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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Packaging Holdings Development Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or the transferee(s) or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)**

### **(1) CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF THE PROMISSORY NOTE AND THE ADDITIONAL CONSIDERATION SHARES UNDER SPECIFIC MANDATE (2) PROPOSED CHANGE OF COMPANY NAME AND (3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Financial Adviser to the Company**



**Independent Financial Adviser to the Company**



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A letter from the board of directors of the Company is set out on pages 5 to 14 of this circular. A letter from the Independent Board Committee (as defined herein) to the Independent Shareholders is set out on pages 15 to 16 of this circular. A letter from Gram Capital (as defined herein), containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders of the Company, is set out on pages 17 to 27 of this circular.

A notice convening an extraordinary general meeting (the "EGM") of China Packaging Holdings Development Limited (the "Company") to be held at 9/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong on Wednesday, 12 July 2017 at 2:00 p.m. or any adjournment thereof is set forth in pages EGM-1 to EGM-2 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 2:00 p.m. on Monday, 10 July 2017) before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish, and in such event, the proxy shall be deemed to be revoked.

20 June 2017

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## DEFINITIONS

*In this circular, the following expressions have the meanings set out below unless the context otherwise requires:*

“Actual Profit”	the audited consolidated profit after tax of the Target Group (excluding the consolidation adjustment arising from the acquisition of the entire shareholding in Cable King Limited) under Hong Kong Financial Reporting Standards for the financial year ended 31 December 2016
“Additional Consideration Shares”	128,571,429 new Shares to be allotted and issued by the Company to the Seller or his nominee to settle part of the Additional Considerations
“Additional Consideration”	the additional consideration of HK\$180,000,000 payable by the Company to the Seller as adjusted based on the Actual Profit pursuant to the Share Purchase Agreement
“Agreement”	the agreement dated 23 May 2017 entered into between the Company and the Seller
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“BVI”	British Virgin Islands
“Company”	China Packaging Holdings Development Limited (中華包裝控股發展有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange
“connected person(s)”	has the meanings ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Draft Law”	the draft law on foreign investment published by the MOFCOM on 19 January 2015

## DEFINITIONS

“EGM”	an extraordinary general meeting of the Company to be convened for the purposes of considering and if thought fit approving (i) the transaction contemplated under the Agreement, including the issue of the Promissory Note and the Additional Consideration Shares to the Seller pursuant to the terms and conditions of the Agreement; and (ii) the Proposed Change of Company Name
“Gram Capital” or “Independent Financial Adviser”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder
“Group”	the Company and its subsidiaries
“HK\$”, “HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Independent Board Committee”	an independent board committee of the Board comprising all the independent non-executive Directors, namely Mr. Liu Da Jin, Mr. Ma Yiu Ho, Peter and Mr. Wu Ping
“Independent Shareholders”	Shareholders (other than the Seller and its associate (including Wealthy Achievers) and those Shareholders who are involved in, or interested in the issue of the Promissory Note and the Additional Consideration Shares who are not required to abstain from voting on the resolutions to be proposed at the EGM to approve the Specific Mandate under the Listing Rules
“Issue Price”	HK\$0.7 per Share
“Latest Practicable Date”	14 June 2017, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

## DEFINITIONS

“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“Novel Blaze”	Novel Blaze Limited, a limited company incorporated under the laws of BVI, the entire issued share capital of which is held by Ms. Zheng Xue Xia as at the Latest Practicable Date
“PRC”	the People’s Republic of China excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan for the purposes of this circular
“Promissory Note”	the promissory note in the principal amount of HK\$90,000,000 to be issued by the Company to the Seller in satisfaction of part of the Additional Consideration
“Proposed Change of Company Name”	the change of the English name of the Company from “China Packaging Holdings Development Limited” to “Mobile Internet (China) Holdings Limited” and the dual foreign name of the Company in Chinese from “中華包裝控股發展有限公司” to “移動互聯(中國)控股有限公司”
“RMB”	Renminbi, the lawful currency of the PRC
“Seller”	Mr. Peng Dong Miao
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Purchase Agreement”	the agreement dated 17 November 2015 entered into between the Company and the Seller in relation to the acquisition of the entire shareholding in Cable King Limited (as supplemented by a supplemental agreement dated 26 February 2016)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Specific Mandate”	a specific mandate to be sought from the Independent Shareholders at the EGM for the issue of the Promissory Note and the Additional Consideration Shares

## DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Group”	Cable King Limited and its subsidiaries
“VIE Contracts”	has the meaning as defined in the Company’s circular dated 29 February 2016
“Wealthy Achievers”	Wealthy Achievers Limited, an investment holding company wholly owned by the Seller
“%”	per cent

LETTER FROM THE BOARD

**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)**

*Executive Directors:*

Mr. Chen Wei Wei (*Chairman*)

Mr. Sun Shao Hua

Ms. Zheng Li Fang

*Registered office:*

Cricket Square, Hutchins Drive

P.O. Box 2681, Grand Cayman KY1-1111

Cayman Islands

*Independent Non-Executive Directors:*

Mr. Liu Da Jin

Mr. Ma Yiu Ho, Peter

Mr. Wu Ping

*Head office and principal place of the  
business in the PRC:*

Hong Sheng Industrial Park

Fengxin Industrial Zone

Yichun City, Jiangxi Province

The PRC

*Principal place of business in Hong Kong:*

Office 2, 7th Floor

Wah Hing Commercial Building

283 Lockhart Road, Wanchai

Hong Kong

20 June 2017

*To the Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO  
THE ISSUE OF PROMISSORY NOTE AND ADDITIONAL  
CONSIDERATION SHARES UNDER SPECIFIC MANDATE  
(2) PROPOSED CHANGE OF COMPANY NAME  
AND  
(3) NOTICE OF EXTRAORDINARY GENERAL MEETING**

**INTRODUCTION**

The purpose of this circular is to provide you with (i) further details about the Agreement; (ii) further details about the Proposed Change of Company Name; (iii) the recommendations of the Independent Board Committee in relation to the issue of the Promissory Note and the Additional Consideration Shares; (iv) a letter of advice from the Independent Financial Advisor to the Independent Board Committee and Independent Shareholders in relation to the issue of the Promissory Note and the Additional Consideration Shares; and (v) the notice convening the EGM.

## LETTER FROM THE BOARD

### CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF PROMISSORY NOTE AND ADDITIONAL CONSIDERATION SHARES UNDER SPECIFIC MANDATE

Reference is made to the announcements of the Company dated 11 April 2017 and 23 May 2017.

Pursuant to the Share Purchase Agreement, the consideration for the entire shareholding in Cable King Limited shall be subject to adjustment based on the Actual Profit. If the Actual Profit is more than HK\$49,000,000, the Company shall pay the Seller an additional consideration based on the formula set out below, subject to a maximum amount of HK\$180,000,000.

$$\text{Additional Consideration} = \text{Actual Profit} \times 9 - \text{HK\$440,000,000}$$

Based on the audited financial statements of the Target Group for the financial year ended 31 December 2016, the Actual Profit exceeds HK\$70,000,000 and therefore the Company shall pay to the Seller the Additional Consideration of HK\$180,000,000 in accordance with the Share Purchase Agreement.

Under the Share Purchase Agreement, the additional consideration will take the form of one or more of the following (i) cash; (ii) allotment and issuance of additional consideration shares of the Company at HK\$0.7 per share; and/or (iii) the issuance of an additional promissory note by the Company as further agreed by the Company and the Seller and shall be settled within 20 business days after the auditors of the Target Group issues the audited financial statements for the financial year ending 31 December 2016 or such other date as agreed by both parties to the Share Purchase Agreement.

On 23 May 2017, the Company entered into the Agreement with the Seller, pursuant to which it is agreed that the Additional Consideration will be settled (i) as to HK\$90,000,000 by the issue of the Promissory Note; and (ii) as to HK\$90,000,000 by issue of 128,571,429 Additional Consideration Shares at the Issue Price of HK\$0.7 per Share.

## LETTER FROM THE BOARD

### AGREEMENT

Major terms of the Agreement are set out below:

#### Date

23 May 2017

#### Parties Involved

- (i) the Company; and
- (ii) the Seller.

The Group is principally engaged in the design, manufacture, printing and sale of paper-based packaging products and the research, development, distribution and operation of mobile gaming products.

#### Settlement of Additional Consideration

Pursuant to the Agreement, the Additional Consideration of HK\$180,000,000 shall be satisfied by the Company in the following manner on the fifth business day after the conditions set out in the paragraph headed "Conditions of the Issue of Promissory Note and Additional Consideration Shares" below are satisfied, or such other date as may be agreed between the Company and the Seller:

- (i) HK\$90,000,000 shall be settled by the Company by way of issue of the Promissory Note to the Seller; and
- (ii) HK\$90,000,000 shall be settled by way of allotment and issuance of Additional Consideration Shares to the Seller or his nominee.

#### Promissory Note

The principal terms of the Promissory Note are summarised as follows:

Issuer:	the Company
Noteholder:	the Seller
Maximum principal Amount:	HK\$90,000,000
Interest:	4% per annum payable in arrears every calendar year
Payment:	payment shall be made in Hong Kong Dollars (HKD) to a designated bank account of the Seller.

## LETTER FROM THE BOARD

- Maturity date: the date immediately following 2 years after the date of issue of the Promissory Note (“**Maturity Date**”)
- Early Redemption: the Company may at its sole discretion elect to repay all or part of the principal amount of the Promissory Note together with interest accrued thereon at any time prior to the Maturity Date
- Assignment: neither party to the Promissory Note may assign or transfer any of its rights or obligations under the Promissory Note without the prior written consent of the other party thereto

### Additional Consideration Shares

The 128,571,429 Additional Consideration Shares to be allotted and issued to the Seller or his nominee represent (i) approximately 11.15% of the existing issued share capital of the Company; and (ii) approximately 10.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Additional Consideration Shares (assuming that there will be no change in the issued share capital of the Company between the dates of this circular and the issue of the Additional Consideration Shares).

The Additional Consideration Shares shall be allotted and issued pursuant to the Specific Mandate to be sought from the Independent Shareholders at the EGM and shall rank *pari passu* with the Shares in issue on the date of allotment and issuance including the rights to all dividends, distributions and other payments made or to be made for which the record date falls or after the date of such allotment and issuance.

The Issue Price of HK\$0.7 per Share was previously determined by the Company and the Seller under the Share Purchase Agreement. It represents:

- (i) a discount of approximately 11.39% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 17 November 2015, being the date of the Share Purchase Agreement;
- (ii) a discount of approximately 11.39% to the average closing price of approximate HK\$0.79 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Share Purchase Agreement;
- (iii) a discount of approximately 70.83% to the closing price of HK\$2.40 per Share as quoted on the Stock Exchange on the date of the Agreement;
- (iv) a discount of approximately 69.78% to the average closing price of approximate HK\$2.316 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Agreement; and
- (v) a discount of approximately 69.43% to the closing price of HK\$2.29 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

## LETTER FROM THE BOARD

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Additional Consideration Shares.

### Conditions of the Issue of Promissory Note and Additional Consideration Shares

The completion of the issue of the Promissory Note and the Additional Consideration Shares is conditional upon, among other things:

- (i) the Independent Shareholders in the EGM to be held approving the transaction contemplated under the Agreement, including the issue of the Promissory Note and the Additional Consideration Shares to the Seller pursuant to the terms and conditions of the Agreement; and
- (ii) the Stock Exchange granting the listing of, and permission to deal in, the Additional Consideration Shares.

In the event that the said conditions are not fulfilled by 30 October 2017 or such date as may be agreed among the Company and the Seller, the Agreement shall lapse and the Company and the Seller will further discuss the method of settlement of the Additional Consideration.

### Seller's Undertaking

To further safeguard the interests of the Company in the VIE Contracts, the Seller has undertaken to the Company that subject to completion of issue of the Additional Consideration Shares having taken place:

- (a) he agrees that 65,000,000 Additional Consideration Shares ("**Undertaken Shares**") is subject to the undertaking and that he shall notify the Company and the Stock Exchange in writing if he intends to dispose of any of the Undertaken Shares (the "**Disposal**"). Such notice shall contain details of the Disposal, including but not limited to the number of Undertaken Shares to be sold (the "**Disposal Shares**"), his shareholding in the Company upon completion of the Disposal and, where applicable, details of the transferee(s);
- (b) he shall not, directly or indirectly, dispose of any of the Undertaken 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; or

## LETTER FROM THE BOARD

- (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. 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 under the Draft Law.

The Seller's undertaking is additional to the Seller's previous undertaking to the Company as disclosed in the Company's circular dated 29 February 2016 and 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 Undertaken Shares.

The Company undertook to the Stock Exchange that it shall at all times enforce the said undertaking provided by the Seller.

### Effects on shareholding structure

The table below sets forth the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) upon allotment and issuance of the Additional Consideration Shares (assuming no outstanding share options having been exercised and the number of Shares owned by each of the Shareholders below between the Latest Practicable Date and the date of issue of the Additional Consideration Shares remain unchanged):

	<b>As at the</b>		<b>Immediately after</b>	
	<b>Latest Practicable Date</b>		<b>issue of Additional</b>	
	<i>Number of</i>	<i>Approximate</i>	<i>Number of</i>	<i>Approximate</i>
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Novel Blaze Limited	408,000,000	35.38	408,000,000	31.83
Seller/Wealthy Achievers Limited	224,285,714	19.45	352,857,143	27.53
Other public Shareholders	520,954,245	45.17	520,954,245	40.64
Total	1,153,239,959	100.00	1,281,811,388	100.00

## LETTER FROM THE BOARD

### Reasons for the issue of Promissory Note and Additional Consideration Shares

Under the Share Purchase Agreement, the additional consideration will take the form of one or more of the following (i) cash; (ii) allotment and issuance of additional consideration shares of the Company at HK\$0.7 per share; and/or (iii) the issuance of an additional promissory note by the Company as further agreed by the Company and the Seller and shall be settled within 20 business days after the auditors of the Target Group issues the audited financial statements for the financial year ended 31 December 2016 or such other date as agreed by both parties to the Share Purchase Agreement.

In determining the manner of the settlement of the Additional Consideration, the Directors take into consideration (i) the amount of Additional Consideration to be paid by the Company; (ii) the financial position of the Company at that time; and (iii) the implication of the Code on Takeovers and Mergers. The Directors (including the independent non-executive Directors) consider that 50% of the Additional Consideration will be settled by issue of the Promissory Note and the remaining Additional Consideration will be settled by the issue of the Additional Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole for the following reasons:

1. Based on the preliminary results announcement of the Company dated 30 March 2017, the Group has cash and bank balance of approximately RMB374 million as at 31 December 2016. On the other hand, the Group's current liability was approximately RMB663 million as at 31 December 2016 (including bank borrowings, promissory notes and convertible bonds collectively amounted to approximately RMB303 million as at 31 December 2016) which may be due in 2017 and the Group also has cash requirements for its business operation and expansion in 2017. Further, most of the Group's cash is held by its PRC subsidiaries. As at 31 December 2016, the Group only had approximately cash of HK\$50,000,000 held by its offshore entities, out of which approximately HK\$23,000,000 shall be used to settle the special dividend declared and majority of the remaining offshore cash shall be used for settlement of the interest payable under the Company's issued notes and convertible bonds and the Group's offshore operating expenses. Given that additional transactional costs (such as withholding tax) will be incurred to transfer cash from the Group's PRC subsidiaries to the Company and taking into consideration the cash requirements of the Group in 2017, the Directors (including the independent non-executive Directors) are of the view that it is better for the Group to reserve more cash and to settle the Additional Consideration using the Promissory Notes instead of cash on hand.
2. The Company considers that the settlement of 50% of the Additional Consideration by the Promissory Note is reasonable and preferable to settlement by way of cash, taking into account that the interest rate of 4% per annum under the Promissory Note is much lower than the interest rate for the bank borrowings. However, the Directors noted that the settlement of further Additional Consideration by issue of the promissory notes and/or the increase in bank borrowing may result in breach of certain financial covenants in the Company's issued notes and convertible bonds and therefore are of the view it is appropriate for half of the Additional Consideration to be settled by the Promissory Notes.

## LETTER FROM THE BOARD

- Further, the Company have considered raising funds by way of issue of new Shares. However, given that the Company has given the undertaking to the Stock Exchange the Company shall not issue any new Shares to any person(s) who are not PRC Shareholders unless the following conditions are satisfied (details of which are set out in the Company's circular dated 29 February 2016), it is difficult for the Company to raise fund by way of issue of new Shares.

### **Listing Rules Implications**

As at the Latest Practicable Date, the Seller, through Wealthy Achievers, is interested in 224,285,714 Shares, representing 19.45% of the existing issued share capital of the Company. Therefore, the Seller is a substantial shareholder of the Company and a connected person of the Company. Accordingly, the issue of the Promissory Note and the Additional Consideration Shares constitutes connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Seller and its associates (including Wealthy Achievers), who together holds 224,285,714 Shares and those Shareholders who are involved in, or interested in, the issue of the Promissory Note and the Additional Consideration Shares shall abstain from voting at the EGM.

None of the Directors has any material interest in the transactions or was required to abstain from voting on the Board resolutions in relation to the Agreement and the transactions contemplated thereunder.

The Company will seek the Independent Shareholders' approval for the issue of the Promissory Note and the Additional Consideration Shares. The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, and Gram Capital has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

### **PROPOSED CHANGE OF COMPANY NAME**

Reference is made to the announcement of the Company dated 8 June 2017.

The Board proposes to change the English name of the Company from "China Packaging Holdings Development Limited" to "Mobile Internet (China) Holdings Limited" and the dual foreign name of the Company in Chinese from "中華包裝控股發展有限公司" to "移動互聯(中國)控股有限公司".

## LETTER FROM THE BOARD

### **Conditions for the Proposed Change of Company Name**

The Proposed Change of Company Name is subject to the following conditions:

1. the passing of a special resolution by the Shareholders to approve the Proposed Change of Company Name at the EGM; and
2. any necessary approval of the Registrar of Companies in the Cayman Islands in relation to the Proposed Change of Company Name being obtained.

The relevant filing with the Registrar of Companies in the Cayman Islands will be made after the passing of the special resolution at the EGM. Subject to the satisfaction of the conditions set out above, the Proposed Change of Company Name will take effect from the date of entry of the new name and the new dual foreign name on the Register of Companies maintained by the Registrar of Companies of the Cayman Islands.

### **Reasons for the Change of Company Name**

The Board considers that the Proposed Change of Company Name will better reflect the current status of the Group's business development. The Board believes that the new name can provide the Company with a more appropriate corporate image and identity which will benefit the Company's future business development and is in the best interests of the Company and the Shareholders as a whole.

### **Effects of the Proposed Change of Company Name**

The Proposed Change of Company Name will not affect any rights of the Shareholders or the Company's daily business operation and/or its financial position. All existing share certificates of the Company in issue bearing the present name of the Company will, after the Proposed Change of Company Name becoming effective, continue to be evidence of legal title to the Shares and will be valid for trading, settlement and registration purposes.

Accordingly, there will not be any arrangement for free exchange of existing share certificates of the Company for new share certificates under the Company's new name. After the Proposed Change of Company Name becomes effective, any issue of share certificates will be under the new name of the Company.

In addition, subject to the confirmation of the Stock Exchange, the English and Chinese stock short names of the Company for trading of the Shares on the Stock Exchange will also be changed after the Proposed Change of Name becomes effective.

Further announcement(s) will be made by the Company to inform the Shareholders of the results of the EGM, the effective date of the Proposed Change of Company Name and the new English and Chinese stock short names of the Company for trading of the Shares on the Stock Exchange.

## LETTER FROM THE BOARD

### EXTRAORDINARY GENERAL MEETING

Set out on pages EGM-1 to EGM-2 is a notice convening the EGM to be held at 2:00 p.m. on Wednesday, 12 July 2017 at 9/F, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong at which resolutions will be proposed to the Shareholders to consider and, if thought fit, approve (i) the transaction contemplated under the Agreement, including the issue of the Promissory Note and the Additional Consideration Shares to the Seller pursuant to the terms and conditions of the Agreement; and (ii) the Proposed Change of Company Name.

A form of proxy for use at the EGM is enclosed with this document. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours (i.e. 2:00 p.m. on Monday, 10 July 2017) before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM should you so wish, and in such event, the proxy shall be deemed to be revoked.

Pursuant to Rule 13.39(4) of the Listing Rules, any votes of the Shareholders at a general meeting must be taken by poll. Accordingly, the resolution in relation to the Agreement and the transactions contemplated thereunder to be proposed at the EGM will be voted by way of a poll by the Shareholders.

### RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Agreement are on normal commercial terms, and fair and reasonable and the entering into of the Agreement is in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to approve the Agreement and the transactions contemplated thereunder. The text of the letter from Independent Board Committee is set out on pages 15 to 16 of this circular.

The Board also considers that the Proposed Change of Company Name is in the interest of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM to approve the Proposed Change of Company Name.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**China Packaging Holdings Development Limited**  
**Chen Wei Wei**  
*Chairman*

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder:*

### **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)**

20 June 2017

*To the Independent Shareholders*

Dear Sir or Madam,

**(1) CONNECTED TRANSACTION IN RELATION TO  
THE ISSUE OF THE PROMISSORY NOTE AND THE ADDITIONAL  
CONSIDERATION SHARES UNDER SPECIFIC MANDATE  
AND  
(2) NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular dated 20 June 2017 (the “**Circular**”) to the shareholders of the Company of which this letter forms part. Unless otherwise specified, terms defined in the Circular shall have the same meanings in this letter.

As the Independent non-executive Directors who are independent of the parties to the Agreement and the transactions contemplated thereunder, we have been appointed to form this Independent Board Committee to advise you as to whether, in our opinion, the respective terms of the Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Gram Capital has been appointed as the Independent Financial Adviser to advise this Independent Board Committee on the fairness and reasonableness of the respective terms of the Agreement and the transactions contemplated thereunder.

We wish to draw your attention to the letter from the Board, as set out on pages 5 to 14 of the Circular, and the letter of advice from the Independent Financial Adviser, as set out on pages 17 to 27 of the Circular, both of which provide details of the Agreement and the transactions contemplated thereunder. Having considered the advice rendered by the Independent Financial Adviser and the principal factors and reasons taken into consideration by it in arriving its advice, we are of the opinion that the terms of, and the entering into, the Agreement and the transactions contemplated thereunder are on normal

**LETTER FROM THE INDEPENDENT BOARD COMMITTEE**

commercial terms, in the interests of the Company and the Shareholders as a whole and are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution which will be proposed at the EGM to approve the respective terms of the Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

*Independent Board Committee*

**Mr. Liu Da Jin**

**Mr. Ma Yiu Ho, Peter**

**Mr. Wu Ping**

*Independent non-executive Directors*

## LETTER FROM GRAM CAPITAL

Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder for the purpose of inclusion in this circular.



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

20 June 2017

*To: The independent board committee and the independent shareholders  
of China Packaging Holdings Development Limited*

Dear Sirs,

### CONNECTED TRANSACTION IN RELATION TO THE ISSUE OF THE PROMISSORY NOTE AND THE ADDITIONAL CONSIDERATION SHARES UNDER SPECIFIC MANDATE

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 20 June 2017 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

As the Actual Profit exceeds HK\$70,000,000, the Company shall pay to the Seller the Additional Consideration of HK\$180,000,000 in accordance with the Share Purchase Agreement. On 23 May 2017, the Company entered into the Agreement with the Seller, pursuant to which it is agreed that the Additional Consideration will be settled (i) as to HK\$90,000,000 by the issue of the Promissory Note; and (ii) as to HK\$90,000,000 by issue of 128,571,429 Additional Consideration Shares at the Issue Price of HK\$0.7 per Share.

With reference to the Board Letter, the issue of the Promissory Note and the Additional Consideration Shares constitutes connected transaction for the Company under the Listing Rules and is subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

## LETTER FROM GRAM CAPITAL

The Independent Board Committee comprising Mr. Liu Da Jin, Mr. Ma Yiu Ho, Peter and Mr. Wu Ping (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; (ii) whether the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole and are conducted in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Agreement and the transactions contemplated thereunder at the EGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **BASIS OF OUR OPINION**

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Agreement and the transactions contemplated thereunder. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, the Seller or their respective subsidiaries or associates (if any), nor have we considered the taxation implication on the Group or the Shareholders as a result of entering into of the Agreement and the transactions contemplated thereunder. Our

## LETTER FROM GRAM CAPITAL

opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Agreement and the transactions contemplated thereunder, we have taken into consideration the following principal factors and reasons:

#### 1. Background of and reasons for the Agreement

##### Business overview of the Group

According to the Board Letter, the Group is principally engaged in the design, manufacture, printing and sale of paper-based packaging products and the research, development, distribution and operation of mobile gaming products.

Set out below are the audited consolidated financial results of the Group for the two years ended 31 December 2016 as extracted from the Company's annual report for the year ended 31 December 2016 (the "2016 Annual Report"):

	For the year ended 31 December 2016 RMB'000	For the year ended 31 December 2015 RMB'000	Year on year change %
Revenue	868,593	615,372	41.15
– Paper-based packaging products	647,685	615,372	5.25
– Development, distribution and operation of mobile gaming products	220,908	–	N/A
Gross profit	265,882	148,509	79.03
Profit attributable to owners of the Company	7,921	54,765	(85.54)

## LETTER FROM GRAM CAPITAL

As depicted from the above table, the revenue of the Group increased by approximately 41.15% for the year ended 31 December 2016 (“FY2016”) as compared to the year ended 31 December 2015 (“FY2015”). With reference to the 2016 Annual Report, the aforesaid increase in the Group’s revenue was mainly due to the completion of the acquisition of the Target Group (the “Acquisition”) in April 2016, which is engaged in developing, distributing and operating mobile gaming products in PRC.

Despite the increase in revenue, the profit attributable to owners of the Company reduced by approximately 85.54% in FY2016 as compared to FY2015. With reference to the 2016 Annual Report, this was mainly attributable to (i) the increase in selling and distribution expenses and administration expenses; and (ii) substantial amount of amortization of intangible assets and negative change in fair value of contingent consideration payable.

### **Reasons for entering into the Agreement**

With reference to the circular of the Company dated 29 February 2016, the consideration for the Acquisition shall be subject to adjustment based on the Actual Profit. With reference to the Board Letter, as the Actual Profit exceeds HK\$70,000,000, the Company shall pay to the Seller the Additional Consideration of HK\$180,000,000 in accordance with the Share Purchase Agreement.

Under the Share Purchase Agreement, the Additional Consideration will take the form of one or more of the following (i) cash; (ii) allotment and issuance of additional consideration shares of the Company at HK\$0.7 per share; and/or (iii) the issuance of an additional promissory note by the Company as further agreed by the Company and the Seller and shall be settled within 20 business days after the auditors of the Target Group issues the audited financial statements for the financial year ended 31 December 2016 or such other date as agreed by both parties to the Share Purchase Agreement.

In determining the manner of the settlement of the Additional Consideration, the Directors take into consideration (i) the amount of Additional Consideration to be paid by the Company; (ii) the financial position of the Company at that time; and (iii) the implication of the Code on Takeovers and Mergers. The Directors (including the independent non-executive Directors) consider that 50% of the Additional Consideration will be settled by issue of the Promissory Note and the remaining Additional Consideration will be settled by the issue of the Additional Consideration Shares are fair and reasonable and in the interests of the Company and the Shareholders as a whole for the following reasons:

1. Based on the preliminary results announcement of the Company dated 30 March 2017, the Group has cash and bank balance of approximately RMB374 million as at 31 December 2016. On the other hand, the Group’s current liability was approximately RMB663 million as at 31 December 2016 (including bank borrowings, promissory notes and convertible bonds collectively amounted to approximately RMB303 million as at 31 December 2016) which may be due in 2017 and the Group also has cash requirements for its business operation and expansion in 2017.

## LETTER FROM GRAM CAPITAL

We noted from the 2016 Annual Report that the Group's net cash generated from operating activities for FY2016 amounted to approximately RMB184 million. Upon our enquiry, we were also advised by the Directors that the Group is considering to retain its cash reserves for future developments and operations, including but not limited to, the use as general working capital, increase its production capacity in packaging business and for further acquisitions opportunity.

Furthermore, most of the Group's cash is held by its PRC subsidiaries. As at 31 December 2016, the Group only had approximately cash of HK\$50,000,000 held by its offshore entities, out of which approximately HK\$23,000,000 shall be used to settle the special dividend declared and majority of the remaining offshore cash shall be used for settlement of the interest payable under the Company's issued notes and convertible bonds and the Group's offshore operating expenses. Given that additional transactional costs (such as withholding tax) will be incurred to transfer cash from the Group's PRC subsidiaries to the Company and taking into consideration the cash requirements of the Group in 2017, the Directors (including the independent non-executive Directors) are of the view that it is better for the Group to reserve more cash and to settle the Additional Consideration using the Promissory Notes instead of cash on hand.

2. The Company considers that the settlement of 50% of the Additional Consideration by the Promissory Note is reasonable and preferable to settlement by way of cash, taking into account that the interest rate of 4% per annum under the Promissory Note is much lower than the interest rate for the bank borrowings. However, the Directors noted that the settlement of further Additional Consideration by issue of the promissory notes and/or the increase in bank borrowing may result in breach of certain financial covenants in the Company's issued notes and convertible bonds and therefore are of the view it is appropriate for half of the Additional Consideration to be settled by the Promissory Notes.
3. Further, the Company have considered raising funds by way of issue of new Shares. However, given that the Company has given the undertaking to the Stock Exchange that the Company shall not issue any new Shares to any person(s) who are not PRC Shareholders unless certain conditions are satisfied (details of which are set out in the Company's circular dated 29 February 2016), it is difficult for the Company to raise fund by way of issue of new Shares.

In light of the reasons for entering into the Agreement above, we concur with the Directors that the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

## LETTER FROM GRAM CAPITAL

### AGREEMENT

Pursuant to the Agreement entered into between the Company and the Seller on 23 May 2017, the Additional Consideration of HK\$180,000,000 shall be satisfied by the Company in the following manner on the fifth business day after the specified conditions are satisfied, or such other date as may be agreed between the Company and the Seller:

- (i) HK\$90,000,000 shall be settled by the Company by way of issue of the Promissory Note to the Seller; and
- (ii) HK\$90,000,000 shall be settled by way of allotment and issuance of Additional Consideration Shares to the Seller or his nominee.

### Promissory Note

The principal terms of the Promissory Note are summarised as follows:

Issuer:	the Company
Noteholder:	the Seller
Maximum principal Amount:	HK\$90,000,000
Interest:	4% per annum payable in arrears every calendar year
Payment:	payment shall be made in HK\$ to a designated bank account of the Seller.
Maturity Date:	the date immediately following 2 years after the date of issue of the Promissory Note.
Early Redemption:	The Company may at its sole discretion elect to repay all or part of the principal amount of the Promissory Note together with interest accrued thereon at any time prior to the Maturity Date.
Assignment:	neither party to the Promissory Note may assign or transfer any of its rights or obligations under the Promissory Note without the prior written consent of the other party thereto.

## LETTER FROM GRAM CAPITAL

As part of our analysis, we have identified notifiable transactions involving issue of promissory notes as all or part of the consideration/issue of promissory notes, announced by companies listed on the Stock Exchange (the “**PN Comparables**”) from 24 March 2017 to 23 May 2017, being the date of the Agreement (the “**Selection Period**”). The Selection Period was chosen for the demonstration of the market practices prior to the Agreement were entered into. We consider the aforesaid selection criteria to be appropriate and have not narrowed down the selection criteria by nature of business of target company, transaction size, size of the listed company, etc. (which do not materially impact the comparability of the PN Comparables) as this will result in insufficient number of comparables. To the best of our knowledge and as far as we are aware of, we found 6 transactions which met the said criteria. Shareholders should note that the businesses, operations and prospects of the Company are not the same as the subject company under the PN Comparables.

Company name	Stock code	Date of announcement	Maturity (Years)	Interest rate per annum (%)
Grand Peace Group Holdings Ltd.	8108	20 April 2017	0.42 <i>(Note)</i>	12.00
China Bio Cassava Holdings Ltd.	8129	11 April 2017	Undetermined	Nil
China Child Care Corporation Ltd.	1259	30 March 2017	2	7.60
Kong Shum Union Property Management (Holding) Ltd.	8181	8 February 2017	1.5	Nil
Evershine Group Holdings Ltd.	8022	20 January 2017	2	6.00
ShiFang Holding Limited	1831	8 May 2017	3	5.50
<b>Maximum</b>				<b>12.00</b>
<b>Minimum</b>				<b>Nil</b>
<b>Average</b>				<b>5.18</b>
<b>The Promissory Note</b>		<b>23 May 2017</b>	<b>2</b>	<b>4.00</b>

*Source:* The Stock Exchange’s website

*Note:* The maturity date is 5 September 2017.

We noted from the above table that the interest rate of the PN Comparables ranged from nil to 12% (the “**PN Comparables Interest Range**”). As such, the interest rate of 4% of the Promissory Note falls within the PN Comparables Interest Range.

Upon our enquiry, we were advised by the Directors that (i) the Group’s bank borrowings carry interest rates of 4.6% to 6.9% per annum for FY2016 (the “**Borrowings Interest Range**”); and (ii) the outstanding promissory notes carry interest rate of 7.5% and handling fee of 1% as at 31 December 2016 (the “**Existing PN Interest**”). As such, the interest rate of 4% of the Promissory Note also falls below the Borrowings Interest Range and the Existing PN Interest.

## LETTER FROM GRAM CAPITAL

In light of the above, we are of the view that the interest rate of 4% of the Promissory Note is on normal commercial term and fair and reasonable so far as the Independent Shareholders are concerned.

### Additional Consideration Shares

The 128,571,429 Additional Consideration Shares to be allotted and issued to the Seller or his nominee represent (i) approximately 11.15% of the existing issued share capital of the Company; and (ii) approximately 10.03% of the issued share capital of the Company as enlarged by the allotment and issue of the Additional Consideration Shares (assuming that there will be no change in the issued share capital of the Company between the dates of this circular and the issue of the Additional Consideration Shares).

The Issue Price of HK\$0.7 per Share was previously determined by the Company and the Seller under the Share Purchase Agreement. It represents:

- (i) a discount of approximately 11.39% to the closing price of HK\$0.79 per Share as quoted on the Stock Exchange on 17 November 2015, being the date of the Share Purchase Agreement (the "**Share Purchase Agreement Date Discount**");
- (ii) a discount of approximately 11.39% to the average closing price of approximate HK\$0.79 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Share Purchase Agreement;
- (iii) a discount of approximately 70.83% to the closing price of HK\$2.40 per Share as quoted on the Stock Exchange on the date of the Agreement (the "**Agreement Date Discount**");
- (iv) a discount of approximately 69.78% to the average closing price of approximate HK\$2.316 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Agreement; and
- (v) a discount of approximately 69.43% to the closing price of approximate HK\$2.29 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

In order to further assess the fairness and reasonableness of the Issue Price, we have identified, to the best of our knowledge and as far as we are aware of, 17 notifiable transactions in relation to acquisition by listed companies in Hong Kong involving the issue of shares as all or part of the consideration (the "**Share Comparables**") during the Selection Period. We consider the aforesaid selection criteria to be appropriate and have not narrowed down the selection criteria by nature of business of target company, transaction size, size of the listed company, etc. (which do not materially impact the comparability of the Share Comparables) as this will result in insufficient number of comparables. Shareholders should note that the business, operations and prospect of the Company are not the same as the subject companies of the Share Comparables and we have not conducted any in-depth investigation into the businesses and operations of the Share Comparables. The table below summarises our relevant findings:

**LETTER FROM GRAM CAPITAL**

<b>Company name</b>	<b>Stock code</b>	<b>Date of announcement</b>	<b>Premium/(Discount) of the issue price over/(to) the closing price per share on the last trading days prior to/on the date of the announcement/agreement in relation to the respective issue of consideration share</b>
China Innovationpay Group Limited	8083	28 March 2017	(30.91)
North Asia Resources Holdings Limited	61	31 March 2017	Nil
New Universe Environmental Group Limited	436	31 March 2017	5.26
China Mining Resources Group Limited	340	5 April 2017	3.09
Trigiant Group Limited	1300	5 April 2017	(0.51)
Beijing Properties (Holdings) Limited	925	7 April 2017	13.06
China Silver Group Limited	815	11 April 2017	(13.67)
Pan Asia Environmental Protection Group Limited	556	12 April 2017	76.60
Vincent Medical Holdings Limited	1612	12 April 2017	17.02
Affluent Partners Holdings Limited	1466	18 April 2017	1.33
Youyuan International Holdings Limited	2268	24 April 2017	15.00
China Financial Services Holdings Limited	605	25 April 2017	3.00
ShiFang Holding Limited	1831	8 May 2017	(9.09)
United Photovoltaics Group Limited	686	12 May 2017	(9.92)
Huazhang Technology Holding Limited	1673	17 May 2017	4.94
United Pacific Industries Limited	176	18 May 2017	1.09
Ozner Water International Holding Limited	2014	23 May 2017	0.31
<b>Maximum</b>			<b>76.60</b>
<b>Minimum</b>			<b>(30.91)</b>
<b>Average</b>			<b>4.51</b>
<b>The Company</b>	<b>1439</b>	<b>23 May 2017</b>	<b>(11.39)</b> <i>(Note)</i>

Source: The Stock Exchange's website

Note: The Share Purchase Agreement Date Discount is selected for comparison as the Issue Price was fixed at HK\$0.7 pursuant to the Share Purchase Agreement.

## LETTER FROM GRAM CAPITAL

As shown by the above table, the issue prices of the consideration shares of the Share Comparables ranged from a discount of approximately 30.91% to a premium of approximately 76.60% to/over the respective closing price per share on the last trading days prior to/on the date of the announcement/agreement in relation to the respective issue of consideration share. Among the Share Comparables, we noted that the issue price of Pan Asia Environmental Protection Group Limited (Stock code: 556) (“**Pan Asia**”) represents an exceptionally premium over its closing price per share on the last trading day prior to the date of agreement as compared with those of the other Share Comparables. We are therefore of the view that the issue price of the consideration shares of Pan Asia is rather an outlier. As the issue prices of the consideration shares of the Share Comparables (excluding Pan Asia) ranged from a discount of approximately 30.91% to a premium of approximately 17.02% to/over the respective closing price per share on the last trading days prior to/on the date of the announcement/agreement in relation to the respective issue of consideration share, the Issue Price, which represented the Share Purchase Date Discount of approximately 11.39%, is within the aforementioned market range.

We noticed that the Agreement Date discount is relatively substantial. Nevertheless, having considered (i) that the Issue Price of the Additional Consideration Shares was fixed at HK\$0.7 pursuant to the Share Purchase Agreement; (ii) the reasons for issuing the Additional Consideration Shares as aforementioned; and (iii) the Share Comparables analysis above, we are of the opinion that the Issue Price is fair and reasonable so far as the Independent Shareholders are concerned.

### **Seller’s undertaking**

To further safeguard the interests of the Company in the VIE Contracts, the Seller has undertaken to the Company as set out under the section headed “Seller’s Undertaking” of the Board Letter that subject to completion of issue of the Additional Consideration Shares having taken place.

The Seller’s undertaking is additional to the Seller’s previous undertaking to the Company as disclosed in the Company’s circular dated 29 February 2016 and 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 Undertaken Shares.

Having considered the above principal terms of the Agreement, we are of the view that the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

## LETTER FROM GRAM CAPITAL

### **Dilution effect on the shareholding interests of the existing public Shareholders**

As depicted by the table under the section headed “EFFECTS ON SHAREHOLDING STRUCTURE” of the Board Letter, upon issuance of the Additional Consideration Shares, the shareholding interests of the existing public Shareholders would be diluted by approximately 4.53 percent point. In view of (i) the reasons for the issuance of Additional Consideration Shares; and (ii) the terms of the Agreement being fair and reasonable, we are of the view that the aforementioned level of dilution to the shareholding interests of the existing public Shareholders is acceptable.

### **Possible financial effects of the Agreement**

Based on the 2016 Annual Report, the audited consolidated net asset value (“NAV”) of the Group was approximately RMB579.90 million as at 31 December 2016. As confirmed by the Directors, upon the issuance of the Promissory Note and the Additional Consideration Shares, the NAV of the Group would increase.

It should be noted that the aforementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon the issuance of the Promissory Note and the Additional Consideration Shares.

### **RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 20 years of experience in investment banking industry.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. SHARE CAPITAL**

<i>Authorized:</i>		<i>HK\$</i>
<u>8,000,000,000</u>	Shares as at the Latest Practicable Date	<u>80,000,000.00</u>
<i>Issued, fully paid or credited as fully paid:</i>		
1,153,239,959	Shares as at the Latest Practicable Date	11,532,399.59
<u>128,571,429</u>	Issue and Allotment of Additional Consideration Shares	<u>1,285,714.29</u>
<u>1,281,811,388</u>		<u>12,818,113.88</u>

### 3. DISCLOSURE OF INTEREST

#### (a) Directors' and Chief Executive's Interest and Short Positions in Shares, Underlying Shares and Debentures

Save as disclosed below, as at the Latest Practicable Date, no Directors or chief executive of the Company had or was deemed to have interests or short positions in Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange:

##### *Long positions in the Shares*

Name of Director	Capacity	Number of Issued Shares held	Approximate percentage of the issued share capital of the Company
Mr. Sun Shao Hua ( <i>Note 1</i> )	Interest of spouse	408,000,000	35.38%

*Note 1:* The 408,000,000 shares are owned by Novel Blaze, the entire issue share capital is held by Ms. Zheng Xue Xia, who is Mr. Sun Shao Hua's spouse. By virtue of the SFO, Mr. Sun Shao Hua is deemed to be interested in the Shares held by Ms. Zheng Xue Xia.

**(b) Interests and Short Positions of Substantial Shareholders**

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

*Long positions in the Shares*

Name of Director	Capacity	Number of Issued Shares held	Approximate percentage of the issued share capital of the Company
Novel Blaze	Beneficial owner	408,000,000	35.38%
Mr. Sun Shao Hua	Interest of spouse	408,000,000	35.38%
Ms. Zheng Xue Xia ( <i>Note 2</i> )	Interest in controlled corporation	408,000,000	35.38%
Mr. Peng Dong Miao ( <i>Note 3</i> )	Interest in controlled corporation	224,285,714	19.45%
	Beneficial owner	128,571,429	11.15%
Wealthy Achievers	Beneficial owner	224,285,714	19.45%

*Note 2:* The entire issue share capital of Novel Blaze is held by Ms. Zheng Xue Xia. By virtue of the SFO, Ms. Zheng Xue Xia is a deemed to be interested in all the Shares held by Novel Blaze.

*Note 3:* The entire issue share capital of Wealthy Achievers is held by Mr. Peng Dong Miao. By virtue of the SFO, Mr. Peng Dong Miao is a deemed to be interested in all the Shares held by Wealthy Achievers.

**4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS**

None of the Directors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2016, being the date to which the latest published audited consolidated accounts of the Group were made up.

#### 5. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective close associates (as defined under the Listing Rules) had any business or interest that competes or may compete with the business of the Group or any other conflicts of interest with the Group.

#### 6. LITIGATIONS

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

#### 7. SERVICES CONTRACTS

Each of Mr. Chen Wei Wei, Mr. Sun Shao Hua and Ms. Zheng Li Fang, being all the executive Directors, has entered into a service contract with our Company for an initial fixed term of three years which is renewable automatically until terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or any time thereafter.

#### 8. MISCELLANEOUS

- (a) The registered office of the Company is situated at Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the head office and principal place of business of the Company in the PRC is situated at Hong Sheng Industrial Park, Fengxin Industrial Zone, Yichun City, Jiangxi Province, the PRC, whereas the principal place of business of the Company in Hong Kong is situated at Office 2, 7th Floor, Wah Hing Commercial Building, 283 Lockhart Road, Wanchai, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Investor Services Limited, having its office situated at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) Mr. Hu Chung Ming, the company secretary of the Company, is a member of the Australian Society of Certified Practising Accountants and a fellow member of the Hong Kong Institute of Certified Public Accountants.
- (d) The English language text of this circular shall prevail over the Chinese language in case of inconsistency.

## 9. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by the members of the Group within the two years immediately preceding the Latest Practicable Date, and are material:

- (a) the Agreement;
- (b) the Share Purchase Agreement;
- (c) the subscription agreement dated 28 April 2016 entered into between the Company, Mr. Sun Shao Hua, Ms. Zheng Xue Xia, Cable King Limited, Wealthy Top Limited, Novel Blaze and Chance Talent Management Limited in relation to the subscription for (i) the redeemable fixed coupon note in the principal sum of HK\$120,000,000; and (ii) the convertible bonds with an aggregate principal amount of HK\$30,000,000 which carry conversion rights to convert up to 40,000,000 conversion shares at the subscription price (being the initial price of HK\$0.75 per conversion share which is subject to normal adjustment).
- (d) the subscription agreement dated 10 June 2015 entered into between the Company, Rich Kirin Holdings Limited, Big Wealth Limited, Chance Talent Management Limited and Mr. Sun Shao Hua and Novel Blaze, in relation to the subscription for (i) the redeemable fixed coupon note in the principal sum of HK\$80,000,000; and (ii) the convertible bonds with an aggregate principal amount of HK\$20,000,000 which carry conversion rights to convert up to 23,529,411 conversion shares at the subscription price at HK\$0.85 each.

## 10. EXPERTS

The qualification of the expert who has given its opinion or advice which is contained in this circular is set out below:

Name	Qualifications
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital Limited (i) had no shareholding in any member of the Group and did not have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group; (ii) had no direct or indirect interest in any assets which had been, since 31 December 2016 (the date to which the latest published audited consolidated financial statements of the Group were made up), acquired, disposed of by, or leased to any member of the Group, or were proposed to be acquired, disposed of by, or leased to any member of the Group; and (iii) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and the reference to its name included herein in the form and context in which it appears.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company in Hong Kong at Office 2, 7th Floor, Wah Hing Commercial Building, 283 Lockhart Road, Wanchai, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the date of the EGM:

- (a) the memorandum of association and articles of association of the Company;
- (b) the annual reports of the Company for the financial years ended 31 December 2014 and 2015 and the interim report of the Company for the six months ended 30 June 2016;
- (c) the letter from the Independent Board Committee, the texts of which are set out on pages 15 to 16 in this circular;
- (d) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the text of which are set out on pages 17 to 27 of this circular;
- (e) the material contracts referred to in the paragraph headed "9. MATERIAL CONTRACTS" in this Appendix;
- (f) the written consent of the Independent Financial Adviser as referred to in the paragraph headed "10. EXPERTS" of this appendix;
- (g) the Agreement; and
- (h) this circular.

**12. NO MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there had been no material adverse change in the financial or trading position of the Company since 31 December 2016, the date to which the latest published audited consolidated financial statements of the Company have been made up.

## NOTICE OF EGM

# 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)**

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** an extraordinary general meeting (the “**EGM**”) of China Packaging Holdings Development Limited (the “**Company**”) will be held at 9/F, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong on 12 July 2017 at 2:00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments the following resolutions:

### ORDINARY RESOLUTION

1. “**THAT**

- (a) the agreement dated 23 May 2017 entered into between the Company and Mr. Peng Dong Miao (the “**Seller**”) in relation to the settlement of the additional consideration (the “**Agreement**”) and the transactions contemplated thereunder be and is hereby approved, confirmed and ratified;
- (b) the issue of the promissory note in the principal amount of HK\$90,000,000 (the “**Promissory Note**”) to the Seller pursuant to the Agreement be and is hereby approved, confirmed and ratified;
- (c) the grant of specific mandate to the directors (the “**Directors**”) of the Company to allot and issue 128,571,429 additional consideration shares at the issue price of HK\$0.7 per Share (the “**Additional Consideration Shares**”) to the Seller pursuant to the Agreement be and is hereby approved, confirmed and ratified;
- (d) the allotment and issue of the Additional Consideration Shares at an issue price of HK\$0.7 per Share to the Seller in accordance with the Agreement be and is hereby approved, confirmed and ratified; and
- (e) any one or more of the Directors be and is/are hereby authorised to do all such acts and things and execute all such documents which he/they consider necessary, desirable or expedient for the purpose of, or in connection with, the implementation of and giving effect to the Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Promissory Note and the Additional Consideration Shares to the Seller.”

# NOTICE OF EGM

## SPECIAL RESOLUTION

2. “**THAT** subject to and conditional upon the approval of the Registrar of Companies in the Cayman Islands, the name of the Company be changed from “China Packaging Holdings Development Limited” to “Mobile Internet (China) Holdings Limited” and the dual foreign name of the Company be changed from “中華包裝控股發展有限公司” to “移動互聯(中國)控股有限公司” with effect from the date of entry of the new name and the dual foreign name of the Company on the Register of Companies maintained by the Registrar of Companies in the Cayman Islands and the Directors be and are hereby authorised to do all such acts, deeds and things and execute all documents they consider necessary or expedient to give effect to the aforesaid change of name of the Company.”

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

Hong Kong, 20 June 2017

*Notes:*

1. All resolutions proposed at the meeting will be taken by poll save that the chairman of the meeting may in good faith, allow a resolution which relate purely to a procedural or administrative matter to be voted on by a show of hands in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited and the Company in accordance with the Listing Rules.
2. Any member of the Company entitled to attend and vote at the above meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the meeting. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed. A proxy need not be a member of the Company.
3. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power of attorney or authority, must be deposited at the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours (i.e. 2:00 p.m. on Monday, 10 July 2017) before the time appointed for the holding of the meeting or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. In order to determine the entitlement to attend the EGM, the register of members of the Company will be closed from 7 July 2017 to 12 July 2017 (both days inclusive), during which period no transfer of shares of the Company can be registered. In order to qualify for attending the EGM, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration by not later than 4:30 p.m. on Thursday, 6 July 2017.
5. As at the date of this notice, the executive Directors are Mr. Chen Wei Wei (Chairman), Mr. Sun Shao Hua and Ms. Zheng Li Fang; and the independent non-executive Directors are Mr. Liu Da Jin, Mr. Ma Yiu Ho, Peter and Mr. Wu Ping.