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SUPPLEMENTAL ANNOUNCEMENT: MAJOR TRANSACTION IN RELATION TO THE REPURCHASE AGREEMENT

Reference is made to the announcement of the Company dated 28 April 2020 (the “**Announcement**”). Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Group and JDB Group confirmed on the proposal to deal with the Capital Increase Agreement and the Arbitration Results after negotiations, pursuant to which CPMC Investment (as vendor) entered into the Repurchase Agreement with JDB (Tianjin) (as purchaser), Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal (as target company) on 28 April 2020. According to the Repurchase Agreement, JDB (Tianjin) shall repurchase 30.58% equity interest in Qingyuan JDB Herbal (the “**Target Interest**”) from CPMC Investment at the consideration of RMB1,504,631,126, and Qingyuan JDB Herbal shall pay the accumulated Committed Dividend under the Capital Increase Agreement in the amount of RMB237,642,626 to CPMC Investment.

CLASSIFICATION OF THE TRANSACTION UNDER THE REPURCHASE AGREEMENT

After publication of the Announcement, the Company has been advised by the Stock Exchange that the transaction under the Repurchase Agreement constitutes a transaction of the Company under chapter 14 of the Listing Rules. Having considered the size of the transaction under the Repurchase Agreement, the Repurchase Agreement shall be classified a major disposal transaction of the Company under chapter 14 of the Listing Rules.

SUPPLEMENTAL INFORMATION TO THE ANNOUNCEMENT

As the transaction under the Repurchase Agreement constitutes a major disposal transaction, the Company hereby supplements the following additional information to the Announcement pursuant to the requirements under Chapter 14 of the Listing Rules:

Financial Effects of the Repurchase Agreement and the Proposed Use of Proceeds

After the completion of the Repurchase Agreement, the Group will no longer hold any equity interest in Qingyuan JDB Herbal.

Based on (i) the carrying amount of the Group's investment in Qingyuan JDB Herbal as at 28 April 2020 of RMB1,507,067,559; (ii) the consideration for the repurchase of the Target Interest of RMB1,504,631,126; and (iii) Committed Dividend of RMB237,642,626; the Group expects to record a gain of approximately RMB235,206,193 (before net of any professional costs and other incidental expense associated with the Repurchase Agreement).

The Company intends to apply the final proceeds (after deducting related expenses and costs) from the Repurchase Agreement for capital expenditure and general working capital of the Group. The Group will continue to explore other investment opportunities to increase the return to the Shareholders.

Listing Rules Implications

As one or more of the applicable percentage ratios in respect of the Transaction is more than 25% but less than 75%, the Transaction constitutes a major disposal transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements thereunder.

Other information required to be disclosed under Chapter 14 of the Listing Rules including, among others, details of the principal terms of the Repurchase Agreement, information of the parties to the Repurchase Agreement (including the target company thereunder), reasons for and benefit of entering into the Repurchase Agreement has already been disclosed in the Announcement and remain unchanged as at the date of this announcement.

General

The Company will convene an extraordinary general meeting (the “EGM”) to seek the Shareholders’ approval of the Repurchase Agreement. A circular containing, among others, (i) further details of the Repurchase Agreement; (ii) other information as required under the Listing Rules; and (iii) the notice convening the EGM is expected to be despatched to the Shareholders on or before 2 June 2020.

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

Hong Kong, 15 May 2020

As at the date of this announcement, the chairman of the Board and executive Director is Mr. Zhang Xin, the executive Director is Mr. Zhang Ye, the non-executive Directors are Messrs. Li Minghua, Chen Qianzheng, Zhou Yuan and Shen Tao, and the independent non-executive Directors are Messrs. Cheng Yuk Wo, Pun Tit Shan and Chen Jihua.