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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.



CPMC HOLDINGS LIMITED
中糧包裝控股有限公司
(incorporated in Hong Kong with limited liability)
(Stock code: 906)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND
DISCLOSEABLE TRANSACTION
FINANCIAL SERVICES AGREEMENT WITH COFCO FINANCE**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



INCU Corporate Finance Limited

A letter from the Board is set out on pages 4 to 17 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 18 of this circular. A letter from INCU containing its advice and recommendation to the Independent Board Committee and the Independent Shareholders is set out on pages 19 to 35 of this circular.

A notice convening the EGM to be held at 9:30 a.m. on Friday, 30 December 2022 at No. 160, Weiken Street, Hangzhou Economic and Technical Development Zone, Hangzhou, Zhejiang Province, the PRC is set out on pages 45 to 47 of this circular. A proxy form for use at the EGM is enclosed with this circular. The proxy form can also be downloaded from websites of the Company at www.cofco-pack.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. As set out in "Appendix III – Special Arrangements for the EGM" of this circular, the EGM will be a hybrid meeting. The Company strongly encourages Shareholders to exercise their rights to attend and vote at the EGM by electronic facilities. As Shareholders will not be permitted to attend the EGM in person, all Shareholders (other than those who are required to attend the EGM physically to form a quorate meeting) who wish to appoint a proxy to attend and vote at the EGM shall appoint the Chairman of the EGM as their proxy (for Shareholders who are required to attend the EGM physically to form a quorate meeting, a senior management member and/or a senior staff member of the Company shall be appointed as their proxy) by completing, signing and returning the proxy form in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the electronic address specified in the EGM notice or in the proxy form. For the EGM convened to be held on Friday, 30 December 2022 at 9:30 a.m., the deadline to submit completed proxy forms is Wednesday, 28 December 2022 at 9:30 a.m. in the case of an appointment of proxy in hard copy form or in electronic form.

15 December 2022

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DEFINITION

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

“10 Major PRC Banks”	being Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, Construction Bank, Bank of Communications, China Merchants Bank, China CITIC Bank, Agricultural Development Bank of China, Ping An Bank and Postal Savings Bank of China as at the Latest Practicable Date (subject to change upon review as detailed in the section headed “Measures of Determining the Pricing Terms” in the Letter from the Board of this circular)
“2019 Financial Services Agreement”	the Financial Services Agreement in relation to the Deposit Services, the Loan Services, the Entrustment Loan Services and the Other Financial Services entered into between the Company, CPMC Investment and COFCO Finance on 7 November 2019
“2022 Financial Services Agreement”	the Financial Services Agreement in relation to the Deposit Services, the Loan Services, the Entrustment Loan Services and the Other Financial Services entered into among the Company, CPMC Investment and COFCO Finance on 31 October 2022
“associates”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“COFCO”	COFCO Corporation (中糧集團有限公司), a wholly state-owned company established in the PRC which is currently under the purview of State-owned Assets Supervision and Administration Commission of the State Council of the PRC (中華人民共和國國務院國有資產監督管理委員會), and a substantial shareholder of the Company
“COFCO Finance”	中糧財務有限責任公司 (COFCO Finance Company Limited), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of COFCO
“Company”	CPMC Holdings Limited (中糧包裝控股有限公司), a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange

DEFINITION

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CPMC Investment”	CPMC Investment Co., Ltd. (中糧包裝投資有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Deposit Services”	the deposit and related services to be provided by COFCO Finance to the Group under the 2022 Financial Services Agreement
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held to consider and approve, among other things, the 2022 Financial Services Agreement
“Entrustment Loan Services”	the provision of entrustment loans among members of the Group through COFCO Finance, which will only act as agent of the Group, under the 2022 Financial Services Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee of the Board comprising Mr. Cheng Yuk Wo, Mr. Pun Tit Shan and Mr. Chen Jihua, being all the independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the Deposit Services and the Proposed Deposit Cap
“Independent Financial Adviser” or “INCU”	INCU Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders on the Deposit Services and the Proposed Deposit Cap
“Independent Shareholders”	Shareholders other than COFCO, COFCO Finance and their respective associates
“Latest Practicable Date”	13 December 2022, 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

DEFINITION

“Loan Services”	the loan and related services to be provided by COFCO Finance to the Group under the 2022 Financial Services Agreement
“Other Financial Services”	apart from the Deposit Services, the Loan Services and the Entrustment Loan Services, other financial services, including settlement services, forex-trading services and other related consultancy and agency services to be provided by COFCO Finance to the Group under the 2022 Financial Services Agreement
“PBC”	People’s Bank of China (中國人民銀行)
“PRC”	the People’s Republic of China, which, for the purpose of this circular only, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Deposit Cap”	the proposed maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with COFCO Finance in the amount equivalent of RMB900 million during the Term pursuant to the 2022 Financial Services Agreement
“Proposed Entrustment Loan and Other Services Cap”	the proposed maximum annual amount of handling fees and other service fees payable by the Group to COFCO Finance during the Term pursuant to the 2022 Financial Services Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“Shares”	shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Term”	the term of three (3) years commencing on the date on which the 2022 Financial Services Agreement is approved by Independent Shareholders at the EGM
“Undertakings”	the undertakings provided by COFCO in favour of the Company on 31 October 2022 in connection with the 2022 Financial Services Agreement
“%”	per cent

LETTER FROM THE BOARD



CPMC HOLDINGS LIMITED
中糧包裝控股有限公司
(incorporated in Hong Kong with limited liability)
(Stock code: 906)

Executive Directors:

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

Non-Executive Directors:

Dr. Zhao Wei
Mr. Meng Fanjie
Mr. Zhou Yuan
Mr. Shen Tao

Independent Non-Executive Directors:

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

Registered Office:

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

15 December 2022

To the Shareholders,

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND
DISCLOSEABLE TRANSACTION
FINANCIAL SERVICES AGREEMENT WITH COFCO FINANCE**

INTRODUCTION

The purpose of this circular is to provide you with, among others, (i) details of the 2022 Financial Services Agreement and the transactions contemplated thereunder and the Proposed Deposit Cap; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM.

LETTER FROM THE BOARD

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 7 November 2019 and the circular dated 27 November 2019 in relation to, inter alia, the continuing connected transactions and major transaction regarding the 2019 Financial Services Agreement entered by the Company, CPMC Investment and COFCO Finance on 7 November 2019.

As the 2019 Financial Services Agreement will expire on 22 December 2022 and the Group intends to continue to carry out the various transactions contemplated under the 2019 Financial Services Agreement upon the said expiry date, the Company, CPMC Investment and COFCO Finance entered into the 2022 Financial Services Agreement on 31 October 2022, pursuant to which COFCO Finance shall provide (i) the Deposit Services; (ii) the Loan Services; (iii) the Entrustment Loan Services; and (iv) the Other Financial Services to the Group. Since CPMC Investment is the Company's major PRC subsidiary which in turn controls most of the Company's indirect subsidiaries in the PRC, and most of the procurement of raw materials and part of the sales of products of such subsidiaries are centralised and carried out by CPMC Investment, which render the funds of most of the Company's subsidiaries are kept with CPMC Investment. As such, CPMC Investment is also requested to join as a party to the 2022 Financial Service Agreement.

The Group utilises the services of COFCO Finance on a voluntary and non-exclusive basis and is not obliged to engage COFCO Finance for any particular services, or at all under the 2022 Financial Services Agreement. COFCO Finance is merely one of a number of financial institutions which provides financial services to the Group.

THE 2022 FINANCIAL SERVICES AGREEMENT

Principal terms of the 2022 Financial Services Agreement are set out as follows:

Date

31 October 2022

Effective Date and the Term

From 30 December 2022 (the date of EGM) to 29 December 2025

Parties

- (a) the Company;
- (b) CPMC Investment; and
- (c) COFCO Finance

LETTER FROM THE BOARD

Major Terms

(a) Deposit Services

COFCO Finance will provide deposit services to the Group pursuant to the 2022 Financial Services Agreement. The Group will open and maintain deposit accounts with COFCO Finance.

The interest rates for the Group's deposits with COFCO Finance (the "**COFCO Deposit Interest Rate**") will be determined in accordance with the standard deposit rates promulgated by PBC from time to time. The COFCO Deposit Interest Rate will not be lower than the standard deposit rates promulgated by PBC for same type of deposits of the same period and will not be lower than the interest rates offered by the 10 Major PRC Banks for same type of deposits of the same period. Before the Group place deposits with COFCO Finance, the Group will obtain interest rates of similar deposit services from the 10 Major PRC Banks and PBC from their websites and select the highest of such quotations (the "**Quoted Deposit Interest Rate**") to compare with the COFCO Deposit Interest Rate to ensure the COFCO Deposit Interest Rate higher than the Quoted Deposit Interest Rate.

The maximum daily deposit amount (including accrued interests) placed by the Group with COFCO Finance shall not exceed equivalent of RMB900 million.

In the event that the Group suffers any financial loss by reason of the default of COFCO Finance, COFCO Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBC.

(b) Loan Services

COFCO Finance will provide RMB loan services to the Group pursuant to the 2022 Financial Services Agreement.

The interest rates to be charged by COFCO Finance for the provision of the Loan Services to the Group (the "**COFCO Loan Interest Rate**") will be determined by the Company and COFCO Finance with reference to the interest rates of PBC from time to time. The interest rates on the Loan Services to be offered by COFCO Finance to the Group will not be higher than those offered by the 10 Major PRC Banks and PBC for same type of loans of the same period. Moreover, no security over the assets of the Group will be granted in respect of the financial assistance given by COFCO Finance. Before the Group obtain loans from COFCO Finance, the Group will obtain loan interest rates of similar loan services from the 10 Major PRC Banks and PBC from their websites (the "**Quoted Loan Interest Rate**") and select the lowest of such quotations to compare with the COFCO Loan Interest Rate to ensure the COFCO Loan Interest Rate lower than the Quoted Loan Interest Rate.

(c) Entrustment Loan Services

COFCO Finance will provide the Entrustment Loan Services to the Group pursuant to the 2022 Financial Services Agreement. COFCO Finance will only act as agent of the Group and charge handling fees and other services fees in connection with the Entrustment Loan Services.

LETTER FROM THE BOARD

The handling fees and other services fees to be charged by COFCO Finance in connection with the Entrustment Loan Services shall not be higher than those offered by the 10 Major PRC Banks to the Group for similar type of services.

(d) Other Financial Services

COFCO Finance will provide the Other Financial Services to the Group in accordance with the permitted scope prescribed under the PRC financial policies and the Management Methods for Group Finance Companies (企業集團財務公司管理辦法) pursuant to the 2022 Financial Services Agreement. Handling fees and other services fees will be charged by COFCO Finance for the Other Financial Services provided to the Group pursuant to the 2022 Financial Services Agreement.

The handling fees and other services fees charged by COFCO Finance for the Entrustment Loan Services and Other Financial Services (the “**COFCO Handling Fee**”) will be determined with reference to the market rates of similar services as promulgated by PBC and will not be higher than those offered by the 10 Major PRC Banks to the Group for similar type of services.

The COFCO Handling Fee in aggregate shall not exceed equivalent of RMB4 million on an annual basis.

The Group may obtain financial services from other financial institutions in addition to those provided by COFCO Finance pursuant to the 2022 Financial Services Agreement.

Conditions Precedent

The 2022 Financial Services Agreement is conditional upon:

- (a) compliance with all necessary requirements under the Listing Rules, which include but not limited to the obtaining the approval of the Independent Shareholders at the EGM; and
- (b) obtaining any other relevant approvals as may be required for the 2022 Financial Services Agreement to take effect.

Settlement terms

Pursuant to the 2022 Financial Services Agreement, the relevant income, expense and fee thereunder shall be settled in accordance with the Measures for the Administration of RMB Bank Settlement Accounts (full text of which can be found at: <http://www.pbc.gov.cn/tiaofasi/144941/144957/3590886/index.html>) and the Measures for Payment and Settlement issued by the PBC (full text of which can be found at: <http://www.pbc.gov.cn/zhifujiesuansi/128525/128527/2829008/index.html>). Details of the settlement arrangement will be carried out as follows:

LETTER FROM THE BOARD

(i) Interest income from the Deposit Services

COFCO Finance pays its interests on a quarterly basis where the interests will be automatically deposited into the demand deposit account of the Group companies opened at COFCO Finance on the 21st day of the end of each quarter;

(ii) Interest expense of the Loan Services

COFCO Finance charges its interests on a quarterly basis where the interests will be deducted automatically from the demand deposit account of the Group companies opened at COFCO Finance on the 21st day of the end of each quarter. In the event of early repayment, the interests will be settled on the repayment date and deducted from the demand deposit account;

(iii) Handling fees and other service fees paid under the Entrustment Loan Services and Other Financial Services

The fees for the Entrustment Loan Services shall be settled annually by the end of each year. The interests of the Entrustment Loan Services are settled on a quarterly basis where the interests will be paid to the entrusting party on the interest settlement date. In the event of early repayment of entrustment loans, the interests will be settled on the repayment date and the interests will be paid to the entrusting party.

Termination

Save as described below, the 2022 Financial Services Agreement shall not be terminated by the parties unilaterally. In addition to the default events provided by the Contract Laws of the PRC, the 2022 Financial Services Agreement will be terminated with immediate effect if COFCO Finance fails to satisfy any operation condition as follows:

- (a) the capital adequacy ratio is not less than 12%;
- (b) the non-performing assets ratio is not more than 2%;
- (c) the bad loan ratio is not more than 3%;
- (d) the self-owned fixed assets to equity ratio is not more than 10%; or
- (e) investment balance to capital ratio is not more than 70%.

The Group will require COFCO Finance to provide a risk management internal control review report issued by a third party professional organization within 30 days after the end of each quarter to ensure the above stated operating conditions are met.

Upon termination of the 2022 Financial Services Agreement, the Group may withdraw its deposits with COFCO Finance at any time.

LETTER FROM THE BOARD

MEASURES OF DETERMINING THE PRICING TERMS

In order to ensure that the pricing terms of individual transactions under the Deposit Services, the Loan Services, the Entrustment Loan Services and the Other Financial Services will be made in accordance with the pricing principles as stated above, the Group and COFCO Finance shall carry out the measures below:

With respect to the Group, the establishment of an internal integrated assessment mechanism of the Group on the COFCO Deposit Interest Rate, COFCO Loan Interest Rate and COFCO Handling Fee will be established based on fair market principle. For example, an analysis and assessment will be conducted between the COFCO Deposit Interest Rate and the rates offered by the 10 Major PRC Banks and PBC to the Group before the Group deposits with COFCO Finance, and every fortnight or regularly during the maintenance of such deposit accounts. Prior to the engagement of the relevant financial service with COFCO Finance under the 2022 Financial Services Agreement, the Group will conduct an analysis and assessment between the COFCO Deposit Interest Rate, COFCO Loan Interest Rate or the COFCO Handling Fee (as the case maybe) with the corresponding interest rates or handling fees offered by the 10 Major PRC Banks and PBC to the Group to ensure the relevant interest rates or handling fee offered by COFCO Finance is on the best term to the Group. In the event the relevant interest rates or handling fees quoted from the 10 Major PRC Banks and PBC is better than those offered by COFCO Finance, the Group will inform COFCO Finance to adjust the same to ensure its interest rates or handling fees is the better than those offered by the 10 Major PRC Banks and PBC.

In the event COFCO Finance violates its relevant obligations thereunder and actually adopted an interest rate or charged a handling fee which is not on a better term to the Group as compared to those offered by the 10 Major PRC Banks and PBC, the Group may request COFCO Finance to compensate the differences to the Group. In respect of the Deposit Services under the 2022 Financial Services Agreement, the Group will obtain the Quoted Deposit Interest Rate every fortnight or regularly during the maintenance of its demand deposit in such deposit accounts. In the event COFCO Finance had adopted a COFCO Deposit Interest Rate lower than the Quoted Deposit Interest Rate for a particular day, the Group will demand COFCO Finance to compensate the difference between the interest receivable on its demand deposit under the Quoted Deposit Interest Rate and the COFCO Deposit Interest Rate.

Apart from PBC, the Company selects the 10 Major PRC Banks for assessment purpose since (i) 7 of them (namely Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, Construction Bank, Bank of Communications, China Merchants Bank and China CITIC Bank) are principal bankers of the Group; (ii) other than Agricultural Development Bank of China, the other 9 banks are named in the list of systemically important banks (系統重要性銀行名單) issued by the PBC and the CBIRC in September 2022; and (iii) Agricultural Development Bank of China is a state-policy-bank that cooperates closely with COFCO. As such, the Company is of the view that the 10 Major PRC Banks are suitable for assessment purpose. The Company will review the list of the 10 Major PRC Banks when the PBC and CBIRC update the list of systemically important banks or when the CBIRC adjusts the interest rates or fee rates in relation to the services under the 2022 Financial Services Agreement, which such update or adjustment are carried out on an irregular basis.

LETTER FROM THE BOARD

With respect to COFCO Finance, a risk management committee and an independent audit department have been established where the risk management committee is responsible for the review of, approval for and decision-making on the pricing policies of deposit and lending business and various business risks of the company. The audit department is responsible for carrying out an independent audit on various businesses including the deposit, lending, entrustment loan and other financial services under the 2022 Financial Services Agreement. In addition, to ensure that the 2022 Financial Services Agreement is smoothly executed, COFCO Finance has appointed an independent external auditor to carry out a special audit on such connected transaction at the end of each quarter to manage and reduce the risk of the relevant businesses.

Historical transaction Amounts

Under the 2019 Financial Services Agreement, the annual caps for the deposit amount in relation to the Deposit Service and the handling fees and other service fees in relation to the Entrustment Loan Services and Other Financial Services are RMB900 million and RMB4 million, respectively. The historical transaction amounts between COFCO Finance and the Group in respect of the Deposit Services and the Entrustment Loans and Other Financial Services during the term under the 2019 Financial Services Agreement are set out below:

	Maximum historical deposit amount on a daily basis <i>Approx. (RMB)</i>	Historical handling fees and other service fees paid under the Entrustment Loan Services and Other Financial Services <i>(RMB)</i>
For the period from 23-31 December 2019	588,189,000	Nil
For the year ended 31 December 2020	899,322,000	Nil
For the year ended 31 December 2021	896,896,000	Nil
For the period from 1 January 2022 to 30 September 2022	891,587,000	Nil

Proposed Caps

Deposit Service

Prior to the entering into the 2022 Financial Services Agreement, the Group has placed money with COFCO Finance as deposits. The Board has considered and proposed the Proposed Deposit Cap in the amount equivalent of RMB900 million on a daily basis after considering the maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with COFCO Finance, the deposit cap under the 2019 Financial Services Agreement of RMB900,000,000, which is equivalent to the Proposed Deposit Cap; and the historical deposit amounts during the term under the 2019 Financial Services Agreement as shown above which were near to the Proposed Deposit Cap.

LETTER FROM THE BOARD

In order to ensure that the Proposed Deposit Cap will not be exceeded, the Group will adopt the following measures to monitor the daily balance of the deposits made by the Group:

- (a) the finance department of the Company will monitor the daily balance of the deposit made by the Group with all financial institutions, including those with COFCO Finance, and will report on the Group's overall cash flow position to the relevant senior management of the Company for review and consideration of the overall funding position of the Group;
- (b) the Group will have the discretion to request for the withdrawal of all or part of the deposit placed with COFCO Finance to ensure the liquidity and safety of the deposited fund; and
- (c) COFCO Finance will provide an online platform to allow the finance department of the Company to monitor the balance of the Group's deposit on a daily basis, so as to ensure the deposit amount will not exceed the Proposed Deposit Cap.

The deposits placed by the Group in COFCO Finance can be withdrawn at any time on demand and utilized immediately without any conditions. COFCO Finance has never been any delay on any of the withdrawal requests of the Group, and the 2022 Financial Services Agreement did not stipulate any penalty in the event of delay caused by COFCO Finance.

The Company is of the view that the risk that COFCO Finance delays on the Group's withdrawal requests is trivial, since COFCO Finance has a strong financial capacity. For the year ended 31 December 2021, the total assets and net assets of COFCO Finance are approximately RMB28.290 billion and RMB4.376 billion, respectively. Its operating income and profit are approximately RMB308.13 million and RMB163.29 million, respectively. As at 30 September 2022, COFCO Finance received deposits of RMB30.046 billion (among which RMB9.924 billion of such funds was re-deposited with other banks and the PBC). As at 31 December 2021, COFCO Finance received deposits of RMB23.762 billion (among which RMB7.507 billion of such funds was re-deposited with other banks and the PBC). The amount of deposits kept by COFCO Finance has shown a growing trend and its reserve funds were sufficient at all material times. Moreover, as COFCO Finance is regulated by PBC, in the unlikely event that the Group suffers any financial loss by reason of the default of COFCO Finance, COFCO Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBC.

Entrustment Loan Services and Other Financial Services

The Board considered and proposed the Proposed Entrustment Loan and Other Services Cap shall be RMB4 million after having considered the estimated amount of the handling fees and/or other service fees charged by the 10 Major PRC Banks to the Group for similar type of services. The historical handling fees and other service fees paid by the Group to COFCO Finance under the 2019 Financial Services Agreement were nil and significant less than the annual cap under the 2019 Financial Services Agreement and the Proposed Entrustment Loan and Other Services Cap since COFCO Finance had granted certain charge waivers to the Group during the term of the 2019 Financial Services Agreement. Nonetheless, such waivers were granted at the discretion of COFCO Finance and COFCO Finance has not guaranteed that it will continue to provide such waivers under the 2022 Financial Services Agreement. As such, the Board holds the view that the Proposed Entrustment Loan and Other Services Cap shall be set at RMB4 million.

LETTER FROM THE BOARD

UNDERTAKINGS BY COFCO

On 31 October 2022, COFCO provided the Undertakings to the Company in connection with the 2022 Financial Services Agreement, pursuant to which COFCO undertakes to the Company that:

- (a) it will maintain its controlling interest in COFCO Finance and ensure that COFCO Finance will operate under its prescribed scope of business;
- (b) it shall use its best endeavours and all probable and reasonable means to ensure that COFCO Finance will duly provide the relevant financial services to the Group in accordance with the 2022 Financial Services Agreement; and
- (c) in the event that COFCO Finance has difficulties in repaying any money to the Group, COFCO will increase the working capital of COFCO Finance in order to enable it to fulfil its obligations under the 2022 Financial Services Agreement.

Apart from undertaking (c) above, pursuant to article 8 of the Administrative Measures for Enterprise Group Finance Companies (《企業集團財務公司管理辦法》) promulgated and implemented by the CBIRC in 2006, COFCO, being the parent company of COFCO Finance, is obliged to increase its capital in COFCO Finance in the event of emergency which COFCO Finance has payment difficulties, so as to satisfy the actual needs for solving the payment difficulties. Such requirement and the above undertaking (c) do not impose a cap on the maximum amount on the capital that COFCO should inject in COFCO Finance. COFCO Finance is COFCO's platform for fund gathering, fund settlement, fund monitoring and financial services. It provides relevant financial services for enterprises related to COFCO. COFCO's core business is mainly in the agriculture and grain industry, with a focus on grain, oil, sugar, cotton, meat, milk and other categories. Its businesses also cover food, finance, and real estate industry. For the year ended 31 December 2021, the total assets and net assets of COFCO are approximately RMB686.0 billion and RMB203.1 billion, respectively. Its operating income and profit are approximately RMB664.9 billion and RMB23.8 billion, respectively. Taking into account the amount of deposits received by COFCO Finance for the year ended 31 December 2021 of RMB23.762 billion, the Company is of the view that COFCO will have sufficient financing source to increase the capital of COFCO Finance in case it encounters any financial or payment difficulties.

INFORMATION OF THE GROUP AND CPMC INVESTMENT

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.

LETTER FROM THE BOARD

INFORMATION OF COFCO FINANCE

COFCO Finance is a non-banking financial institution and an indirect wholly-owned subsidiary of COFCO established in the PRC since 2002 with the approval of PBC. It is subject to the supervision of CBIRC. According to its business license, it is authorised to provide to the Group all services set out in the 2022 Financial Services Agreement. According to the business license, COFCO Finance is authorised to provide services such as (a) the provision of financial and financing consultation services, credit appraisal and relevant consulting services and agency business services; (b) assisting implementation of payables and receivables of the transaction amounts; (c) handling of deposits, loans and bills acceptance and discounting; (d) conduct settlements and other relevant settlements; and (e) the provision of loans and financing leases.

REASONS FOR AND BENEFITS OF THE 2022 FINANCIAL SERVICES AGREEMENT

PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. COFCO Finance is a non-banking financial institution approved and regulated by PBC and CBIRC, and is authorised to provide various kinds of financial services to COFCO and its member companies in the PRC, including deposit-taking and loan services.

The main reasons for the Group to enter into the 2022 Financial Services Agreement with COFCO Finance are as follows:

- (a) the use of COFCO Finance as a vehicle to manage the funds of the Group would allow more efficient deployment of funds between members of the Group;
- (b) the interest rates on the Deposit Services and the Loan Services offered, and the handling fees and other services fees in connection with the Entrustment Loan Services and the Other Financial Services charged, by COFCO Finance to the Group will be equal to or more favourable, on a case-by-case basis, than those offered to the Group by any third party;
- (c) COFCO Finance is regulated by PBC and CBIRC, and it provides services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities. In addition, capital risk can be prevented through the implementation of the risk control measures as stipulated in the 2022 Financial Services Agreement;
- (d) the Group is expected to benefit from COFCO Finance's better understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC;
- (e) the Undertakings from COFCO provide security and comfort to the Company by reducing the risks which the Group may be exposed to in the event of default of COFCO Finance under the 2022 Financial Services Agreement;
- (f) pursuant to the relevant regulations of PBC and CBIRC, the customers of COFCO Finance are limited to the group members of COFCO, which effectively reduce the risks that COFCO Finance may otherwise be exposed to if its customers include other entities unrelated to COFCO;

LETTER FROM THE BOARD

- (g) the arrangements under the 2022 Financial Services Agreement would promote liquidity among the Group, which will facilitate the settlement business of the members of the Group, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;
- (h) the arrangements under the 2022 Financial Services Agreement would help reduce finance costs, accelerate the turnover of capital and reduce trading costs and expenses, thus enhancing the profitability of the Group;
- (i) the arrangements under the 2022 Financial Services Agreement would allow for prompt and accurate monitoring and regulation of the application of funds within the Group, thus enhancing the capital management and control of the Group; and
- (j) COFCO Finance has maintained good working relationship with the Group and its members over the years and their continuous cooperation can ensure higher work efficiency.

The Directors (including the independent non-executive Directors) consider that the terms of the 2022 Financial Services Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the Proposed Deposit Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Directors (including the independent non-executive Directors) also believe that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC. As far as the Directors are aware, COFCO Finance has established stringent internal control measures to ensure effective risk management and compliance with laws and regulations.

In assessing the financial risks involved in placing deposits with COFCO Finance, the Directors (including the independent non-executive Directors) have taken into account the following factors:

- (a) the operations of COFCO Finance are subject to the supervision of PBC and CBIRC and are regulated by the relevant PRC financial services rules and regulations;
- (b) COFCO Finance has established internal control and risk management systems in accordance with the relevant PRC financial services rules and regulations. In respect of its internal control system, COFCO Finance has implemented its "Internal Control Management Measures" which set out the internal control management objectives, principles, organizational structure and division of responsibilities, and clearly stipulates the internal control of deposits, loans, investments, interbank lending, intermediate and off-balance sheet business activities, and accounting and information system management activities. Its risk management department will coordinate each department of COFCO Finance and require each department to formulate the rules, operating procedures and job responsibilities of the business conducted by such department according to the relevant PRC laws and regulations and the circumstances of COFCO Finance; and to formulate corresponding risk control procedures of such department. In respect of the risk management system, COFCO Finance has implemented its "Risk Management Measures" which set out COFCO Finance's risk management objectives, principles, and division of responsibilities, and set out the regulations on activities which involve systematic or non-systematic risks such as credit risk,

LETTER FROM THE BOARD

market risk, operational risk, liquidity risk, compliance risk, new business risk, and money laundering risk. The measures also standardized the reporting, information feedback and correction work mechanism of risk prevention and control;

- (c) the finance department of the Company will report to the independent non-executive Directors on a quarterly basis;
- (d) the finance department of the Company will require COFCO Finance to appoint external auditors to audit the internal controls, risk management, completeness and impartiality of the operational system in respect of the transactions contemplated under the 2022 Financial Services Agreement and to provide relevant risk management report on a quarterly basis; and
- (e) the external auditors of the Company will review the transactions contemplated under the 2022 Financial Services Agreement and report the factual findings to the audit committee of the Company and the independent non-executive Directors on an annual basis.

Mr. Zhang Xin, Dr. Zhao Wei and Mr. Meng Fanjie, all being Directors connected with COFCO, have abstained from voting on the board resolutions in respect of 2022 Financial Services Agreement. Save as the Directors mentioned above, none of the Directors has other material interests in the 2022 Financial Services Agreement and is required to abstain from voting on the board resolutions in relation thereto.

LISTING RULES IMPLICATIONS

Continuing Connected Transactions

COFCO is a substantial shareholder of the Company interested in 330,658,800 Shares, representing approximately 29.70% equity interest in the Company. COFCO Finance is an indirect wholly-owned subsidiary of COFCO and is therefore a connected person of the Company. Accordingly, the 2022 Financial Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Loan Services are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by COFCO Finance, the Loan Services are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the handling fees and other services fees in connection with the Entrustment Loan Services and the Other Financial Services are on an annual basis more than 0.1% but less than 5%, the Entrustment Loan Services and the Other Financial Services are subject to the reporting, announcement and annual review requirement but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5%, and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Cap are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

Discloseable Transaction

Further, as the applicable percentage ratios in respect of the Deposit Services are more than 5% but all less than 25%, the Deposit Services also constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules and are therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

EGM

The EGM will be held for the purpose of considering and, if thought fit, approving by the Independent Shareholders the Deposit Services and the Proposed Deposit Cap.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save and except COFCO and its associates who have control or are entitled to exercise control over the voting rights of 330,658,800 Shares, representing approximately 29.70% of the total issued share capital of the Company; and Mr. Zhang Xin, an executive Director who owns 14,560,000 Shares, representing approximately 1.31% of the total issued share capital of the Company, will abstain from voting on the resolution in relation to the Deposit Services and the Proposed Deposit Cap to be approved at the EGM as a result of having material interests therein, no other Shareholder is required to abstain from voting on the resolution in relation to the Deposit Services and the Proposed Deposit Cap to be approved at the EGM.

A notice convening the EGM to be held on Friday, 30 December 2022 at 9:30 a.m. is set out on pages 45 to 47 of this circular. A form of proxy for use at the EGM is also enclosed with this circular. The proxy form can also be downloaded from websites of the Company at www.cofco-pack.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. As set out in "Appendix III – Special Arrangements for the EGM" of this circular, the EGM will be a hybrid meeting. The Company strongly encourages Shareholders to exercise their rights to attend and vote at the EGM by electronic facilities. As Shareholders will not be permitted to attend the EGM in person, all Shareholders (other than those who are required to attend the EGM physically to form a quorate meeting) who wish to appoint a proxy to attend and vote at the EGM shall appoint the Chairman of the EGM as their proxy (for Shareholders who are required to attend the EGM physically to form a quorate meeting, a senior management member and/or a senior staff member of the Company shall be appointed as their proxy) by completing, signing and returning the proxy form in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the electronic address specified in the EGM notice or in the proxy form. For the EGM convened to be held on Friday, 30 December 2022 at 9:30 a.m., the deadline to submit completed proxy forms is Wednesday, 28 December 2022 at 9:30 a.m. in the case of an appointment of proxy in hard copy form or in electronic form.

LETTER FROM THE BOARD

VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll. Article 65 of the Articles of Association provides that at any general meeting a resolution put to the vote of the meeting is to be taken by way of a poll. Therefore, all the resolution put to the vote at the EGM will be taken by way of poll. Procedures of poll voting are set out in Appendix III to this circular. After the conclusion of the EGM, the poll results will be published on the website of the Stock Exchange and the website of the Company.

RECOMMENDATION

Based on the relevant information disclosed herein, in particular the information disclosed under the paragraphs headed “Summary” and “Reasons for and benefits of the 2022 Financial Services Agreement” in this letter from the Board, the Directors, including all the independent non-executive Directors, are of the opinion that the Deposit Services and the Proposed Deposit Cap 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 Independent Shareholders vote in favour of the resolution 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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



CPMC HOLDINGS LIMITED
中糧包裝控股有限公司
(incorporated in Hong Kong with limited liability)
(Stock code: 906)

15 December 2022

To the Independent Shareholders,

Dear Sir or Madam,

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS
FINANCIAL SERVICES AGREEMENT WITH COFCO FINANCE**

We refer to the circular of the Company dated 15 December 2022 (the “**Circular**”) of which this letter forms part. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used herein. We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of and the Deposit Services provided by COFCO Finance pursuant to the 2022 Financial Services Agreement and the Proposed Deposit Cap, details of which are set out in the letter from the Board contained in the Circular, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Having considered the terms of the 2022 Financial Services Agreement and the advice of the Independent Financial Adviser in relation thereto as set out on pages 19 to 35 of the Circular, we consider that the Deposit Services provided by COFCO Finance pursuant to the 2022 Financial Services Agreement and the Proposed Deposit Cap are on normal commercial terms, and the Proposed Deposit Cap is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Deposit Services provided by COFCO Finance pursuant to the 2022 Financial Services Agreement and the Proposed Deposit Cap.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Cheng Yuk Wo

Mr. Pun Tit Shan

Mr. Chen Jihua

LETTER FROM INCU

The following is the text of a letter of advice from INCU Corporate Finance Limited, which has been prepared for the purpose of incorporation into this circular, setting out its opinion to the Independent Board Committee and the Independent Shareholders in connection with the 2022 Financial Services Agreement and the transactions contemplated thereunder.



INCU Corporate Finance Limited
Unit 1402, 14/F, Winsome House,
73 Wyndham Street,
Central, Hong Kong

15 December 2022

To: *The Independent Board Committee and
the Independent Shareholders of
CPMC Holdings Limited*

Dear Sirs and Madams,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTION IN RELATION TO FINANCIAL SERVICES AGREEMENT WITH COFCO FINANCE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services provided by COFCO Finance pursuant to the 2022 Financial Services Agreement and the Proposed Deposit Cap, particulars of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 15 December 2022 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the announcement of the Company dated 31 October 2022, as the 2019 Financial Services Agreement will expire on 22 December 2022 and the Group intends to continue to carry out the various transactions contemplated under the 2019 Financial Services Agreement upon the said expiry date, the Board announces that on 31 October 2022, the Company, CPMC Investment and COFCO Finance entered into the 2022 Financial Services Agreement, pursuant to which COFCO Finance shall provide (i) the Deposit Services; (ii) the Loan Services; (iii) the Entrustment Loan Services; and (iv) the Other Financial Services to the Group. Since CPMC Investment is the Company’s major PRC subsidiary which in turn controls most of the Company’s indirect subsidiaries in the PRC, and most of the procurement of raw materials and part of the sales of products of such subsidiaries are centralised and carried out by CPMC Investment, which render the funds of most of the Company’s subsidiaries are kept with CPMC Investment. As such, CPMC Investment is also requested to join as a party to the 2022 Financial Service Agreement.

LETTER FROM INCU

COFCO is a substantial shareholder of the Company interested in 330,658,800 Shares, representing approximately 29.70% equity interest in the Company. COFCO Finance is an indirect wholly-owned subsidiary of COFCO and is therefore a connected person of the Company. Accordingly, the 2022 Financial Services Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules.

Since the Loan Services are on normal commercial terms (or better to the Group) where no security over the assets of the Group will be granted in respect of the financial assistance given by COFCO Finance, the Loan Services are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) in respect of the handling fees and other services fees in connection with the Entrustment Loan Services and the Other Financial Services are on an annual basis more than 0.1% but less than 5%, the Entrustment Loan Services and the Other Financial Services are subject to the reporting, announcement and annual review requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Deposit Services are more than 5%, and the total value of the Deposit Services is over HK\$10,000,000, the Deposit Services and the Proposed Deposit Cap are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save and except COFCO and its associates who have control or are entitled to exercise control over the voting rights of 330,658,800 Shares, representing approximately 29.70% of the total issued share capital of the Company; and Mr. Zhang Xin, an executive Director who owns 14,560,000 Shares, representing approximately 1.31% of the total issued share capital of the Company, will abstain from voting on the resolution in relation to the Deposit Services and the Proposed Deposit Cap to be approved at the EGM as a result of having material interests therein, no other Shareholder is required to abstain from voting on the resolution in relation to the Deposit Services and the Proposed Deposit Cap to be approved at the EGM.

Mr. Zhang Xin, Dr. Zhao Wei and Mr. Meng Fanjie, all being Directors connected with COFCO, have abstained from voting on the resolutions in respect of 2022 Financial Services Agreement. Save as the Directors mentioned above, none of the Directors has other material interests in the 2022 Financial Services Agreement and is required to abstain from voting on the resolutions in relation thereto.

LETTER FROM INCU

Except for being appointed as independent financial adviser by the Company in relation to the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement in 2020, we have not acted as an independent financial adviser and has not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Deposit Services and the Proposed Deposit Cap. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Deposit Services and the Proposed Deposit Cap, and accordingly, are eligible to give independent advice and recommendations on the Deposit Services provided by COFCO Finance pursuant to the 2022 Financial Services Agreement and the Proposed Deposit Cap. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the 2022 Financial Services Agreement and the transactions contemplated thereunder.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee comprising all the independent non-executive Directors, namely Mr. Cheng Yuk Wo, Mr. Pun Tit Shan and Mr. Chen Jihua, has been formed to advise the Independent Shareholders on the reasonableness and fairness in respect of the Deposit Services provided by COFCO Finance pursuant to the 2022 Financial Services Agreement and the Proposed Deposit Cap.

In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Shareholders for the purpose of the Listings Rules, our role is to give an independent opinion as to whether the Deposit Services provided by COFCO Finance pursuant to the 2022 Financial Services Agreement and the Proposed Deposit Cap are in the interests of the Company and the Shareholders as a whole, being fair and reasonable so far as the Shareholders are concerned.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company and the management of the Group. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and continued to be so as at the Latest Practicable Date. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed by them in the Circular have been arrived at after due and careful consideration and there are no other material facts not contained in the Circular, the omission of which would make any such statement made by them that contained in the Circular misleading in all material respects. We have no reason to doubt the truth or accuracy of the information provided to us, or to believe that any material information has been omitted or withheld.

LETTER FROM INCU

Our review and analyses were based upon, among others, (i) the information provided by the Group including the Circular, the 2022 Financial Services Agreement and certain published information from the public domain, including but not limited to, the annual report of the Company for the year ended 31 December 2021 (the “**Annual Report 2021**”) and the interim report of the Company for the six months ended 30 June 2022 (the “**Interim Report 2022**”); and (ii) our discussion with the Directors and the management of the Group with respect to the terms of and the reasons for entering into the 2022 Financial Services Agreement, and the businesses of the Group. We have not, however, for the purpose of this exercise, conducted any in-depth independent investigation into the businesses or affairs and future prospects of the Group and the subscriber nor have we carried out any independent verification of the information supplied.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the Deposit Services and the Proposed Deposit Cap under the 2022 Financial Services Agreement, we have taken into consideration of the following principal factors and reasons:

(I) Information of the Group

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.

(II) Information of COFCO Finance

COFCO Finance is a non-banking financial institution and an indirect wholly-owned subsidiary of COFCO established in the PRC since 2002 with the approval of PBC. It is subject to the supervision of CBIRC.

(i) Scope of business of COFCO Finance

COFCO Finance is authorised to provide to the Group all services set out in the 2022 Financial Services Agreement. According to the business license, COFCO Finance is authorised to provide services such as (a) the provision of financial and financing consultation services, credit appraisal and relevant consulting services and agency business services; (b) assisting implementation of payables and receivables of the transaction amounts; (c) handling of deposits, loans and bills acceptance and discounting; (d) conduct settlements and other relevant settlements; and (e) the provision of loans and financing leases.

LETTER FROM INCU

(ii) *Regulatory environment of COFCO Finance's business*

COFCO Finance is subject to stringent regulations and is regulated by PBC and CBIRC. In particular, it only provides financial services to group members of COFCO in accordance with the Administrative Measures for the Finance Companies of Enterprise Groups (《企業集團財務公司管理辦法》) (the “**Administrative Measures**”). Pursuant to the Administrative Measures, COFCO Finance is required to submit annual audited financial statements and regularly report its operation status to the CBIRC. CBIRC's supervision includes regular examination of the audited financial statements and other relevant materials required to be filed by group finance companies as well as on-site inspections and interviews with the senior management of group finance companies. To ensure compliance with the applicable laws and regulations, CBIRC has powers to issue corrective and/or disciplinary orders and to impose penalties and/or fines on a group finance company. In addition, a group finance company must comply with certain financial ratio requirements set by the CBIRC from time to time.

For our due diligence purpose, we have obtained and reviewed the risk management internal control review reports of COFCO Finance issued by an external auditor (the “**Review Reports**”). The below table sets out (a) the key financial ratios of the COFCO Finance, and (b) the corresponding requirements set by the CBIRC and those set out in the 2019 Financial Services Agreement, as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 September 2022 as set out in the Review Reports, respectively:

Financial Ratios	Requirements of the CBIRC	Requirements under 2019 Financial Services Agreement	As at			
		31 December 2019	31 December 2020	31 December 2021	30 September 2022	
Capital adequacy ratio	Not less than 10%	Not less than 12%	21.28%	20.33%	18.76%	17.18%
Non-performing asset ratio	N/A	Not more than 2%	0%	0%	0%	0%
Non-performing loan ratio	N/A	Not more than 3%	0%	0%	0%	0%
Total amount of investment to capital ratio	Not more than 70%	Not more than 70%	5.15%	4.37%	2.18%	66.80%
Self-owned fixed assets to equity ratio	Not more than 20%	Not more than 10%	0.06%	0.04%	0.06%	0.05%

LETTER FROM INCU

As shown in the table above, COFCO Finance complied with the key financial ratio requirements of the CBIRC and those set out in the 2019 Financial Services Agreement as at 31 December 2019, 31 December 2020, 31 December 2021 and 30 June 2022, respectively. COFCO Finance's internal control system is thoroughly designed and effectively implemented as stated in the Review Reports. We understand from the Review Reports, (a) regarding cash management, related policies, provisions, and work flows are generated to relatively successfully control the risk of cash flow; (b) regarding credit business, related risks control procedures are established to control overall risks in a reasonable level; and (c) regarding investment and asset management, related internal control system is designed and implemented to effectively control investments and asset management risks. We are advised by the management of the Company that, to the best of their knowledge up to the Latest Practicable Date, COFCO Finance has no record of material non-compliance with the relevant laws, rules and regulations in the PRC.

(iii) Financial information of COFCO Finance

Set out below is a summary of the financial information of COFCO Finance for the three years ended 31 December 2019, 31 December 2020 and 31 December 2021 based on the audited accounts of COFCO Finance prepared in accordance with PRC accounting principles and the unaudited management accounts of COFCO Finance for the nine months ended 30 September 2022:

	For the year ended/As at			For the nine months ended/ As at
	31 December 2019 (audited) <i>approximately</i> <i>RMB million</i>	31 December 2020 (audited) <i>approximately</i> <i>RMB million</i>	31 December 2021 (audited) <i>approximately</i> <i>RMB million</i>	30 September 2022 (unaudited) <i>approximately</i> <i>RMB million</i>
Revenue	472.38	318.06	308.13	230.46
Profit before tax	379.00	240.75	209.89	200.05
Profit after tax	290.61	187.94	163.29	152.04
Net assets	3,939.35	4,109.37	4,376.18	4,528.23

After reviewing the financial information of COFCO Finance and the Review Reports of COFCO Finance, we are not aware of COFCO Finance having any liquidity issue that may have material impact to COFCO Finance to perform the Deposit Services.

(III) Reasons for and benefits of entering into the 2022 Financial Services Agreement

After discussing with the management of the Company, we understand that PRC laws do not permit companies, including subsidiaries and associates, other than regulated financial institutions, to extend intra-group loans directly. Any such loan must be directed through a regulated financial institution. COFCO Finance is a non-banking financial institution approved and regulated by PBC and CBIRC, and is authorised to provide various kinds of financial services to COFCO and its member companies in the PRC, including deposit-taking and loan services.

LETTER FROM INCU

As stated in the Letter from the Board, the main reasons for the Group to enter into the 2022 Financial Services Agreement with COFCO Finance are as follows:

- (a) the use of COFCO Finance as a vehicle to manage the funds of the Group would allow more efficient deployment of funds between members of the Group;
- (b) the interest rates on the Deposit Services and the Loan Services offered, and the handling fees and other services fees in connection with the Entrustment Loan Services and the Other Financial Services charged, by COFCO Finance to the Group will be equal to or more favourable, on a case-by-case basis, than those offered to the Group by any third party;
- (c) COFCO Finance is regulated by PBC and CBIRC, and it provides services in accordance with and in satisfaction of the rules and operational requirements of these regulatory authorities. In addition, capital risk can be prevented through the implementation of the risk control measures as stipulated in the 2022 Financial Services Agreement;
- (d) the Group is expected to benefit from COFCO Finance's better understanding of the Group's operations which should render more expedient and efficient services than other commercial banks in the PRC;
- (e) the Undertakings from COFCO provide security and comfort to the Company by reducing the risks which the Group may be exposed to in the event of default of COFCO Finance under the 2022 Financial Services Agreement;
- (f) pursuant to the relevant regulations of PBC and CBIRC, the customers of COFCO Finance are limited to the group members of COFCO, which effectively reduce the risks that COFCO Finance may otherwise be exposed to if its customers include other entities unrelated to COFCO;
- (g) the arrangements under the 2022 Financial Services Agreement would promote liquidity among the Group, which will facilitate the settlement business of the members of the Group, enhance the overall ability of the Group to repay debts, and assist in monitoring and controlling financial risks;
- (h) the arrangements under the 2022 Financial Services Agreement would help reduce finance costs, accelerate the turnover of capital and reduce trading costs and expenses, thus enhancing the profitability of the Group;
- (i) the arrangements under the 2022 Financial Services Agreement would allow for prompt and accurate monitoring and regulation of the application of funds within the Group, thus enhancing the capital management and control of the Group; and
- (j) COFCO Finance has maintained good working relationship with the Group and its members over the years and their continuous cooperation can ensure higher work efficiency.

LETTER FROM INCU

The Directors consider that the terms of the 2022 Financial Services Agreement have been negotiated on an arm's length basis and on normal commercial terms, and the transactions contemplated thereunder and the Proposed Deposit Cap are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We note that COFCO Finance has been providing various financial services, including the Deposit Services, to members of the Group for more than 10 years. The entering into the 2022 Financial Services Agreement therefore represents a continuation of the existing services provided by COFCO Finance to the Group. We understand from the management of the Company that the Deposit Services allow the Group to centralise its fund management, which can reduce the transmission time of turnaround of funds and finance costs, utilise idle cash balances within the Group, and provide the Group to make timely inter-group transfer from time to time without any restriction in meeting its funding needs.

We also note that, (i) with reference to the Administrative Measures, the customers of COFCO Finance are limited to the group members of COFCO, which effectively reduce the risks that COFCO Finance may otherwise be exposed to if its customers include other entities unrelated to COFCO; (ii) the finance department of the Company will require COFCO Finance to appoint external auditors to perform audit on the internal controls, risk management, completeness and impartiality of the operational system in respect of the transactions contemplated under the 2022 Financial Services Agreement and to provide relevant risk management report on a quarterly basis; and (iii) COFCO has provided the Undertakings to the Company in connection with the 2022 Financial Services Agreement which provide security and comfort to the Company by reducing the risks which the Group may be exposed to in the event of default of COFCO Finance under the 2022 Financial Services Agreement.

Having considered that (i) the long-term business relationship between the members of the Group and COFCO Finance; (ii) the Deposit Services can facilitate the Group's fund management amongst the members of the Group in a more efficient manner as discussed above; and (iii) COFCO Finance has better risk control under the Company's requirement and less risk exposure under the Undertakings, we consider that the provision of the Deposit Services by COFCO Finance under the 2022 Financial Services Agreement is in the interests of the Company and the Shareholders as a whole.

(IV) Principal terms of the Deposit Services and measures of determining the pricing terms

The following principal terms of the Deposit Services are extracted from the 2022 Financial Services Agreement:

Date:	31 October 2022
Effective Date and the Term:	From 30 December 2022 (the date of EGM) to 29 December 2025.

LETTER FROM INCU

- Parties:
- (a) the Company;
 - (b) CPMC Investment; and
 - (c) COFCO Finance

- Major terms:
- (a) Deposit Services

COFCO Finance will provide deposit services to the Group pursuant to the 2022 Financial Services Agreement. The Group will open and maintain deposit accounts with COFCO Finance.

The COFCO Deposit Interest Rate will be determined in accordance with the standard deposit rates promulgated by PBC from time to time. The COFCO Deposit Interest Rate will not be lower than the standard deposit rates promulgated by PBC for same type of deposits of the same period and will not be lower than the interest rates offered by the 10 Major PRC Banks for same type of deposits of the same period.

Before the Group place deposits with COFCO Finance, the Group will obtain interest rates of similar deposit services from 10 Major PRC Banks and PBC from their websites and select the highest of such quotations, i.e., the Quoted Deposit Interest Rate, to compare with the COFCO Deposit Interest Rate to ensure the COFCO Deposit Interest Rate higher than the Quoted Deposit Interest Rate.

The maximum daily deposit amount (including accrued interests) placed by the Group with COFCO Finance shall not exceed equivalent of RMB900 million.

In the event that the Group suffers any financial loss by reason of the default of COFCO Finance, COFCO Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBC.

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(b) Interest income from the Deposit Services

COFCO Finance pays its interests on a quarterly basis where the interests will be automatically deposited into the demand deposit account of the Group companies opened at COFCO Finance on the 21st day of the end of each quarter.

Condition Precedent:

The 2022 Financial Services Agreement is conditional upon:

- (i) compliance with all necessary requirements under the Listing Rules, which include but not limited to the obtaining the approval of the Independent Shareholders at the EGM; and
- (ii) obtaining any other relevant approvals as may be required for the 2022 Financial Services Agreement to take effect.

Termination:

Save as described below, the 2022 Financial Services Agreement shall not be terminated by the parties unilaterally. In addition to the default events provided by the Contract Laws of the PRC, the 2022 Financial Services Agreement will be terminated with immediate effect if COFCO Finance fails to satisfy any operation condition as follows:

- (a) the capital adequacy ratio is not less than 12%;
- (b) the non-performing assets ratio is not more than 2%;
- (c) the bad loan ratio is not more than 3%;
- (d) the self-owned fixed assets to equity ratio is not more than 10%; or
- (e) investment balance to capital ratio is not more than 70%.

The Group will require COFCO Finance to provide a risk management internal control review report issued by a third party professional organization within 30 days after the end of each quarter to ensure the above stated operating conditions are met.

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Upon termination of the 2022 Financial Services Agreement, the Group may withdraw its deposits with COFCO Finance at any time.

We are confirmed by the management of the Company that the Group may obtain financial services from other financial institutions in addition to those provided by COFCO Finance pursuant to the 2022 Financial Services Agreement.

As stated in the Letter from the Board, in order to ensure that the pricing terms of individual transactions under the Deposit Services, the Loan Services, the Entrustment Loan Services and the Other Financial Services will be made in accordance with the pricing principles as stated above, the Group and COFCO Finance shall carry out the measures below.

With respect to the Group, the establishment of an internal integrated assessment mechanism of the Group on the COFCO Deposit Interest Rate, COFCO Loan Interest Rate and COFCO Handling Fee will be established based on fair market principle. For example, an analysis and assessment will be conducted between the COFCO Deposit Interest Rate and the rates offered by the 10 Major PRC Banks and PBC to the Group before the Group deposits with COFCO Finance, and every fortnight or regularly during the maintenance of such deposit accounts. Prior to the engagement of the relevant financial service with COFCO Finance under the 2022 Financial Services Agreement, the Group will conduct an analysis and assessment between the COFCO Deposit Interest Rate, COFCO Loan Interest Rate or the COFCO Handling Fee (as the case maybe) with the corresponding interest rates or handling fees offered by the 10 Major PRC Banks and PBC to the Group to ensure the relevant interest rates or handling fee offered by COFCO Finance is on the best term to the Group. In the event the relevant interest rates or handling fees quoted from the 10 Major PRC Banks and PBC is better than those offered by COFCO Finance, the Group will inform COFCO Finance to adjust the same to ensure its interest rates or handling fees is the better than those offered by the 10 Major PRC Banks and PBC.

We note that the Company selects the 10 Major PRC Banks for assessment purpose after considering the following factors:

- (i) 7 of them (namely Industrial and Commercial Bank of China, Agricultural Bank of China, Bank of China, Construction Bank, Bank of Communications, China Merchants Bank and China CITIC Bank) are principal banks of the Group;
- (ii) other than Agricultural Development Bank of China, the other 9 banks are named in the list of systemically important banks (系統重要性銀行名單) issued by the PBC and the CBIRC in September 2022; and
- (iii) Agricultural Development Bank of China is a state-policy-bank that cooperates closely with COFCO.

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The Company will review the list of the 10 Major PRC Banks when the PBC and CBIRC update the list of systemically important banks or when the CBIRC adjusts the interest rates or fee rates in relation to the services under the 2022 Financial Services Agreement, which such update or adjustment are carried out on an irregular basis. We have reviewed the list of systemically important banks issued by the PBC and the CBIRC and discussed with the management of the Company in respect of the assessment of the 10 Major PRC Banks, including (i) the 10 Major PRC Banks represent the major banks in the PRC; (ii) most of the 10 Major PRC Banks are the principal banks of the Group; and (iii) the interest rates or fee rates offered by the 10 Major PRC Banks are updated according to CBIRC. Therefore, we consider the selection of the 10 Major PRC Banks is fair and reasonable.

In the event COFCO Finance violates its relevant obligations thereunder and actually adopted an interest rate or charged a handling fee which is not on a better term to the Group as compared to those offered by the 10 Major PRC Banks and PBC, the Group may request COFCO Finance to compensate the differences to the Group. In respect of the Deposit Services under the 2022 Financial Services Agreement, the Group will obtain the Quoted Deposit Interest Rate every fortnight or regularly during the maintenance of its demand deposit in such deposit accounts. In the event COFCO Finance had adopted a COFCO Deposit Interest Rate lower than the Quoted Deposit Interest Rate for a particular day, the Group will demand COFCO Finance to compensate the difference between the interest receivable on its demand deposit under the Quoted Deposit Interest Rate and the COFCO Deposit Interest Rate.

We have reviewed the 2022 Financial Services Agreement and compared the terms of the Deposit Services thereunder with those under the 2019 Financial Services Agreement. We note that the provision of Deposit Services contemplated under the 2022 Financial Services Agreement is in general on the same terms as those under the 2019 Financial Services Agreement. We have also obtained the Undertakings provided by COFCO to the Company in connection with the 2022 Financial Services Agreement, pursuant to which COFCO undertakes to the Company that (a) it will maintain its controlling interest in COFCO Finance and ensure that COFCO Finance will operate under its prescribed scope of business; (b) it shall use its best endeavours and all probable and reasonable means to ensure that COFCO Finance will duly provide the relevant financial services to the Group in accordance with the 2022 Financial Services Agreement; and (c) in the event that COFCO Finance has difficulties in repaying any money to the Group, COFCO will increase the working capital of COFCO Finance in order to enable it to fulfil its obligations under the 2022 Financial Services Agreement.

Apart from the undertaking (c) mentioned above, pursuant to article 8 of the Administrative Measures promulgated and implemented by the CBIRC in 2006, COFCO, being the parent company of COFCO Finance, is obliged to increase its capital in COFCO Finance in the event of emergency which COFCO Finance has payment difficulties, so as to satisfy the actual needs for solving the payment difficulties. Such requirement and the above undertaking (c) do not impose a cap on the maximum amount on the capital that COFCO should inject in COFCO Finance. COFCO Finance is COFCO's platform for fund gathering, fund settlement, fund monitoring and financial services. It provides relevant financial services for enterprises related to COFCO. COFCO's core business is mainly in the agriculture and grain industry, with a focus on grain, oil, sugar, cotton, meat, milk and other categories. Its businesses also cover food, finance, and real estate industry. For the year ended 31 December 2021, the total assets and net assets of COFCO are approximately RMB686.0 billion and RMB203.1 billion, respectively. Its operating income and profit are approximately RMB664.9 billion and RMB23.8 billion, respectively. Taking into account the amount of deposits received by COFCO Finance for the year ended 31 December 2021 of RMB23.762 billion, we concur with the Company's view that COFCO will have

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sufficient financing source to increase the capital of COFCO Finance in case it encounters any financial or payment difficulties. After reviewing the terms of the Undertakings, we consider the Undertakings can ensure the COFCO Finance to properly perform and fulfil its obligations under the 2022 Financial Services Agreement and reduce the credit and default risk of the deposit of the Group placed in the COFCO Finance.

We have also reviewed the historical interest rates offered by COFCO Finance to the Group in the past for the deposits placed by the Group to COFCO Finance under the 2019 Financial Services Agreement and compared them with the standard deposit rates promulgated by PBC and the interest rates offered by major commercial banks in the PRC with reference to the website of PBC and eight major PRC commercial banks pursuant to the terms of 2019 Financial Services Agreement. We note that the interest rates offered by COFCO Finance to the Group were at least equal to or higher than the benchmark interest rates promulgated by PBC and the interest rates offered by major commercial banks in the PRC for the same term of deposits. As such, we consider that the Group and COFCO Finance have complied with the aforesaid pricing policy.

Having considered the above, in particular that (i) the deposit interest rates offered to the Group by COFCO Finance will be no less favourable than those offered to the Group by major commercial banks in the PRC for comparable deposits; and (ii) the Deposit Services contemplated under the 2022 Financial Services Agreement are conducted on a non-exclusive basis and the 2022 Financial Services Agreement will be terminated with immediate effect if COFCO Finance fails to satisfy the operation conditions as set out thereunder, we are of the view that (i) the Deposit Services contemplated under the 2022 Financial Services Agreement are entered into on normal commercial terms and in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Deposit Services contemplated under the 2022 Financial Services Agreement are fair and reasonable so far as the Independent Shareholders are concerned.

(V) The Proposed Deposit Cap

As stated in the Letter from the Board, prior to the entering into the 2022 Financial Services Agreement, the Group has placed money with COFCO Finance as deposits. The Board has considered the Proposed Deposit Cap in the amount equivalent of RMB900 million on a daily basis after considering the maximum daily outstanding balance of deposits (including accrued interest) placed by the Group with COFCO Finance, the deposit cap under the 2019 Financial Services Agreement of RMB900 million, which is equivalent to the Proposed Deposit Cap; and the historical deposit amounts during the term under the 2019 Financial Services Agreement.

We have reviewed the Annual Report 2021 and Interim Report 2022 and note that the cash and cash equivalents remained stable during the year ended 31 December 2021 and six month ended 30 June 2022. The cash and cash equivalents of the Group is approximately RMB1,944.2 million, RMB1,917.3 and RMB1,809.6 million as at 31 December 2020, 31 December 2021 and 30 June 2022 respectively. We also note that, based on the cash flow statement in the Annual Report 2021 and Interim Report 2022, the Group has net cash generated from operating activities of approximately RMB966.6 million and RMB652.2 million for the years ended 31 December 2020 and 31 December 2021 respectively and net cash used in operating activities of approximately RMB185.5 million and RMB224.6 million for the six months ended 30 June 2021 and 30 June 2022. After discussing with the management of the Company

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and the Company confirmed that, due to the Group's business nature, the cash level of the Group has seasonal factor and Group has to maintain sufficient cash level for working capital over the year, which in turn increase the Group's demand for the Deposit Services.

In order to assess the fairness and reasonableness of the Proposed Deposit Cap, we have calculated the utilization rate based on the maximum historical deposit amount on a daily basis in respect of the Deposit Services and the annual cap of maximum daily balance of deposits placed with COFCO Finance by the Group during the term under the 2019 Financial Services Agreement as follows:

	Maximum historical deposit amount on a daily basis	Annual cap under the 2019 Financial Services Agreement	Utilisation rate approximately %
	<i>RMB</i>	<i>RMB</i>	
For the period from 23 December 2019 to 31 December 2019	588,189,000	900,000,000	65.4
For the year ended 31 December 2020	899,322,000	900,000,000	99.9
For the year ended 31 December 2021	896,896,000	900,000,000	99.7
For the period from 1 January 2022 to 30 September 2022	891,587,000	900,000,000	99.1

As shown in the above table, the annual cap of maximum daily balance of deposits placed with COFCO Finance by the Group was substantially utilised during the term of the 2019 Financial Services Agreement. It has reached an utilization rate of over 99% for the years ended 31 December 2020 and 2021 and for the nine months ended 30 September 2022. Based on the utilization rate as calculated in the above table, we consider the Proposed Deposit Cap under the 2022 Financial Services Agreement is fair and reasonable.

(VI) Internal control and measures to ensure compliance with the Listing Rules

As stated in the Letter from the Board, the Directors believe that the risk profile of COFCO Finance, as a financial services provider to the Group, is not greater than that of independent commercial banks in the PRC. As far as the Directors are aware, COFCO Finance has established stringent internal control measures to ensure effective risk management and compliance with laws and regulations.

In order to ensure that the Proposed Deposit Cap will not be exceeded, the Group will adopt the following measures to monitor the daily balance of the deposits made by the Group:

- (a) the finance department of the Company will monitor the daily balance of the deposit made by the Group with all financial institutions, including those with COFCO Finance, and will report on the Group's overall cash flow position to the relevant senior management of the Company for review and consideration of the overall funding position of the Group;

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- (b) the Group will have the discretion to request for the withdrawal of all or part of the deposit placed with COFCO Finance to ensure the liquidity and safety of the deposited fund; and
- (c) COFCO Finance will provide an online platform to allow the finance department of the Company to monitor the balance of the Group's deposit on a daily basis, so as to ensure the deposit amount will not exceed the Proposed Deposit Cap.

The deposits placed by the Group in COFCO Finance can be withdrawn at any time on demand and utilized immediately without any conditions. COFCO Finance has never been any delay on any of the withdrawal requests of the Group, and the 2022 Financial Services Agreement did not stipulate any penalty in the event of delay caused by COFCO Finance.

The risk that COFCO Finance delays on the Group's withdrawal requests is considered to be minimal, since COFCO Finance has a strong financial capacity. For the year ended 31 December 2021, the total assets and net assets of COFCO Finance are approximately RMB28.290 billion and RMB4.376 billion, respectively. Its operating income and profit are approximately RMB308.132 million and RMB163.288 million, respectively. As at 30 September 2022, COFCO Finance received deposits of RMB30.046 billion (among which RMB9.924 billion of such funds was re-deposited with other banks and the PBC). As at 31 December 2021, COFCO Finance received deposits of RMB23.762 billion (among which RMB7.507 billion of such funds was re-deposited with other banks and the PBC). The amount of deposits kept by COFCO Finance has shown a growing trend and its reserve funds were sufficient at all material times. Moreover, as COFCO Finance is regulated by PBC, in the unlikely event that the Group suffers any financial loss by reason of the default of COFCO Finance, COFCO Finance shall compensate the Group for such loss suffered by the Group in accordance with the rules and regulations of PBC.

In assessing the financial risks involved in placing deposits with COFCO Finance, the Directors have taken into account the following factors:

- (1) the operations of COFCO Finance are subject to the supervision of PBC and CBIRC and are regulated by the relevant PRC financial services rules and regulations;
- (2) COFCO Finance has established internal control and risk management systems in accordance with the relevant PRC financial services rules and regulations. In respect of its internal control system, COFCO Finance has implemented its "Internal Control Management Measures" which set out the internal control management objectives, principles, organizational structure and division of responsibilities, and clearly stipulates the internal control of deposits, loans, investments, interbank lending, intermediate and off-balance sheet business activities, and accounting and information system management activities. Its risk management department will coordinate each department of COFCO Finance and require each department to formulate the rules, operating procedures and job responsibilities of the business conducted by such department according to the relevant PRC laws and regulations and the circumstances of COFCO Finance; and to formulate corresponding risk control procedures of such department. In respect of the risk management system, COFCO Finance has implemented its "Risk Management Measures" which set out COFCO Finance's risk management objectives, principles, and division of responsibilities, and set out the regulations on activities which involve systematic or non-systematic risks such as credit risk,

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market risk, operational risk, liquidity risk, compliance risk, new business risk, and money laundering risk. The measures also standardized the reporting, information feedback and correction work mechanism of risk prevention and control;

- (3) the finance department of the Company will report to the independent non-executive Directors on a quarterly basis;
- (4) the finance department of the Company will require COFCO Finance to appoint external auditors to audit the internal controls, risk management, completeness and impartiality of the operational system in respect of the transactions contemplated under the 2022 Financial Services Agreement and to provide relevant risk management report on a quarterly basis; and
- (5) the external auditors of the Company will review the transactions contemplated under the 2022 Financial Services Agreement and report the factual findings to the audit committee of the Company and the independent non-executive Directors on an annual basis.

In addition to the measures of determining the pricing terms as discussed under the paragraph headed “(IV) Principal terms of the Deposit Services and measures of determining the pricing terms” above, finance department of the Company will be responsible to monitor the Deposit Services not exceeding the Proposed Deposit Cap.

Furthermore, the external auditors of the Company will report by issuing a letter to the Board every year on the continuing connected transactions of the Company in relation to the terms and annual caps of the continuing connected transactions (including the Deposit Services contemplated under the 2022 Financial Services Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules. We note that from the Annual Report 2021 that the auditors of the Company confirmed that the continuing connected transactions (i) had been approved by the Board; (ii) had been entered into in accordance with the terms of the relevant agreements governing the transactions; and (iii) the actual transaction amount did not exceed the respective annual caps for the year ended 31 December 2021.

The independent non-executive Directors of the Company will conduct an annual review with respect to the Deposit Services throughout the preceding financial year and confirm on the transactional amounts and terms of the continuing connected transactions in the annual report of the Company pursuant to the requirements under the Listing Rules, and to ensure that they are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of the relevant agreements governing the continuing connected transactions. We note from the Annual Report 2021 that the independent non-executive Directors of the Company confirmed that the continuing connected transactions were (i) on normal commercial terms or better; and (ii) according to the agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

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Given that COFCO Finance is a regulated financial institution, we have verified the financial services permit of COFCO Finance on the website of CBIRC. We have also reviewed the internal control procedure manual of the COFCO Finance. After considering (i) COFCO Finance is a regulated financial institution and the internal control and risk management system of COFCO Finance for the Deposit Services has been established in accordance with the relevant PRC financial services rules and regulations, as mentioned above; (ii) the Group and COFCO Finance having been compiling with the pricing mechanism on the deposit placed as discussed under the paragraph headed “(IV) Principal terms of the Deposit Services and measures of determining the pricing terms” above; and (iii) the ongoing review by the independent non-executive Directors and auditors of the Company during the terms of the 2022 Financial Services Agreement, we are of the view that appropriate internal control measures are in place to govern the conduct of the Deposit Services and to ensure the Proposed Deposit Cap will not be exceeded.

RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, in particular, the reasons for and benefits of entering into the 2022 Financial Services Agreement, terms of the Deposit Services contemplated under the 2022 Financial Services Agreement and internal and pricing control for the Deposit Services, we are of the view that although the 2022 Financial Services Agreement (including the Proposed Deposit Cap thereunder) are not in the ordinary course of business of the Group, the terms of the Deposit Services contemplated under the 2022 Financial Services Agreement (including the Proposed Deposit Cap thereunder) are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we would recommend the Independent Shareholders and the Independent Board Committee to advise the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM for approving the terms of the Deposit Services contemplated under the 2022 Financial Services Agreement and the Proposed Deposit Cap.

Yours faithfully,
For and on behalf of
INCU Corporate Finance Limited
Gina Leung
Managing Director

Ms. Gina Leung is a licensed person registered with the SFC and a responsible officer of INCU Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. She has over 20 years of experience in the corporate finance industry and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong.

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	1.31%
Zhang Ye	Beneficial owner	9,366,000	0.84%

Note:

- (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. 1,113,423,000 Shares.

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) Persons who have interests or short positions which are discloseable 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	<i>Notes</i>	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	29.70%
COFCO (Hong Kong) Limited ("COFCO (HK)")	(1) & (2)	Interest of controlled corporations	330,658,800	29.70%
COFCO	(1) & (2)	Interest of controlled corporations	330,658,800	29.70%
ORG Technology Co., Ltd. ("ORG Technology")	(1) & (3)	Interest of controlled corporations	271,667,200	24.40%
Shanghai Yuanlong Investment Holdings (Group) Company Limited ("Shanghai Yuanlong")	(1) & (3)	Interest of controlled corporations	271,667,200	24.40%
Mr. Zhou Yunjie	(1) & (3)	Interest of controlled corporations	271,667,200	24.40%
Zhang Wei	(1) & (4)	Beneficial owner and interest of controlled corporations	245,280,000	22.03%

Notes:

- (1) Long position in the shares of the Company.
- (2) 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). 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).
- (3) ORG Development Limited and Hubei ORG Tinplate 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 International Holdings Limited. ORG International Holdings Limited and Hubei ORG are wholly-owned by ORG Technology. ORG Technology is owned as to approximately 39.19% 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.

- (4) Yuanqing Investment Limited hold 11,900,000 Shares. Yuanqing Investment Limited is owned as to approximately 80.00% by Mr. Zhang Wei. Therefore, Mr. Zhang Wei is deemed to be interested in all the Shares held by Yuanqing Investment Limited.
- (5) The percentages are calculated based on the total number of shares of the Company in issue as at the Latest Practicable Date, i.e., 1,113,423,000 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	November 2010
			As a director	October 2010
Mr. Shen Tao	ORG Technology (Note)	Manufacture of packaging products	As a general manager	February 2014
			As a director	October 2010

Note: ORG Technology is a listed company on Shenzhen Stock Exchange (Stock Code: 002701) and a substantial Shareholder, holding approximately 24.40% 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 23 April 2022 which is available at <http://www.szse.cn/disclosure/listed/bulletinDetail/index.html?cbe9ef8a-e9a4-4d70-9fe9-133ef0411068>.

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 2021 (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 at the Latest Practicable Date, there was no existing or proposed service contract, excluding contract expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation) between any of the Directors and any member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there had not been any material adverse change in the financial or trading positions of the Group since 31 December 2021, the date to which the latest published audited consolidated financial statements of the Group were made up.

6. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the Independent Financial Adviser who has given its advice for inclusion in this circular:

Name	Qualification
INCU Corporate Finance Limited	a licensed corporation under the SFO, licensed to carry out Type 6 (advising on corporate finance) regulated activities

The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with inclusion of its letter and reference to its name in the form and context in which they appear respectively.

As at the Latest Practicable Date, the Independent Financial Adviser had no shareholding in the Company or any other member of the Group or right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in the Company or any other member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had no direct or indirect interests in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2021 (the date to which the latest published audited consolidated financial statements of the Company were made up) or proposed to be so acquired, disposed of or leased to.

The letter and recommendations from the Independent Financial Adviser are set out in pages 19 to 35 in this circular and are given for incorporation in this circular.

7. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.cofco-pack.com) for a period of 14 days from the date of this circular:

- (a) the 2022 Financial Service Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in page 18 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out in pages 19 to 35 of this circular;
- (d) the letter of consent from the Independent Financial Adviser referred to in the above paragraph headed “Expert’s Qualification and Consent” in this Appendix; and
- (e) this circular.

Pursuant to Article 65 of the Articles of Association, all resolutions set out in the notice of the EGM shall be decided by poll.

Pursuant to Article 71 of the Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any Shares and to the provisions of the Articles of Association, every Shareholder who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or proxy, shall have one vote for every Share of which he/she is the holder.

A Shareholder present in person or by proxy or by authorised representative who is entitled to more than one vote does not have to use all his/her votes (i.e., he/she can cast less votes than the number of Shares he/she holds or represents) or to cast all his/her votes the same way (i.e., he/she can cast some of his/her votes in favour of the resolution and some of his/her votes against the resolution). It is believed that in most situations, Shareholders (other than nominee companies) usually cast all their votes either in favour of a resolution or against a resolution.

The poll voting slip will be distributed to Shareholders or their proxies or authorized representatives upon registration of attendance at the EGM. Shareholders who want to cast all their votes entitled may mark a “✓” in either “**FOR**” or “**AGAINST**” box corresponding to the resolution to indicate whether he/she supports that resolution. For Shareholders who do not want to use all their votes or want to split votes in casting a particular resolution shall indicate the number of votes cast on a particular resolution in the “**FOR**” or “**AGAINST**” box, where appropriate, but the total votes cast must not exceed his/her entitled votes, or otherwise, the voting slip will be spoiled and the Shareholder’s vote will not be counted.

The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote, but is conscious of the need to protect the EGM attendees from possible exposure to the COVID-19 pandemic. **For the health and safety of the EGM attendees, the Company would be adapting the arrangements for the EGM to minimise attendance in person, while still enabling Shareholders to vote and ask questions. Details of the special arrangements for the EGM are set out below.**

ATTENDING THE EGM BY MEANS OF ELECTRONIC FACILITIES

The EGM will be a hybrid meeting. The EGM will be held with the minimum number of persons present as is required under the articles of association of the Company to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the continuing risks posed by the COVID-19 pandemic at the EGM.

Given the above reasons, **NO other Shareholder, proxy or corporate representative should attend the EGM in person.** Other than those in the quorum and the limited number of other attendees to ensure the proper conduct of the meeting, any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the EGM.

The Company strongly encourages Shareholders to attend, participate and vote at the EGM through online access by visiting the website – <https://meetings.computershare.com/CPMCEGM2022> (the “Online Platform”). Shareholders participating in the EGM using the Online Platform will also be counted towards the quorum and they will be able to cast their vote and submit questions through the Online Platform.

The Online Platform permits a “split vote” on a resolution, in other words, a Shareholder casting his/her/its votes through the Online Platform does not have to vote all of his/her/its shares in the same way (“For” or “Against”). In the case of a proxy, he/she can vote such number of shares in respect of which he/she has been appointed as a proxy. Votes cast through the Online Platform are irrevocable once the voting session at the EGM ends.

The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer.

Shareholders should allow ample time to check into the Online Platform to complete the related procedures.

Login details for registered Shareholders

Details regarding the EGM arrangements including login details to access the Online Platform are included in the Company’s notification letter to registered Shareholders (the “**Shareholder Notification**”) sent together with this circular.

Login details for non-registered Shareholders

Non-registered Shareholders who wish to attend, participate and vote at the EGM using the Online Platform should:

- (1) contact and instruct their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (together, the “**Intermediary**”) to appoint themselves as proxy or corporate representative to attend the EGM; and
- (2) provide their email address to their Intermediary before the time limit required by the relevant Intermediary.

Details regarding the EGM arrangements including login details to access the Online Platform will be sent by the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email address of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 9:30 a.m., on Thursday, 29 December 2022 should reach out to the Hong Kong branch share registrar of the Company for assistance. Without the login details, non-registered Shareholders will not be able to participate and vote using the Online Platform. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (1) and (2) above.

Login details for proxies or corporate representatives

Details regarding the EGM arrangements including login details to access the Online Platform will be sent by the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, to the email address of the proxies provided to it in the relevant proxy forms.

Registered and non-registered Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

QUESTIONS AT AND PRIOR TO THE EGM

Shareholders attending the EGM using the Online Platform will be able to submit questions relevant to the proposed resolution online during the EGM. Shareholders can also send their questions by email from Wednesday, 21 December 2022 (9 a.m.) to Thursday, 29 December 2022 (5 p.m.) to ir.cpmc@cofco.com (for registered Shareholders, please state the 10-digit shareholder reference number starting with “C” (SRN) as printed on the top right corner of the Shareholder Notification).

Whilst the Company will endeavour to respond to as many questions as possible at the EGM, due to time constraints, unanswered questions may be responded to after the EGM as appropriate.

APPOINTMENT OF PROXY IN ADVANCE OF THE EGM

Shareholders are encouraged to submit their completed proxy forms well in advance of the EGM. Return of a completed proxy form will not preclude Shareholders from attending and voting by means of electronic facilities at the EGM or any adjournment or postponement thereof should they subsequently so wish.

Submission of proxy forms for registered Shareholders

A proxy form for use at the EGM is enclosed with this circular. A copy of the proxy form can also be downloaded from the websites of the Company at www.cofco-pack.com and Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

The deadline to submit completed proxy forms is:

- (1) in the case of an appointment of proxy in hard copy form, Wednesday, 28 December 2022 at 9:30 a.m., with the completed proxy form being deposited at the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong; or
- (2) in the case of an appointment of proxy in electronic form, Wednesday, 28 December 2022 at 9:30 a.m., with the completed proxy form being received at the electronic address specified in the EGM notice or in the proxy form.

Appointment of proxy for non-registered Shareholders

Non-registered Shareholders should contact their Intermediary as soon as possible for assistance in the appointment of proxy.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change or adopt contingency plans for the EGM arrangements at short notice, and the Company will ensure that the EGM arrangements are in compliance with the articles of association of the Company. While the Company will use its best endeavours to provide necessary updates to the Shareholders on its website at www.cofco-pack.com regarding the EGM arrangements, Shareholders should check the latest policies and notices announced by the Hong Kong Government and the website of the Company at www.cofco-pack.com for future updates on the EGM arrangements.

If Shareholders have any questions relating to the EGM, please contact Computershare Hong Kong Investor Services Limited, the Hong Kong branch share registrar of the Company, as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: +852 2862 8555
Facsimile: +852 2865 0990
Website: www.computershare.com/hk/contact

NOTICE OF EXTRAORDINARY GENERAL MEETING



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 9:30 a.m., Friday, 30 December 2022 at No. 160, Weiken Street, Hangzhou Economic and Technical Development Zone, Hangzhou, Zhejiang Province, the PRC for the purpose of considering and, if thought fit, passing the following resolution:

AS ORDINARY RESOLUTION

“**THAT**

1. (i) the conditional deposit services to be provided by COFCO Finance Company Limited (“**COFCO Finance**”) pursuant to the financial services agreement dated 31 October 2022 between COFCO Finance, CPMC Investment Co., Ltd. and the Company (the “**2022 Financial Services Agreement**”), a copy of which has been produced to the EGM marked “A” and initialled by the chairman of the EGM for identification purposes, and the relevant deposit cap on a daily basis in the amount equivalent of RMB900,000,000 set out in the Company’s circular dated 15 December 2022 be and are 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 2022 Financial Services Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 15 December 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at a general meeting must be taken by poll. Also, Article 65 of the Company's Articles of Association provides that at any general meeting a resolution put to the vote of a meeting shall be decided by poll.
2. As set out in the section headed "Appendix III – Special Arrangements for the EGM" of the Company's circular dated 15 December 2022, the EGM will be a hybrid meeting. The Company strongly encourages Shareholders to exercise their rights to attend and vote at the EGM by electronic facilities. As Shareholders will not be permitted to attend the EGM in person, all Shareholders (other than those who are required to attend the EGM physically to form a quorate meeting) who wish to appoint a proxy to attend and vote at the EGM shall appoint the Chairman of the EGM as their proxy (for Shareholders who are required to attend the EGM physically to form a quorate meeting, a senior management member and/or a senior staff member of the Company shall be appointed as their proxy) by completing, signing and returning the proxy form (together with the power of attorney or other authority (if any) under which it is signed or a certified copy of such power or authority) in accordance with the instructions printed thereon to the Hong Kong branch share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong or to the electronic address specified in the EGM notice or in the proxy form. For the EGM convened to be held on Friday, 30 December 2022 at 9:30 a.m., the deadline to submit completed proxy forms is Wednesday, 28 December 2022 at 9:30 a.m. in the case of an appointment of proxy in hard copy form or in electronic form.
3. For the purpose of determining the total number of Shareholders who are entitled to attend and vote at the EGM, the transfer books and Register of Members of the Company will be closed from Wednesday, 28 December 2022 to Friday, 30 December 2022 (both days inclusive). During such period, no share transfers will be effected. In order to qualify for attending the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Friday, 23 December 2022.
4. COVID-19 PANDEMIC SITUATION

The Company will adopt the following special arrangements at the EGM for the purpose of public health and safety:

- (a) The EGM will be held with the minimum number of persons present as is required under the articles of association of the Company to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the risks posed by the COVID-19 pandemic at the EGM. No other Shareholder, proxy or corporate representative should attend the EGM in person in light of the continuing risks posed by the COVID-19 pandemic. Any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the EGM.
- (b) No refreshments will be served at the EGM.
- (c) All resolutions at the EGM will be decided on a poll. Shareholders will still be able to vote by doing so in advance of the EGM by proxy. If a Shareholder (other than those who are required to attend the EGM physically to form a quorate meeting) wishes to vote on any resolution at the EGM, he/she/it must appoint the Chairman of the EGM as his/her/its proxy to exercise his/her/its right to vote at the EGM in accordance with his/her/its instructions.
- (d) Shareholders can attend, participate and vote at the EGM through online access by visiting the website – <https://meetings.computershare.com/CPMCEGM2022> (the "Online Platform"). Shareholders participating in the EGM using the Online Platform will also be counted towards the quorum and they will be able to cast their vote and submit questions through the Online Platform. The Online Platform will be open for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a smart phone, tablet device or computer. Shareholders should allow ample time to check into the Online Platform to complete the related procedures.
- (e) Shareholders attending the EGM using the Online Platform will be able to submit questions relevant to the Company's proposed resolution online during the EGM. Shareholders can also send their questions to the Company by email from Wednesday, 21 December 2022 (9 a.m.) to Thursday, 29 December 2022 (5 p.m.) to ir.cpmc@cofco.com (for registered Shareholders, please state the 10-digit shareholder reference number starting with "C" (SRN) as printed on the top right corner of the Shareholder Notification).

NOTICE OF EXTRAORDINARY GENERAL MEETING

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change and adopt contingency plans for the EGM arrangements at short notice, and the Company will ensure that the EGM arrangements are in compliance with the articles of association of the Company. While the Company will use its best endeavours to provide necessary updates to the Shareholders on its website at www.cofco-pack.com regarding the EGM arrangements, Shareholders should check the latest policies and notices announced by the Hong Kong Government and the website of the Company at www.cofco-pack.com for future updates on the EGM arrangements.