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CPMC HOLDINGS LIMITED

中糧包裝控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 906)

CONNECTED TRANSACTION ACQUISITION OF 23% EQUITY INTEREST IN WUXI HUAPENG CLOSURES CO., LTD. HELD BY CROWN ASIA PACIFIC

EQUITY TRANSFER AGREEMENT

To further consolidate industry leadership, the Board is pleased to announce that on 14 May 2019, COFCO-MC, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Crown Asia Pacific, pursuant to which COFCO-MC agreed to purchase 23% equity interest in the Target Company from Crown Asia Pacific in consideration of RMB53,398,700.

As at the date of this announcement, the Target Company is a subsidiary of the Company which is owned as to approximately 61.48% by COFCO-MC. Upon completion of the Equity Transfer Agreement, the Target Company will be owned as to approximately 84.48% by COFCO-MC.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Crown Asia Pacific owns 23% equity interest in the Target Company (a non-wholly owned subsidiary of the Company) and is therefore a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (save for the profit ratio) set out in the Listing Rules in respect of the transaction under the Equity Transfer Agreement exceed(s) 1% but is/are less than 5%, the transaction under the Equity Transfer Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

EQUITY TRANSFER AGREEMENT

The Board is pleased to announce that on 14 May 2019, COFCO-MC, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Crown Asia Pacific.

The principal terms of the Equity Transfer Agreement are as follow:

Date

14 May 2019 (after trading hours)

Parties

- (1) COFCO-MC (as purchaser); and
- (2) Crown Asia Pacific (as vendor).

Assets to be acquired

Pursuant to the Equity Transfer Agreement, COFCO-MC agreed to acquire 23% equity interest in the Target Company from Crown Asia Pacific.

Consideration and manner of payment

The total consideration for the transfer of the 23% equity interest in the Target Company is RMB53,398,700, which shall be settled in cash by COFCO-MC by two installments as follows:

1. First installment: Within 10 working days from the date of the Equity Transfer Agreement, COFCO-MC shall pay an amount of RMB26,699,350 to the bank account designated by Crown Asia Pacific; and
2. Second installment: Within 10 working days after the Target Company has been issued the new business licence evidencing the transfer of the 23% equity interest to COFCO-MC (the “**Completion Date**”), COFCO-MC shall pay the remaining consideration to the bank account designated by Crown Asia Pacific. An amount equivalent to 10% of the consideration shall be withheld from the second installment by COFCO-MC for the purpose of paying the withholding income tax of Crown Asia Pacific’s current equity transfer proceeds to the relevant PRC tax authorities.

The consideration payable by COFCO-MC will be financed by the Group’s internal resources.

Basis of Consideration

The consideration was arrived at after arm’s length negotiations between COFCO-MC and Crown Asia Pacific based on, amongst others, the preliminary valuation of the Target Company prepared by an independent valuer.

Completion

The completion of the Equity Transfer Agreement shall take place on the Completion Date.

As at the date of this announcement, the Target Company is a subsidiary of the Company which is owned as to approximately 61.48%, 23% and approximately 15.52% by COFCO-MC, Crown Asia Pacific and Wuxi Caps, respectively. Upon completion of the Equity Transfer Agreement, Crown Asia Pacific will cease to be a shareholder of the Target Company and the Target Company will be owned as to approximately 84.48% and approximately 15.52% by COFCO-MC and Wuxi Caps, respectively.

INFORMATION ON THE TARGET COMPANY

The Target Company is a limited liability company incorporated in the PRC. It is principally engaged in the production of all types of bottle caps and cap closing machines; photographic printing and printing of metallic packaging materials.

As at the date of this announcement, it is owned as to approximately 61.48%, 23% and approximately 15.52% by COFCO-MC, Crown Asia Pacific and Wuxi Caps, respectively. Wuxi Caps is a state-owned enterprise incorporated in the PRC. Save for being a substantial shareholder of the Target Company, it is independent from the Company.

Based on the audited accounts of the Target Company, the net asset value of the Target Company as at 31 December 2018 is RMB299,132,089.

The financial information of the Target Company for the two years ended 31 December 2018 prepared in accordance with the PRC GAAP are as follows:

	For the year ended 31 December	
	2017	2018
	(audited)	(audited)
	(RMB)	(RMB)
Net profit before taxation	6,360,929	22,374,954
Net profit after taxation	5,032,245	16,781,215

INFORMATION OF THE PARTIES TO THE EQUITY TRANSFER AGREEMENT

The Group and COFCO-MC

The Group is principally engaged in the manufacturing of packaging products for consumer goods such as food, beverages and household chemical products in the PRC.

COFCO-MC is a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company. It is principally engaged in investment holding.

Crown Asia Pacific

Crown Asia Pacific is a company incorporated in Singapore with limited liability. It is principally engaged in investment holding and provision of management and consulting services for its subsidiaries and related companies in the Asia Pacific region.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER AGREEMENT

The Target Company is an enterprise engaging in the manufacturing of metallic caps boasting advanced technology and top-notch quality with great influence on both the PRC and on the entire Asia region. It has a large number of well-known domestic and foreign brand clients, and apart from enjoying high market share domestically, its products are exported to over 10 countries and regions. Following the further integration of the metallic packaging industry, the supply and demand of bottle caps products has become increasingly balanced, and the industry has gradually embarked on the path of healthy development. Based on the Group's confidence in the future development and profitability of the industry and the Target Company, the Group intends to acquire 23% equity interest in the Target Company held by Crown Asia Pacific, which will be more beneficial to the Company in terms of strengthening the strategic planning and operational management of metallic caps product lines and facilitating the Company's market expansion, and will improve the Company's overall competitiveness and profit return.

The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transaction contemplated thereunder is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

None of the Directors is materially interested in the Equity Transfer Agreement and is required to abstain from voting on the resolutions in respect of the Equity Transfer Agreement in the relevant Board meeting.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Crown Asia Pacific owns 23% equity interest in the Target Company (a non-wholly owned subsidiary of the Company) and is therefore a connected person of the Company at the subsidiary level pursuant to Rule 14A.07(1) of the Listing Rules. Accordingly, the transaction under the Equity Transfer Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (save for the profit ratio) set out in the Listing Rules in respect of the transaction under the Equity Transfer Agreement exceed(s) 1% but is/are less than 5%, the transaction under the Equity Transfer Agreement is subject to the reporting and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“associates”	has the same meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“COFCO-MC”	COFCO-MC (Hong Kong) Limited, a company established in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Company”	CPMC Holdings Limited (中糧包裝控股有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Hong Kong Listing Rules
“Crown Asia Pacific”	Crown Asia Pacific Holdings Pte. Ltd., a company incorporated in Singapore
“Directors”	the directors of the Company
“Equity Transfer Agreement”	the Equity Transfer Agreement dated 14 May 2019 entered into among COFCO-MC (an indirect wholly-owned subsidiary of the Company) and Crown Asia Pacific relating to COFCO-MC's acquisition of 23% of equity interest in the Target Company from Crown Asia Pacific

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and are not connected persons (as defined under the Listing Rules) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Wuxi Huapeng Closures Co., Ltd. (無錫華鵬瓶蓋有限公司), a company established in the PRC with limited liability
“US\$”	US Dollar, the lawful currency of the United State of America
“Wuxi Caps”	Wuxi Bottle Cap Factory (無錫瓶蓋總廠), a state-owned enterprise incorporated in the PRC
“%”	per cent.

By order of the Board
CPMC Holdings Limited
ZHANG Xin
Chairman and Executive Director

Hong Kong, 14 May 2019

As at the date of this announcement, the Board comprises: Mr. Zhang Xin as the chairman and executive Director; Mr. Zhang Ye as an executive Director; Ms. Yu Youzhi, Messrs. Chen Qianzheng, Zhou Yuan and Shen Tao as non-executive Directors; and Messrs. Cheng Yuk Wo, Fu Tingmei and Pun Tit Shan as independent non-executive Directors.