中國包裝集團有限公司

China Packaging Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 572)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

The board of directors (the "**Board**") of China Packaging Group Company Limited (the "**Company**") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2012 together with comparative figures for the corresponding period of 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

		Six months ended 30 June	
		2012	2011
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*4*	**54,835**	63,529
Cost of sales		**(45,509)**	(51,852)
Gross profit		**9,326**	11,677
Other revenue		**80**	2,074
Restructuring costs and expenses		**–**	(2,745)
Selling and distribution expenses		**(2,890)**	(2,983)
Miscellaneous expenses		**–**	(58)
Administrative expenses		**(6,732)**	(704)
(Loss)/profit from operations		**(216)**	7,261
Finance costs	*5*	**(663)**	(3,326)
(Loss)/profit before tax	*6*	**(879)**	3,935
Income tax expense	*7*	**(1,890)**	(2,035)
(Loss)/profit for the period attributable to owners of the Company		**(2,769)**	1,900
Other comprehensive income			
Exchange differences arising on translating of foreign operation		**205**	–
Total comprehensive (expenses)/income for the period attributable to owners of the Company		**(2,564)**	1,900
(Loss)/earnings per share	*9*		
– Basic		**(RMB0.0087)**	RMB0.0029
– Diluted		**(RMB0.0087)**	RMB0.0029

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012

	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	*10*	**68,496**	59,981
Deposit paid for acquisition of property, plant and equipment		**–**	6,102
		68,496	66,083
Current assets			
Inventories		**3,439**	3,294
Trade and other receivables	*11*	**63,257**	64,990
Bank balances and cash		**15,325**	21,877
		82,021	90,161
Current liabilities			
Trade and other payables	*12*	**8,069**	11,961
Tax payable		**2,924**	4,657
		10,993	16,618
Net current assets		**71,028**	73,543
Non-current liabilities			
Convertible loan notes	*13*	**7,920**	7,405
Deferred tax liabilities		**3,024**	2,588
		10,944	9,993
Net assets		**128,580**	129,633
Capital and reserves			
Share capital	*14*	**708**	698
Reserves		**127,872**	128,935
		128,580	129,633

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Share capital *RMB'000* *(Note 14)*	Share premium *RMB'000* *(Note a)*	Share options reserve *RMB'000* *(Note b)*	Convertible loan notes equity reserve *RMB'000* *(Note 13)*	Translation reserve *RMB'000*	Surplus reserve fund *RMB'000* *(Note c)*	(Accumulated loss)/ Retained profit *RMB'000*	Total *RMB'000*
At 31 December 2011 (as orginally stated)	698	288,667	2,673	7,629	150	9,222	(179,406)	129,633
Prior year adjustment *(Note 16)*	–	(215,765)	–	–	–	–	215,765	–
At 31 December 2011 (as restated) and 1 January 2012	698	72,902	2,673	7,629	150	9,222	36,359	129,633
Loss for the period	–	–	–	–	–	–	(2,769)	(2,769)
Exchange differences arising on translating of foreign operation	–	–	–	–	205	–	–	205
Total comprehensive income (expenses) for the period	–	–	–	–	205	–	(2,769)	(2,564)
Exercise of scheme creditors options	10	1,880	(384)	–	–	–	5	1,511
At 30 June 2012 (Unaudited)	708	74,782	2,289	7,629	355	9,222	33,595	128,580
At 1 January 2011	67,399	215,765	938	–	–	9,222	(404,238)	(110,914)
Profit for the period, representing total comprehensive income for the period	–	–	–	–	–	–	1,900	1,900
At 30 June 2011 (Unaudited)	67,399	215,765	938	–	–	9,222	(402,338)	(109,014)

Notes:

a) Under the Companies Law (Revised) Chapter 22 of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to the provisions of its Memorandum or Articles of Associations and provided that immediately following the distribution or dividends, the Company is able to pay its debts as they fall due in the ordinary course of business.

b) Share options reserve represents the portion of the grant date fair value of unexercised share options granted under the share option scheme or unexercised scheme creditors options granted under the debt restructuring as mentioned in 2011 annual report of the Company for the year ended 31 December 2011 ("**2011 Annual Report**").

c) According to the relevant enterprises regulations in the People's Republic of China (the "**PRC**"), 山西展鵬金屬製品有限公司 (Shanxi Zhanpen Metal Products Co., Ltd.) ("**Zhanpen**"), a subsidiary established in the PRC is required to transfer not less than 10% of their profit after taxation to surplus reserve until the balance reaches 50% of its registered capital, as determined under accounting principles generally accepted in the PRC. The surplus reserve fund can be used to make up for previous year's losses, expand the existing operations or convert into additions capital of the subsidiary.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2012

1. GENERAL

China Packaging Group Company Limited (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 its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business is Suite 06-07, 28th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The Company is an investment holding company. The Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are 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 unaudited condensed consolidated interim financial statements are presented in RMB, unless otherwise stated.

2. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), the applicable disclosure requirements of Appendix 16 to of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and the same accounting policies as those adopted in the 2011 Annual Report. These unaudited condensed consolidated interim financial statements do not included all the information and disclosure required for an annual financial statement and should be read in conjunction with the 2011 Annual Report.

The condensed consolidated interim financial statement is unaudited and has been reviewed by the audit committee of the Company.

3. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at their fair values.

Except as described below, the principal accounting policies and basis of preparation used in the preparation of the unaudited condensed consolidated financial results for the six months ended 30 June 2012 are consistent with those adopted in preparing the audited consolidated financial statements of the Group for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following new or revised standards and amendments ("**new and revised HKFRSs**") issued by the HKICPA:

HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 12 (Amendments)	Deferred tax: Recovery of underlying assets

The adoption of the above new and revised HKFRSs in the current interim period has had no material impact on the accounting policies of the Group and the methods of computation in the Group's unaudited condensed consolidated financial statements.

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

4. REVENUE AND SEGMENT INFORMATION

Revenue, which is also the Group's turnover, represents the net amounts received and receivable for goods sold during the period.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or provided.

The chief operating decision maker assesses the performance of the Group's manufacture and sale of tinplate cans packaging business on both geographic and product perspectives. Geographically, chief operating decision maker considers the Group's business is primarily operated in the PRC and the Group's revenue from external customers is derived solely from the manufacture and sale of tinplate cans packaging in the PRC. All of the Group's business activities are included in a single reportable segment in accordance with HKFRS 8 "Operating segments". As such, no segment information is presented.

5. FINANCE COSTS

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interests on:		
Overdue bank borrowings *(Note)*	**–**	1,821
Overdue other borrowings *(Note)*	**–**	1,215
Overdue other financial liabilities *(Note)*	**–**	290
	–	3,326
Effective interest expense on convertible loan notes	**663**	–
	663	3,326

Note:

Upon the sanction of the Schemes as defined in the 2011 Annual Report, the finance costs of bank borrowings, other borrowings and other financial liabilities incurred for the six months ended 30 June 2011 have been discharged. The discharged amount formed part of the gain on restructuring as mentioned in 2011 Annual Report.

6. (LOSS)/PROFIT BEFORE TAX

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit before tax has been arrived at after charging (crediting):		
Cost of inventories recognized as an expense	**45,509**	51,852
Depreciation of property, plant and equipment	**3,887**	3,697
Minimum lease payments in respect of:		
– Machinery and equipment	**1,100**	1,000
Interest income on bank deposits	**(80)**	–

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
– PRC Enterprise Income Tax ("**EIT**")	**1,454**	2,035
Deferred tax:		
– Mainland China withholding tax	**436**	–
	1,890	2,035

Notes:

(a) No Hong Kong Profits Tax has been provided for as the Group did not generate any assessable profits in Hong Kong for both periods. No deferred tax asset has been recognized due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

(b) Under the Law of the PRC on EIT (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary is 25% from 1 January 2008 onwards.

(c) Pursuant to the PRC EIT Law which became effective on 1 January 2008, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC effective from 1 January 2008. On 22 February 2008, Caishui (2008) No. 1 was promulgated by the tax authorities to specify that dividends declared and remitted out of the PRC from the retained profits as at 31 December 2007 are exempted from withholding tax.

8. DIVIDEND

No dividend were paid, declared or proposed during both interim periods. The Board does not recommend the payment of any interim dividend.

9. (LOSS) EARNINGS PER SHARE

(a) Basic

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

	Six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purposes of basic (loss) earnings per share	**(2,769)**	1,900

	Six months ended 30 June	
	2012	2011
Number of shares:		
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	**319,164,345**	657,121,081

(b) Diluted

Six months ended 30 June 2012

The basic and diluted loss per share will be the same as the computation of diluted loss per share was prepared on the assumption of no conversion of the Company's outstanding options, convertible preference shares or convertible loan notes of which the exercise may result in a decrease in loss per share.

Six months ended 30 June 2011

Trading in the shares of the Company has been suspended during the six months ended 30 June 2011 and no information of the average market price per share for the period is available. As the exercise price of the options is higher than the market price for shares immediately before the suspension of trading in the Company's shares, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired approximately RMB12.4 million (six months ended 30 June 2011: Nil) of plant and equipment.

11. TRADE AND OTHER RECEIVABLES

	At 30 June 2012 *RMB'000* (Unaudited)	At 31 December 2011 *RMB'000* (Audited)
Trade receivables	**62,620**	62,793
Other receivables, deposits and prepayments	**637**	2,197
	63,257	64,990

The Group generally allows an average credit period of 120 days to its customers. The following is an aged analysis of trade receivables presented based on the invoice date at the end of the reporting period:

	At 30 June 2012 *RMB'000* (Unaudited)	At 31 December 2011 *RMB'000* (Audited)
0 – 30 days	**8,549**	16,524
31 – 60 days	**9,779**	16,239
61 – 90 days	**10,996**	13,215
91 – 120 days	**10,326**	11,539
Over 120 days	**22,970**	5,276
	62,620	62,793

12. TRADE AND OTHER PAYABLES

	At 30 June 2012 *RMB'000* (Unaudited)	At 31 December 2011 *RMB'000* (Audited)
Trade payables	**5,483**	8,561
Other payables and accrued charges	**2,586**	3,400
	8,069	11,961

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

	At 30 June 2012 *RMB'000* (Unaudited)	At 31 December 2011 *RMB'000* (Audited)
0 – 30 days	**5,483**	8,561

The average credit period on purchases of goods is 30 days. The Group has financial risk management policies in place to ensure that all trade payables would be settled within the credit timeframe.

13. CONVERTIBLE LOAN NOTES

Reference is made to the 2011 Annual Report, on 1 November 2011, the Company issued 2% convertible loan notes with a principal amount of HKD18,000,000 ("**Convertible Loan Notes**") to the investors of the Company (the "**Investors**") upon the completion of restructuring of the Group, which details were set out in 2011 Annual Report.

The Convertible Loan Notes are unsecured and denominated in HKD. Pursuant to a meeting of the Board held on 1 November 2011 and a confirmation from the holders of the Convertible Loan Notes, all the interests and repayment of the principal of the Convertible Loan Notes in future shall be settled in RMB (ie: the functional currency of the Group) and notwithstanding any change in exchange rate between HKD and RMB in future, the exchange rate for conversion of any payment under the Convertible Loan Notes from HKD to RMB has been fixed at 1.21, which is the exchange rate as at 1 November 2011. As a result, although the Convertible Loan Notes are not denominated in the functional currency of the Group, the conversion option will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments.

The Convertible Loan Notes entitle the Investors to convert them into ordinary shares of the Company at any time between the date of issue of the Convertible Loan Notes and before 7 business days of their settlement date on 31 October 2016 at a conversion price of HKD0.12 per share, subject to adjustment. If the Convertible Loan Notes have not been converted, they will be redeemed on 31 October 2016 at its face value.

The Convertible Loan Notes contain two components, liability and equity elements. The equity element is presented in equity heading "convertible loan notes equity reserve". The effective interest rate of the liability component is 17% per annum.

The movement of the liability component of the Convertible Loan Notes during the period is set out below:

	RMB'000
Nominal value of the Convertible Loan Notes (equivalent to HKD18,000,000)	14,876
Less: Equity component at the date of issuance	(7,629)
Liability component at the date of issuance	7,247
Interest charged for the year ended 31 December 2011	208
Interest paid for the year ended 31 December 2011	(50)
Liability component at 31 December 2011	7,405
Interest charged for the six months ended 30 June 2012	663
Interest paid for the six months ended 30 June 2012	(148)
Liability component at 30 June 2012	7,920

14. SHARE CAPITAL

	Par value per share HKD	Number of ordinary shares *(Note a)*	Number of convertible preference shares *(Note b)*	Amount HKD'000
Authorised:				
At 31 December 2011 and 30 June 2012 *(Note c)*	0.001	249,480,000,000	520,000,000	250,000

	Par value per share HKD	Number of ordinary shares *(Note a)*	Number of convertible preference shares *(Note b)*	Amount HKD'000	Equivalent to RMB'000
Issued and fully paid:					
At 1 January 2011	0.1	657,121,081	–	65,712	67,399
Capital consolidation *(Note d)*	N/A	(574,980,946)	–	–	–
	0.8	82,140,135	–	65,712	67,399
Capital reduction *(Note e)*	N/A	–	–	(65,630)	(67,314)
	0.001	82,140,135	–	82	85
Subscription of new shares by Investors *(Note f)*	0.001	230,000,000	–	230	187
Subscription of convertible preference shares by Investors *(Note g)*	0.001	–	520,000,000	520	425
Bonus issue *(Note h)*	0.001	1,067,822	–	1	1
At 31 December 2011	0.001	313,207,957	520,000,000	833	698
Exercise of scheme creditors options	0.001	12,381,813	–	12	10
At 30 June 2012	0.001	**325,589,770**	**520,000,000**	**845**	**708**

Notes:

a) All the ordinary shares which were issued by the Company rank pari passu with each other in all respects.

b) All the convertible preference shares which were issued by the Company rank pari passu with each other in all respects. The principal terms of the convertible preference shares on the date of issue include the following:

i) Dividend

The holders of the convertible preference shares of HKD0.001 each shall not be entitled to any dividend or distribution.

ii) Capital

On a return of capital on liquidation, the assets of the Company available for distribution among the members shall be applied in repaying to the holders of the preference shares the nominal amount paid up on the preference shares. The paid-up preference shares shall rank for return of capital on liquidation in priority to all other shares in the capital of the Company for the time being in issue while the non-paid-up preference shares shall rank pari passu with the new shares for the time being in issue.

iii) Redemption

The preference shares are non-redeemable.

iv) Conversion rights

The convertible preference shares of HKD0.001 each are convertible into new shares of HKD0.001 each ("**New Share**") after the date of their issuance, subject to an adjustment, at a conversion price of HKD0.12 per New Share, subject to adjustment provisions which are standard terms for convertible securities of similar type.

v) Transferability

The convertible preference shares are freely transferable by the holders thereof after the date of issue of the preference shares, subject to the requirement of the Listing Rules.

vi) Voting

The convertible preference shares holders shall not have the right to receive notice of, or to attend and vote at, general meetings of the Company, unless a resolution is to be proposed at a general meeting of the Company for winding up the Company or which if pass would vary or abrogate the rights or privileges of the convertible preference shares.

c) Following the Capital Consolidation and the Capital Reduction as stated and defined in Notes d and e below, the authorised unissued share capital of the Company of HKD134,287,891.90, comprised 1,342,878,919 shares each with a nominal value of HKD0.10, shall be altered so as to be comprised 134,287,891,900 New Shares of HKD0.001 each. At the extraordinary general meeting of the Company held on 6 October 2011, ordinary resolution was passed approving the authorised share capital of the Company be increased from HKD134,370,032.04, divided into 134,370,032,035 shares of HKD0.001 each to HKD250,000,000 divided into 250,000,000,000 shares of HKD0.001 each (consisted with 249,480,000,000 ordinary shares of HKD0.001 each and 520,000,000 preference shares of HKD0.001 each) by the creation of an additional 115,629,967,965 shares of HKD0.001 each.

d) At the extraordinary general meeting of the Company held on 6 October 2011, special resolution was passed approving the capital consolidation ("**Capital Consolidation**") that every eight shares of HKD0.10 each in the issued share capital of the Company will be consolidated into one consolidated share with par value of HKD0.80 each ("**Consolidated Share**").

e) At the extraordinary general meeting of the Company held on 6 October 2011, special resolution was passed approving upon the Capital Consolidation becoming effective, the par value of each issued Consolidated Share will be reduced from HKD0.80 to HKD0.001 by cancellation of HKD0.799 of the paid-up capital of each issued Consolidated Share ("**Capital Reduction**"). The credit arising as a result of the Capital Consolidation and the Capital Reduction of approximately RMB67,314,000 (equivalent to approximately HKD65,630,000) has been applied to reduce the accumulated losses of the Company as permitted by Cayman Companies Law during the year ended 31 December 2011.

f) At the extraordinary general meeting of the Company held on 6 October 2011, ordinary resolution was passed approving the allotment and issue of 230,000,000 New Shares to the Investors at a subscription price of HKD0.12 per subscription share to raise a total of HKD27,600,000 (approximately RMB22,544,000) pursuant to the terms of the restructuring agreement dated 17 June 2011. The allotment has been made on 1 November 2011.

g) On 1 November 2011, the Company issued 520,000,000 convertible preference shares with a par value of HKD0.001 each at a price of HKD0.12 each to raise a total of HKD62,400,000 (approximately RMB50,971,000). The directors of the Company considered that as the convertible preference share is not entitled to any dividend and it is non-redeemable, the convertible preference shares are equity instrument containing equity element only and are presented in equity. During the year ended 31 December 2011 and six months ended 30 June 2012, none of the ordinary shares were issued pursuant to the conversion of the convertible preference shares.

h) At the extraordinary general meeting of the Company held on 6 October 2011, ordinary resolution was passed approving the bonus issue to the shareholders of the Company whose names appear on the registers of members of the Company on 20 October 2011 on the basis of 13 bonus shares, credited as fully paid at par, for every 1,000 New Shares of the Company. Allotment was made on 2 November 2011.

15. RELATED PARTY TRANSACTIONS

During the six months ended 30 June 2012, an interest expenses of approximately RMB45,000 (six months ended 30 June 2011: Nil) on Convertible Loan Notes of the Company has been paid to Business Giant Limited, in which Mr. Leung Heung Ying Alvin, the director of the Company, is the sole director and shareholder.

16. PRIOR YEAR ADJUSTMENT

As mentioned in 2011 Annual Report, the Company has completed a Capital Consolidation and the Capital Reduction. At the time of completion Capital Consolidation and the Capital Reduction, the existing share premium of approximately RMB215,765,000 would off-set against the accumulated losses of the Company. As such, the financial information of the year ended 31 December 2011 has been restated. The effects of the restatement by line items are as follows:

At 31 December 2011	*RMB'000*
(Decrease) in share premium	(215,765)
Increase in retained profit	215,765

The above prior year adjustment does not have any impact on the results of the Group for the year ended 31 December 2011 nor have any impact on the net assets of the Group at 31 December 2011.

BUSINESS REVIEW

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

For the six months ended 30 June 2012, the Group's turnover was approximately RMB54.84 million (six months ended 30 June 2011: RMB63.53 million), representing a decrease of approximately 13.7% as compared to the corresponding period of last year. The consolidated loss attributable to owners of the Company amounted to approximately RMB2.77 million for the six months ended 30 June 2012 (six months ended 30 June 2011: profit of RMB1.90 million). Basic loss per share was approximately RMB0.0087 for the six months ended 30 June 2012 (six months ended 30 June 2011: earnings per share RMB0.0029). Such a loss was due to decrease in turnover resulting from downturn in Mainland China's economy in the past few months and increase in overhead and administrative expenses as, after discharge of the provisional liquidators of the Company in November 2011, the Company has resumed its normal operation in Hong Kong and incurs increased overhead and administrative expenses since then. No dividend is declared by the Company for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

FINANCIAL REVIEW

Liquidity, financial resources and funding

At 30 June 2012, the Group had net current assets approximately of RMB71.03 million (31 December 2011: RMB73.54 million) and liquid assets comprising bank balances and cash totaled approximately RMB15.33 million (31 December 2011: RMB21.88 million). The Group's current ratio, calculated based on current assets of approximately RMB82.02 million (31 December 2011: RMB90.16 million) over current liabilities of RMB10.99 million (31 December 2011: RMB16.62 million), was at a ratio of 7.5 at the period end (31 December 2011: 5.4).

At the end of the reporting period, equity attributable to owners of the Company, calculated based on net assets amounting to approximately RMB128.58 million (31 December 2011: RMB129.63 million) is equivalent to an attributable amount of RMB0.40 (31 December 2011: RMB0.41) per share of the Company.

At 30 June 2012, the Group's total liabilities amounted to approximately RMB21.94 million (31 December 2011: RMB26.61 million). The Group's gearing ratio, calculated on the basis of total borrowings divided by total equity, was at 6.2% at the 30 June 2012 (31 December 2011: 5.7%).

The Convertible Loan Notes were denominated in Hong Kong dollars and bore fixed interest rate at 2% per annum. In terms of maturity, the Convertible Loan Notes, if not converted into Shares, would be due for repayment in October 2016. Further details of the Convertible Loan Notes are set out in Note 13 this announcement.

The Group's finance costs for the period under review was approximately RMB0.66 million (six months ended 30 June 2011: RMB3.33 million).

Foreign Currency Management

The Group has minimal exposure to foreign currency risks as most of its business transactions, assets and liabilities are principally denominated in Hong Kong dollars and Renminbi.

The Group currently does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging foreign currency exposure if necessary.

Pledge of Assets

As 30 June 2012, the Group did not have any pledged assets.

CONTINGENT LIABILITIES

At 30 June 2012, the Group did not have any significant contingent liabilities (31 December 2011: Nil).

Capital Commitment

At 30 June 2012, the Group had no material capital commitment in respect of property, plant and equipment (31 December 2011: RMB4.07 million).

PROSPECTS

In light of the uncertainties and challenges face by world major economies, slowing down of the PRC economy, tight credit control and inflationary pressure in the PRC, the Group will continue to manage its businesses in a prudent manner and exercise stringent financial control on the business of the Group. The Group will adopt a cautious approach in evaluating any investment opportunities to ensure a bright prospect to the shareholders of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by directors of the Company. Having made specific enquiry with all Directors, the directors have confirmed that he have complied with the required standards set out in the Model Code during the six months ended 30 June 2012.

For the six months ended 30 June 2012, the Company was not aware of any non-compliance of the standards on securities transactions by directors of the Company as set out in the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF 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 2012.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

AUDIT COMMITTEE

The unaudited condensed consolidated interim financial statements of the Company for the six months ended 30 June 2012 have not been audited, but have been reviewed by the Audit Committee.

CORPORATE GOVERNANCE

The Company had adopted the principles and complied with all the applicable provisions of the Code on Corporate Governance Practices (the "**CG Code**") as set out in Appendix 14 of the Listing Rules throughout the six months ended 30 June 2012 except for the following deviations:

(a) Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer ("**CEO**") should be separate and should not be performed by the same individual.

During the period under review, the Company did not have any officer with chairman or CEO title. The roles and duties of chairman and CEO were shared by the Directors. In view of the size of operation of the Group, the Board considered that this structure is more suitable for the Company as it can promote the efficient formulation and implementation of the Company's strategies.

(b) Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

The independent non-executive Directors are not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in article 108A of the Company's articles of association which provides that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation. The reason for the deviation is that the Company does not believe that arbitrary limits on term of non-executive directorship are appropriate given that Directors ought to be committed to representing the long time interest of the Company's shareholders and the retirement and re-election requirements of independent non-executive Directors have given the Company's shareholders the right to approve continuation of independent non-executive Directors' offices.

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
Leung Heung Ying, Alvin
Executive Director

Hong Kong, 20 August 2012

As at the date of this announcement, the Board comprises (i) two executive Directors, namely Mr. Leung Heung Ying, Alvin and Mr. Wong Tat Wai, Derek; and (ii) three independent non-executive Directors, namely Dr. Lam Andy Siu Wing JP, Mr. Siu Siu Ling, Robert and Mr. Tam Tak Wah.