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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)

**DISCLOSEABLE TRANSACTION
ENTERING INTO INVESTMENT AGREEMENT WITH ADMINISTRATION
COMMITTEE OF DIANZHONG NEW DISTRICT OF YUNNAN**

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 28 January 2021, CPMC Investment, an indirect wholly-owned subsidiary of the Company, entered into the Investment Agreement with Dianzhong New District AC, pursuant to which CPMC Investment agreed to invest and construct an aluminum two-piece can factory with a production line of advanced international level in Kunming, Yunnan, the PRC. The total investment amount of the construction project is RMB485 million, and the project will be implemented by the JV Company to be set up by CPMC Investment and another company. The JV Company shall have a registered capital of not less than RMB90 million, among which CPMC Investment shall contribute not less than 70% therein. The remaining investment amount of the construction project after deducting the registered capital of the JV Company is expected to be financed by the JV Company itself; shareholder's loan or contribution by CPMC Investment; and/or such other methods to be determined from time to time on as-need basis.

Upon establishment of the JV Company, it will be held as to not less than 70% by CPMC Investment. The JV Company will become a subsidiary of the Company and consolidated into the financial statements of the Company.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company's investment under the Investment Agreement exceeds 5% and all of the percentage ratios are less than 25%, the Investment Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

THE INVESTMENT AGREEMENT

The Board is pleased to announce that on 28 January 2021, CPMC Investment, a wholly-owned subsidiary of the Company, entered into the Investment Agreement with Dianzhong New District AC, the principal terms of which are set out as follows:

Date: 28 January 2021 (after trading hours)

Parties: CPMC Investment; and
Dianzhong New District AC.

Aluminum two-piece can production line construction project:

CPMC Investment agreed to invest and construct an aluminum two-piece can factory with a production line of advanced international level in Kunming, Yunnan, the PRC. The total investment amount of the construction project is RMB485 million, and the project will be implemented by the JV Company to be set up by CPMC Investment and another company. The JV Company shall have a registered capital of not less than RMB90 million, among which CPMC Investment shall contribute not less than 70% therein.

The JV Company will be principally engaged in manufacturing two-piece aluminum beverage cans, provision of packaging and decoration printing service, sale of self-produced products and provision of relevant after-sales service.

The remaining investment amount of the construction project after deducting the registered capital of the JV Company is expected to be financed by the JV Company itself; shareholder's loan or contribution by CPMC Investment; and/or such other methods to be determined from time to time on as-need basis.

Contribution and payment manner

It is agreed that the shareholders of the JV Company shall make the capital contribution by cash, among which 20% of its capital contribution shall be paid within 2 months from the incorporation date of the JV Company, and the remaining 80% of its capital contribution shall be paid within 2 years from the incorporation date of the JV Company.

Completion:

Completion of the establishment of the JV Company shall take place upon issuance of its business license. It shall operate for a term of 20 years from its establishment date unless otherwise terminated or extended upon agreement by the relevant parties. Upon establishment of the JV Company, it will be held as to not less than 70% by CPMC Investment. The JV Company will become a subsidiary of the Company and consolidated into the financial statements of the Company.

BASIS OF THE TOTAL INVESTMENT AMOUNT IN THE CONSTRUCTION PROJECT

The aggregate investment amount of the construction project under the Investment Agreement is determined after arm's length negotiations between the parties with reference to the proposed capital requirements of the project. Pursuant to the project, the JV Company will construct an aluminum two-piece can production line of advanced international level on a site of approximately 40,000 square meters located in Kunming, Yunan, the PRC. Upon commencement of operation, the production capacity of the project is expected to be about 1 billion cans per year.

The capital contribution in the JV Company and the outstanding investment amount in the construction project payable by CPMC Investment will be financed by the internal resources of the Group.

It is expected that the other shareholder of the JV Company will be Dayu Packaging, and the JV Company will be owned as to not less than 70% by CPMC Investment, and not more than 30% by Dayu Packaging upon establishment. After the aforesaid is confirmed, CPMC Investment will enter into an agreement with Dayu Packaging in relation to establishment of the JV Company. Save for the aforesaid details of the Investment Agreement, it is expected the joint venture agreement will contain the following provisions:

Management of the JV Company

The JV Company shall form a board of directors upon establishment. Two-third of the members (including the chairman) shall be nominated by CPMC Investment and one-third of the members shall be nominated by Dayu Packaging.

Profit sharing

The JV Company shall distribute its profit (if available) once per year in proportion to the respective actual capital contributions made by its shareholders.

Right of first refusal

An existing shareholder of the JV Company is allowed transfer part or all of its equity interest in the JV Company to another existing shareholder. Nonetheless, if any existing shareholder of the JV Company intends to sell, transfer, dispose, pledge, transfer as gift or any other method deal with part or all of its equity interest in the JV Company to a third party, it shall obtain the prior approval from the other shareholder(s) of the JV Company by offering them to acquire the subject equity interest. Only when the other shareholder(s) do not accept such offer to acquire the subject equity interest within the offer period, and the third party buyer undertakes to continue to perform the duties of the selling shareholder in the JV Company, the selling shareholder may proceed with the transfer with the third party.

The Company will make further announcement upon signing of the joint venture agreement pursuant to the requirement of the Listing Rules if necessary.

INFORMATION OF THE PARTIES

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 a limited company established in the PRC and an indirect wholly-owned subsidiary of the Company. It is an investment holding company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, Dianzhong New District AC is an agency authority of the Yunnan Provincial Party Committee and the Provincial Government which principally responsible for the management of Dianzhong New District, Yunnan, the PRC. Dayu Packaging is a limited company established in the PRC which principally engages in production and sales of cartons and packaging of plastic products, and printing of packaging, decoration and other printed products. Its ultimate beneficial owner is Mr. Zhang Jun (張軍), a PRC citizen and the supervisor of Dayu Packaging.

To the best of the Directors' knowledge, information and belief having made all reasonable enquires, each of Dianzhong New District AC, Dayu Packaging and its ultimate beneficial owner is an Independent Third Party as at the date of this announcement.

REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT

The signing of the Investment Agreement marks the establishment of the Group's first aluminum two-piece can production line in Yunnan Province, which will effectively increase the Group's concentration in the industry and continue to promote the healthy and sustainable development of the industry. At the same time, it also fills the gap in the Group's two-piece can business layout in Yunnan, better improves the Group's layout and production capacity in the southwest region of the PRC, and improves the Group's ability to provide supporting services to its nearby customers, and thereby enhancing the Group's overall competitiveness and investment return.

The Board is of the view that the terms of the Investment 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.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Company's investment under the Investment Agreement exceeds 5% and all of the percentage ratios are less than 25%, the Investment Agreement constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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 a wholly-owned subsidiary of the Company
“Dayu Packaging”	Dali Xiangyun Dayu Packaging Co., Ltd.* (大理州祥雲大宇包裝有限公司), a company established in the PRC with limited liability
“Dianzhong New District AC”	The Administration Committee of Dianzhong New District of Yunnan, a PRC governmental agency authority
“Directors”	the directors of the Company
“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
“Investment Agreement”	the Joint Venture Agreement dated 28 January 2021 entered into between CPMC Investment and Dianzhong New District AC in relation to the construction project of the aluminum two-piece can production line
“JV Company”	the joint venture company to be established pursuant to the Investment Agreement
“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
“%”	per cent.

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

Hong Kong, 28 January 2021

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.

** For identification purpose only*