

IN THE GRAND COURT OF THE CAYMAN ISLANDS

FINANCIAL SERVICES DIVISION

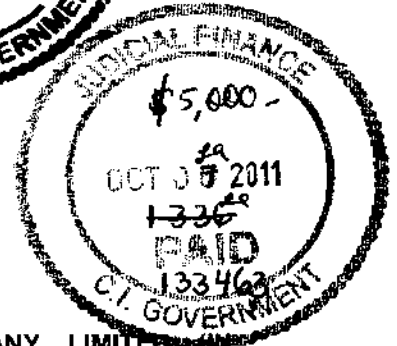


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CAUSE NO. FSD OF 2011

IN THE MATTER OF THE COMPANIES LAW (AS AMENDED)

AND

IN THE MATTER OF THE REDUCTION OF SHARES CAPITAL OF CHINA PACKAGING GROUP COMPANY LIMITED (IN PROVISIONAL LIQUIDATION)



PETITION

TO: THE GRAND COURT OF THE CAYMAN ISLANDS

THE HUMBLE PETITION OF CHINA PACKAGING GROUP COMPANY LIMITED (IN PROVISIONAL LIQUIDATION) acting by its Joint Provisional Liquidators, Mr Fok Hei Yu and Mr Roderick John Sutton, each of FTI Consulting (Hong Kong) Limited, and Mr G. James Cleaver of Zolfo Cooper (together the "Petitioners") SHOWS THAT:

The Company

1. China Packaging Group Company Limited (In Provisional Liquidation) (hereinafter called the "Company") is an exempted company limited by shares incorporated in the Cayman Islands on 21 October 2002 in accordance with the Companies Law (as amended) (the "Companies Law"), with registration number 120628.
2. The registered office of the Company is located at 4th Floor, Building 3, Cayman Financial Centre, P.O. Box 1102, George Town, Grand Cayman, KY1-1102, Cayman Islands. The Company's principal place of business in Hong Kong is situated at Level 22, The Center, 99 Queen's Road Central, Central, Hong Kong.
3. The Company is an investment holding company and is the ultimate holding company of Bloxworth Enterprises Ltd (incorporated in the British Virgin Islands) and 山西展鹏金属制品有限公司 (Shanxi Zhanpen Metal Products Co., Ltd.), an existing indirect wholly-owned subsidiary of the Company incorporated in the PRC with limited liability ("Shanxi Zhanpen"). The Company, together with these subsidiaries, (collectively, the "Group") are principally

engaged in the manufacturing and sale of tinplate cans for beverages in the Peoples Republic of China (the "PRC"). The Group's manufacturing bases are the PRC.

4. The Company was registered in Hong Kong as an overseas company under Part XI of the Companies Ordinance on 7 April 2003, and was listed on the main board of The Stock Exchange of Hong Kong Limited (the "HKEX") on 2 July 2003 (Stock Code: 572). On 28 April 2009, at the request of the Company, trading of the Shares on the HKEX was suspended due to the delay in publication of the audited annual results announcement of the Company for the year ended 31 December 2008.
5. The authorised share capital of the Company at the date of its incorporation was HK\$100,000 divided into 1,000,000 ordinary shares with a par value of HK\$0.10 each.
6. Since the Company's incorporation, its authorised share capital has been increased twice, by resolutions of the Company's shareholders, as follows:
 - (a) Pursuant to a resolution in writing of all the shareholders of the Company passed on 2 June 2003, the share capital of the Company was increased from HK\$100,000 to HK\$200,000 by the creation of an additional 1,000,000 ordinary shares with a par value of HK\$ 0.10 each.
 - (b) On 2 June 2003, the authorised share capital of the Company was further increased to HK\$200,000,000 by the creation of a further 1,998,000,000 shares pursuant to a resolution passed by all the shareholders of the Company.
7. As at the date of this Petition, the authorised share capital of the Company is HK\$200,000,000 divided into 2,000,000,000 ordinary shares with a par value of HK\$0.10 each. There are 657,121,081 ordinary shares in issue each of which are fully paid up, or credited as fully paid up with the rest remaining unissued.
8. The amended articles of association of the Company adopted by special resolution on 6 June 2006 (the "**Articles of Association**") provide (inter alia) as follows:
 - "7. *The Company in general meeting may from time to time, whether or not all the shares for the time being authorised shall have been issued and whether or not all the shares for the time being issued shall have been fully paid up, by Ordinary Resolution increase its share capital by the creation of new shares, such new capital to be of such amount and to be divided into shares of such class or classes and of such amounts in Hong Kong dollars or United States dollars or such other currency as the shareholders may think fit and as the resolution may prescribe.*

Company by the High Court of Hong Kong on 2 October 2009 (the "**Hong Kong Provisional Liquidators**").

12. Pursuant to the application of the Company, Messrs Fok Hei Yu, Roderick John Sutton and Mr G. James Cleaver were each appointed as joint and several provisional liquidators to the Company by an order of the Grand Court of the Cayman Islands dated 25 March 2010 (the "**Joint Provisional Liquidators**").
13. Following their appointment, the Joint Provisional Liquidators have focused primarily on preserving the value of the Company's assets including its operating subsidiaries. It became apparent to the Hong Kong Provisional Liquidators (and, subsequently, to them and Mr Cleaver in their capacity as Joint Provisional Liquidators) that the best way to maximize recoveries for the Company's creditors was by means of a restructuring which could realise value both from the business of the operating subsidiary and the listed status of the shares of the Company. It has become clear to the Hong Kong Provisional Liquidators (and, subsequently, to them and Mr Cleaver in their capacity as Joint Provisional Liquidators) that without a restructuring the Company will be placed into liquidation, out of which the returns to the Company's creditors will be substantially lower. Accordingly, the Joint Provisional Liquidators have worked to identify a proposal which would provide creditors with the prospect of a better return on their claims than would be likely from a winding-up of the Company.
14. Two proposals were received by the Hong Kong Provisional Liquidators from potential investors, including a proposal from Business Giant Limited ("**BGL**"), which was subsequently joined by Integrated Asset Management (Asia) Limited ("**IAM**") (collectively the "**Investors**") dated 13 November 2009. After considering these proposals, the Hong Kong Provisional Liquidators considered that the proposal submitted by the Investors (the "**Proposal**") was likely to provide the best return for the creditors of the Company.
15. On 28 December 2009, BGL, the Hong Kong Provisional Liquidators and the Escrow Agent entered into an exclusivity and escrow agreement (the "**Exclusivity and Escrow Agreement**") to grant BGL an exclusivity period up to the date of termination of the Exclusivity and Escrow Agreement (including, among other things, the long stop date of 27 December 2010, which was subsequently extended to 27 December 2011) (the "**Exclusivity Period**") to negotiate with the Hong Kong Provisional Liquidators the restructuring of the Company and certain subsidiaries and associated companies in the Group. Pursuant to the Exclusivity and Escrow Agreement, the Investors agreed to pay HK\$15 million (which was subsequently increased to HK\$17 million) to the Hong Kong Provisional Liquidators as a fee advancement and provided a working capital facility to the Group to enable it to have working

capital for the business of the manufacture and sale of tinplate can during the Exclusivity Period.

16. BGL, the Joint Provisional Liquidators and their advisors prepared a resumption of trading proposal, which was submitted to the HKEX on 21 August 2010. On 26 May 2011, the HKEX issued a letter approving the resumption of trading of the shares of the Company provided that certain conditions, among others, completion of the transactions contemplated by the Proposal, are met by 31 December 2011.
17. An agreement for the implementation of the Proposal was entered into between, inter alia, the Company (acting by the Joint Provisional Liquidators) and the Investors on 17 June 2011 (the "**Restructuring Agreement**"). The essential terms of the Restructuring Agreement are that the Company and its creditors (other than Integrated Asset Management (Asia) Limited, Business Giant Limited, persons with preferential claims to the extent of such preferential claim amounts, and persons with secured claims to the extent of the agreed value of, and upon realisation, the net proceeds of realisation of their security interests) (the "**Scheme Creditors**") shall enter into a scheme of arrangement under the Companies Law (the "**Cayman Scheme**") and under the Companies Ordinance of Hong Kong (the "**Hong Kong Scheme**", together the "**Schemes**"). As at the date of this Petition, the value of the claims of the Scheme Creditors totals HK\$187,896,979.86 according to the aggregate claims admitted for voting purposes.
18. Pursuant to the Schemes, the Scheme Creditors will compromise their claims against the Company in consideration for the Company providing, inter alia, cash consideration, certain share options and put options.
19. On 24 August 2011, this Honourable Court directed that the Company be at liberty to convene a single meeting of the Scheme Creditors (the "**Scheme Meeting**") pursuant to the Companies Law to consider, and if thought appropriate, to approve the Cayman Scheme. In addition, the Hong Kong Court ordered, on 23 August 2011, that the Company be at liberty to convene the Scheme Meeting pursuant to the Companies Ordinance of Hong Kong to consider, and if thought appropriate, to approve the Hong Kong Scheme.
20. The Scheme Meeting was duly held on 21 September 2011 in respect of the Schemes at which the number of Scheme Creditors entitled to vote and present and voting in person or by proxy at the Scheme Meeting and the aggregate amount of indebtedness held or represented by such creditors and the votes given by such creditors voting either "for" or "against" the Schemes were as stated in the following table:

Present and voting at the Scheme Meeting	For the Scheme Resolution	Against the Scheme Resolution
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How present	Number	Amount of indebtedness (HK\$)	Number	Amount of indebtedness (HK\$)	Number	Amount of indebtedness (HK\$)
In person / By proxy	12	187,896,979.86	12	187,896,979.86	0	0.00
Total	12	187,896,979.86	12	187,896,979.86	0	0.00

21. As shown in the above table, the number and quantum of indebtedness represented by the votes given for the Schemes, in both instances is 100%. No creditor voted against the Schemes.
22. By virtue of the voting results as shown in the above table, the approval for both the Cayman Scheme and Hong Kong Scheme at the Scheme Meeting was duly passed by the requisite majorities prescribed under section 86 of the Companies Law and under section 166 of the Companies Ordinance of Hong Kong, respectively.

THE CAPITAL RESTRUCTURING

23. The Restructuring Agreement contemplates, inter alia, substantially the following restructuring of the Company's share capital under the Companies Law in the following manner:
- (a) every eight shares of HK\$0.10 each in the issued share capital of the Company will be consolidated into one consolidated share each having a par value of HK\$0.80, resulting in 657,121,081 issued shares being consolidated into 82,140,135 issued shares (the "**Consolidated Shares**" and the "**Capital Consolidation**");
 - (b) upon the Capital Consolidation becoming effective, the par value of each issued Consolidated Share will be reduced from HK\$0.80 to HK\$0.001 by cancellation of HK\$0.799 of the paid-up capital of each issued Consolidated Share (the "**New Shares**"), resulting in the existing paid-up share capital of the Company being reduced from HK\$65,712,108 to HK\$82,140 (the "**Capital Reduction**");
 - (c) upon the Capital Consolidation and Capital Reduction becoming effective, the credit generated from the Capital Reduction for approximately RMB283,094,000 (or equivalent to HK\$333,201,638 converted at the Exchange Rate) will be applied in a manner consistent with the Companies Law and by the Memorandum and Articles of Association of the Company, including but not limited to setting off against part of the accumulated losses of the Company of

approximately RMB404,238,000 (or equivalent to HK\$475,788,126 converted at the exchange rate of RMB1.00 = HK\$1.177) as at 31 December 2010 (the "**Partial Accumulated Loss Set-Off**"); and

- (d) following the Capital Consolidation and the Capital Reduction, the authorised unissued share capital of the Company of HK\$134,287,891.90, comprised of 1,342,878,919 shares each with a nominal value of HK\$0.10 shall be altered so as to be comprised of 134,287,891,900 shares of HK\$0.001 each (the "**Share Split**").
24. Immediately after the completion of the Capital Consolidation, the Capital Reduction, the Partial Accumulated Loss Set-Off and the Share Split (together, the "**Capital Restructuring**"), the Company also proposes to proceed with an increase in authorised share capital so that the authorised share capital of the Company shall be increased to HK\$250,000,000 divided into 250,000,000,000 shares of HK\$0.001 each.

Extraordinary General Meeting of the Company

25. By a special resolution duly passed at the Extraordinary General Meeting of the Company on 6 October 2011 (the "**EGM**") and in accordance with the Company's Articles of Association and with the Companies Law, it was resolved that conditional upon the approval of the Capital Reduction by the Grand Court of the Cayman Islands (the "**Cayman Court**"), the registration of the order of the Cayman Court confirming the Capital Reduction and the minute approved by the Cayman Court relating to the Capital Reduction (as required by the Companies Law), compliance with any conditions or directions as may be imposed by the Cayman Court, and on The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the New Shares in issue upon the Capital Restructuring becoming effective:
- (a) every 8 shares of HK\$0.10 each in the issued share capital of the Company be consolidated into one consolidated share each having a par value of HK\$0.80 in accordance with Article 13(ii) of the Articles of Association and section 13(b) of the Companies Law;
- (b) subject to and forthwith upon the Capital Consolidation becoming effective, the par value of each issued Consolidated Share be reduced from HK\$0.80 to HK\$0.001 and the authorised share capital of the Company be reduced from HK\$200,000,000 to HK\$134,370,032.04 by cancelling share capital to the extent of approximately HK\$0.799 per Consolidated Share as at that date by way of a capital reduction;
- (c) subject to and forthwith upon the Capital Reduction becoming effective, the amount standing to the credit of the share premium account of the Company be applied, including but not limited to, in setting off the amount against part of the accumulated

losses of the Company and the Directors be authorised to apply such credit in a manner as permitted by the Companies Law and the Articles of Association;

- (d) subject to and forthwith upon the Capital Reduction becoming effective, the authorised unissued share capital of the Company of HK\$134,287,891.90, comprised of 1,342,878,919 shares each with a nominal value of HK\$0.10 will be altered so as to be comprised of 134,287,891,900 shares of HK\$0.001 each in accordance with Article 13(ii) and (iv) of the Articles of Association;
- (c) subject to and forthwith upon the Capital Restructuring becoming effective, the authorised share capital of the Company will be increased to HK\$250,000,000 divided into 250,000,000,000 New Shares of HK\$0.0001 each;
- (f) clause 8 of the memorandum of association of the Company be amended by deleting it entirely and replacing it with the following provision:

"8. The share capital of the Company is HK\$250,000,000 divided into 250,000,000,000 shares of a nominal or par value of HK\$0.001 each, with power for the Company insofar as is permitted by law to redeem or purchase any of its shares and to increase or reduce the said capital subject to the provisions of the Companies Law (as amended) and the articles of association of the Company and to issue any part of its capital, whether original, redeemed or increased with or without any preference, priority or special privilege or subject to any postponement of rights or to any conditions or restrictions and so that unless the conditions of issue shall otherwise expressly declare every issue of Shares whether stated to be preference or otherwise shall be subject to the powers hereinbefore contained."
- (g) any fractions of New Shares arising on the Share Consolidation pursuant to this resolution shall not be allocated to the holders of the existing Shares otherwise entitled thereto but such fractions shall be aggregated and if possible sold for the benefit of the Company or be dealt with in such other manner as the Company or the Joint Provisional Liquidators may agree with The Stock Exchange of Hong Kong Limited from time to time;
- (h) all of the New Shares in the capital of the Company after completion of the Capital Restructuring pursuant to the resolution shall rank pari passu in all respects with each other and have the same rights and privileges and be subject to the restrictions contained in the memorandum and articles of association of the Company as amended pursuant to this resolution;

- (i) the credit which will arise as a result of the Capital Reduction pursuant to this resolution be applied, including but not limited to, setting off the same amount of the Company's accumulated losses on a dollar-to-dollar basis and the directors of the Company be and are hereby authorised to apply such credit in a manner as permitted by the Companies Law and by the memorandum and articles of association of the Company; and
 - (j) the Joint Provisional Liquidators of the Company and the Directors be authorised generally to take all necessary steps and to do all other things and execute all documents (including the affixation of the common seal of the Company where execution under seal is required) which may be necessary or desirable for the purpose of giving effect to or implementing any of the foregoing.
26. The Capital Reduction in the form proposed does not involve (i) an alteration or variation to the rights attached to the Company's shares; (ii) a diminution of the liability of any shareholder in respect of amounts unpaid on issued share capital; or (iii) the return of capital to any shareholder of the Company.
27. The form of Minute proposed to be registered records:
"The authorised issue share capital of China Packaging Group Company Limited (In Provisional Liquidation) was by virtue of a special resolution of its shareholders, and with the sanction of an order of the Grand Court of the Cayman Islands dated [] 2011, reduced from HK\$65,712,108.10 divided into 82,140,135 authorised shares of a par value of HK\$0.80, to HK\$82,140.14 divided into 82,140,135 shares of a par value of HK\$0.001. As at the date of registration of this minute all of the shares have been issued and fully paid."*
28. After the completion of the above reorganisation, the authorised share capital of the Company shall be HK\$250,000,000 divided into 250,000,000,000 New Shares, comprising 82,140,135 issued New Shares and 134,287,891,900 unissued New Shares.

YOUR PETITIONERS THEREFORE HUMBL Y PRAYS AS FOLLOWS:

- 29. **THAT** the Capital Reduction of the Company proposed to be effected by the Special Resolution set forth in paragraph 25 of this Petition may be confirmed and the above mentioned Minute set forth in paragraph 27 of this Petition be approved by the Court;
- 30. **THAT**, to this end, all necessary inquiries may be made and directions may be made and given; and
- 31. **SUCH** further orders and other relief as may be made in the premises as this Honourable Court shall deem fit.

AND your Petitioners will ever pray etc.

Dated this 7th day of October 2011

A handwritten signature in cursive script that reads "Walkers". The signature is written above a horizontal line, which is then crossed by a long, sweeping horizontal stroke that extends to the right.

WALKERS
Attorneys-at-Law for the Petitioners

Note: It is not intended that this Petition be served on anyone.

ENDORSEMENT

This Petition having been presented to the Grand Court of the Cayman Islands on the 7th day of October 2011 will be heard by the Grand Court of the Cayman Islands on:

Date:

Time:

(or as soon thereafter as the Petition can be heard).

This Petition was presented by Walkers, Attorneys-at-Law for the Petitioners, whose address for service is that of its said Attorneys-at-Law at Walker House, 87 Mary Street, George Town, Grand Cayman KY1-9001, Cayman Islands.