CHINA FLEXIBLE PACKAGING HOLDINGS LIMITED
(Incorporated in Bermuda)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

1 INTRODUCTION

1.1 The Board of Directors ("**Board**" or "**Directors**") of China Flexible Packaging Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") wishes to announce that the Company proposes to undertake a renounceable non-underwritten rights cum warrants issue of up to 9,721,912 new ordinary shares in the capital of the Company ("**Rights Shares**") at an issue price of S$0.70 for each Rights Share ("**Issue Price**"), with up to 4,860,956 free detachable warrants ("**Warrants**"), each Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company ("**Warrant Share**") at an exercise price of S$1.05 for each Warrant Share ("**Exercise Price**"), on the basis of two (2) Rights Shares for every one (1) existing ordinary share of par value US$0.01 in the capital of the Company ("**Shares**"), held by Entitled Shareholders (as defined below) as at a books closure date to be determined by the Board ("**Books Closure Date**"), with one (1) free Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded ("**Rights cum Warrants Issue**").

1.2 The Company will be seeking specific approval from shareholders of the Company ("**Shareholders**") for the Rights cum Warrants Issue at a special general meeting of the Company to be convened ("**SGM**"). A circular to Shareholders containing further information on the Rights cum Warrants Issue, together with the notice of the SGM, will be despatched to Shareholders in due course.

2 DETAILS OF THE RIGHTS CUM WARRANTS ISSUE

2.1 Basis of Provisional Allotment

The Rights cum Warrants Issue is proposed to be made on a renounceable non-underwritten basis to Entitled Shareholders on the basis of two (2) Rights Shares for every one (1) existing Share held, as at the Books Closure Date, with one (1) free Warrant for every two (2) Rights Shares subscribed, fractional entitlements to be disregarded.

2.2 Size of the Rights cum Warrants Issue

As at the date of this announcement, the Company has an issued share capital comprising 4,860,956 Shares. Accordingly, up to 9,721,912 Rights Shares with 4,860,956 Warrants will be issued pursuant to the Rights cum Warrants Issue.

2.3 Issue Price

The Issue Price of S$0.70 represents:-

(a) a discount of approximately 17.2% to the closing market price of S$0.845 per Share on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 20 April 2016, being the last market day when Shares were traded on the SGX-ST preceding the date of this announcement; and

(b) a discount of approximately 7.14% to the theoretical ex-rights price of S$0.75 (based on the closing market price of S$0.845 per Share on the SGX-ST on 20 April 2016, being the last market day when Shares were traded on the SGX-ST preceding the date of this announcement).

2.4 **Exercise Price**

The Exercise Price of S$1.05 represents a premium of approximately 24.3% to the volume weighted average price of S$0.845 per Share for trades done on 20 April 2016, being the last market day when Shares were traded on the SGX-ST preceding the date of this announcement.

2.5 **Form and Subscription Rights of the Warrants**

Up to 4,860,956 Warrants will be issued in registered form and will be subject to the terms and conditions to be set out in an instrument by way of a deed poll constituting the Warrants ("**Deed Poll**"). Each Warrant will carry the right to subscribe for one (1) Warrant Share at the Exercise Price of S$1.05 for each Warrant Share at any time during the period commencing on and including the date of the issue of the Warrants and expiring at 5.00 p.m. (Singapore time) on the date immediately preceding the third (3rd) anniversary of the date of the issue of the Warrants ("**Exercise Period**"), unless such date is a date on which the register of members of the Company ("**Register of Members**") is closed or is not a day on which the SGX-ST is open for securities trading ("**Market Day**"), in which case the Exercise Period shall end on the Market Day prior to the closure of the Register of Members or the immediate preceding Market Day, as the case may be, but excluding such period(s) during which the register of holders of Warrants may be closed pursuant to the terms and conditions of the Warrants as set out in the Deed Poll. The Warrants which have not been exercised after the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

In arriving at the number of Warrants to issue and allot pursuant to the subscription of Rights Shares, fractional entitlements to the Warrants, if any, will be disregarded, and will be disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

2.6 **Detachability and Trading of the Warrants**

The Warrants are immediately detachable from the Rights Shares upon issue of the Rights Shares, and will be issued in registered form and will be listed and traded separately on the SGX-ST under the book-entry (scripless) settlement system, upon the listing and quotation of the Warrants on the SGX-ST, subject to, amongst others, there being an adequate spread of holdings of the Warrants to provide for an orderly market in the Warrants.

2.7 **Eligibility of Shareholders to participate in the Rights cum Warrants Issue**

The Company proposes to provisionally allot Rights Shares with Warrants to all the "**Entitled Shareholders**", comprising Entitled Depositors (as defined below) and Entitled Scripholders (as defined below).

2.8 **Entitled Depositors**

Depositors whose Shares are registered in the name of The Central Depository (Pte) Limited ("**CDP**") and whose securities accounts with CDP are credited with Shares ("**Depositors**") as at the Books Closure Date will be provisionally allotted their entitlements on the basis of the number of Shares standing to the credit of their securities account with CDP as at the Books Closure Date. To be an "**Entitled Depositor**", the Depositor must have a registered address in Singapore with CDP as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided CDP with an address in Singapore for the service of notices and documents.

2.9 **Entitled Scripholders**

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title received up to the Books Closure Date by the Company's Singapore share transfer agent, Boardroom Corporate & Advisory Services Pte. Ltd. ("**Share Transfer Agent**"), will be registered to determine the provisional entitlements of

the transferee ("**Scripholder**", which term shall include a person whose name is registered in the Register of Members as a holder of Shares and whose share certificates are not deposited with CDP) under the Rights cum Warrants Issue. To be an "**Entitled Scripholder**", the Scripholder must have a registered address in Singapore as at the Books Closure Date or must have, at least three (3) Market Days prior to the Books Closure Date, provided the Share Transfer Agent with an address in Singapore for the service of notices and documents.

2.10 **Foreign Shareholders**

For practical reasons and in order to avoid violation of relevant legislation applicable in countries other than Singapore, the Rights Shares will not be offered to Shareholders with registered addresses outside Singapore as at the Books Closure Date and who have not at least three (3) Market Days prior to the Books Closure Date, provided to the Company, CDP or the Share Transfer Agent, as the case may be, addresses in Singapore for the service of notices and documents ("**Foreign Shareholders**"). The Offer Information Statement (details set out below) to be issued for the Rights cum Warrants Issue and its accompanying documents will not be mailed to addresses outside Singapore. Accordingly, no provisional allotments of the Rights Shares with Warrants will be made to Foreign Shareholders and no purported acceptance thereof or application will be valid. Entitlements to Rights Shares with Warrants which would otherwise accrue to Foreign Shareholders will, if practicable, be sold "nil-paid" on the SGX-ST after dealings in the provisional allotments of Rights Shares with Warrants commence.

Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account expenses to be incurred in relation thereto. The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings as at the Books Closure Date and sent to them at their own risk by ordinary post, where the amount of net proceeds to be distributed to any single Foreign Shareholder is not less than S$10.00. In the event the amount is less than S$10.00, the Company shall be entitled to retain or deal with such net proceeds as the Directors may, in their absolute discretion, deem fit in the best interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company or CDP and their respective officers in connection therewith. Where such provisional allotments of Rights Shares with Warrants are sold "nil-paid" on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, CDP and their respective officers of such sales or the proceeds thereof, of such provisional allotments of Rights Shares with Warrants represented by such provisional allotments.

2.11 **Status and Ranking**

The Rights Shares will be payable in full upon acceptance and/or application and, upon full payment, issue and allotment, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares. The Warrant Shares, arising from the exercise of the Warrants, upon full payment, issue and allotment, will rank *pari passu* in all respects with the Shares then in issue, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of exercise of the Warrants. For the purpose herein, "**Record Date**" means, in relation to any dividends, rights, allotments or other distributions, the date as at the close of business (or such other time as may have been notified by the Company) on which the Shareholders (or Depositors, as the case may be) must be registered with the Company or CDP, as the case may be, in order to participate in such dividends, rights, allotments or other distributions.

2.12 **Provisional Allotments and Excess Applications**

Entitled Shareholders will be at liberty to accept, decline, renounce or trade their provisional allotments of the Rights Shares with Warrants and will be eligible to apply for Rights Shares

and the Warrants in excess of their provisional allotments under the Rights cum Warrants Issue.

Provisional allotments of Rights Shares with Warrants which are not taken up for any reason shall be used to satisfy excess applications for Rights Shares with Warrants (if any) or otherwise dealt with in such manner as the Board may in its absolute discretion deem fit in the best interests of the Company. In the allotment of excess Rights Shares with Warrants, preference will be given to Entitled Shareholders in satisfaction of their application for excess Rights Shares and Warrants (if any), provided that where there are insufficient excess Rights Shares with Warrants to allot to each applicant, the Company shall allot the excess Rights Shares with Warrants to Entitled Shareholders such that preference will be given to the rounding of odd lots, and Directors and substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will either be ineligible for excess Rights Shares with Warrants, or if eligible, rank last in priority for the rounding of odd lots and allotment of excess Rights Shares with Warrants.

The Exercise Price and/or the number of Warrants to be held by each holder of the Warrants will, after their issue, be subject to adjustments under certain circumstances to be set out in the Deed Poll. Such circumstances include, without limitation to, consolidation or subdivision of Shares, capitalisation issues, rights issues and certain capital distributions. Any such adjustments shall (unless otherwise provided under the Listing Manual of the SGX-ST ("**Listing Manual**") from time to time) be announced by the Company.

2.13 **Option to Scale Down**

Depending on the level of subscription for the Rights Shares with Warrants, the Company will, if necessary, and upon the approval of the SGX-ST, scale down the subscription and/or excess applications for the Rights Shares with Warrants by any of the Shareholders (if such Shareholder chooses to subscribe for its pro rata Rights Shares with Warrants entitlements and/or apply for excess Rights Shares with Warrants) to avoid placing the relevant Shareholder and parties acting in concert with it (as defined in the Singapore Code on Takeovers and Mergers (the "**Code**")) in the position of incurring a mandatory general offer obligation under the Code, as a result of other Shareholders not taking up their Rights Shares with Warrants entitlements fully.

2.14 **CPFIS**

Shareholders who have previously purchased Shares using their Central Provident Fund ("**CPF**") account savings ("**CPF Funds**") under the CPF Investment Scheme ("**CPFIS**") may only use their CPF Funds for the payment of the Issue Price to subscribe for their provisional allotments of Rights Shares with Warrants and (if applicable) to apply for excess Rights Shares with Warrants, subject to the applicable CPF rules and regulations. Such Shareholders who wish to accept provisional allotments of the Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants using CPF Funds will need to instruct their respective approved CPF agent banks with whom they hold their CPF investment accounts, to accept the provisional allotments of the Rights Shares with Warrants and (if applicable) apply for excess Rights Shares with Warrants on their behalf in accordance with the terms and conditions in the Offer Information Statement. CPF Funds may not be used to purchase provisional allotments of Rights Shares with Warrants directly from the market.

2.15 **Non-Underwritten Rights cum Warrants Issue**

In light of the savings in costs by the Company in respect of underwriting fees and commission and there being no minimum amount to be raised from the Rights cum Warrants Issue, the Directors have decided to proceed with the Rights cum Warrants Issue on a non-underwritten basis.

2.16 **Offer Information Statement**

The terms and conditions of the Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Rights cum Warrants Issue will be contained in the Offer Information Statement to be lodged with the Monetary Authority of Singapore, and despatched to Entitled Shareholders in due course.

3 RATIONALE FOR THE RIGHTS CUM WARRANTS ISSUE AND THE USE OF PROCEEDS

3.1 **Rationale**

The Company is undertaking the Rights cum Warrants Issue to strengthen the financial position and cash position of the Group, and to repay the one year short-term bank loan of RMB20 million which was obtained from the Bank of China Limited by one of the PRC subsidiaries of the Group on 22 March 2016 at an interest rate of 4.57% per annum. This loan was obtained in order to provide working capital for the Group, and to address the Group's tightening liquidity condition.

The Rights cum Warrants Issue will also provide the Shareholders with an opportunity to further participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding for general corporate activities including, but not limited to, new business developments, acquisitions, joint ventures and/or strategic alliances.

3.2 **Use of Proceeds**

On the assumption that the Rights cum Warrants Issue is fully subscribed and 9,721,912 Rights Shares with 4,860,956 Warrants are issued ("**Maximum Subscription Scenario**"), the estimated net proceeds from the subscription of the Rights cum Warrants Issue will be approximately S$6.71 million, after deducting professionals' and related expenses incurred in connection with the Rights cum Warrants Issue ("**Maximum Net Proceeds**"). Based on the Maximum Subscription Scenario, if all the 4,860,956 Warrants are exercised at the Exercise Price, the estimated gross proceeds from the exercise of the Warrants will be approximately S$5.10 million.

The Company intends to use the net proceeds of the Rights cum Warrants Issue, after deducting professionals' and related expenses incurred in connection with the Rights cum Warrants Issue ("**Net Proceeds**"), in the following proportions:-

Use of Net Proceeds	Proportion (%)	Amount under the Maximum Subscription Scenario (S$ million)
Repayment of short-term bank loan	60	4.03
General working capital	20	1.34
To fund general corporate activities including, but not limited to, new business developments, acquisitions, joint ventures and/or strategic alliances	20	1.34

As and when the Warrants are exercised, the proceeds from the exercise of the Warrants ("**Exercise Proceeds**"), at the discretion of the Directors, will be used to fund general corporate activities including, but not limited to, new business developments, acquisitions, joint ventures and/or strategic alliances.

Pending the deployment of the Net Proceeds and/or Exercise Proceeds**,** such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market

instruments and/or marketable securities, or used for any other purpose on a short-term basis, as the Directors may in their absolute discretion deem fit.

The Company will make periodic announcements on the utilisation of the Net Proceeds and Exercise Proceeds as and when such proceeds are materially disbursed, and provide a status report on the use of the Net Proceeds and Exercise Proceeds in the annual report of the Company. Where there is a material deviation in the use of Net Proceeds and Exercise Proceeds, the Company will state the reasons for such deviation.

4 APPROVALS

4.1 The Rights cum Warrants Issue is subject to, amongst others, the following:-

(a) the receipt of the in-principle approval of the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, Warrants and Warrant Shares on the Mainboard of the SGX-ST;

(b) approval of the Shareholders for the Rights cum Warrants Issue at the SGM; and

(c) lodgement of the Offer Information Statement with the Monetary Authority of Singapore.

4.2 An application will be made by the Company to the SGX-ST for the dealing in, listing of and quotation for the Rights Shares, Warrants and Warrant Shares on the Mainboard of the SGX-ST. The Company will release an announcement on the outcome of the application in due course.

5 INTERESTS OF THE DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and substantial shareholders of the Company has any interests, direct or indirect, in the Rights cum Warrants Issue, other than through their respective shareholding interests in the Company.

6 RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Rights cum Warrants Issue, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Zeng Hanming
Chairman
29 April 2016