CHINA FLEXIBLE PACKAGING HOLDINGS LIMITED
(Incorporated In Bermuda)

CLARIFICATION ANNOUNCEMENT

In response to the queries from The Singapore Exchange Securities Trading Limited on 26 January 2016 regarding the announcement released by China Flexible Packaging Holdings Limited (the "Company") on 22 January 2016 in connection to an Emphasis of Matter included in the opinion of the independent joint external auditors of the Company, the Board of Directors (the "Board") of the Company wishes to provide the following clarifications:-

SGX's query 1:-

1. The Board of Directors' opinion as to:

    (i) whether the Company and its subsidiaries (collectively, the "Group") can continue as a going concern; and
    (ii) the bases for its opinion;

Clarification from the Company:-

1. The Board believes that, although the Group has incurred a loss for the year and sustained negative cash flows from operating activities, based on the management's cash flow forecast, the Company and the Group will be able to continue as a going concern. In addition, the Board believes that the Group will have sufficient cash resources to satisfy its future working capital and other financing requirements in next twelve months given the following financing plans and operational measures:

    (i) the Group has net current asset of approximately RMB56.3 million as of 31 October 2015 which is able to support working capital;
    (ii) the Group is exploring the availability of external debt and equity financing. In particular, the Board believes that short-term bank loan secured by the Group's non-current assets is available as the Group has no borrowings;
    (iii) the Group continues to implement measures to improve its liquidity condition, including but not limited to, shortening receivable collection period, lengthening payables period, lowering inventory level and maintaining a tight control over operational costs; and
    (iv) the Group plans to close down production from the inefficient production line no. 3 as a measure to conserve cash.

SGX's query 2:-

2. The Board of Directors' opinion as to whether a trading suspension is required;

Clarification from the Company:-

2. Based on the clarification in (1) above, the Board is of the opinion that a trading suspension is not required.

SGX's query 3:-

3. The Board of Directors' confirmation that sufficient information has been disclosed by the Company to enable trading to continue in an orderly manner.

Clarification from the Company:-

3. Based on the clarification in (1) above, the Board confirms that sufficient information has been disclosed by the Company to enable trading to continue on an orderly manner.

By order of the Board

Zeng Hanming
Chairman of the Board

27 January 2016