CHINA FLEXIBLE PACKAGING HOLDINGS LIMITED
(Incorporated in Bermuda)

PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE

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1 INTRODUCTION

The Board of Directors ("**Board**" or "**Directors**") of China Flexible Packaging Holdings Limited (the "**Company**" and, together with its subsidiaries, the "**Group**") refers to the announcement released by the Company on 29 April 2016 in relation to the Rights cum Warrants Issue ("**Announcement**"). Unless otherwise defined, all terms and references used herein shall bear the same meanings ascribed to them in the Announcement.

2 PROPOSED WHITEWASH RESOLUTION

2.1 Under Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "**Code**"), except with the consent of the Securities Industry Council ("**SIC**"), where:-

(a) any person acquires whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or

(b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or any person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights,

such person must extend offers immediately to the holders of any class of share capital of the company which carries votes and in which such person, or persons acting in concert with him, hold shares ("**Mandatory Offer**"). In addition to such person, each of the principal members of the group of persons acting in concert with him may, according to the circumstances of the case, have the obligation to extend an offer.

2.2 Note 5 to Rule 14.1 of the Code provides that when a group of persons acting in concert holds over 50% of the voting rights of a company, no obligation normally arises from acquisitions by any member of the group. However, subject to considerations similar to the following (non-exhaustive):-

(a) whether the leader of the group or the largest individual shareholding has changed and whether the balance between the shareholdings in the group has changed significantly;

(b) the price paid for the shares acquired; and

(c) the relationship between the persons acting in concert and how long they have been acting in concert,

SIC may regard as giving rise to an obligation to make an offer any acquisition by a single member or sub-group of the group of persons acting in concert of voting rights sufficient to increase his/its holding to 30% or more or, if he/it already holds between 30% and 50%, by more than 1% in any six month period.

2.3 As at the date of this announcement, Mr. Chong Yuen, who is the controlling shareholder of the Company, has a direct interest in 1,780,254 Shares, and has a deemed interest in 154,824 Shares which are held by his wife, Ms. Li Kim Yu. Mr. Chong Yuen has an aggregate interest in 1,935,078 Shares, representing 39.81% of the issued share capital of the Company.

2.4 The following is a list of parties (collectively with Mr. Chong Yuen, the "**Concert Party Group**") presumed to be acting in concert with Mr. Chong Yuen:-

Name	**Relationship**
Li Kim Yu	Wife of Mr. Chong Yuen
Zhuang Shaochun	Sister of Mr. Chong Yuen, and wife of Mr. Zeng Hanming
Zhuang Shaowen	Sister of Mr. Chong Yuen, and wife of Mr. Huang Weiwen
Wu Huiling	Mother of Mr. Chong Yuen, Ms. Zhuang Shaochun and Ms. Zhuang Shaowen
Zeng Hanming	Husband of Ms. Zhuang Shaochun
Huang Weiwen	Husband of Ms. Zhuang Shaowen

2.5 As at the date of this announcement, the Concert Party Group has the following interests in the Shares:-

	Number of Shares of the Company		
	Direct Interest	**Deemed Interest**	**Total[(1)] (%)**
Zeng Hanming[(3)]	142,689	66,245	4.30
Chong Yuen[(2), (5)]	1,780,254	154,824	39.81
Wu Huiling[(5)]	207,916	-	4.28
Li Kim Yu[(2)]	154,824	1,780,254	39.81
Huang Weiwen[(4)]	123,866	154,824	5.73
Zhuang Shaochun[(2), (3), (5)]	66,245	142,689	4.30
Zhuang Shaowen[(2), (4), (5)]	154,824	123,866	5.73

Notes:-

(1) Based on 4,860,956 Shares as at the date of this announcement.

(2) Ms. Li Kim Yu is the wife of Mr. Chong Yuen. Mr. Chong Yuen, Ms. Zhuang Shaochun and Ms. Zhuang Shaowen are siblings.

(3) Mr. Zeng Hanming is the husband of Ms. Zhuang Shaochun.

(4) Mr. Huang Weiwen is the husband of Ms. Zhuang Shaowen.

(5) Mdm. Wu Huiling is the mother of Mr. Chong Yuen, Ms. Zhuang Shaochun and Ms. Zhuang Shaowen.

2.6 The Concert Party Group has an aggregate interest in 2,630,618 Shares which represents 54.12% of the voting rights of the Company.

2.7 The Concert Party Group has indicated their interest to the Directors to subscribe and pay for their pro rata rights entitlements of 5,261,236 Shares with 2,630,618 Warrants pursuant to the Rights cum Warrants Issue to demonstrate their support for the Rights cum Warrants Issue. For the avoidance of doubt, this does not amount to an undertaking from the Concert Party Group to subscribe for their rights entitlements pursuant to the Rights cum Warrants Issue.

2.8 On the assumption that there is zero subscription application for the Rights Shares with Warrants, no new Share is issued on or prior to completion of the Rights cum Warrants Issue and only the Concert Party Group subscribes for their pro rata rights entitlements of 5,261,236 Shares with 2,630,618 Warrants, upon completion of the Rights cum Warrants Issue, Mr. Chong Yuen will acquire more than 1% of the voting rights of the Company, resulting in Mr. Chong Yuen having an interest in:-

(a) if none of the Warrants are subsequently exercised, 5,805,234 Shares representing approximately 57.35% of the voting rights of the Company; and

(b) if all of the Warrants are subsequently exercised, 7,740,312 Shares representing approximately 60.69% of the voting rights of the Company.

2.9 The Company had sought confirmation from SIC that Mr. Chong Yuen and each of the other members of the Concert Party Group will not be required to make a Mandatory Offer arising from any acquisition of voting rights of the Company by them pursuant to the Rights cum Warrants Issue and the subsequent exercise of Warrants. On 19 July 2016, SIC ruled that Mr. Chong Yuen will not incur an obligation to make a Mandatory Offer in the event that Mr. Chong Yuen acquires additional Shares carrying more than 1% of the voting rights of the Company in any period of six months, as a result of the issue of the Rights Shares and the exercise of the Warrants pursuant to the Rights cum Warrants Issue, subject to the satisfaction of the following conditions:-

(a) a majority of holders of voting rights of the Company approve at a general meeting, before the issue of the Rights Shares and Warrants to Mr. Chong Yuen, a resolution by way of a poll to waive their rights to receive a general offer from Mr. Chong Yuen ("**Proposed Whitewash Resolution**");

(b) the Proposed Whitewash Resolution is separate from other resolutions;

(c) the Concert Party Group and parties not independent of them abstain from voting on the Proposed Whitewash Resolution;

(d) the Concert Party Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares which will be disclosed in the circular to Shareholders ("**Circular**")):-

(i) during the period between the announcement of the Rights cum Warrants Issue and the date Shareholders' approval is obtained for the Proposed Whitewash Resolution; and

(ii) in the six months prior to the announcement of the Rights cum Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors in relation to the Rights cum Warrants Issue;

(e) the Company appoints an independent financial adviser to advise the Shareholders (other than the Concert Party Group) on the Proposed Whitewash Resolution;

(f) the Company sets out clearly in the Circular:-

(i) details of the proposed issue of the Rights Shares and the Warrants;

(ii) the dilution effect to existing Shareholders of voting rights of the Company upon the issue of the Rights Shares and upon the exercise of the Warrants;

(iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares (other than the Warrants to be issued) held by the Concert Party Group as at the latest practicable date;

(iv) the number and percentage of voting rights to be issued to the Concert Party Group in respect of the Rights Shares and the number and percentage of voting rights to be acquired by the Concert Party Group upon the exercise of the Warrants;

(v) specific and prominent reference to the fact that the Rights cum Warrants Issue could result in the Concert Party Group holding Shares carrying over 49% of the voting rights of the Company, and the fact that Mr. Chong Yuen will be free to acquire further Shares without incurring any obligation to make a Mandatory Offer;

(vi) that Shareholders, by voting for the Proposed Whitewash Resolution, are waiving their rights to a Mandatory Offer from Mr. Chong Yuen at the highest price paid by the Concert Party Group for the Shares in the past six months preceding the commencement of the offer; and

(vii) that Shareholders by voting for the Proposed Whitewash Resolution, could be forgoing the opportunity to receive a general offer from other persons who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants;

(g) the Circular states that the waiver granted by SIC to Mr. Chong Yuen from the requirement to make a Mandatory Offer is subject to the conditions stated in Paragraphs 2.9(a) to 2.9(f) above;

(h) the Company obtains SIC's approval in advance for those parts of the Circular that refer to the Proposed Whitewash Resolution; and

(i) to rely on the Proposed Whitewash Resolution, the issue of the Rights Shares and the Warrants in connection with the Rights cum Warrants Issue must be completed within three months of the approval of the Proposed Whitewash Resolution. The issue of Warrant Shares upon the exercise of the Warrants must be completed within five years from the date of issue of the Warrants.

3 APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Board wishes to announce that the Company has appointed Asian Corporate Advisors Pte. Ltd. as the independent financial adviser to advise the Directors who are considered to be independent for the purpose of making recommendations to the Shareholders (other than the Concert Party Group) in respect of the Proposed Whitewash Resolution. The advice of the independent financial adviser will be included in the Circular to be despatched in due course.

By Order of the Board

Zeng Hanming
Chairman
11 August 2016