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If you have sold or transferred all your shares in CPMC Holdings Limited, you should at once pass this circular together with the enclosed form of proxy to the purchaser, the transferee, the bank, the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



MAJOR TRANSACTION REPURCHASE AGREEMENT IN RELATION TO DISPOSAL OF 30.58% EQUITY INTEREST IN QINGYUAN JDB HERBAL

A letter from the Board is set out on pages 3 to 15 of this circular.

A notice convening the EGM to be held at President Suite, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Monday, 22 June 2020 at 11:00 a.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) is set out on pages 28 to 29 of this circular. A form of proxy for the use at the EGM is enclosed herewith. Whether or not you are able to attend the EGM in person, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited, Floor 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing epidemic caused by novel coronavirus pneumonia (COVID-19), precautionary measures will be taken to prevent and control the spread of the disease at the EGM, including:

- Compulsory temperature checks
- Compulsory wearing of surgical face masks
- No refreshment will be served and no souvenirs will be distributed

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue. Shareholders are reminded that they may consider appointing the chairman of the EGM as his/her proxy to vote on the relevant resolution at the EGM as an alternative to attending the EGM in person.

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions have the following meanings:

“Arbitration Results”	the partial arbitral awards dated 31 October 2019 issued by HKIAC in connection with arbitration application filed on 6 July 2018 by the Group against Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal for Wong Lo Kat’s failure to perform its capital injection undertaking under the Capital Increase Agreement
“Board”	the board of Directors of the Company
“Capital Increase Agreement”	the capital increase and subscription agreement entered into among CPMC Investment, Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal on 30 October 2017
“Committed Dividend”	the dividend distributable by Qingyuan JDB Herbal to CPMC Investment pursuant to the Capital Increase Agreement on half-year basis at an amount not less than 10% of the actual amount of the capital contribution made by CPMC Investment in Qingyuan JDB Herbal
“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
“CPMC Investment”	CPMC Investment Co., Ltd. (中糧包裝投資有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve the Repurchase Agreement and the transactions thereunder
“Group”	the Company and its subsidiaries
“HKIAC”	Hong Kong International Arbitration Centre
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“JDB (Tianjin)”	JDB (Tianjin) Beverage Co., Ltd.* (加多寶(天津)飲料有限公司), a company established in the PRC with limited liability
“JDB Group”	Wisdom Kingdom, Wong Lo Kat and its associated companies

DEFINITIONS

“JDB Trademarks”	trademarks owned by Wong Lo Kat and used for injection to Qingyuan JDB Herbal in the Capital Increase as at the Latest Practicable Date, which are related to “加多寶” and “JDB” brand and registered under Category 5, Category 30 and Category 32 in the PRC, and other trademarks required for the normal operation of Qingyuan JDB Herbal
“Latest Practicable Date”	2 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Qingyuan JDB Herbal”	Qingyuan JDB Herbal Plant Technology Co., Ltd.* (清遠加多寶草本植物科技有限公司), a company established in the PRC with limited liability
“Repurchase Agreement”	the repurchase agreement entered into among CPMC Investment, JDB (Tianjin), Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal on 28 April 2020
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States of America
“Wisdom Kingdom”	Wisdom Kingdom Limited (智首有限公司), a company established in Hong Kong with limited liability
“Wong Lo Kat”	Wong Lo Kat Limited (王老吉有限公司), a company established in Hong Kong with limited liability

LETTER FROM THE BOARD



中糧
COFCO
自然之源 重塑你我



CPMC HOLDINGS LIMITED

中糧包裝控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 906)

Executive Director:

Mr. Zhang Xin (*Chairman*)
Mr. Zhang Ye

Registered Office:

33rd Floor, COFCO Tower
262 Gloucester Road
Causeway Bay
Hong Kong

Non-Executive Directors:

Mr. Li Minghua
Mr. Chen Qianzheng
Mr. Zhou Yuan
Mr. Shen Tao

Independent Non-Executive Directors:

Mr. Cheng Yuk Wo
Mr. Pun Tit Shan
Mr. Chen Jihua

5 June 2020

To the Shareholders,

Dear Sir or Madam,

**MAJOR TRANSACTION
REPURCHASE AGREEMENT IN RELATION TO DISPOSAL OF
30.58% EQUITY INTEREST IN QINGYUAN JDB HERBAL**

INTRODUCTION

The purpose of this circular is to provide you with (i) further details of the Repurchase Agreement; (ii) other information as required under the Listing Rules; and (iii) the notice of the EGM.

BACKGROUND

Reference is made to the announcements of the Company dated 30 October 2017, 6 July 2018, 9 July 2018, 31 August 2018, 23 June 2019, 15 November 2019, 20 March 2020, 28 April 2020 and 15 May 2020 and the circular dated 30 November 2017.

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Capital Increase Agreement

As disclosed in the said announcements and circular, CPMC Investment entered into the Capital Increase Agreement with Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal on 30 October 2017. Pursuant to the Capital Increase Agreement, the parties agreed that, among others, (i) CPMC Investment should make a capital contribution of RMB2 billion to Qingyuan JDB Herbal (by cash and assets) in exchange for 30.58% equity interest therein; whilst Wong Lo Kat should ensure the JDB Trademarks be injected into Qingyuan JDB Herbal in exchange for 45.87% equity interest therein; and (ii) Qingyuan JDB Herbal should distribute the Committed Dividend to CPMC Investment on half-year basis at an amount not less than 10% of the actual amount of the capital contribution already made by CPMC Investment in Qingyuan JDB Herbal.

Hong Kong Arbitration and PRC Legal Proceedings

Since Wong Lo Kat failed to perform its undertaking to inject the JDB Trademarks to Qingyuan JDB Herbal as its asset capital contribution under the Capital Increase Agreement, the Group filed an arbitration application with HKIAC in July 2018. On 14 November 2019, the Group received the Arbitration Results dated 31 October 2019 from HKIAC, pursuant to which:

1. Wong Lo Kat's application to terminate the Capital Increase Agreement is confirmed to be ineffective;
2. Wong Lo Kat shall inject the JDB Trademarks into Qingyuan JDB Herbal and complete all relevant trademark injection procedures pursuant to the Capital Increase Agreement, and Qingyuan JDB Herbal shall cooperate in the relevant trademark injection procedures;
3. Wong Lo Kat shall promptly indemnify CPMC Investment with an amount of RMB229,907,826.87;
4. Wong Lo Kat shall pay an interest of RMB7,734,799.26 to CPMC Investment (together with a further daily interest based on the annual interest rate of 4% accruing from 1 November 2019 up to the date of full settlement of the compensation amount); and
5. Wisdom Kingdom and Qingyuan JDB Herbal shall jointly liable with Wong Lo Kat for awards no. 2 to 4 above.

The indemnity of RMB229,907,826.87 and the interest of RMB7,734,799.26 represents the Committed Dividend payable by Qingyuan JDB Herbal to CPMC Investment and the interest accrued on such unpaid Committed Dividend, respectively.

CPMC Investment is entitled but not obliged to enforce the Arbitration Results, it is allowed to choose not to enforce the Arbitration Results and settle the disputes arising from the Capital Increase Agreement by alternative means.

LETTER FROM THE BOARD

On the other hand, in August 2018, the Group also filed a litigation application with the relevant PRC Court against Wong Lo Kat and the director and senior management of Qingyuan JDB Herbal for Wong Lo Kat's failure to perform its shareholders' obligation to make capital contribution pursuant to the shareholders' resolution and articles of association of Qingyuan JDB Herbal (which were passed or amended after the signing of the Capital Increase Agreement and contain the relevant terms of the Capital Increase Agreement). As at the Latest Practicable Date, the PRC Court has only ruled that the Group's claim against Wong Lo Kat should be dealt with the aforesaid arbitration in Hong Kong whilst the PRC Court has the jurisdiction to deal with the Group's claim against the director and senior management of Qingyuan JDB Herbal for being jointly liable for Wong Lo Kat's failure to perform its shareholder's obligation to make capital contribution to Qingyuan JDB Herbal.

Development after issuance of the Arbitration Results

After receiving the Arbitration Results, JDB Group had actively negotiated with the Group and remitted an earnest deposit of RMB250 million to the Group. According to the information provided by JDB Group, it has entered into a facility agreement of syndicated project fund (the "**Syndicated Fund**") of up to RMB1.35 billion with several renowned investment banks. The Syndicated Fund is restricted for JDB Group's payment obligations of the repurchase consideration and the Committed Dividends under the Repurchase Agreement, and the release of such Syndicated Fund is conditional upon the signing of the Repurchase Agreement. On 28 April 2020, the parties have compromised to enter into the Repurchase Agreement to properly settle their disputes.

REPURCHASE AGREEMENT

The principal terms of the Repurchase Agreement are as follows:

Date: 28 April 2020 (after trading hours)

Parties: JDB (Tianjin) (as purchaser);
CPMC Investment (as vendor);
Wong Lo Kat;
Wisdom Kingdom; and
Qingyuan JDB Herbal

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of JDB (Tianjin), Wong Lo Kat, Wisdom Kingdom, Qingyuan JDB Herbal and their respective ultimate beneficial owners are independent third parties of the Company.

Subject Matter:

The parties agreed that JDB (Tianjin) shall repurchase from CPMC Investment the 30.58% equity interest held by it in Qingyuan JDB Herbal (the "**Target Interest**").

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Consideration and Payment Manner:

The consideration for the repurchase of the Target Interest by JDB (Tianjin) is RMB1,504,631,126, which shall be paid in the following manners:

- (i) Deposit — RMB250,000,000 shall be set off by the amount previously paid by JDB Group to CPMC Investment;
- (ii) 1st installment of repurchase consideration — JDB (Tianjin) shall pay RMB500,000,000 to CPMC Investment by way of bank transfer within 10 to 40 working days from the date of the Repurchase Agreement; and
- (iii) 2nd installment of repurchase consideration — JDB (Tianjin) shall pay RMB754,631,126 to CPMC Investment by way of bank transfer on or before 31 July 2020.

Upon the Target Interest is transferred to JDB (Tianjin) on the Completion Date (as defined below), JDB (Tianjin) shall pledge the Target Interest to CPMC Investment until it has fully settled the repurchase consideration. The pledge shall be released after full payment of the consideration. Having considered the net asset value of the Target Interest of RMB890,699,116 (i.e. 30.58% of the total net asset value of Qingyuan JDB Herbal) based on the audited financial statement of Qingyuan JDB Herbal for the year ended 31 December 2019 prepared in accordance with the generally accepted accounting principles of the PRC is larger than the outstanding repurchase consideration, the Board considered the said pledge is fair and reasonable.

Basis of Consideration:

The consideration for the repurchase of the Target Interest was arrived at after arm's length negotiations between the parties to the Repurchase Agreement and was determined with reference to, among others, (i) the financial position of Qingyuan JDB Herbal; (ii) the carrying amount of the Group's investment in Qingyuan JDB Herbal; (iii) Arbitration Results; (iv) Committed Dividend; and (v) the reasons for and benefits of the Disposal as stated under the section headed "Reasons for and the benefits of entering into the repurchase agreement".

As at 31 December 2019, the carrying amount of the Group's investment in Qingyuan JDB Herbal was RMB1,507,067,559, which comprises of (i) the value of the contribution of RMB1,504,631,126 already injected by CPMC Investment in Qingyuan JDB Herbal as at 31 December 2019 and as at the date of the Repurchase Agreement (comprising cash contribution of RMB874,804,281 which is accounted for as share of net assets and asset contribution of RMB629,826,845 which is accounted for as non-current receivables); and (ii) the capitalised direct attributable costs related to the Group's investment in Qingyuan JDB Herbal of RMB2,436,433.

According to the summarized financial information of Qingyuan JDB Herbal (adjusted for any differences in accounting policies of the Company and Qingyuan JDB Herbal), Qingyuan JDB Herbal has recorded an accumulated loss of

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RMB51,215,000 since the completion date of the Capital Increase Agreement up to 31 December 2019, and the Group did not recorded its share of loss of joint venture from investment in Qingyuan JDB Herbal of approximately RMB15,662,000 in its financial statements.

The Group did not record its aforesaid share of loss in its financial statements because according to the Capital Increase Agreement, in the event Qingyuan JDB Herbal is operating inefficiently or occurring any material adverse events, Wisdom Kingdom may, as an alternate mean of compensation, buy back all or part of the equity interests at the price to be determined by the contribution paid by CPMC Investment and the Committed Dividend entitled to such equity interests in Qingyuan JDB Herbal to be bought back.

Taking into account the aforesaid share of loss of RMB15,662,000 (which was not recorded in the Group's financial statements) already outweighed the capitalized direct attributable costs of RMB2,436,433, the Company considered the repurchase consideration of RMB1,504,631,126 is fair and reasonable.

Committed Dividend and Payment Manner:

As at the date of the Repurchase Agreement, the accumulated Committed Dividend payable by Qingyuan JDB Herbal to CPMC Investment pursuant to the Capital Increase Agreement is RMB237,642,626, which comprises of:

- (i) the principal of the Committed Dividend of approximately RMB229,907,827 calculated based on the terms of the Capital Increase Agreement as follows:

Actual contribution already made by CPMC Investment × Annual dividend rate (10%) × Contribution period (from the month when the relevant contribution was made up to 31 October 2019)

- (ii) interest accrued from the unpaid Committed Dividend of approximately RMB7,734,799. Since the Capital Increase Agreement has not stipulated interest rate on the unpaid Committee Dividend, the parties adopted the annual interest of 4% determined by the Hong Kong International Arbitration Centre as follows:

Amount of unpaid Committed Dividend × Annual interest rate (4%) × Unpaid period (from the payment date of the Committed Dividend up to 31 October 2019).

The principal and interest of the Committed Dividend were calculated up to 31 October 2019. Upon release of the Arbitration Results, JDB Group had actively negotiated with the Group and remitted an earnest deposit of RMB250 million to the Group, and the process of such negotiation had been lengthened due to the outbreak of the COVID-19 pandemic. Having considered the above, the Board is of the view that the calculation method of the accumulated Committed Dividend is in line with the

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terms of the Capital Increase Agreement and the Arbitration Results, and it is reasonable not to calculate the Committed Dividend and the accrued interest from November 2019 onwards.

The parties agreed that Qingyuan JDB Herbal shall pay the Committed Dividend to CPMC Investment by way of bank transfer in the following manner:

Installment	Amount of Committed Dividend (RMB)	Deadline for payment
1 st installment	20,000,000.0	Within 10 to 20 working days from the date of the Repurchase Agreement
2 nd installment	30,000,000.0	On or before 31 July 2020
3 rd installment	50,000,000.0	On or before 31 December 2020
4 th installment	34,410,656.5	On or before 31 March 2021
5 th installment	34,410,656.5	On or before 30 June 2021
6 th installment	34,410,656.5	On or before 30 September 2021
7 th installment	<u>34,410,656.5</u>	On or before 31 December 2021
Total:	<u>237,642,626.00</u>	

The payment schedule and amount for each installment of the Committed Dividend was arrived by the parties after taking into account the current financial and liquidity status of JDB Group (including the adverse financial impact brought by the coronavirus pandemic) and the time and amounts of funds to be granted pursuant to the fund release schedule of the Syndicated Fund, and JDB Group agreed to undertake to procure aluminum beverage cans from CPMC Investment and/or its associates first within 5 years from the date of the Repurchase Agreement.

The repayment of the Committed Dividends is not by secured by pledge of the Target Interest and other collateral from JDB Group since according to JDB Group, the prolonged period of a pledge over the Target Interest may affect the grant of the Syndicated Fund. Nonetheless, the Board considered Qingyuan JDB Herbal will duly repay the Committed Dividends pursuant to the terms of the Repurchase Agreement since (i) JDB Group has obtained the Syndicated Fund and the purpose of such fund is restricted for JDB Group's payment obligations under the Repurchase Agreement only; (ii) the Target Interest would have been pledged to the Group prior to the receipt of the 1st and 2nd installment of the Committed Dividend in the amount of RMB50,000,000; and (iii) the Group is JDB Group's major supplier of aluminum beverage cans and JDB Group is obliged to procure aluminum beverage cans from CPMC Investment and/or its associates first within 5 years from the date of the Repurchase Agreement; as such it is in the interest of JDB Group to maintain a good business relationship with the Group by honoring the repayment terms under the Repurchase Agreement.

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Guarantees and Undertakings:

The parties to the Repurchase Agreement guaranteed and undertook the followings:

- (i) CPMC Investment and JDB Group further strengthen their strategic cooperation, coordinate in new product development, ensure stable supply and support the high-quality development of JDB Group. The parties agreed that within 5 years from the date of the Repurchase Agreement, based on the final price, JDB Group shall prioritize to procure aluminum beverage cans from CPMC Investment and/or its associates first. It shall also pay the procurement price in accordance with the terms to be agreed by the parties. The methodology of determining the said final price of aluminum beverage cans is same as those adopted in sale of aluminum beverage cans to other independent third parties by the Group:

(costs of raw materials + direct labour cost + factory overheads + delivery costs) × (1 + gross profit margin)

The elements in the above formula may varies by factors such as: (i) transaction details such as quantity and delivery time; (ii) market demand, market supply and market price of same or similar products; (iii) costs such as labour cost and transportation fee, etc. There is no fixed minimum guaranteed amount of aluminum beverage cans to be procured by JDB Group.

- (ii) The parties agreed that after JDB (Tianjian) and Qingyuan JDB Herbal have completed payment of the 1st installment of the repurchase consideration and the 1st installment of the Committed Dividend, CPMC Investment will not take any legal action against the JDB Group on or before 31 July 2020. Within 15 working days after CPMC Investment having received the aforesaid payments, it shall withdraw the litigation filed with the relevant PRC Court (as set out in the announcement of the Company dated 31 August 2018). Besides, within 4 months after receipt of the aforesaid payments, unless JDB (Tianjian) fails to pay the 2nd installment of the repurchase consideration in accordance with the Repurchase Agreement, CPMC Investment shall also terminate the arbitration filed by it against Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal, and the rights and obligations of the parties thereunder shall cease by then as well. At the same time, Wisdom Kingdom shall apply to the Hong Kong International Arbitration Centre to withdraw its arbitration application filed against CPMC Investment in June 2019. The parties to the Repurchase Agreement undertook that, unless there is any breach of the Repurchase Agreement, upon the termination/withdrawal of the arbitration/litigation, the parties shall not bring any prosecution, arbitration, prosecution or claims against the other party for the abovementioned case.

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- (iii) Each of Wisdom Kingdom and Wong Lo Kat undertook to waive their preemptive rights to purchase the Target Interest.
- (iv) Wisdom Kingdom, Wong Lo Kat and Qingyuan JDB Herbal are fully informed that CPMC Investment has not fully paid up its capital contribution to Qingyuan JDB Herbal, and each of them undertook that JDB (Tianjin) shall perform its payment obligation and waive all liabilities on the part of CPMC Investment in relation to such matter from the Completion Date.

Conditions Precedent:

The Repurchase Agreement shall become effective upon the signing date. Completion of the Repurchase Agreement shall take place upon the 30th day (the “**Completion Date**”) from the fulfillment date of all the following conditions precedent:

- (i) CPMC Investment having received the 1st installment of repurchase consideration and the 1st installment of the Committed Dividend; and
- (ii) CPMC Investment or its controlling shareholder having complied with all requirements under the applicable laws and regulations (including the Listing Rules) in respect of the transaction contemplated under the Repurchase Agreement.

As at the Latest Practicable Date, CPMC Investment has received the 1st installment of the Committed Dividend but not yet received the 1st installment of the repurchase consideration.

Fulfillment of condition (ii) is subject to the Shareholders’ approval on the resolution in relation to the Repurchase Agreement at the EGM.

As such, both conditions (i) and (ii) are not yet fulfilled as at the Latest Practicable Date.

Completion:

CPMC Investment shall cooperate to complete the change of registration with the industrial and commercial department in relation to the completion of the repurchase of the Target Interest by the Completion Date. As of the Completion Date, CPMC Investment will cease to hold any equity interest in Qingyuan JDB Herbal.

The Board believes it is fair and reasonable and in normal commercial term to transfer the Target Interest on the Completion Date prior to full settlement of the repurchase consideration and the Committed Dividends because most of the payment obligations is secured by the Syndicated Fund.

LETTER FROM THE BOARD

INFORMATION OF QINGYUAN JDB HERBAL

As at the Latest Practicable Date, Qingyuan JDB Herbal is a company incorporated in the PRC with a registered capital of USD169.85 million (among which USD91,940,130 has been paid up). It is owned as to 30.58%, 45.87% and 23.55% by CPMC Investment, Wong Lo Kat and Wisdom Kingdom, respectively.

Qingyuan JDB Herbal is principally engaged in the research, development, production, processing and sale of non-alcoholic beverages such as fruit and vegetable beverages, tea beverage, herbal tea, botanic beverages and concentrates, which exclusively provides concentrates for “加多寶” and “JDB” brand beverages under JDB Group.

Set out below is the financial information of Qingyuan JDB Herbal for the two financial years ended 31 December 2019 prepared in accordance with the generally accepted accounting principles of the PRC:

	Year ended 31 December 2018 <i>(audited)</i> <i>RMB</i>	Year ended 31 December 2019 <i>(audited)</i> <i>RMB</i>
Net profit/(loss) before taxation	4,214,990	(39,693,508)
Net profit/(loss) after taxation	3,161,243	(39,938,188)
Net assets	2,654,828,700	2,912,685,140

INFORMATION OF THE GROUP, CPMC INVESTMENT, JDB (TIANJIN), WONG LO KAT AND WISDOM KINGDOM

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.

CPMC Investment is company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

JDB (Tianjin) is a company incorporated in the PRC with limited liability which principally engages in sale of food, and export and import of goods and technology.

Wong Lo Kat is a company incorporated in Hong Kong with limited liability which owns the JDB Trademarks.

Wisdom Kingdom is a company incorporated in Hong Kong with limited liability which principally engages in investment holding.

The ultimate beneficial owner of each of JDB (Tianjin), Wong Lo Kat and Wisdom Kingdom is Mr. Chan Hung To, a Hong Kong citizen and a merchant.

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REASONS FOR AND BENEFITS OF ENTERING INTO THE REPURCHASE AGREEMENT

After receiving the Arbitration Results, JDB Group had actively negotiated with the Group and remitted an earnest deposit of RMB250 million to the Group. Now based on the support from syndicated project funds, the parties have compromised on the Repurchase Agreement to properly settle their disputes. Comparing the implementation of the Arbitration Results and the entering into the Repurchase Agreement, the Board believes the latter will be a better mean to resolve the disputes under the Capital Increase Agreement since:

- (i) CPMC Investment will remain to be a minority shareholder holding 30.58% equity interest in Qingyuan JDB Herbal which does not have the overall control of its management and operation if the Group strictly implements the Arbitration Results. Having considered JDB Group expressed its intention to swiftly repurchase the Target Interest, and the financial performance of Qingyuan JDB Herbal in the last two years as shown in the section headed “Information of Qingyuan JDB Herbal” of this circular, the Board is of the view that the prospects and future investment return from Qingyuan JDB Herbal involves uncertainties and the continuous investment in such company may not be in the best interest of the Group and its Shareholders as a whole;
- (ii) Despite the Arbitration Results requires JDB Group to promptly indemnify CPMC Investment with an amount of RMB237,642,626 (being the aggregate of the indemnity and interest awarded under the Arbitration Results), JDB Group’s ability to pay the aforesaid amount in accordance with the Arbitration Results and the further Committed Dividend (to be accrued under the Capital Increase Agreement if CPMC Investment continues to be a shareholder in Qingyuan JDB Herbal) is uncertain. Besides, the enforcement of the Arbitration Results in the PRC shall require large amount of time and effort as well; and
- (iii) On the other hand, JDB Group’s repayment ability is much strengthened with the support of the Syndicated Fund, and the risk faced by the Group is also reduced since the purpose of the Syndicated Fund is limited to JDB Group’s payment obligations under the Repurchase Agreement only.

Through the implementation of the Repurchase Agreement, the Group will fully recover the amount previously invested in Qingyuan JDB Herbal and the Committed Dividend, significantly improve the Group’s capital liquidity and optimise its asset allocation, better focus on its principal business of consumer goods packaging, and improve its profitability and increase its shareholders’ returns.

After signing of the Repurchase Agreement, the Group will deepen its strategic cooperation with JDB Group, improve the Group’s cans supply business with the related companies under JDB Group, continue to optimize capacity utilization rate and profitability level of the Group’s two-piece cans, improve the competitive landscape in the PRC and promote the healthy development of the industry. As companies under JDB Group are independent of the Company and its connected persons as at the Latest

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Practicable Date and after completion of the Repurchase Agreement, and cans supply transactions are of revenue nature in the ordinary and usual course of business of the Company, such cans supply transactions with JDB Group will not be regarded as “transaction” under Chapter 14 of the Listing Rules.

Based on the above, the Directors are of the view that the terms of the Repurchase Agreement and the transactions contemplated thereunder are fair and reasonable on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

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.

Earnings

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).

Assets and Liabilities

Given that the Repurchase Agreement is expected to generate an estimated net gain of approximately RMB235,206,193 to the Group, the consolidated net asset value attributable to equity holders of the Company is expected to increase by approximately RMB235,206,193 after the settlement of the consideration for the repurchase of the Target Interest and the Committed Dividend. The consolidated total assets of the Group is expected to decrease by approximately RMB14,793,807 and the consolidated total liabilities of the Group is expected to decrease by approximately RMB250,000,000 upon the settlement of the consideration for the repurchase of the Target Interest and the Committed Dividend.

Proposed Use of Proceeds

The Company intends to apply the final proceeds (after deducting related expenses and costs) from the Repurchase Agreement as follows:

- (i) approximately RMB260,000,000 as capital expenditure for its two-piece can business;
- (ii) approximately RMB80,000,000 as capital expenditure for its steel barrel business;
- (iii) approximately RMB65,000,000 as capital expenditure for its two-piece cans business in Belgium;

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- (iv) approximately RMB35,000,000 as capital expenditure for its milk powder can business; and
- (v) the remainder will be applied for general capital purpose.

The Group will continue to explore other investment opportunities to increase the return to the Shareholders.

IMPLICATIONS OF THE LISTING RULES

As one or more of the applicable percentage ratios in respect of the transactions under the Repurchase Agreement is more than 25% but less than 100%, the transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement and Shareholders' approval requirements thereunder.

EXTRAORDINARY GENERAL MEETING

The EGM will be held for the purpose of considering and, if thought fit, approving by the Shareholders the transaction contemplated under the Repurchase Agreement.

Any Shareholder with a material interest in the relevant transactions as contemplated under the ordinary resolutions and his close associate will abstain from voting on the relevant resolutions approving the said transactions. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder has a material interest in the Repurchase Agreement and therefore no Shareholder is required to abstain from voting at the EGM.

A notice convening the EGM is set out on pages 28 to 29 of this circular. The EGM will be held at President Suite, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Monday, 22 June 2020 at 11:00 a.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn), at which resolution will be proposed to consider and, if thought fit, to approve the transaction contemplated under the Repurchase Agreement. The form of proxy for use by the Shareholders at the EGM is enclosed with this circular.

Whether or not you intend to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's share registrar, Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible, and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of a form of proxy shall not preclude you from attending and voting in person at the EGM or an adjournment thereof should you so desire.

LETTER FROM THE BOARD

PRECAUTIONARY MEASURES FOR THE EGM

In view of the ongoing epidemic caused by novel coronavirus pneumonia (COVID-19) and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM against the epidemic to protect attending Shareholders, staff and other stakeholders from the risk of infection:

- (i) compulsory body temperature checks will be conducted on every Shareholder and proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius will not be denied entry into the EGM venue or be required to leave the EGM venue;
- (ii) every attendee is required to wear a surgical facial mask before he/she is permitted to attend, and throughout his/her attendance of the EGM at all times; and
- (iii) no refreshment will be served, and no souvenirs will be distributed.

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue.

In the interest of Shareholder's health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may consider appointing the chairman of the EGM as his/her proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

RECOMMENDATION

Based on the relevant information disclosed herein, the Directors are of the opinion that the terms of the Repurchase Agreement and the transactions contemplated thereunder are on normal commercial terms, and are fair and reasonable and in the interest of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of the resolutions to be proposed at the EGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this circular and the notice of the EGM.

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

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2017, 2018 and 2019 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.cofco-pack.com), and can be accessed by the direct hyperlinks below:

- (1) annual report of the Company for the year ended 31 December 2017 published on 19 April 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0419/ltn20180419255.pdf>

- (2) annual report of the Company for the year ended 31 December 2018 published on 26 April 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0426/ltn201904261127.pdf>

- (3) annual report of the Company for the year ended 31 December 2019 published on 14 May 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0514/2020051401328.pdf>

2. INDEBTEDNESS

At the close of business on 30 April 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had outstanding unsecured bank borrowings and lease liabilities of approximately RMB4,537,867,807 and RMB28,723,158 respectively.

Save as aforesaid or otherwise mentioned herein, and apart from intra-group liabilities and normal trade payables in the ordinary course of business, the Group did not have any other outstanding borrowings, mortgages, charges, debentures, loan capital and overdraft, debt securities or other similar indebtedness, finance leases or hire purchase commitment, liabilities under acceptances or acceptance credits or any guarantees or other material contingent liabilities at the close of business on 30 April 2020, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular.

3. WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that after taking into account the internal financial resources of the Group and the available credit facilities, the Group will have sufficient working capital for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2019, the date to which the latest published audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

At the beginning of 2020, confronted with the domestic outbreak of the COVID-19 epidemic, the Chinese government decisively took the initiatives to fight the epidemic by coordinating resources, and effectively curbed the spread of the epidemic. At the same time, China closely followed the track of the impact and challenges brought by the epidemic on international trade, took effective measures to hedge the negative effects, steadily promoted the resumption of work and production, helping to maintain the stability of the global supply chain. Looking forward, despite the short-term pressure on the Chinese economy from the onset of the epidemic, we still firmly believe in the huge potential of China's economic development.

Therefore, the Group will also meet the challenges in a positive stance, paying close attention to the impact of the epidemic on the prices of major raw and auxiliary materials, continue to strengthen inventory and cost management and strictly control relevant risks. As we are fighting against the epidemic, we will also ensure production safety, take the lead in industry collaboration to closely follow the gradual market recovery of downstream consumer products, and tap inherent potentials to improve operational efficiency and better investment return and performance.

The Group is principally engaged in the manufacturing and sale of packaging products used for consumer goods such as food, beverages and household chemical products, extensively covering the packaging markets of tea beverages, carbonated beverages, fruit and vegetable beverages, beer, dairy products and household chemical products and other consumer goods. The products of the Group mainly include tinplate packaging products, aluminum packaging products and plastic packaging products.

(i) Aluminum packaging business

The Group uses aluminium as the main raw material for its aluminium packaging products, which mainly include two-piece beverage cans (two-piece cans) and one-piece cans. Aluminium packaging products are characterised by a high degree of automatic production and full product recyclability, etc., and have been one of the businesses with rapid developments of the Company in recent years. In 2019, the sales revenue of aluminum packaging was approximately RMB3,309 million and accounting for approximately 45.4% of the total sales.

Aluminium price had been basically stable throughout 2019 since the slight reduction in the third quarter of 2018. With the steady growth of beer canning rate and the vigorous promotion of carbonated drinks in sleek cans, the total market demands continued to rise rapidly, and customer demands for products are becoming more diverse in the meantime. As a series of large-scale consolidation commenced in the industry, and layout contraction and adjustments has been made by international packaging companies, domestic dominant enterprises have strengthened unity and collaboration to promote the orderly development of the industry, leading to a continuous improvement in the supply and demand pattern of the two-piece can market. The Group further enhanced cooperation with premium customers, optimized capacity deployment and production arrangement, developed advantages in production coordination and regional categories supply, boosted the existing capacity utilization and the profitability gradually improved. In the aluminium single-piece can segment, the Group actively responded to market changes. It advanced the development of new customers and new products and the profitability maintained at a relatively high level.

During the year, the Group also actively responded to customer needs and targeted the expansion of new production capacity at home and abroad to prepare for subsequent growth: the second production line of Fujian project was completed at the end of September of last year and officially commenced production at the end of last year; and the two-piece can project in Belgium was launched as scheduled, which was completed at the end of December of last year, and the follow-up works such as customer certification is steadily progressing.

(ii) Tinsplate packaging business

The Group uses tinsplate as the primary raw material for its tinsplate packaging, the products of which include steel barrels, milk powder cans, aerosol cans, metal caps, three-piece beverage cans, round and square shaped cans, printed and coated tinsplate and other metal packaging. The Group is in a leading position in a number of market segments, with milk powder cans and twist caps ranking No. 1 in market shares nationwide. In 2019, the sales revenue was approximately RMB3,390 million and accounting for approximately 46.5% of the total sales.

In 2019, there were adjustments to the fluctuation of the tinsplate's price and thus the price declined slightly as a whole. Despite the transformation of some customers' packaging formats and the weak market demand, the Group strenuously took the advantages of opportunities in other segmented product markets, increasing sales and revenue and buffering adverse effects.

Taking steel barrels business as an example, in 2019, following the major safety emergencies of chemical companies, the state has further strengthened the safety production supervision of related enterprises, and the environmental protection situation has become more stringent, both of which affected the market demands of downstream customers to a certain extent. Thanks to the importance attached to and investment in safe and eco-friendly production, the Group continued to improve its

manufacturing support capabilities, optimize regional layout and enrich product mix in the one hand, and strengthen new customer development, optimize customer structure and specifically launch production-sales linkages in the other hand, therefore improved profitability.

Taking milk power cans business as an other example, in recent years, the domestic milk powder can market experienced constantly consolidation. The brand concentration has been higher, the market shares of domestic brands have climbed, and the overall demand has remained stable and seen an upward trend occasionally. Aligning closely with the opportunities arising from the market adjustment, the Group paid more attention to its investment in key areas and to important customers, took the lead to adopt the factory-within-a-factory mode, and steadily propelled the production capacity utilisation. The Group also provided differentiated products to further enhance customer stickiness and garner the appreciation of branded customers.

(iii) Plastic packaging business

The Group's plastic packaging products are mainly used for the packaging of personal care, household chemical and food and beverage products. In 2019, the sales revenue from plastic packaging business was approximately RMB588 million and accounting for approximately 8.1% of the total revenue. The Group consistently advanced the dual-wheel-driven model with the household chemical product market and the food market. It reinforced the joint research and development with brand customers, improved the customer cohesiveness, optimized sales structure and promoted steady sales growth. On the premise of a steady increase in gross profit margin, the product price was moderately cut to achieve a win-win situation with customers.

Since 2020, in the face of the menacing COVID-19 epidemic, the Group has made concerted efforts to fight against it. In early February 2020, while strictly preventing and controlling the epidemic, the Group actively promoted the gradual resumption of work and production of its subsidiaries across the country. At the beginning of March, all subsidiaries have resumed operation. Some of the plastic packaging factories have resumed production at the end of January and are operating at full speed to meet the surge in demands for the disinfection and epidemic prevention products of downstream branded customers, making their own contribution in the battle. Looking forward, the Group will keep abreast with the gradual recovery of the downstream consumer goods industry, centering on the needs of the customers and deepening the exploration of the potential of market segments, strengthen sales coordination, optimize production arrangements and strictly control costs and expenses. Along with consolidating domestic business, it will also solidly promote the production and operation of overseas projects, in the hope of improving investment return, rewarding the customers with high-quality products and services for their trust, and paying the shareholders back with sound performance for their support.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

(I) Directors' and chief executives' interests and short positions in securities of the Company and its associated corporations

As at the Latest Practicable Date, interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) of the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") are as follows:

Interests in underlying shares of the Company:

Name of Directors	Capacity/ Nature of Interests	Number of underlying shares held in long position	Approximate percentage of Interests (Note 1)
Zhang Xin	Beneficial owner	14,560,000 (Note 2)	1.26%
Zhang Ye	Beneficial owner	9,366,000 (Note 3)	0.81%

Notes:

- (1) The percentages are calculated based on the total number of shares of the Company in issue as at the Latest Practicable Date, i.e. 1,151,498,000 Shares.
- (2) Mr. Zhang Xin is interested in 14,560,000 Shares comprising (i) 12,500,000 Shares being the Shares subscribed by him from the Company pursuant to the subscription agreement dated 22 May 2016, which are held by Majestic Merge Limited on behalf of him; and (ii) 2,060,000 Shares which is held by himself.

- (3) Mr. Zhang Ye is interested in 9,366,000 Shares comprising (i) 8,500,000 Shares being the Shares subscribed by him from the Company pursuant to the subscription agreement dated 22 May 2016, which are held by Majestic Merge Limited on behalf of him; and (ii) 866,000 Shares which is held by himself.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(II) Substantial shareholders and other persons who have interests or short positions which are disclosable under Divisions 2 and 3 of Part XV of the SFO

As at the Latest Practicable Date, as far as is known to the Directors, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Substantial shareholders and other persons	Notes	Capacity/ Nature of Interests	Number of ordinary shares of the Company held	Approximate percentage of aggregate interests in issued share capital of the Company
China Foods (Holdings) Limited ("China Foods (Holdings)")	(1)	Registered owner	330,658,800	28.72%
COFCO (Hong Kong) Limited ("COFCO (HK)")	(1) & (3)	Interest of controlled corporations	330,658,800	28.72%
COFCO	(1) & (5)	Interest of controlled corporations	330,658,800	28.72%
ORG Technology Co. Ltd. ("ORG Technology")	(1) & (4)	Interest of controlled corporations	271,667,200	23.59%
Shanghai Yuanlong Investment Holdings (Group) Company Limited ("Shanghai Yuanlong")	(1) & (4)	Interest of controlled corporations	271,667,200	23.59%
Mr. Zhou Yunjie	(1) & (4)	Interest of controlled corporations	271,667,200	23.59%
CMB Wing Lung (Trustee) Limited	(1) & (6)	Trustee of a trust	88,500,000	7.69%

Substantial shareholders and other persons	Notes	Capacity/ Nature of Interests	Number of ordinary shares of the Company held	Approximate percentage of aggregate interests in issued share capital of the Company
Antopex Limited	(1) & (6)	Nominee for another person	88,500,000	7.69%
Chuang Neng Enterprises Limited	(1) & (6)	Interest of controlled corporations	88,500,000	7.69%
Majestic Merge Limited	(1) & (6)	Registered owner	88,500,000	7.69%
China International Capital Corporation (Hong Kong) Limited	(1) & (7) (2) & (7)	Interest of corporation controlled by you Interest of corporation controlled by you	70,169,705 669,705	6.09% 0.06%
Yuanhao Greater China Fund	(1) & (8)	Beneficial owner	69,500,000	6.04%
Zhang Wei	(1) & (8)	Interest of corporation controlled by you	69,500,000	6.04%

Notes:

- (1) Long position in the shares of the Company.
- (2) Short position in the share of the Company.
- (3) China Foods (Holdings) is a wholly-owned subsidiary of COFCO (HK). COFCO (HK) is therefore deemed to be interested in the 330,658,800 Shares held by China Foods (Holdings).
- (4) ORG Development Limited and Hubei ORG Tinsplate Printing & Can Making Co., Ltd. (“Hubei ORG”) hold 269,341,200 Shares and 2,326,000 Shares respectively. ORG Development Limited is wholly owned by ORG Packaging International Holdings Limited. ORG Packaging International Holdings Limited and Hubei ORG are wholly-owned by ORG Technology. ORG Technology is owned as to approximately 44.46% by Shanghai Yuanlong and approximately 0.74% by 北京二十一兄弟商貿有限公司 which in turn are owned as to approximately 78.00% and 80.00% respectively by Mr. Zhou Yunjie. Therefore, Mr. Zhou Yunjie, Shanghai Yuanlong and ORG Technology are deemed to be interested in all the Shares held by ORG Development Limited and Hubei ORG.
- (5) COFCO (HK) and China Foods (Holdings) are wholly-owned subsidiaries of COFCO. COFCO is therefore deemed to be interested in the shares held by COFCO (HK) and China Foods (Holdings).
- (6) The entire share capital of Majestic Merge Limited is held by Chuang Neng Enterprises Limited, and the entire share capital of Chuang Neng Enterprises Limited is held by Antopex Limited, a nominee which is wholly-owned by CMB Wing Lung (Trustee) Limited.

- (7) China International Capital Corporation Hong Kong Securities Limited and CICC Financial Holdings Limited, both being wholly-owned subsidiaries of China International Capital Corporation (Hong Kong) Limited hold the long position of 69,500,000 Shares and 669,705 Shares, respectively. CICC Financial Holdings Limited holds the short position of 669,705 Shares.
- (8) Yuanhao Greater China Fund is wholly-owned by Zhang Wei. Zhang Wei is therefore deemed to be interested in the shares held by Yuanhao Greater China Fund.
- (9) The percentages are calculated based on the total number of shares of the Company in issue as at the Latest Practicable Date, i.e., 1,151,498,000 Shares.

Save as disclosed above, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company as at the Latest Practicable Date.

As at the Latest Practicable Date, Mr. Zhang Xin is the senior industry executive of COFCO group, Mr. Zhou Yuan is the vice chairman and a director of ORG Technology and Mr. Shen Tao is a director and general manager of ORG Technology. Save as disclosed above, none of the Directors was a director or an employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. INTERESTS OF DIRECTORS IN COMPETING BUSINESS, CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP AND THE GROUP'S ASSETS

As the Latest Practicable Date, interest of the Directors who are in a competing business is as follows:

Name of Director	Name of company	Nature of competing business	Nature of interest	Appointment date
Mr. Zhou Yuan	ORG Technology (Note)	Manufacture of packaging products	As a vice chairman As a director	November 2010 October 2010
Mr. Shen Tao	ORG Technology (Note)	Manufacture of packaging products	As a general manager As a director	February 2014 October 2010

Note:

ORG Technology is a listed company on Shenzhen Stock Exchange (Stock Code: 002701) and a substantial Shareholder, holding approximately 23.59% of the issued share capital of the Company. ORG Technology is principally engaged in the comprehensive packaging services including packaging design, packaging production, filling and brand design and promotion. For further details of ORG Technology in respect of its business and financial position, please refer to its annual report dated 30 April 2020 which is available at <https://www.orgtech.cn/uploadfile/2020/0430/20200430054417195.pdf>.

Although Mr. Zhou Yuan is the vice chairman and a director of ORG Technology, and Mr. Shen Tao is the general manager and a director of ORG Technology, both of them have confirmed that they are mindful of their duty to avoid conflict of interest. In cases where

conflict of interest situation arises, Mr. Zhou Yuan and Mr. Shen Tao will refrain from taking part in the decision making process and will abstain from voting on the relevant resolution in board meeting. On this basis and given that ORG Technology has its own management personnel other than Mr. Zhou Yuan and Mr. Shen Tao, the Directors believe that the Company is capable of carrying out its business independently of, and at arm's length from ORG Technology.

Save for disclosed above, as at the Latest Practicable Date, none of the Directors or their respective close associate is or was interested in any business, apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business.

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular and which is significant in relation to the businesses of the Group.

4. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date, none of the Directors had entered into any existing or proposed service contracts with the Company or any other member of the Group save for those expiring or determinable by the relevant employer within one year without payment of compensation (other than statutory compensation).

5. LITIGATION

Reference is made to the Company's announcements dated 30 October 2017, 6 July 2018, 9 July 2018, 31 August 2018, 23 June 2019, 15 November 2019, 20 March 2020, 28 April 2020 and 15 May 2020, and the circular dated 30 November 2017. As set out in this circular and the aforesaid announcements and circular, CPMC Investment entered into the Capital Increase Agreement with Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal on 30 October 2017. Since Wong Lo Kat has not performed its undertaking to inject the JDB Trademarks to Qingyuan JDB Herbal as its asset capital contribution pursuant to the Capital Increase Agreement, CPMC Investment filed an arbitration application to HKIAC against Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal on 6 July 2018, and the Group received the Arbitration Results granted by HKIAC on 14 November 2019. After receipt of the Arbitration Results, the parties have been maintaining friendly negotiation and communication. On 28 April 2020, the parties to the Capital Increase Agreement and JDB (Tianjin) entered into the Repurchase Agreement for, among others, resolving the matters in relation to the Capital Increase Agreement and the Arbitration Results. As set out in this circular, pursuant to the Repurchase Agreement, JDB (Tianjin) shall repurchase the 30.58% equity interest held by CPMC Investment in Qingyuan JDB

Herbal at the consideration of RMB1,504,631,126, while Qingyuan JDB shall also pay the accumulated Committed Dividend under the Capital Increase Agreement in the amount of RMB237,642,626 to CPMC Investment.

Further, pursuant to the Repurchase Agreement, after JDB (Tianjin) and Qingyuan JDB Herbal having completed payment of the 1st installment of the repurchase consideration and the 1st installment of the Committed Dividend, CPMC Investment will not take any legal action against the JDB Group on or before 31 July 2020, and CPMC Investment shall within 15 working days after receipt of the aforesaid payments, withdraw its litigation filed with the relevant PRC Court (as set out in the announcement of the Company dated 31 August 2018). Besides, within 4 months after receipt of the aforesaid payments, unless JDB (Tianjin) fails to pay the 2nd installment of the repurchase consideration under the Repurchase Agreement, CPMC Investment shall also terminate the arbitration filed by it against Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal, and the rights and obligations of the parties thereunder shall cease by then as well. At the same time, Wisdom Kingdom shall apply to the HKIAC to withdraw its arbitration application filed against CPMC Investment in June 2019. The parties to the Repurchase Agreement also undertook that, unless there is any breach of the Repurchase Agreement, upon the termination/withdrawal of the arbitration/litigation, the parties shall not bring any prosecution, arbitration, prosecution or claims against the other party for the abovementioned case.

As at the Latest Practicable Date, the transaction contemplated under the Repurchase Agreement has not completed. For details of the Repurchase Agreement, please refer to the Company's announcements dated 28 April 2020, 15 May 2020 and the "Letter to the Board" in this circular.

The Company will keep the shareholders informed on the status of the aforesaid matter.

Save for the above, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group as at the Latest Practicable Date.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Enlarged Group within the two years immediately preceding the issue of this circular, which were or might be material:

- (a) the Repurchase Agreement;
- (b) the financial services agreement in relation to the deposit services, loan services, entrustment loan services and other financial services entered into among the Company, CPMC Investment and COFCO Finance Company Limited (中糧財務有限責任公司) on 7 November 2019 with a term of three years;

- (c) the equity transfer agreement dated 14 May 2019 entered into among COFCO-MC (Hong Kong) Limited (an indirect wholly-owned subsidiary of the Company) as purchaser and Crown Asia Pacific Holdings Pte. Ltd as vendor relating to the acquisition of 23% of equity interest in Wuxi Huapeng Closures Co., Ltd. (無錫華鵬瓶蓋有限公司) at the consideration of RMB53,398,700;
- (d) the equity transfer agreement dated 14 March 2019 entered into among CPMC Investment as purchaser and Duilong Honghui New Material Technology Co., Ltd. (堆龍鴻暉新材料技術有限公司) (“**Duilong Honghui**”) as vendor in relation to the acquisition of 14.1% equity interest in Harvest Epoch Packaging (Zhejiang) Co., Ltd. (浙江紀鴻包裝有限公司) (“**Harvest Epoch**”) at the consideration of RMB78,500,000;
- (e) the framework agreement dated 12 December 2018 entered into between CPMC Investment and Jiaying Haoneng Technology Holdings Co., Ltd. (嘉興市豪能科技股份有限公司) in relation to the formation of a joint venture company with a total investment amount of RMB400 million in Belgium whereby CPMC Investment shall contribute 51% of the said total investment amount; and
- (f) the equity adjustment agreement dated 30 November 2018 entered into among CPMC Investment, Harvest Epoch International Limited and Duilong Honghui relating to the injection of US\$13,050,000 and US\$6,950,000 in the capital of Harvest Epoch by CPMC Investment and Harvest Epoch International Limited, respectively.

7. GENERAL

- (a) The Company’s registered office is at 33rd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.
- (b) The secretary of the Company is Mr. Yim Ming Chung. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants.
- (c) The Company’s share registrar is Computershare Hong Kong Investor Services Limited, whose business address is Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.
- (d) The English texts of this circular and the accompanying proxy form shall prevail over the Chinese texts.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at the Company’s registered office at 33rd Floor, COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong from the date of this circular up to and including the date of the EGM:

- (a) the articles of association of the Company;

- (b) the annual reports of the Company for the years ended 31 December 2017, 31 December 2018 and 31 December 2019;
- (c) the material contracts referred to in the section headed “Material Contracts” in this appendix; and
- (d) this circular.

NOTICE OF EXTRAORDINARY GENERAL MEETING



中糧
COFCO
自然之源 重塑你我



CPMC HOLDINGS LIMITED

中糧包裝控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 906)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “EGM”) of CPMC Holdings Limited (the “Company”) will be held at President Suite, World Trade Centre Club Hong Kong, 38th Floor, World Trade Centre, 280 Gloucester Road, Causeway Bay, Hong Kong on Monday, 22 June 2020 at 11:00 a.m. (or as soon as the annual general meeting of the Company convened at the same date and place shall conclude or adjourn) for the purpose of considering and, if thought fit, passing the following resolutions:

AS ORDINARY RESOLUTION

“THAT

1. (i) the repurchase agreement (the “**Repurchase Agreement**”) entered into among CPMC Investment Co., Ltd. (“**CPMC Investment**”), JDB (Tianjin) Beverage Co., Ltd. (“**JDB (Tianjin)**”), Wong Lo Kat Limited, Wistom Kingdom Limited and Qingyuan JDB Herbal Plant Technology Co., Ltd. (“**Qingyuan JDB Herbal**”) on 28 April 2020 in relation to the JDB (Tianjin) repurchase of 30.58% equity interest in Qingyuan JDB Herbal from CPMC Investment and Qingyuan JDB Herbal’s repayment of the committed dividend to CPMC Investment, a copy of which has been produced to the EGM marked “A” and initialled by the chairman of the EGM for identification purposes, be and is hereby confirmed, ratified and approved; and
- (ii) any one or more of the directors of the Company be and is hereby authorised to do all such further acts and things, negotiate, approve, agree, sign, initial, ratify and/or execute such further documents and take all steps which may be in their opinion necessary, desirable or expedient to implement and/or give effect to the terms of the Repurchase Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 5 June 2020

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. The register of members of the Company will be closed from Wednesday, 17 June 2020 to Monday, 22 June 2020, both days inclusive, during which no transfers of shares will be registered. In order to qualify for attendance and voting at the EGM, all transfer documents should be lodged for registration with the Company's share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. on Tuesday, 16 June 2020.
2. The resolution set out in this Notice of EGM will be voted on by poll.
3. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote for him. A proxy need not be a member of the Company.
4. A form of proxy for use at the EGM is enclosed. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, must be deposited at the Company's share registrar, Computershare Hong Kong Investor Services Limited, Floor 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM or any adjournment of it.
5. Where there are joint holders of any share, any one of such holders may vote at the EGM, either in person or by proxy, in respect of such shares as if he were solely entitled to vote, but if more than one of such joint holders are present at the EGM in person or by proxy, the person so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect of it.
6. Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person at the EGM or any adjourned meeting if he so desires. If a member attends the EGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.
7. In view of the ongoing epidemic caused by novel coronavirus pneumonia (COVID-19) and recent requirements for prevention and control of its spread, the Company will implement the following precautionary measures at the EGM against the epidemic to protect attending Shareholders, staff and other stakeholders from the risk of infection:
 - (i) compulsory body temperature checks will be conducted on every Shareholder and proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.4 degrees Celsius will not be denied entry into the EGM venue or be required to leave the EGM venue;
 - (ii) every attendee is required to wear a surgical facial mask before he/she is permitted to attend, and throughout his/her attendance of the EGM at all times; and
 - (iii) no refreshment will be served, and no souvenirs will be distributed.

Any person who does not comply with the precautionary measures may be denied entry into the EGM venue.