2008.

HKAS 39 & HKFRS 7 (Amendment)	Reclassification of Financial Assets
HK(IFRIC)* – INT 11	HKFRS 2 – Group and Treasury Share Transactions
HK(IFRIC) – INT 12	Service Concession Arrangements
HK(IFRIC) – INT 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

* *IFRIC represents the International Financial Reporting Interpretations Committee.*

The adoption of the new HKFRSs has no material effect on how the results and financial position 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 the following new and revised standards, amendment and interpretations that have been issued but are not yet effective.

HKFRSs (Amendments)	Improvements to HKFRSs[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKFRSs (Amendments)	Improvements to HKFRSs 2010[13]
HKAS 1 (Revised)	Presentation of Financial Statements[3]
HKAS 23 (Revised)	Borrowing Costs[3]
HKAS 24 (Revised)	Related party transactions[11]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[4]
HKAS 32 (Amendments)	Financial instruments: presentation – classification of right issues[9]
HKAS 32 & HKAS 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[3]
HKAS 39 (Amendment)	Eligible hedged items[4]
HKFRS 1 & HKAS 27 (Amendments)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate[3]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[3]
HKFRS 2 (Amendment)	Group cash-settled share-based payment transactions[8]
HKFRS 3 (Revised)	Business Combinations[4]
HKFRS 7 (Amendments)	Improving Disclosures about Financial Instruments[3]

HKFRS 8	Operating Segments[3]
HKFRS 9	Financial instruments[12]
HK (IFRIC) – Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[5]
HK(IFRIC) – Int 13	Customer Loyalty Programmes[6]
HK(IFRIC) – Int 15	Agreements for the Construction of Real Estate[3]
HK(IFRIC) – Int 14 (Amendment)	Payments to a minimum funding requirements[11]
HK(IFRIC) – Int 16	Hedges of a Net Investment in a Foreign Operation[6]
HK(IFRIC) – Int 17	Distribution of Non-Cash Assets to Owners[4]
HK(IFRIC) – Int 18	Transfer of Assets from Customers[7]
HK(IFRIC) – Int 19	Extinguishing financial liabilities with equity instruments[10]
HK Interpretation 4 (Amendments)	Leases – determination of the length of lease term in respect of Hong Kong land leases[8]

[1] *Effective for annual periods beginning on or after 1 January 2009 except for the amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009*

[2] *Effective for annual periods beginning on or after 1 January 2009, 1 July 2009 and 1 January 2010, as appropriate*

[3] *Effective for annual periods beginning on or after 1 January 2009*

[4] *Effective for annual periods beginning on or after 1 July 2009*

[5] *Effective for annual periods ending on or after 30 June 2009*

[6] *Effective for annual period beginning on or after 1 October 2008*

[7] *Effective for transfers on or after 1 July 2009*

[8] *Effective for annual periods beginning on or after 1 January 2010*

[9] *Effective for annual periods beginning on or after 1 February 2010*

[10] *Effective for annual periods beginning on or after 1 July 2010*

[11] *Effective for annual periods beginning on or after 1 January 2011*

[12] *Effective for annual periods beginning on or after 1 January 2013*

[13] *Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate*

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2010. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The Provisional Liquidators anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. TURNOVER

Turnover represents the net amounts received and receivable for goods sold and services rendered during the year.

5. FINANCE COSTS

	2008	2007
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**5,500**	6,158
Bank charges	**252**	267
	5,752	6,425

6. LOSS ON DECONSOLIDATION OF SUBSIDIARIES, IMPAIRMENT ON INVESTMENT COSTS AND AMOUNTS DUE FROM DECONSOLIDATED SUBSIDIARIES, AMOUNTS RECOVERED FROM DECONSOLIDATED SUBSIDIARIES

	2008	2007
	RMB'000	*RMB'000*
Loss on deconsolidation of subsidiaries *(Note)*	**382,692**	–
Impairment on investment costs in deconsolidated subsidiaries *(Note)*	**153,194**	–
	535,886	–
Impairment on amounts due from the deconsolidated subsidiaries	**287,085**	–
Amounts recovered from the deconsolidated subsidiaries	**(22,569)**	–
	800,402	–

Note:

Loss on deconsolidation of subsidiaries

The Provisional Liquidators considered that the control over certain subsidiaries had been lost since 1 January 2008. The results, assets and liabilities of these subsidiaries were therefore deconsolidated from the financial statements of the Group since then.

	Net assets of these subsidiaries as at 1 January 2008 *RMB'000*
Property, plant and equipment	217,584
Deposits paid for acquisition of property, plant and equipment	81,253
Prepaid lease payment	70,516
Inventories	21,917
Trade and other receivables	145,139
Amount due from a director	41
Amount due from a fellow subsidiary	968
Pledged bank deposits	4,224
Bank balances and cash	386,801
Trade and other payables	(50,848)
Tax payable	(6,653)
Bank loans	(29,000)
Amounts due to holding companies	(240,152)
	601,790
Release of special reserve	(24,709)
Release of surplus reserve fund	(33,609)
Release of enterprise expansion fund	(7,586)
	535,886
Loss on deconsolidation of subsidiaries	382,692
Impairment on investment costs in the deconsolidated subsidiaries	153,194
	535,886

7. (LOSS)/PROFIT BEFORE TAX

	2008	2007
	RMB'000	*RMB'000*
(Loss)/profit before tax has been arrived at after charging:		
Directors' remuneration	**1,976**	2,176
Other staff costs	**3,146**	10,770
Retirement benefit cost, other than directors	**35**	145
Share-based payments	**6,176**	16,464
Total staff costs	**11,333**	29,555
Auditor's remuneration	**2,703**	1,639
Cost of inventories recognised as an expense	**149,262**	457,630
Depreciation of property, plant and equipment	**5,085**	18,114
Minimum lease payments in respect of:		
– land and buildings	**630**	1,905
– machinery and equipment	**2,000**	1,500
Release of prepaid lease payments	**–**	48
and after crediting:		
Interest income	**739**	4,606
Net foreign exchange gain	**1,949**	709

8. INCOME TAX EXPENSE

	2008	2007
	RMB'000	*RMB'000*
The charge comprises:		
Income tax calculated at the rates prevailing in the PRC	**5,243**	28,141

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

PRC corporate income tax as provided on the estimated assessable income of the year calculated in accordance with the relevant regulations of the PRC after considering all the available tax benefits from refund and allowances. In 2007, Fuwang had operations in the Fujian province, the PRC which located in a coastal corporate income tax economic development zone. The applicable income tax rate for Fuwang, being the rate for productive enterprises located in coastal corporate income taxies is 24%, and a reduced rate of 15% for the operational profits derived from the relevant economic development zones, with a local enterprise tax rate of 3%. According to the letter issued by Fuqing State Tax Bureau on 28 March 2003, the local enterprise tax of 3% is exempted. As disclosed in Note 2.2 to the financial statements, the results of Fuwang were not consolidated to the financial statements of the Group since 1 January 2008.

A PRC subsidiary, Shanxi Zhanpen Metal Products Company Limited (山西展鵬金屬製品有限公司) ("Zhanpen"), was approved as enterprise with foreign investment and therefore, it is exempted from corporate income tax for three years starting from the first year of profit-making after offsetting prior year tax losses, followed by a 50% reduction for the next two consecutive years thereafter. 2008 is the fourth profitable year. Accordingly, corporate income tax for Shanxi Zhanpen was provided at a reduced rate of 15% based on the corporate income tax rate of 30%. According to the letter issued by Fenyang State Tax Bureau on 24 February 2006, Shanxi Zhanpen was approved as an enterprise with foreign investment and thus the local enterprise tax of 3% is exempted.

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax ("New Tax Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Tax Law. The New Tax Law and Implementation Regulations (i) changes the tax rate from 30% to 25% for the PRC subsidiaries of the Group from 1 January 2008 and (ii) provides a five-year transition period starting from its effective date for those enterprises which were established before the promulgation date of the New Tax Law and were entitled to a preferential lower tax rate and/or tax holiday under the then effective tax laws or regulations.

	2008	2007
	RMB'000	*RMB'000*
(Loss)/profit before taxation	**(831,170)**	120,641
Tax at PRC corporate income tax rate of 30% (2007: 24%)	**(249,351)**	28,954
Tax effect of expenses that are not deductible in determining taxable profit	**268,024**	16,196
Tax effect of income that is not taxable in determining taxable profit	**(8,187)**	(215)
Tax effect of income that is under preferential tax rate	**(5,243)**	(16,916)
Others	**–**	122
Tax charge for the year	**5,243**	28,141

The Group did not have any significant unprovided deferred taxation arising during the year or at the balance sheet date.

9. DIVIDEND

	2008	2007
	RMB'000	*RMB'000*
Ordinary shares:		
Final, paid for 2007 – RMB0.042		
(2007: Final, paid for 2006 – RMB0.044) per share	**24,190**	22,726

The final dividend for the year ended 31 December 2007 of HK$0.045 (equivalent to approximately RMB0.042) per share was approved by the shareholders in annual general meeting and paid during the year. No dividend in respect of the year ended 31 December 2008 is to be proposed at the forthcoming annual general meeting.

10. (LOSS)/EARNINGS PER SHARE

The calculation of the basic and diluted (loss)/earnings per share is based on the following data:

	2008	2007
	RMB'000	*RMB'000*
(Loss)/earnings:		
(Loss)/profit for the year for the purpose of basic earnings per share	**(836,413)**	92,500
Effect of dilutive potential ordinary shares:		
Gain on change in fair value of warrants	**–**	(2,991)
(Loss)/profit for the year for the purpose of diluted earnings per share	**(836,413)**	89,509

	2008	2007
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**612,513,376**	554,065,047
Effect of dilutive potential ordinary shares:		
Warrants	**–**	3,741,215
Share options	**–**	8,596,851
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**612,513,376**	566,403,113

Since the outstanding share options are anti-dilutive to the loss per share, no diluted loss per share is presented for the year ended 31 December 2008.

11. TRADE AND OTHER RECEIVABLES

	2008 *RMB'000*	2007 *RMB'000*
Trade receivables	**61,139**	179,681
Other receivables, deposits and prepayments	**2,147**	3,452
	63,286	183,133

All the trade receivables are expected to be recovered within one year and are denominated in RMB.

12. TRADE AND OTHER PAYABLES

	2008 *RMB'000*	2007 *RMB'000*
Trade payables	**8,314**	32,470
Bills payable	**–**	14,080
Interest payable	**1,353**	–
Receipt in advance, other payables and accrued charges	**5,526**	20,350
	15,193	66,900

All trade payables are expected to be settled within one year.

AN EXTRACT OF AUDITORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2008

Basis for disclaimer of opinion

1. Going concern and basis of preparation

As disclosed in Note 2.1 to the financial statements, the Provisional Liquidators are in the process of restructuring the Group's indebtedness and revitalizing the Group's business and that the financial statements have been prepared on a going concern basis. The ability of the Group as a going concern assumes that the restructuring proposal by the Investor will be successfully implemented and that, following the restructuring, the Group will continue to meet in full its obligations as they fall due in the foreseeable future. We are unable to obtain information that is necessary to satisfy ourselves that the restructuring proposal will be successfully implemented and how the Group will be able to operate as a going concern after the restructuring. We are therefore unable to form an opinion as to whether the assumptions used to prepare the Group's financial statements on a going concern basis are appropriate and the Group will be able to continue as a going concern. Should the liquidation basis of accounting have to be used, adjustments would have to be made to restate the value of the Group's assets to their recoverable amounts and the liabilities to their estimated settlement amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities of the Group as current assets and liabilities, respectively.

2. Changes of directors, appointment of Provisional Liquidators and lack of management representation

Subsequent to 31 December 2008, there were changes in the composition of the board of directors of the Company. On 9 March 2009, Mr. Ng Wai Man resigned as independent non-executive director of the Company. On 9 June 2009, Mr. Lu Zheng was appointed as independent non-executive director of the Company. On 31 July 2009, Mr. Tong Hing Wah resigned as independent non-executive director of the Company. On 18 September 2009, Mr. Yang Zongwang resigned as executive director and chairman of the Company. Mr. Xue De Fa and Mr. Xie Xi resigned as executive directors of the Company and Mr. Lu Zheng resigned as independent non-executive director of the Company. On the same day, Mr. So Chiu was appointed as executive director of the Company, Mr. Seto Man Fai, Mr. Chan Hoi Wan and Mr. Orr Joseph Wai Shing were appointed as independent non-executive directors of the Company.

On 2 October 2009, the Provisional Liquidators were appointed. On 3 October 2009, Mr. Seto Man Fai resigned as independent non-executive director of the Company. On 7 October 2009, Mr. So Chiu and Mr. Chan Hoi Wan resigned as executive director and independent non-executive director of the Company respectively. On 22 October 2009, Mr. Orr Joseph Wai Shing resigned as independent non-executive director of the Company. We are unable to obtain representation from the former directors/directors/management whether these financial statements present a true and fair view of the state of affairs of the Group as at 31 December 2008 and the results of the Group for the year then ended.

As explained in Note 2.1 to the financial statements, the Provisional Liquidators prepared the consolidated financial statements for the year ended 31 December 2008 based on books and records made available to them. The Provisional Liquidators make no representation as to the completeness and accuracy of the information contained in these financial statements and, as a consequence, the Provisional Liquidators are not making any representation whether these financial statements of the Group present a true and fair view of the state of affairs of the Group as at 31 December 2008 and the results of the Group for the year then ended.

The lack of representation from the former directors/directors/management/Provisional Liquidators on the completeness and accuracy of the information contained in these financial statements constitutes a limitation of the scope of our audit.

3. Departure from the Hong Kong Financial Reporting Standards

As explained in Note 2.3 to the financial statements, a number of disclosures as required by the Hong Kong Financial Reporting Standards have not been made in these financial statements as the Provisional Liquidators did not have sufficient data and information as a result of unavailability of complete books and records of some of the subsidiaries of the Group. Accordingly, certain disclosures in these financial statements are not in full compliance with the relevant Hong Kong Financial Reporting Standards.

4. Loss on deconsolidation of subsidiaries, impairment on investment costs and amounts due from deconsolidated subsidiaries, amounts recovered from deconsolidated subsidiaries

As explained in Note 2.2 to the financial statements, the Provisional Liquidators consider that the control of the Company over certain subsidiaries has been lost subsequent to the year ended 31 December 2008. Therefore, such subsidiaries have not been consolidated in the Group's consolidated financial statements for the year ended 31 December 2008.

The resulting loss on deconsolidation of subsidiaries, impairment on the investment costs in deconsolidated subsidiaries, impairment on the amounts due from deconsolidated subsidiaries, amounts recovered from the deconsolidated subsidiaries of approximately RMB382,692,000, RMB153,194,000, RMB287,085,000 and RMB22,569,000 respectively, have been recognised in the consolidated income statement.

Whilst the Provisional Liquidators consider that the exclusion of these subsidiaries present more fairly the Group's financial position and the results for the year in the circumstances, the exclusion of the financial position and results of these subsidiaries in the consolidated financial statements is a departure from the requirements of Hong Kong Accounting Standard 27 "Separate and Consolidated Financial Statements" ("HKAS 27").

Since the Provisional Liquidators consider that the control of the Company over these subsidiaries has been lost and accordingly failed to get access to their books and records, we have not been able to obtain sufficient appropriate audit evidence and explanations to assess the accuracy and completeness of the loss on deconsolidation of subsidiaries, the impairment on investment costs and amounts due from deconsolidated subsidiaries, amounts recovered from deconsolidated subsidiaries.

5. Scope Limitation – Opening balances and comparative figures

We were appointed auditors of the Group on 27 July 2009 by the Company to report on the consolidated financial statements for the year ended 31 December 2008 but our audit has not been completed. Subsequently we were appointed auditors of the Group on 25 January 2010 by the Provisional Liquidators to report on the consolidated financial statements for the year ended 31 December 2008. The comparative figures in the financial statements are based on the audited financial statements for the year ended 31 December 2007 which were audited by Deloitte Touche Tohmatsu, Certified Public Accountants.

However, as detailed in Note 2.1 to the financial statements, the preparation of the financial statements for the year ended 31 December 2008 are based on the books and records made available to the Provisional Liquidators and the Provisional Liquidators make no representation as to the completeness and accuracy of the books and records. Accordingly, we have not been provided with all the necessary books and records of certain subsidiaries to satisfy ourselves that the balances brought forward as at 1 January 2008 and the comparative figures in these consolidated financial statements do not contain misstatements which might materially affect the current year's consolidated financial statements.

6. Scope Limitation – Transactions, income and expense items for the year/lack of complete books and records of a subsidiary

As detailed in Note 2.1 to the financial statements, the preparation of the financial statements for the year ended 31 December 2008 are based on the books and records made available to the Provisional Liquidators. The Provisional Liquidators considered that certain books and records of a subsidiary, Bloxworth Enterprises Limited, were not complete for the year ended 31 December 2008. Included in the Group's bank balances were amount of approximately RMB8,755,000 relating to the Company and a subsidiary, of which RMB7,832,000 was transferred to a deconsolidated subsidiary subsequent to the year end. We have been unable to obtain sufficient evidences to verify the accuracy and completeness of these balances and the related income and expenses to be recognised in the consolidated financial statements. No direct confirmation and other sufficient evidence have been received by us up to the date of this report. There are no other alternative audit procedures we could adopt to satisfy ourselves that these balances and the related income and expense items were properly accounted for in the consolidated financial statements for the year ended 31 December 2008 and these balances were free from material misstatement and were fairly stated.

7. Scope Limitation – Impairment of property, plant and equipment

Included in the consolidated balance sheet at 31 December 2008 were property, plant and equipment with an aggregate carrying amount of approximately RMB55,426,000. As set out in Note 2.1 to the financial statements, the Group incurred a loss of approximately RMB836,413,000 for the year ended 31 December 2008 and together with the fact that production activities in certain subsidiaries were not in full capacities subsequent to the balance sheet date, and accordingly, in our opinion it constituted an indicator of impairment of property, plant and equipment. However, no impairment loss was recognised for the year ended 31 December 2008. We were unable to satisfy ourselves as to the appropriateness of the assumptions made by the Company regarding the impairment review of the property, plant and equipment in the absence of their value-in-use calculation and accordingly, we were unable to assess whether the recoverable amounts of property, plant and equipment exceeded their carrying amounts as at 31 December 2008 and whether any impairment loss should be recognised in accordance with Hong Kong Accounting Standard 36 "Impairment of Assets".

8. Scope Limitation – Impairment loss on deposit for compensation

As discussed in Note 14 to the financial statements, an impairment loss amounting RMB12,400,000 has been recognised in respect of a deposit for compensation paid to 汾陽市南關村民委員會. We have not been provided with sufficient and appropriate evidence to verify the appropriateness of this impairment provision. There were no other alternative audit procedures that we could adopt to satisfy ourselves that the impairment provision was free from material misstatement and was fairly stated.

9. Scope Limitation – Inventories

As stated above, we were appointed as auditors subsequent to the Group's financial year end. In consequence we were unable to attend the Company's physical inventory count at 31 December 2008. We were invited to attend the inventory count which the Company further carried out on 5 May 2010. However, we have not been provided with sufficient evidence and detailed movements of inventories between the date of physical inventory count and the financial reporting date to verify the existence, completeness and valuation of the inventories at 31 December 2008. There were no other satisfactory alternative audit procedures that we could adopt to satisfy ourselves that the inventories as stated in the consolidated balance sheet at 31 December 2008 were free from material misstatement and were fairly stated.

10. Scope Limitation – Provision for bank loans guarantee for a deconsolidated subsidiary

As disclosed in Note 23 to the financial statements, at 31 December 2008, the Group had made full provision for bank loans guarantee for a deconsolidated subsidiary of approximately RMB29,000,000. Since no direct confirmation from third parties and other sufficient evidence have been received by us up to the date of this report, we were unable to assess the accuracy and completeness of this liability. There were no other satisfactory alternative procedures that we could perform to satisfy ourselves that the balance and related disclosures have been properly recorded and reflected in the financial statements as at 31 December 2008.

11. Scope Limitation – Commitment, contingent liabilities and related party transactions

As disclosed in Note 2, 28, 29, 30, and 32 to the consolidated financial statements, the Provisional Liquidators make no representation as to the completeness and accuracy of the information contained in these consolidated financial statements and the completeness of the disclosure of commitments, contingent liabilities and related party transactions and balances in the consolidated financial statements at 31 December 2008. Therefore we were unable to satisfy ourselves as to the existence and completeness of the disclosures of commitment, contingent liabilities and related party transactions at 31 December 2008.

12. Scope Limitation – Post balance sheet events

As disclosed in Note 2.1 to the financial statements, the preparation of the financial statements for the year ended 31 December 2008 are based on the books and records made available to the Provisional Liquidators and the Provisional Liquidators make no representation to the completeness and accuracy of the books and records. We were unable to perform the audit procedures that we consider necessary to complete our review of post balance sheet events from the balance sheet date up to the date of this report. Such procedures might result in the identification of adjustments to the amounts reported in the financial statements and/or additional disclosures in respect of post balance sheet events.

Any adjustments to the figures above might have a significant consequential effect on the Group's results for two years ended 31 December 2007 and 2008, the financial positions of the Group as at 31 December 2007 and 2008, and the related disclosures thereof in the consolidated financial statements.

FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures made in Note 2.1 to the financial statements which explain the circumstances giving rise to the material uncertainty. The appropriateness of preparing the Group's consolidated financial statements on the going concern basis depends on the successful outcome of the conclusion of the resumption proposal and the scheme of arrangement.

We consider that appropriate disclosures have been made; however, we consider that this material uncertainty is so fundamental that we disclaim our opinion in respect of the appropriateness of the going concern basis. The financial statements of the Group do not include any adjustments that would be necessary if the Group failed to operate as a going concern. Had the going concern basis not been used, adjustments would have to be made to reduce the carrying values of the Group's asset to their recoverable amounts, to provide further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. Such adjustments may have a consequential significant effect on the net liabilities of the Group as at 31 December 2008 and the Group's loss attributable to the equity holders of the Company for the year then ended.

DISCLAIMER OF OPINION

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of affairs of the Group as at 31 December 2008 and of the Group's loss for the year then ended in accordance with Hong Kong Financial Reporting Standards and as to whether they have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

FINANCIAL RESULTS

For the year ended 31 December 2008, the Group's turnover was approximately RMB193 million (31 December 2007: RMB669 million), representing a decrease of approximately 71% as compared to the previous financial year. The consolidated loss attributable to shareholders of the Company amounted to approximately RMB836 million (31 December 2007: profit of approximately RMB93 million) for the year ended 31 December 2008. Basic loss per share was approximately RMB1.366 (31 December 2007: earning per share of approximately RMB0.167) for the year ended 31 December 2008. No dividend is declared by the Company for the year ended 31 December 2008 (2007: RMB0.042 per share).

BUSINESS REVIEW

The Company acts as an investment holding company. The Group is principally engaged in the manufacture and sale of tinplate cans for the packaging of beverage in Shanxi, the PRC.

On 2 October 2009, DBS Bank (Hong Kong) Limited filed an application with the High Court of Hong Kong (the "High Court") for the winding up petition against the Company. Accordingly, the High Court appointed Mr. Fok Hei Yu and Mr. Roderick John Sutton, both of FTI Consulting, to act as provisional liquidators to the Company on the same day.

As such, the Provisional Liquidators do not have the same knowledge of the financial affairs of the Group as the directors of the Company would have, particularly in relation to the transactions entered into by the Group prior to the appointment date. Although the Group was principally engaged in the manufacture and sale of tinplate cans for the packaging of foods and beverage in the PRC and the provision of tinplate lacquering and printing services, due to the lost in control and winding up the subsidiaries engaged in the lacquering and printing services, only the manufacture and sale of tinplate cans for the packaging of beverage business in Shanxi, PRC is maintained.

CONTINGENT LIABILITIES

Since the Provisional Liquidators lost control of certain subsidiaries and failed to get access to the complete books and records of the Company and its subsidiaries, Provisional Liquidators make no representation as to the completeness and accuracy of the contingent liabilities for the year ended 31 December 2008.

POST BALANCE SHEET EVENTS AND KEY EVENTS AFTER THE APPOINTMENT OF THE PROVISIONAL LIQUIDATORS AND RESTRUCTURING OF THE GROUP

On 5 October 2009, Bloxworth Enterprise HK Limited ("Bloxworth HK"), a wholly owned subsidiary of the Company, which wholly owns the shareholding interest in Fujian Fuwang Metal Products Co Ltd (福建福旺金屬製品有限公司), was placed in creditors' voluntary liquidation pursuant to section 228A of the Companies Ordinance (Chapter 32) of the Laws of Hong Kong. On 26 February 2010, Mr. Fok Hei Yu and Mr. Roderick John Sutton were appointed as Joint and Several Liquidators of Bloxworth HK.

Partners Capital International Limited has been appointed by the Provisional Liquidators as the financial advisor to the Company regarding the restructuring of the Group.

On 28 December 2009, the Provisional Liquidators, on behalf of the Company, and the Escrow Agent entered into an exclusivity and escrow agreement with the Investor. The said agreement granted the Investor a 12-month exclusivity to negotiate the restructuring of the Company, certain subsidiaries and associated companies, if any, in the Group, and in turn, the Investor paid a sum of HK$5 million to the Company to meet the costs and expenses in relation to the implementation of the restructuring of the Company during the 12-month exclusivity period. Furthermore, the Investor acknowledges that the Company and its business in the PRC may require working capital for its normal operations during this period and agrees to make available a working capital facility to the Group, if necessary.

On 22 February 2010, the Stock Exchange issued a letter to the Company, inter alia, requiring the Company to submit a viable resumption proposal to address the following issues:

- demonstrate that the Company has a sufficient level of operations or has assets of sufficient value as required under Rule 13.24 of the Listing Rules;

- publish all outstanding financial results and address any concerns that may be raised by the auditors of the Company;

- demonstrate that the Company has adequate financial reporting system and internal control procedures to enable the Company to meet its obligations under the Listing Rules;

- address certain issues raised by Deloitte Touche Tohmatsu, the former auditors of the Company, which details were set out in the announcement of the Company dated 30 April 2009, to the satisfaction of the Stock Exchange; and

- withdrawal or dismissal of the winding-up petition and discharge of the Provisional Liquidators.

On 23 March 2010, the Provisional Liquidators and Sino Gather Limited ("Sino Gather") (a special purpose vehicle controlled by the Provisional Liquidators) entered into a sale and purchase agreement where Sino Gather agreed to acquire and the Provisional Liquidators (on behalf of the Company) agreed to sell the entire share capital of Chinawinner Enterprises Limited, Chinawinner Enterprises (HK) Limited, Rich Victory Development Limited, at an aggregate nominal consideration of HK$3. The said transaction is primarily in furtherance of the Group's restructuring.

The Stock Exchange placed the Company in the first stage of the delisting procedures in accordance with Practice Note 17 to the Listing Rules. If the Company failed to submit a viable resumption proposal by 21 August 2010, the Stock Exchange may proceed to place the Company in the second stage of the delisting procedures. A resumption proposal was submitted to the Stock Exchange on 21 August 2010.

PROSPECTS

It is anticipated that the financial position of the Group will be substantially improved upon (i) the Investor signing a formal restructuring agreement with the Provisional Liquidators (on behalf of the Company without personal liability) to revive the Group; and (ii) completion of the proposed restructuring of the Group as contemplated under such agreement. The Investor and the Provisional Liquidators anticipate all existing liabilities owed to the creditors of the Company and creditors of its subsidiaries holding guarantees given by the Company will be compromised and discharged through a proposed scheme of arrangement and the Group will be able to turnaround its existing net current liabilities position upon completion of the restructuring.

Subject to, among other things, the approvals of the shareholders of the Company and the Stock Exchange upon completion of the abovementioned restructuring agreement, the Company's shares will resume trading on the Stock Exchange.

It is the Investor's intention to maintain the Group's existing business in Shanxi, the PRC, currently conducted through Shanxi Zhanpen Metal Products Co Ltd (山西展鵬金屬製品有限公司), an indirect wholly owned subsidiary of the Company.

SUSPENSION OF TRADING OF THE COMPANY'S SHARES AND APPOINTMENT OF THE JOINT AND SEVERAL PROVISIONAL LIQUIDATORS

Trading in the shares of the Company has been suspended from trading on the Stock Exchange since 28 April 2009.

On 2 October 2009, DBS Bank (Hong Kong) Limited filed an application with the High Court for the winding up petition against the Company. Accordingly, the High Court appointed the Provisional Liquidators to the Company on the same day.

The Provisional Liquidators are responsible for the accuracy and completeness of the contents of this announcement and the audited financial statements for the year ended 31 December 2008 in relation to (i) the affairs of the Group after the appointment of the Provisional Liquidators; and (ii) the preparation of the contents of these audited financial statements for the year ended 31 December 2008 based on the books and records made available to the Provisional Liquidators.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

As the Provisional Liquidator is appointed on 2 October 2009, the Provisional Liquidators are unable to comment on whether the Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") as the code of conduct regarding securities transactions by the directors of the Company for the financial year ended 31 December 2008. The Provisional Liquidators make no representation as to whether the directors of the Company have complied with the required standard set out in the Model Code during the year ended 31 December 2008.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Provisional Liquidators make no representation as to whether the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2008.

AUDIT COMMITTEE

Following the resignations of the majority of the Company's independent non-executive directors in March and July 2009, there has been no replacement of members of the audit committee. No audit committee is therefore maintained as required by Rule 3.21 of the Listing Rules. As a result, the audited accounts of the Group for the year ended 31 December 2008 have not been reviewed by the audit committee.

CORPORATE GOVERNANCE

Since the Provisional Liquidators were appointed on 2 October 2009 pursuant to an order of the High Court, the Provisional Liquidators are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 to the Listing Rules throughout the year ended 31 December 2008.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.cpackaging.com.hk.

For and on behalf of
CHINA PACKAGING GROUP COMPANY LIMITED
(Provisional Liquidators Appointed)
FOK Hei Yu
Roderick John SUTTON
Joint and Several Provisional Liquidators
who act without personal liabilities

Hong Kong, 22 October 2010

On the basis of the information available from the previous announcements made by the Company, the board of directors of the Company comprises one executive director, namely, Mr. Liu Zhi Qiang, and one independent non-executive director, namely Mr. Chong Hoi Fung.