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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

**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 21 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 22 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 23 to 48 of this circular.

A notice convening the EGM to be held at 10:00 a.m. on Wednesday, 20 December 2023 at No. 160, Weiken Street, Hangzhou Economic and Technical Development Zone, Hangzhou, Zhejiang Province, the PRC is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the use at the EGM is enclosed herewith. 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. The EGM will be a hybrid meeting. Whether or not you are able to attend the EGM, please complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company's share registrar, Computershare Hong Kong Investor Services Limited, Floor 17M, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time scheduled for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person or electronically at the EGM or any adjournment thereof should you so wish.

30 November 2023

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DEFINITIONS

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

“associates”	has the same meaning as ascribed thereto under the Listing Rules
“Board”	the board of Directors
“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 Group”	COFCO together with its subsidiaries and associates other than the Group
“COFCO Packaging Materials Agreement”	the supply framework agreement entered into between the Company and COFCO on 7 November 2023 in relation to the supply of the Products and Related Services by the Group to COFCO Group
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“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 COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement
“Existing COFCO Packaging Materials Agreement”	the conditional supply framework agreement entered into between the Company and COFCO on 27 October 2020, details of which are set out in the announcement and circular of the Company dated 27 October 2020 and 17 November 2020
“Existing ORG Technology Materials Agreement”	the conditional framework agreement entered into between the Company and ORG Technology on 27 October 2020, details of which are set out in the announcement and circular of the Company dated 27 October 2020 and 17 November 2020

DEFINITIONS

“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 terms of the transactions and annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement
“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 terms of the transactions and annual caps under each of the COFCO Packaging Materials Agreement and ORG Technology Materials Agreement
“Independent Shareholders”	For the purpose of COFCO Packaging Materials Agreement, refers to Shareholders other than COFCO and its associates; and for the purpose of ORG Technology Materials Agreement, refers to Shareholders other than ORG Technology and its associates
“Latest Practicable Date”	27 November 2023, 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
“ORG Technology”	奧瑞金科技股份有限公司 (ORG Technology Co. Ltd.*), a company incorporated in the PRC, the shares of which are listed and traded on the Shenzhen Stock Exchange (Stock Code: 002701), and a substantial shareholder of the Company
“ORG Technology Group”	ORG Technology and its subsidiaries and associates

DEFINITIONS

“ORG Technology Materials Agreement”	the conditional framework agreement entered into between the Company and ORG Technology on 7 November 2023 in respect of supply of aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group and supply of tinplates, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group
“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
“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
“%”	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

30 November 2023

To the Shareholders,

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

The purpose of this circular is to provide you with, among others, (i) details of transactions and annual caps under each of the COFCO Packaging Materials Agreement and ORG Technology Materials Agreement; (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.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement dated 27 October 2020 and the circular dated 17 November 2020 in relation to, among others, the Existing COFCO Packaging Materials Agreement and the Existing ORG Technology Materials Agreement, respectively.

LETTER FROM THE BOARD

In view that each of the Existing COFCO Packaging Materials Agreement and the Existing ORG Technology Materials Agreement will be expired on 31 December 2023, the Company entered into the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement with COFCO and ORG Technology on 7 November 2023, respectively.

Details of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are as follows:

(I) COFCO PACKAGING MATERIALS AGREEMENT

(1) Principal terms of the COFCO Packaging Materials Agreement

Date: 7 November 2023 (after trading hours)

Parties: the Company; and
COFCO

Subject Matter

Pursuant to the COFCO Packaging Materials Agreement, the Group has conditionally agreed to supply various types and sizes of metal and plastic packaging materials, products and related after-sale services (the “**Products and Related Services**”) to COFCO Group for a period commencing on 1 January 2024 and ending on 31 December 2025. The COFCO Packaging Materials Agreement may be renewed by agreement between the parties subject to obtaining the necessary consents and approvals (if necessary) required by the Listing Rules.

Annual Caps of the COFCO Packaging Materials Agreement and the basis

The annual caps in respect of the transactions under the COFCO Packaging Materials Agreement for the two years ending 31 December 2025 are as follows:

	For the year ending 31 December	
	2024	2025
	(RMB)	(RMB)
Supply of the Products and Related Services	850,000,000	950,000,000

LETTER FROM THE BOARD

In arriving at the annual caps, the Directors have considered the following factors:

- (i) The historical transaction values of the Existing COFCO Packaging Materials Agreement as shown in the table below, which shown an almost fully used utilization rate of the annual caps throughout the term of the agreement, being 99.4%, 94.0% and 84.7% (after annualizing the actual transaction amount) for the years ended 31 December 2021, 31 December 2022 and the eight months ended 31 August 2023, respectively;
- (ii) the expected sales of the Products and Related Services to COFCO Group for the two years ending 31 December 2025, and the anticipated costs of raw materials in line with the inflation and market conditions of the PRC;
- (iii) Since over than 75% of the transaction amount for the period from 2021 to 2023 generated from the two-piece cans business, the scale of the purchase and sales of two-piece cans has shown significant growth in recent years. In the future, this business will continue to develop and the cooperation will be further strengthened, and the proportion of the supply will be increased;
- (iv) In addition to the above two-piece can business, the company will also actively develop and increase the product sales business and share of other COFCO customers to promote further business cooperation in the future; and
- (v) The Group's production capacity of two-piece cans and other products has been further improved with the commencement of the operation of the new plant in Kunming and the third line in Chengdu in mid 2023. A new plant in Shenyang will also commence operation within this year and will further increase the production capacity of the Group. Hence, the Company expected this arrangement would meet the increasing demand of COFCO Group. The total production capacity of the new Kunming plant, new Shenyang plant and Chengdu Third Line is approximately 3 billion units of two-piece cans and other products. It is expected that the annual sales amount of two-piece cans and other products to COFCO Group by the aforesaid new plants and production line will reach approximately RMB100 million. Therefore, the management of the Group believes the recent expansion of the Group's production capacity across diverse provinces and cities in the PRC will bring more business opportunities between the Group and COFCO Group, thereby leading to an increase in the transaction amount between the Group and COFCO Group in the future.

LETTER FROM THE BOARD

Pricing

The price for the supply of the Products and Related Services under the COFCO Packaging Materials Agreement shall be agreed between the parties with reference to the prevailing market prices of same or similar products and services of the same period determined by the Company on normal commercial terms or on terms no less favourable to the Group than those offered by the Group to Independent Third Parties of the same period, given that the price for the supply of the Products and Related Services to COFCO Group and the price for the supply of same or similar products and services to Independent Third Parties are determined using the same formula. The market prices will be determined by the Company on normal commercial terms and on the following:

- (i) the prices of same or similar products and services supplied by the Group to Independent Third Parties in the same or near region (if not applicable, the other regions in the PRC) in at least two comparable transactions which were agreed on normal commercial terms, in the ordinary course of business and conducted during the same period; or
- (ii) if paragraph (i) is not applicable, the Company will consider the price quotations of the Products and Related Services obtained through enquires from its major competitors (including ORG Technology Group) on a regular basis.

Payment Term

Depends on the nature of the Products and Related Services to be supplied, the price shall be settled within 30 to 100 days upon provision of the relevant Products and Related Services. The said payment term shall be fixed by the parties after having considered the nature of the relevant Products and Related Services provided by the Group to COFCO Group, the usual market payment term of such relevant kind of Products and Related Services, and shall be no less favorable than the payment terms under comparable transactions between the Company and other independent third parties.

Condition precedent

The COFCO Packaging Materials Agreement shall become effective on 1 January 2024 conditional upon the Company having obtained approvals from its Independent Shareholders (if necessary) and relevant regulatory authorities (if necessary).

Other terms

Pursuant to the COFCO Packaging Materials Agreement, the Company has agreed, amongst other things, to use its best endeavours to fulfill additional demands from COFCO Group for the supply of the Products and Related Services, and the terms shall not be less favourable to the Company when compare to the terms offered by the Company to Independent Third Parties for the same Products and Related Services in the same period, provided that such additional supply by the Company shall comply with the applicable requirements under the Listing Rules.

LETTER FROM THE BOARD

(2) Historical Transaction Amounts

The historical transaction amounts and the annual caps for the transactions under the Existing COFCO Packing Materials Agreement were as follows:

	Actual transaction amounts (RMB)	Historical annual caps (RMB)
Year ended 31 December 2021	497,215,000	500,000,000
Year ended 31 December 2022	563,951,000	600,000,000
Eight months ended 31 August 2023	395,147,000	N/A
Year ending 31 December 2023	N/A	700,000,000

(3) Pricing Policy and Sales Procedures

When determining the pricing formula, the Company will also take into account the following factors: (1) transaction terms such as transaction volume and the time period of the transaction; (2) the demand and supply and price fluctuations of the market; and (3) the delivery costs which varies depending on the distance to different regions the customers are located in. The Company will adopt the same pricing formula which applies to all customers including COFCO Group and Independent Third Parties. The said pricing formula consists of components such as the profit margin and production costs including the costs of labor, raw materials and equipment that will fluctuate from time to time. The gross profit margin ranges from approximately 6% to 16%.

In addition, the sales procedures that the Company adopt to supply the Products and Related Services to all customers, be that to COFCO Group or Independent Third Parties, are the same. The Company will sign standardized contracts with relevant customers. The sales management, finance, legal and other relevant departments will use the same assessment criteria to review and approve the contracts, and ensure that the Company uses the same procedures to issue invoices.

Thus, in view of the adoption of the same pricing formula and the same procedures as aforesaid, the Company is of the opinion that the transactions contemplated under the COFCO Packaging Materials Agreements are conducted on normal commercial terms, no less favourable to the Group than those of independent third parties and are in the interests of the Company and its Shareholders.

(4) Internal Control Measures

To ensure the Group can carry out the continuing connected transactions pursuant to the terms of the COFCO Packaging Material Agreement and in compliance with chapter 14A of the Listing Rules, the Company will implement the following internal control measures:

1. to ensure the prices of the Products and Related Services to be supplied to COFCO Group can comply with the aforesaid pricing policy, the sales team of the Group will compare prices of such products and services with the prices of supplying the same or similar products and services to independent third parties;

LETTER FROM THE BOARD

2. the finance department of the Group will check and monitor the transaction amounts to ensure that the maximum transaction amount do not exceed the relevant annual cap under the COFCO Packaging Materials Agreement. If the aggregate transaction amount reaches 90% of the relevant annual cap or is expected to exceed the relevant annual cap in the coming two months, the personnel of the Finance Department of the Group must notify the Board simultaneously and the Board shall determine the appropriate action to be taken;
3. the audit and supervision department of the Group shall assess the Group's continuing connected transactions in accordance with the relevant framework agreement in each financial year. One of the purposes of the assessment is to ensure the continuing connected transactions are conducted fairly and the terms are no less favourable to the Group than those transactions conducted with independent third parties; and
4. the external auditors of the Company and the independent non-executive Directors shall conduct annual review on the pricing policy and the annual caps of continuing connected transactions.

The Board considered that the above internal controls measures are adequate to ensure that the individual transactions are conducted within the framework of the COFCO Packaging Materials Agreement.

(5) Reasons for and Benefits of entering into the COFCO Packaging Materials Agreement

The Company believes that the entering into the COFCO Packaging Materials Agreement would ensure a steady supply of the Products and Related Services to COFCO Group and thus maintain stable turnover of the Group. It would also enable the Group to better utilize its production capacity and increase its outputs and revenue of the Group.

The Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular) consider that the transactions and annual caps under the COFCO Packaging Materials Agreement will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms or on terms no less favourable to the Group than those available from Independent Third Parties of the same period which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

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 the transactions and annual caps under the COFCO Packaging Materials Agreement. Save as the Directors mentioned above, none of the Directors has other material interests in the transactions and annual caps under the COFCO Packaging Materials Agreement and is required to abstain from voting on the resolutions in relation thereto.

LETTER FROM THE BOARD

(II) ORG TECHNOLOGY MATERIALS AGREEMENT

(1) Principal terms of the ORG Technology Materials Agreement

Date: 7 November 2023 (after trading hours)

Parties: the Company; and
ORG Technology

Subject Matter

Pursuant to the ORG Technology Materials Agreement, (i) the Group has conditionally agreed to sell to ORG Technology Group and ORG Technology Group has conditionally agreed to purchase from the Group aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials; and (ii) ORG Technology Group has conditionally agreed to sell to the Group and the Group has conditionally agreed to purchase from ORG Technology Group tinplates, laminated steel, two-piece cans and related can production services of such packaging materials, from 1 January 2024 to 31 December 2025. In relation to the tinplate products, the printed tinplates, caps and other raw and auxiliary materials and related can production services to be sold by the Group to ORG Technology Group are finished tinplate packaging products, while the tinplates, laminated steel to be sold by ORG Technology Group to the Group are raw materials of tinplate packaging products. In relation to the aluminum products, the aluminum to be sold by the Group to ORG Technology Group are raw material of aluminum packaging products, while the two-piece cans and related can production services to be sold by ORG Technology Group to the Group are finished aluminum packaging products. Due to the establishment of oversea JV Factory, the Group will sell aluminum to the JV Factory and purchase finished two-piece cans products from the JV Factory.

LETTER FROM THE BOARD

Annual Caps of the ORG Technology Materials Agreement and the basis

The annual caps in respect of the transactions under the ORG Technology Materials Agreement for the two years ending 31 December 2025 are as follows:

	For the year ending	
	31 December	
	2024	2025
	(RMB)	(RMB)
Sale of aluminum, printed tins, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group	200,000,000	600,000,000
Sale of tins, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group	100,000,000	600,000,000

In arriving the annual caps for the sale of aluminum, printed tins, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group, the Directors have considered the following factors:

- (i) The historical transaction values and the expected sale amounts of the aluminum, printed tins, caps, other raw and auxiliary materials related can production services of such packaging materials to ORG Technology Group for the two years ending 31 December 2025, and the anticipated costs of raw materials in line with the inflation and market conditions of the PRC;
- (ii) The Company considered the reasons for the low utilization rate of the historical annual caps under the Existing ORG Technology Materials Agreement, the annual cap for 2024 has been adjusted downward by approximately 55.6% correspondingly as compared with the annual cap for 2023; and
- (iii) The Group is building a joint venture factory (the “**JV Factory**”) for aluminum two-piece cans which ORG Technology owns 30% in such joint venture. The JV Factory is scheduled to commence trial operation in mid-2024 and is expected to put into production in the fourth quarter of 2024. The Group plans to sell aluminum, easy-open lids and other raw and auxiliary materials to the JV Factory, and purchase two-piece can products from the JV Factory after it has commenced trial operation. Based on the discussion between the Group and ORG Technology Group, JV Factory’s construction progress, post-construction production capacity and demand for raw and auxiliary materials, the Group expected it is expected that the JV Factory will require raw materials of approximately RMB400 million per year after it is put into full-scale production.

LETTER FROM THE BOARD

In arriving the annual caps for the sale of tinplates, laminated steel, aluminum, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group, the Directors have considered the following factors:

- (i) The historical transaction values and the expected sale amounts of tinplates, laminated steel, aluminum, two-piece cans and related can production services of such packaging materials by ORG Technology Group for the two years ending 31 December 2025, and the anticipated costs of raw materials in line with the inflation and market conditions of the PRC; and
- (ii) As mentioned above, the JV Factory is scheduled to commence trial operation in mid-2024 and is expected to put into production in the fourth quarter of 2024. Based on the discussion between the Group and ORG Technology Group, the JV Factory's construction progress, post-construction production capacity and demand for raw and auxiliary materials, the Group expected the JV Factory will sell finished aluminum two-piece can products to the Group with an annual transaction amount of up to approximately RMB500 million.

Pricing

The price for both the sale of aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group and the sale of tinplates, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group shall be determined and agreed between the parties with reference to the prevailing market prices of identical or similar products or services. If the prices have to be adjusted after the placing of orders due to changes in raw materials, materials and production requirements, it shall be confirmed by both parties after negotiation; otherwise, the parties in breach shall bear the losses.

Payment Term

The price for both the sale of aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group and the sale of tinplates, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group shall be settled by the receiving party within 120 days upon delivery of the relevant products, materials or services. The said payment term is fixed by the parties after having considered the usual market payment term the aforesaid products, materials or services, and such payment term is same as the payment terms under comparable transactions between the Company and other independent third parties.

Condition precedent

The effectiveness the ORG Technology Materials Agreement are conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM (if necessary) and ORG Technology having obtained the approval of its shareholders (if necessary).

LETTER FROM THE BOARD

(2) Historical Transaction Amounts

The historical transaction amounts and annual caps for the transactions under the Existing ORG Technology Materials Agreement were as follows:

Sale of printed tins, printed aluminum and caps and related can production services of such packaging materials by the Group to ORG Technology Group

	Actual transaction amounts (RMB)	Historical annual caps (RMB)
Year ended 31 December 2021	111,352,000	250,000,000
Year ended 31 December 2022	21,744,000	350,000,000
Eight months ended 31 August 2023	9,541,000	N/A
Year ending 31 December 2023	N/A	450,000,000

Sale of tins, laminated steel and aluminum and related can production services of such packaging materials by ORG Technology Group to the Group

	Actual transaction amounts (RMB)	Historical annual caps (RMB)
Year ended 31 December 2021	81,695,000	200,000,000
Year ended 31 December 2022	33,088,000	270,000,000
Eight months ended 31 August 2023	11,672,000	N/A
Year ending 31 December 2023	N/A	350,000,000

(3) Pricing Policy and Price Determination Procedures

Sale of aluminum, printed tins, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group

When determining the pricing formula, the Company will also take into account the following factors: (1) transaction terms such as transaction volume and the time period of the transaction; (2) the demand and supply and price fluctuations of the market; and (3) the delivery costs which varies depending on the distance to different regions the customers are located in. The Company will adopt the same pricing formula which applies to all customers including ORG Technology Group and Independent Third Parties as follows:

$$\begin{aligned} & (\text{Cost of raw materials} + \text{direct labour cost} + \text{factory overheads} + \text{delivery costs}) \\ & \times (1 + \text{gross profit margin ranges from approximately 4\% to 10\%}) \end{aligned}$$

LETTER FROM THE BOARD

In addition, the sales procedures that the Company adopt to supply aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials to all customers, be that to ORG Technology Group or Independent Third Parties, are the same. The Company will sign the standardized contract with the relevant customers. The sales management, finance, legal and other relevant departments will use the same assessment criteria to review and approve the contracts, and ensure that the Company uses the same procedures to issue invoices.

Sale of tinplates, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group

The purchase price of tinplates, laminated steel, two-piece cans and related can production services of such packaging materials shall be determined by the parties after arm's length negotiations with reference to (i) the demand and supply and price fluctuation of the market; and (ii) prices of the same or comparable products obtained from two to three comparable independent third party companies.

Thus, in view of the adoption of the same pricing formula and the same procedures as aforesaid, the Company is of the opinion that the transactions contemplated under the ORG Technology Materials Agreement are conducted on normal commercial terms, no less favourable to the Group than those of independent third parties and are in the interests of the Company and its Shareholders.

(4) Internal Control Measures

To ensure the Group can carry out the continuing connected transactions pursuant to the terms of the ORG Technology Materials Agreement and in compliance with chapter 14A of the Listing Rules, the Company will implement the following internal control measures:

1. to ensure the prices of the aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials to be sold by the Group to ORG Technology Group can comply with the aforesaid pricing policy, the sales team of the Group will compare prices of such products with the prices the same or similar products and services sold by the Group to independent third parties;
2. to ensure the prices of the tinplates, laminated steel, two-piece cans and related can production services of such packaging materials to be sold by ORG Technology Group to the Group can comply with the aforesaid pricing policy, the procurement team of the Group will compare prices of such materials with the prices the same or similar materials and services purchased by the Group from independent third parties;
3. the finance department of the Group will check and monitor the transaction amounts to ensure that the maximum transaction amount do not exceed the relevant annual cap under the ORG Technology Materials Agreement. If the aggregate transaction amount reaches 90% of the relevant annual cap or is expected to exceed the relevant annual cap in the coming two months, the personnel of the finance department of the Group must notify the Board simultaneously and the Board shall determine the appropriate action to be taken;

LETTER FROM THE BOARD

4. the audit and supervision department of the Group shall assess the Group's continuing connected transactions in accordance with the relevant framework agreement in each financial year. One of the purposes of the assessment is to ensure the continuing connected transactions are conducted fairly and the terms are no less favourable to the Group than those transactions conducted with independent third parties; and
5. the external auditors of the Company and the independent non-executive Directors shall conduct annual review on the pricing policy and the annual caps of continuing connected transactions.

The Board considered that the above internal controls measures are adequate to ensure that the individual transactions are conducted within the framework of the ORG Technology Materials Agreement.

(5) Reasons for and Benefits of entering into the ORG Technology Materials Agreement

The Company believes that the entering into of the ORG Technology Materials Agreement with ORG Technology will provide the Group with the opportunity to foster the development of its packaging business in the PRC markets. The Group is actively seeking business expansion in the packaging area. The Board is of the view that the entering into of the ORG Technology Materials Agreement allows the Group to utilize the abundant experience and geographical reach of ORG Technology in the packaging industry and develop its packaging business in the PRC markets. Therefore, the Board is of the view that the terms of the ORG Technology Materials Agreement are in the interests of the Company and the Shareholders as a whole. The entering into of the ORG Technology Materials Agreement also ensures that the stability of supply and demand of goods and services between the Group and ORG Technology, enables the Group to utilize its current capacity and increase its production and revenue.

In addition, each of the Group and the ORG Technology Group on its own has limited number of factories in the PRC in different locations. Given the high transportation costs which may be incurred for delivery of products from factories to the customers in case of long distance, by engaging each other for the sale and purchase of products and services, it enables both the Group and the ORG Technology Group to utilize the combination of their factory locations, leading to lower costs of delivery, and therefore a higher profit margin. For example, when the Group has received orders of products from a certain area but the Group does not have any factories in the vicinity but the ORG Technology Group does, the Group may procure ORG Technology Group to provide and deliver such products to the customers. As such, both parties are able to optimize their businesses and regional structures. Therefore, the Group is of the view that the entering into of the ORG Technology Materials Agreement will be beneficial to the Group and the Shareholders as a whole.

The Directors (including the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular) consider that the transactions and annual caps under the ORG Technology Materials Agreement will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms or on terms no less favourable to the Group than those available from Independent Third Parties of the same period which are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

Messrs. Zhou Yuan and Shen Tao, all being Directors connected with ORG Technology, have abstained from voting on the resolutions in respect of the transactions and annual caps under the ORG Technology Materials Agreement. Save as the Directors mentioned above, none of the Directors has other material interests in the transactions and annual caps under the ORG Technology Materials Agreement and is required to abstain from voting on the resolutions in relation thereto.

INFORMATION ON THE GROUP, COFCO AND ORG TECHNOLOGY

Information on the Group

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

Information on COFCO

COFCO, a substantial shareholder of the Company, is a state-owned company in the PRC under the purview of State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) and principally engaged in agricultural commodities trading and agricultural products processing, food and beverages, real estate and hotel development, packaging materials, meat products, sugar, logistics, native produce, animal by-products, finance services and dairy products.

Information on ORG Technology

ORG Technology, a substantial shareholder of the Company, is a leading enterprise in the packaging industry in the PRC. It is principally engaged in the comprehensive packaging services including packaging design, packaging production, filling and brand design and promotion. Its ultimate beneficial owner is Mr. Zhou Yunjie, a Chinese which is the chairman of the board of ORG Technology.

LISTING RULES IMPLICATIONS

Each of COFCO and ORG Technology is a substantial shareholder of the Company. COFCO and ORG Technology together with their respective subsidiaries and associates other than the Group are therefore connected persons of the Company. Accordingly, the transactions contemplated under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement constitute continuing connected transactions and connected transaction of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios (other than the profits ratio) of the annual caps of the transactions contemplated under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are more than 5%, the transactions and annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are subject to the reporting, announcement, annual review and the Independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE BOARD

EXTRAORDINARY GENERAL MEETING

The EGM will be held for the purpose of considering and, if thought fit, approving by the Independent Shareholders the transactions and the annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save and except (i) 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 transactions and annual caps under the COFCO Packaging Materials Agreement to be approved at the EGM as a result of having material interests therein; and (ii) ORG Technology and its associates who have control or are entitled to exercise control over the voting rights of 271,667,200 Shares, representing approximately 24.40% of the total issued share capital of the Company, will abstain from voting on the resolution in relation to the transactions and annual caps under the ORG Technology Materials Agreement 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 be approved at the EGM.

A notice convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. The EGM will be held at 10:00 a.m. on Wednesday, 20 December 2023 at No. 160, Weiken Street, Hangzhou Economic and Technical Development Zone, Hangzhou, Zhejiang Province, the PRC, which resolutions will be proposed to consider and, if thought fit, to approve the transactions and the annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement. The form of proxy for use by the Shareholders 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. The EGM will be a hybrid meeting.

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

Procedure for Voting

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

LETTER FROM THE BOARD

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.

Hybrid Meeting

The EGM will be a hybrid meeting. Details of the special arrangements for attending the EGM by electronic means are set out below.

ATTENDING THE EGM BY MEANS OF ELECTRONIC FACILITIES

The Company encourages Shareholders to attend, participate and vote at the EGM through online access by visiting the website – <https://meetings.computershare.com/CPMCEGM2023> (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.

LETTER FROM THE BOARD

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 Tuesday, 19 December 2023 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.

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, 13 December 2023 (9 a.m.) to Tuesday, 19 December 2023 (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.

LETTER FROM THE BOARD

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 Monday, 18 December 2023 at 10:00 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.

Appointment of proxy for non-registered Shareholders

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

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

RECOMMENDATION

Based on the relevant information disclosed herein, the Directors, including all the independent non-executive Directors whose views are set out in the section headed "Letter from the Independent Board Committee" in this circular, are of the opinion that the transactions and the annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are on normal commercial terms, and are fair and reasonable and in the interest of the Company and its Shareholders as a whole. Accordingly, the Board recommends that the Shareholders vote in favour of the resolutions to be proposed at the EGM.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix 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



中糧
COFCO
自然之源 重塑你我



CPMC HOLDINGS LIMITED

中糧包裝控股有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 906)

30 November 2023

To the Independent Shareholders

Dear Sir or Madam,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

We refer to the circular of the Company dated 30 November 2023 (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 the transactions and annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement, 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. INCU has been appointed as the Independent Financial Adviser to advise us in this respect.

Having considered the terms of the transactions and annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement and the advice of the Independent Financial Adviser in relation thereto as set out on pages 23 to 48 of the Circular, we consider that the terms of the transactions under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are on normal commercial terms, and the annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. We also consider that each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement is in ordinary and usual course of business of the Company.

Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the transactions and annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement.

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 COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement and the transactions contemplated thereunder.



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

30 November 2023

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

Dear Sirs and Madams,

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

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 proposed renewal of continuing connected transactions contemplated under the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement and their respective proposed annual caps (together, the “**Proposed Continuing Connected Transactions**”), 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 30 November 2023 (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 7 November 2023, in view that each of the Existing COFCO Packaging Materials Agreement and the Existing ORG Technology Materials Agreement will be expired on 31 December 2023, the Company entered into the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement with COFCO and ORG Technology, respectively, on 7 November 2023.

Each of COFCO and ORG Technology is a substantial shareholder of the Company. COFCO and ORG Technology together with their respective subsidiaries and associates other than the Group are therefore connected persons of the Company. Accordingly, the transactions contemplated under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

LETTER FROM INCU

As the applicable percentage ratios (other than the profits ratio) of the annual caps of the transactions contemplated under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are more than 5%, the transactions and annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are subject to the reporting, announcement, annual review and the Independent Shareholder's approval requirements under Chapter 14A of the Listing Rules.

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 the transactions and annual caps under the COFCO Packaging Materials Agreement. Save as the Directors mentioned above, none of the Directors has other material interests in the transactions and annual caps under the COFCO Packaging Materials Agreement and is required to abstain from voting on the resolutions in relation thereto.

Messrs. Zhou Yuan and Shen Tao, all being Directors connected with ORG Technology, have abstained from voting on the resolutions in respect of the transactions and annual caps under the ORG Technology Materials Agreement. Save as the Directors mentioned above, none of the Directors has other material interests in the transactions and annual caps under the ORG Technology Materials Agreement and is required to abstain from voting on the resolutions in relation thereto.

Except for being appointed as independent financial adviser by the Company in relation to the renewal of continuing connected transactions under the financial services agreement with COFCO Finance Company Limited (中糧財務有限責任公司), which the circular has been despatched on 15 December 2022, 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 Proposed Continuing Connected Transactions. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Proposed Continuing Connected Transactions, and accordingly, are eligible to give independent advice and recommendations on the Proposed Continuing Connected Transactions. 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 Proposed Continuing Connected Transactions.

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 Proposed Continuing Connected Transactions.

LETTER FROM INCU

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 Proposed Continuing Connected Transactions are in the interests of the Company and the Independent Shareholders as a whole, being fair and reasonable so far as the Independent 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.

Our review and analyses were based upon, among others, (i) the information provided by the Group including the Circular, the COFCO Packaging Materials Agreement and the ORG Technology Materials 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 2022 (the “**Annual Report 2022**”) and the interim report of the Company for the six months ended 30 June 2023 (the “**Interim Report 2023**”); 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 of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement. 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 nor have we carried out any independent verification of the information supplied.

LETTER FROM INCU

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinions and recommendations in respect of the Proposed Continuing Connected Transactions, we have taken into consideration of the following principal factors and reasons:

A. Information of the parties of the Proposed Continuing Connected Transactions

(1) *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.

(2) *Information of COFCO*

COFCO, a substantial shareholder of the Company, is a state-owned company in the PRC under the purview of State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) and principally engaged in agricultural commodities trading and agricultural products processing, food and beverages, real estate and hotel development, packaging materials, meat products, sugar, logistics, native produce, animal by-products, finance services and dairy products.

(3) *Information of ORG Technology*

ORG Technology, a substantial shareholder of the Company, is a leading enterprise in the packaging industry in the PRC. It is principally engaged in the comprehensive packaging services including packaging design, packaging production, filling and brand design and promotion. Its ultimate beneficial owner is Mr. Zhou Yunjie, a Chinese which is the chairman of the board of ORG Technology.

B. COFCO Packaging Materials Agreement

(1) *Background of COFCO Packaging Materials Agreement*

Pursuant to the COFCO Packaging Materials Agreement, the Group has conditionally agreed to supply various types and sizes of Products and Related Services to COFCO Group for a period commencing on 1 January 2024 and ending on 31 December 2025.

(2) *Reasons for and benefits of entering into the COFCO Packaging Materials Agreement*

As stated in the Letter from the Board, the Company believes that the entering into the COFCO Packaging Materials Agreement would ensure a steady supply of the Products and Related Services to COFCO Group and thus maintain stable turnover of the Group. It would also enable the Group to better utilize its production capacity and increase its outputs and revenue of the Group.

LETTER FROM INCU

In assessing whether the entering into of the COFCO Packaging Materials Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, we have considered the following:

- (a) According to the website of COFCO, COFCO was founded in 1949 and COFCO Group is the leader of the Chinese agricultural industry, and one of the world's leading agri-businesses with global footprints and a fully-integrated value chain. COFCO's takes agri-products as the core business, involving grain, oil, sugar, cotton, meat, dairy products, etc., and also features food, finance, and real estate as three major complementary business segments. As of the end of 2022, COFCO Group boasted total assets of RMB695.6 billion. In 2022, COFCO registered an overall operating income of RMB741.4 billion and total profits of RMB22.8 billion. COFCO Group has been actively going global with bigger strides, by continuously improving grain and oil logistics and storage capacity worldwide to ensure a stable global supply chain. In China, COFCO Group is the major importer and exporter of soybean, wheat, corn, sugar, and other agricultural products. COFCO Group has an annual processing capacity of over 95 million tons and meets Chinese consumers' daily needs of agricultural products. In China, COFCO Group is also among the leaders of the oil crushing industry and in processing, trade, and selling of rice, flour, and ingredients of beer, one of the top cotton traders, a large-scale technological leader in deep processing of corn, as well as the leading meat and dairy product supplier with a fully-integrated value chain. COFCO Group is on the list of "Top 500 Servicing Enterprises in China 2023*" (2023中國服務業企業500強排行榜), "Top 500 Asia Brand 2023" (2023亞洲品牌500強) and "Fortune 500 2023" (2023《財富》500強排行榜);
- (b) Sales of tinplate packaging, aluminum packaging and plastic packaging, including the sales of Products and Related Services, are the Group's ordinary course of business, which contributed 100% of the total revenue of the Group for the year ended 31 December 2022 and the six months ended 30 June 2023 as disclosed in the Annual Report 2022 and Interim Report 2023 respectively;
- (c) The sales of the Products and Related Services to COFCO Group at market price will render stable revenue to the Group on normal commercial terms; and
- (d) The Group will have flexibility on the sale of the Products and Related Services as the Group is not obliged to sell to COFCO Group if the Group has better offer.

Having considered the above reasons, we concur with the Directors' views that the entering into of the COFCO Packaging Materials Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

LETTER FROM INCU

(3) *Principal terms of COFCO Packaging Materials Agreement*

Principal terms of the COFCO Packaging Materials Agreement are as follows:

- Date: 7 November 2023 (after trading hours)
- Parties: (1) the Company; and
(2) COFCO
- Subject Matter: Pursuant to the COFCO Packaging Materials Agreement, the Group has conditionally agreed to supply various types and sizes of Products and Related Services to COFCO Group for a period commencing on 1 January 2024 and ending on 31 December 2025. The COFCO Packaging Materials Agreement may be renewed by agreement between the parties subject to obtaining the necessary consents and approvals (if necessary) required by the Listing Rules.
- Pricing: The price for the supply of the Products and Related Services under the COFCO Packaging Materials Agreement shall be agreed between the parties with reference to the prevailing market prices of same or similar products and services of the same period determined by the Company on normal commercial terms or on terms no less favourable to the Group than those offered by the Group to independent third parties of the same period, given that the price for the supply of the Products and Related Services to COFCO Group and the price for the supply of same or similar products and services to independent third parties are determined using the same formula. The market prices will be determined by the Company on normal commercial terms and on the following:
- (i) the prices of same or similar products and services supplied by the Group to independent third parties in the same or near region (if not applicable, the other regions in the PRC) in at least two comparable transactions which were agreed on normal commercial terms, in the ordinary course of business and conducted during the same period; or

LETTER FROM INCU

- (ii) if paragraph (i) is not applicable, the Company will consider the price quotations of the Products and Related Services obtained through enquires from its major competitors (including ORG Technology Group) on a regular basis.

Payment Term:

Depends on the nature of the Products and Related Services to be supplied, the price shall be settled within 30 to 100 days upon provision of the relevant Products and Related Services. The said payment term shall be fixed by the parties after having considered the nature of the relevant Products and Related Services provided by the Group to COFCO Group, the usual market payment term of such relevant kind of Products and Related Services, and shall be no less favorable than the payment terms under comparable transactions between the Company and other independent third parties.

Condition Precedent:

The COFCO Packaging Materials Agreement shall become effective on 1 January 2024 conditional upon the Company having obtained approvals from its Independent Shareholders (if necessary) and relevant regulatory authorities (if necessary).

Other Terms:

Pursuant to the COFCO Packaging Materials Agreement, the Company has agreed, amongst other things, to use its best endeavours to fulfill additional demands from COFCO Group for the supply of the Products and Related Services, and the terms shall not be less favourable to the Company when compare to the terms offered by the Company to independent third parties for the same Products and Related Services in the same period, provided that such additional supply by the Company shall comply with the applicable requirements under the Listing Rules.

LETTER FROM INCU

As disclosed in the Letter from the Board, when determining the pricing formula, the Company will also take into account the following factors: (1) transaction terms such as transaction volume and the time period of the transaction; (2) the demand and supply and price fluctuations of the market; and (3) the delivery costs which varies depending on the distance to different regions the customers are located in. The Company will adopt the same pricing formula which applies to all customers including COFCO Group and independent third parties. The said pricing formula consists of components such as the gross profit margin and production costs including the costs of labor, raw materials and equipment that will fluctuate from time to time. The gross profit margin ranges from approximately 6% to 16%. We have discussed with the management of the Group and were given the understanding that the Group sets the selling prices of the Products and Related Services with reference to the same or similar products and services of the same period. The Directors also confirmed that the terms offered to COFCO Group that are comparable and no less favourable than those offered by the Group to independent third parties of the same period.

In addition, the sales procedures that the Company adopted to supply the Products and Related Services to all customers, be that to COFCO Group or independent third parties, are the same. The Company will sign standardized contracts with the relevant customers. The sales management, finance, legal and other relevant departments will use the same assessment criteria to review and approve the contracts, and ensure that the Company uses the same procedures to issue invoices.

(4) Assessment on the terms of the COFCO Packaging Materials Agreement

We have reviewed and compared the terms of the COFCO Packaging Materials Agreement and the Existing COFCO Packaging Materials Agreement and note that, save for the revision of annual caps, there has been no material change between the terms of the two aforesaid agreements.

For our due diligence purpose, we have reviewed and compared sample copies of historical transaction records, including sales contracts and/or sales invoices, in respective of the sales made by the Group to other independent third parties and COFCO Group. In reviewing the historical sales records, we have selected samples based on the materiality of the transaction amount and similar products type in respective of the sales made by the Company to other independent third parties and COFCO Group, in each of the two years ended 31 December 2021 and 2022 and the eight months ended 31 August 2023. We have obtained 15 sets of samples from the management of the Company, each set of which contains sales sample by the Group to COFCO Group and sales sample to other customers who are independent third parties of the Company. We are of the view that the samples copies reviewed are exhaustive, fair and representative, and the selection basis is fair and representative in view of materiality and transaction nature.

LETTER FROM INCU

We note from these samples that (i) the sales transactions are made in compliance with the sales procedures, including the approval procedures, of the Group; (ii) the selling price of the Products and Related Services for sales to COFCO Group is no less favourable than those offered to the independent third parties which is in accordance with the pricing policy as stated above; (iii) other major terms, including the payment terms (in line with the payment term policy as stated above), of the sales transactions entered into between the Company and COFCO Group are similar with those offered to other independent third parties; and (iv) gross profit margin for the sales of the Products and Related Services to COFCO Group and to independent third parties are within the range as mentioned above.

Having considered that (i) sales of the Products and Related Services are the principal business of the Group; (ii) price and other major terms (including the payment terms) of COFCO Packaging Materials Agreement are comparable to and no less favourable than that offered to other independent third parties; and (iii) flexibility for the Group to choose sales of the Products and Related Services to independent third parties if the Group has better offer, we are of the view that the terms of the COFCO Packaging Materials Agreement are on normal commercial terms, in the ordinary and usual courses of business of the Company and in accordance with the pricing policy of the Company and fair and reasonable so far as the Independent Shareholders are concerned.

(5) Assessment on the proposed annual caps for COFCO Packaging Materials Agreement

The table below sets forth the proposed annual caps of the COFCO Packaging Materials Agreement for each of the two years ending 31 December 2024 and 31 December 2025 (the “COFCO Annual Caps”):

	For the year ending 31 December	
	2024	2025
	<i>(RMB)</i>	<i>(RMB)</i>
Supply of the Products and Related Services	850,000,000	950,000,000

As stated in the Letter from the Board, in arriving at the COFCO Annual Caps, the Directors have considered the following factors:

- (i) The historical transaction values of the Existing COFCO Packaging Materials Agreement, which shown an almost fully used utilisation rate of the annual caps throughout the term of the agreement, being 99.4%, 94.0% and 84.7% (after annualizing the actual transaction amount) for the years ended 31 December 2021, 31 December 2022 and the eight months ended 31 August 2023, respectively;
- (ii) The expected sales of the Products and Related Services to COFCO Group for the two years ending 31 December 2025, and the anticipated costs of raw materials in line with the inflation and market conditions of the PRC;

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- (iii) Since over than 75% of the transaction amount for the period from 2021 to 2023 were generated from the two-piece cans business, the scale of the purchase and sales of two-piece cans has shown significant growth in recent years. In the future, this business will continue to develop and the cooperation will be further strengthened, and the proportion of the supply will be increased;
- (iv) In addition to the above two-piece can business, the Company will also actively develop and increase the product sales business and share of other COFCO customers to promote further business cooperation in the future; and
- (v) The Group's production capacity of two-piece cans and other products has been further improved with the commencement of the operation of the new plant in Kunming and the third production line in Chengdu in mid-2023. A new plant in Shenyang will also commence operation within this year and will further increase the production capacity of the Group. Hence, the Company expected this arrangement would meet the increasing demand of COFCO Group. The total production capacity of the new Kunming plant, new Shenyang plant and Chengdu Third Line is approximately 3 billion units of two-piece cans and other products. It is expected that the annual sales amount of two-piece cans and other products to COFCO Group by the aforesaid new plants and production line will reach approximately RMB 100 million. Therefore, the management of the Group believes the recent expansion of the Group's production capacity across diverse provinces and cities in the PRC will bring more business opportunities between the Group and COFCO Group, thereby leading to an increase in the transaction amount between the Group and COFCO Group in the future.

To assess the fairness and reasonableness of the COFCO Annual Caps, we have discussed with the management of the Company regarding the basis of determination of the COFCO Annual Caps. The following is the summary of our discussion:

(a) *Historical transaction amounts*

As stated in the Letter from the Board, the historical transaction amounts and the annual caps for the transactions under the Existing COFCO Packing Materials Agreement were as follows:

	Actual transaction amounts (RMB)	Historical annual caps (RMB)
Year ended 31 December 2021	497,215,000	500,000,000
Year ended 31 December 2022	563,951,000	600,000,000
Eight months ended 31 August 2023	395,147,000	N/A
Year ending 31 December 2023	N/A	700,000,000

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Based on the above information, we have calculated the utilisation rate was approximately 99.4%, 94.0% and 84.7% (after the actual transaction amount being annualised) for the year ended 31 December 2021 and 31 December 2022 and eight months ended 31 August 2023 respectively. We note that the historical utilisation rate is high, in particular, the annual cap for the year ended 31 December 2021 was almost fully utilised.

(b) Increasing demand of two-piece cans from COFCO Group

We have discussed with the management of the Company and obtained historical sales information of the transactions under the Existing COFCO Packing Materials Agreement. According to the information provided by the Company, the sales of two-piece cans were approximately RMB373 million, RMB431 million and RMB295 million for the year ended 31 December 2021 and 31 December 2022 and eight months ended 31 August 2023 respectively showing an increasing trend over the period and leading to the increase in the actual transaction amount of the entire continuing connected transaction under the Existing COFCO Packing Materials Agreement.

(c) Expansion of production capacity of the Group

We have discussed with the management of the Company and are informed that, due to the commencement of the operation of the new plant in Kunming and the third line in Chengdu in mid-2023, there was an increase of production capacity of two-piece cans and other products of the Group to meet the increasing demand of COFCO Group as shown in the increasing trend of sales of two-piece cans for the year ended 31 December 2021 and 31 December 2022 and eight months ended 31 August 2023 as discussed above. In addition, a new plant in Shenyang will commence operation within this year, which will further expand the production capacity of the Group. According to the information provided by the Company, the new plants in Kunming and Shenyang and the third production line in Chengdu have a total production capacity of two-piece cans and other products of approximately 3 billion. It is expected that the new plants in Kunming and Shenyang and the third line in Chengdu will provide further sales of two-piece cans and other products to COFCO Group with a total amount of approximately RMB100 million each year. Therefore, the management of the Company believes that the recent expansion of the production capacity of the Group in different cities and provinces in the PRC will bring more business opportunities between the Group and COFCO Group, which will lead to the increase in transaction amount between the Group and COFCO Group in the future.

Having considered the historical transaction amounts, the increasing demand of two-piece cans from COFCO Group and the expansion of production capacity of the Group as discussed above, we consider that the COFCO Annual Caps are fair and reasonable so far as the Independent Shareholders are concerned.

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C. ORG Technology Materials Agreement

(1) Background of ORG Technology Materials Agreement

Pursuant to the ORG Technology Materials Agreement, (i) the Group has conditionally agreed to sell to ORG Technology Group and ORG Technology Group has conditionally agreed to purchase from the Group aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials; and (ii) ORG Technology Group has conditionally agreed to sell to the Group and the Group has conditionally agreed to purchase from ORG Technology Group tinplates, laminated steel, two-piece cans and related can production services of such packaging materials, from 1 January 2024 to 31 December 2025.

(2) Reasons for and benefits of entering into the ORG Technology Materials Agreement

As stated in the Letter from the Board, the Company believes that the entering into of the ORG Technology Materials Agreement with ORG Technology will provide the Group with the opportunity to foster the development of its packaging business in the PRC markets. The Group is actively seeking business expansion in the packaging area. The Board is of the view that the entering into of the ORG Technology Materials Agreement allows the Group to utilize the abundant experience and geographical reach of ORG Technology in the packaging industry and develop its packaging business in the PRC markets. Therefore, the Board is of the view that the terms of the ORG Technology Materials Agreement are in the interests of the Company and the Shareholders as a whole. The entering into of the ORG Technology Materials Agreement also ensures that the stability of supply and demand of goods and services between the Group and ORG Technology, enables the Group to utilize its current capacity and increase its production and revenue.

In addition, each of the Group and ORG Technology Group on its own has limited number of factories in the PRC in different locations. Given the high transportation costs which may be incurred for delivery of products from factories to the customers in case of long distance, by engaging each other for the sale and purchase of products and services, it enables both the Group and ORG Technology Group to utilize the combination of their factory locations, leading to lower costs of delivery, and therefore a higher profit margin. For example, when the Group has received orders of products from a certain area but the Group does not have any factories in the vicinity but ORG Technology Group does, the Group may procure ORG Technology Group to provide and deliver such products to the customers. As such, both parties are able to optimize their businesses and regional structures. As confirmed by the management of the Company, the seller will be responsible for the transportation costs for the delivery of products from factory to the customers. As such, the sale of Finished Goods by ORG Technology Group to the Group to fulfill the product orders in locations where the Group's factories are not located will lower the transportation costs to the Group. Therefore, we agree with the Company's the view that the entering into of the ORG Technology Materials Agreement will be beneficial to the Group and the Shareholders as a whole.

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In assessing whether the entering into of the ORG Technology Materials Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole, we have considered the following:

- (a) According to the website of ORG Technology, ORG Technology is a comprehensive packaging solution provider focusing on brand planning, packaging design and manufacturing, filling service and information assisted marketing. Founded in Wenchang, Hainan in 1994, ORG Technology has long been committed to the R&D design, production and sales of food and beverage metal packaging products. While providing customers with all kinds of food (milk powder, canned food, tonics, condiments, dried fruits, rice, tea, pet food, etc.) and beverages (functional drinks, tea drinks, beer, dairy drinks, plant protein drinks, fruit and vegetable juice, coffee drinks, carbonated drinks, alcoholic drinks, etc.), ORG Technology can also provide comprehensive packaging services such as packaging design, filling and QR code auxiliary marketing. ORG Technology has long been serving FMCG brands including Redbull, War Horse, Eastroc Beverage, Hi Tiger, Amway, Physical Energy, Budweiser, Tsingtao Brewery, Yanjing Beer, China Resources Breweries, Jia duo Bao, Coca Cola, Pepsi Cola, Jianlibao, Yuanqi Senlin, Arctic Ocean, Ice Peak, Feihe, Erie, Lulu, Want Want, etc. As of the end of 2021, ORG Technology had more than 40 manufacturing bases in 16 provinces/municipalities directly under the central government, including three-piece cans, two-piece cans, capping, beverage filling and metal material printing. Its businesses cover different cities and provinces of the PRC, from Beijing to Shandong, Hubei, Sichuan, Zhejiang, Guangdong, Yunnan, Hainan, Jiangsu, Tianjin, Fujian, Guangxi, Heilongjiang, Liaoning, Shaanxi, Guizhou, etc. ORG Technology has nearly 100 internationally leading production lines and supporting inspection and testing equipment, with an annual production capacity of about 9.5 billion cans for three-piece cans and 13.5 billion cans for two-piece cans. ORG Technology has the first metal packaging testing and analysis laboratory certified by CNAS in the industry, which can carry out strict quality control from raw materials to products. Its testing qualification and results have been recognized by 73 countries and regions in the world.
- (b) The Group will benefit from time and cost advantages by utilizing the combination of the Group's and ORG Technology Group's factory locations, since the Group can have its products delivery to the customers' location with shorter delivery time and at a lower transportation cost;
- (c) The Group will also enjoy flexibility on the tinplates, laminated steel, two-piece cans and related can production services of such packaging materials purchase, as the Group is not obliged to purchase tinplates, laminated steel, two-piece cans and related can production services of such packaging materials from ORG Technology Group exclusively. Thus, the Group can choose purchase from other independent suppliers with a better offer;

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- (d) Sales of tinsplate packaging and aluminum packaging, including the sales of printed tinsplates, printed aluminum and caps and related can production services of such packaging materials, are the Group's ordinary course of business, which contributed approximately 93.4% and 93.9% of the total revenue of the Group for the year ended 31 December 2022 and six months ended 30 June 2023 as disclosed in the Annual Report 2022 and Interim Report 2023 respectively;
- (e) The sales of the aluminum, printed tinsplates, caps, other raw and auxiliary materials and related can production services of such packaging materials to ORG Technology at market price will render stable revenue to the Group on normal commercial terms; and
- (f) The Group will have flexibility on the sale of the aluminum, printed tinsplates, caps, other raw and auxiliary materials and related can production services of such packaging materials as the Group is not obliged to sell to ORG Technology Group if the Group has better offer.

Having considered the above reasons, we concur with the Directors' views that the entering into of the ORG Technology Materials Agreement is in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole.

(3) *Principal terms of ORG Technology Materials Agreement*

Principal terms of the ORG Technology Materials Agreement are as follows:

- Date: 7 November 2023 (after trading hours)
- Parties: (1) the Company; and
(2) ORG Technology

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Subject Matter:

Pursuant to the ORG Technology Materials Agreement, (i) the Group has conditionally agreed to sell to ORG Technology Group and ORG Technology Group has conditionally agreed to purchase from the Group aluminum, printed tins, caps, other raw and auxiliary materials and related can production services of such packaging materials (the “**Raw Material**”); and (ii) ORG Technology Group has conditionally agreed to sell to the Group and the Group has conditionally agreed to purchase from ORG Technology Group tins, laminated steel, two-piece cans and related can production services of such packaging materials (the “**Finished Goods**”), from 1 January 2024 to 31 December 2025. In relation to the tin products, the printed tins, caps and other raw and auxiliary materials and related can production services to be sold by the Group to ORG Technology Group are finished tin packaging products, while the tins, laminated steel to be sold by ORG Technology Group to the Group are raw materials of tin packaging products. In relation to the aluminum products, the aluminum to be sold by the Group to ORG Technology Group are raw material of aluminum packaging products, while the two-piece cans and related can production services to be sold by ORG Technology Group to the Group are finished aluminum packaging products. Due to the establishment of overseas JV Factory, the Group will sell aluminum to the JV Factory and purchase finished two-piece cans products from the JV Factory.

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Pricing:

The price for both the sale of aluminum, printed tins, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group and the sale of tins, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group shall be determined and agreed between the parties with reference to the prevailing market prices of identical or similar products or services. If the prices have to be adjusted after the placing of orders due to changes in raw materials, materials and production requirements, it shall be confirmed by both parties after negotiation; otherwise, the parties in breach shall bear the losses.

Payment Term:

The price for both the sale of aluminum, printed tins, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group and the sale of tins, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group shall be settled by the receiving party within 120 days upon delivery of the relevant products, materials or services. The said payment term is fixed by the parties after having considered the usual market payment term the aforesaid products, materials or services, and such payment term is same as the payment terms under comparable transactions between the Company and other independent third parties.

Condition Precedent:

The effectiveness the ORG Technology Materials Agreement are conditional upon the Company having obtained the approval of the Independent Shareholders at the EGM (if necessary) and ORG Technology having obtained the approval of its shareholders (if necessary).

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As disclosed in the Letter from the Board, when determining the pricing formula, the Company will also take into account the following factors: (i) transaction terms such as transaction volume and the time period of the transaction; (ii) the demand and supply and price fluctuations of the market; and (iii) the delivery costs which varies depending on the distance to different regions the customers are located in. The Company will adopt the same pricing formula which applies to all customers including ORG Technology Group and independent third parties as follows:

$$\begin{aligned} & (\text{Cost of raw materials} + \text{direct labour cost} + \text{factory overheads} + \text{delivery costs}) \times \\ & (1 + \text{gross profit margin ranges from approximately } 4\% \text{ to } 10\%) \end{aligned}$$

As advised by the management of the Group, the sales procedures that the Company adopted to supply aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials to all customers, be that to ORG Technology Group or independent third parties, are the same. The Company will sign the standardized contract with the relevant customers. The sales management, finance, legal and other relevant departments will use the same assessment criteria to review and approve the contracts, and ensure that the Company uses the same procedures to issue invoices.

As disclosed in the Letter from the Board, the purchase price of tinplates, laminated steel, two-piece cans and related can production services of such packaging materials shall be determined by the parties after arm's length negotiations with reference to (i) the demand and supply and price fluctuation of the market; and (ii) prices of the same or comparable products obtained from two to three comparable independent third party companies.

As advised by the management of the Group, the purchase procedures that the Company adopted to purchase the Finished Goods from all suppliers, be that from ORG Technology Group or independent third parties, are the same. Each purchase order is subject to assessment by procurement team and review by the department head in charge.

(4) Assessment on the terms of the ORG Technology Materials Agreement

We have reviewed and compared the terms of the ORG Technology Materials Agreement and the Existing ORG Technology Materials Agreement and note that (i) printed aluminum is removed from Raw Material and aluminum is removed from the Finished Goods; and (ii) aluminum and other raw and auxiliary materials are added to Raw Material and two-piece cans is added to Finished Goods. Save for the revision of annual caps and revision of the subject matter as mentioned above, there has been no material change between the terms of the two aforesaid agreements. As discussed with the management of the Company, the revision of the subject matter is mainly due to the supply of Raw Material and purchase of Finished Goods by the Group to and from the JV Factory, which will be further discussed below in this letter.

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For our due diligence purpose, we have reviewed sample copies of historical sales and purchase records between the Group and ORG Technology Group. In reviewing the historical sales and purchase records, we have selected samples based on the materiality of the transaction amount and similar products type for both the (1) sale of the Raw Material to ORG Technology Group and other independent customers by the Group; and (2) purchase of the Finished Goods by the Group from ORG Technology Group and other independent suppliers, for each of the year ended 31 December 2021 and 31 December 2022 and the eight months ended 31 August 2023.

We have selected and obtained 15 sets of sales samples and 15 sets of purchase samples from the management of the Company, each set of sales sample contains sales sample by the Group to ORG Technology Group and sales sample to other customers who are independent third parties of the Group. On the other hand, each set of purchase sample contains purchase sample by the Group from ORG Technology Group and purchase sample from other suppliers who are independent third parties of the Group. We are of the view that the samples copies reviewed are exhaustive, fair and representative, and the selection basis is fair and representative in view of materiality and transaction nature.

We note from these samples that (i) the sales and purchase transactions are made in compliance with the sales and purchase procedures, including the approval procedures, of the Group; (ii) both the prices of the Raw Material offered by the Group to ORG Technology Group and the prices of the Finished Goods offered by ORG Technology Group to the Group, were no less favourable to the Group than those offered to independent third parties of the same period; (iii) the price is determined in accordance with the pricing policy as stated above; and (iv) other major terms offered to/by ORG Technology Group including payment terms (in line with the payment term policy as stated above) are similar with those offered to/by other independent third parties.

Having considered (i) sale of the Raw Material and purchase of the Finished Goods are principal business of the Group; (ii) price and other major terms (including the payment terms) of the ORG Technology Materials Agreement are comparable to and no less favourable than that offered to other independent third parties; and (iii) flexibility for the Group to choose sale of the Raw Material and purchase of the Finished Goods to and from independent third parties if the Group has better offer, we are of the view that the terms of the ORG Technology Materials Agreement and the transactions contemplated thereunder are on normal commercial terms, in the ordinary and usual courses of business of the Company and in accordance with the pricing policy of the Company and fair and reasonable so far as the Independent Shareholders are concerned.

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(5) Assessment on the proposed annual caps for sale of Raw Material by the Group to ORG Technology Group under ORG Technology Materials Agreement

The table below sets forth the proposed annual caps for sale of Raw Material by the Group to ORG Technology Group under ORG Technology Materials Agreement for each of the two years ending 31 December 2024 and 31 December 2025:

	For the year ending 31 December	
	2024 (RMB)	2025 (RMB)
Sale of Raw Material by the Group to ORG Technology Group	200,000,000	600,000,000

As stated in the Letter from the Board, in arriving the annual caps for the sale of Raw Material by the Group to ORG Technology Group, the Directors have considered the following factors:

- (i) The historical transaction values and the expected sale amounts of the Raw Material to ORG Technology Group for the two years ending 31 December 2025, and the anticipated costs of raw materials in line with the inflation and market conditions of the PRC;
- (ii) The Company considered the reasons for the low utilisation rate of the historical annual caps under the Existing ORG Technology Materials Agreement, the annual cap for 2024 has been adjusted downward by approximately 55.6% correspondingly as compared with the annual cap for 2023; and
- (iii) The Group is building the JV Factory for aluminum two-piece cans which ORG Technology owns 30% in such joint venture. The JV Factory is scheduled to commence trial operation in mid-2024 and is expected to put into production in the fourth quarter of 2024. The Group plans to sell aluminum, easy-open lids and other raw and auxiliary materials to the JV Factory, and purchase two-piece can products from the JV Factory after it has commenced trial operation. Based on the discussion between the Group and ORG Technology Group, the JV Factory's construction progress, post-construction production capacity and demand for raw and auxiliary materials, the Group expected that the JV Factory will require raw materials of approximately RMB400 million per year after it is put into full-scale production.

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To assess the fairness and reasonableness of the annual caps for the sale of Raw Material by the Group to ORG Technology Group, we have discussed with the Company regarding the basis of determination of the annual caps for the sale of Raw Material by the Group to ORG Technology Group. The following is the summary of our discussion:

(a) *Historical transaction amounts*

As stated in the Letter from the Board, the historical transaction amounts and the annual caps for the sale of Raw Material by the Group to ORG Technology Group under the Existing ORG Technology Materials Agreement were as follows:

	Actual transaction amounts (RMB)	Historical annual caps (RMB)
Year ended 31 December 2021	111,352,000	250,000,000
Year ended 31 December 2022	21,744,000	350,000,000
Eight months ended 31 August 2023	9,541,000	N/A
Year ending 31 December 2023	N/A	450,000,000

Based on the above information, we have calculated the utilisation rate was approximately 44.5%, 6.2% and 3.2% (after the actual transaction amount being annualised) for the year ended 31 December 2021 and 31 December 2022 and eight months ended 31 August 2023 respectively. We note that the historical utilisation rate is low and, after discussing with the management of the Company, the Company informed that the low utilisation rate and the low historical transaction amounts were mainly due to the increase in internal usage of printed tins of the Group leading to the reduction in sale of printed tins to ORG Technology Group. Therefore, after considering (i) the maximum historical transaction amounts of the Raw Material between the Group and ORG Technology Group, which is approximately RMB111.4 million for the year ended 31 December 2021, which is the highest sales amount as shown in the above table; and (ii) the potential sales of the Raw Material by the Group to ORG Technology Group resulted from the commencement of the JV Factory (to be further discussed below), the annual cap for the year ending 31 December 2024 is reduced to RMB200 million.

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(b) Expected sale amounts of the Raw Material and the commencement of the JV Factory for aluminum two-piece cans

According to the information provided by the Company, the Group is building the JV Factory in the overseas. The JV Factory is owned as to 40%, 30% and 30% of the equity interest in the joint venture by the Group, ORG Technology and independent third party respectively. The JV Factory is expected to commence test operation in mid-2024 and full operation in the fourth quarter of 2024. It is expected the JV Factory will purchase Raw Material in advance from the Group for its test operation and therefore the annual cap for the year ending 31 December 2024 represents the sale of Raw Material by the Group to ORG Technology Group including the sale of Raw Material by the Group to the JV Factory. After the Company discussing with ORG Technology Group with reference to the post-construction production capacity of JV Factory and the historical demand of the comparable overseas factory under another subsidiary of the Group, the JV Factory would demand additional Raw Material amounted to approximately RMB400 million per year upon its full operation. For our due diligence purpose, we have obtained and reviewed the purchase breakdown of the abovementioned comparable overseas factory. As a result, the annual caps for the sale of Raw Material by the Group to ORG Technology Group for the years ending 31 December 2024 and 31 December 2025 is expected to be RMB200 million and RMB600 million respectively.

Having considered (i) the reasons of the low historical transaction amounts of the sale of Raw Material by the Group to ORG Technology Group under the Existing ORG Technology Materials Agreement; (ii) the maximum historical transaction amount of the Raw Material under the Existing ORG Technology Materials Agreement; and (iii) the expected sales amount and demand of Raw Material from the JV Factory, we consider that the annual caps for the sale of Raw Material by the Group to ORG Technology Group for the year ending 31 December 2024 and 31 December 2025 are fair and reasonable so far as the Independent Shareholders are concerned.

(6) Assessment on the proposed annual caps for sale of Finished Goods by ORG Technology Group to the Group under ORG Technology Materials Agreement

The table below sets forth the proposed annual caps for sale of Finished Goods by ORG Technology Group to the Group under ORG Technology Materials Agreement for each of the two years ending 31 December 2024 and 31 December 2025:

	For the year ending 31 December	
	2024	2025
	<i>(RMB)</i>	<i>(RMB)</i>
Sale of Finished Goods by ORG Technology Group to the Group	100,000,000	600,000,000

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As stated in the Letter from the Board, in arriving the annual caps for the sale of Finished Goods by ORG Technology Group to the Group, the Directors have considered the following factors:

- (i) The historical transaction values and the expected sale amounts of tinplates, laminated steel, aluminum, two-piece cans and related can production services of such packaging materials by ORG Technology Group for the two years ending 31 December 2025, and the anticipated costs of raw materials in line with the inflation and market conditions of the PRC; and
- (ii) As mentioned above, the JV Factory is scheduled to commence trial operation in mid-2024 and is expected to put into production in the fourth quarter of 2024. Based on the discussion between the Group and ORG Technology Group, the JV Factory's construction progress, post-construction production capacity and demand for raw and auxiliary materials, the Group expected JV Factory will sell finished aluminum two-piece can products to the Group with an annual transaction amount of up to approximately RMB500 million.

To assess the fairness and reasonableness of the annual caps for the sale of Finished Goods by ORG Technology Group to the Group, we have discussed with the management of the Company regarding the basis of determination of the annual caps for the sale of Finished Goods by ORG Technology Group to the Group. We have assessed the above factors as follows:

(a) *Historical transaction amounts*

As stated in the Letter from the Board, the historical transaction amounts and the annual caps for the sale of Finished Goods by ORG Technology Group to the Group under the Existing ORG Technology Materials Agreement were as follows:

	Actual transaction amounts (RMB)	Historical annual caps (RMB)
Year ended 31 December 2021	81,695,000	200,000,000
Year ended 31 December 2022	33,088,000	270,000,000
Eight months ended 31 August 2023	11,672,000	N/A
Year ending 31 December 2023	N/A	350,000,000

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Based on the above information, we have calculated the utilisation rate was approximately 40.8%, 12.3% and 5.0% (after the actual transaction amount being annualised) for the year ended 31 December 2021 and 31 December 2022 and eight months ended 31 August 2023 respectively. We note that the historical utilisation rate is low and, after discussing with the management of the Company, the Company informed that the low utilisation rate and the low historical transaction amounts were mainly due to the technological advancement of the production of the Group. Part of the tins provided by ORG Technology Group do not match the adjustment of the technology requirement by the Group leading to the reduction of sale of tins by ORG Technology Group to the Group. Therefore, after considering the maximum historical transaction amounts of the Finished Goods between the Group and ORG Technology Group, which is approximately RMB81.7 million for the year ended 31 December 2021, and the potential sales of the Finished Goods by ORG Technology Group to the Group resulted from the commencement of the JV Factory (to be further discussed below), the annual cap for the year ending 31 December 2024 is reduced to RMB100 million.

(b) Expected sale amounts of the Finished Goods and the commencement of the JV Factory for aluminum two-piece cans

According to the information provided by the Company, the Group is building the JV Factory in the overseas. The JV Factory is owned as to 40%, 30% and 30% of the equity interest in the joint venture by the Group, ORG Technology and independent third party respectively. The JV Factory is expected to commence test operation in mid-2024 and full operation in the fourth quarter of 2024. The Company confirmed that the Group will start to purchase aluminum two-piece cans from the JV Factory since its test operation and therefore the annual cap for the year ending 31 December 2024 represents the sale of Finished Goods by ORG Technology Group to the Group including the sale of Finished Goods by JV Factory to the Group. As discussed with the management of the Company, the Company estimated that, based on the historical inter-group transaction amount of aluminum two-piece cans of the comparable overseas factory under another subsidiary of the Group, the JV Factory would provide additional transaction amount of aluminum two-piece cans of up to approximately RMB500 million per year to the Group upon its full operation. For our due diligence purpose, we have obtained and reviewed the sales breakdown of the abovementioned comparable overseas factory. As a result, the annual caps for the sale of Finished Goods by ORG Technology Group to the Group for the year ending 31 December 2024 and 31 December 2025 is expected to be RMB100 million and RMB600 million respectively.

Having considered (i) the reasons of the low historical transaction amounts of the sale of Finished Goods by ORG Technology Group to the Group under the Existing ORG Technology Materials Agreement; (ii) the maximum historical transaction amount of the Finished Goods under the Existing ORG Technology Materials Agreement; and (iii) the expected sales amount of Finished Goods from the JV Factory to the Group, we consider that the annual caps for the sale of Finished Goods by ORG Technology Group to the Group for the year ending 31 December 2024 and 31 December 2025 are fair and reasonable so far as the Independent Shareholders are concerned.

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D. Internal Control Measures

As disclosed in the Letter from the Board, to ensure the Group can carry out the Proposed Continuing Connected Transactions pursuant to the terms of the COFCO Packaging Material Agreement and the ORG Technology Materials Agreement and in compliance with Chapter 14A of the Listing Rules, the Company will implement the following internal control measures:

(1) For COFCO Packaging Material Agreement

1. to ensure the prices of the Products and Related Services to be supplied to COFCO Group can comply with the aforesaid pricing policy, the sales team of the Group will compare prices of such products and services with the prices of supplying the same or similar products and services to independent third parties;
2. the finance department of the Group will check and monitor the transaction amounts to ensure that the maximum transaction amount do not exceed the relevant annual cap under the COFCO Packaging Materials Agreement. If the aggregate transaction amount reaches 90% of the relevant annual cap or is expected to exceed the relevant annual cap in the coming two months, the personnel of the Finance Department of the Group must notify the Board simultaneously and the Board shall determine the appropriate action to be taken;
3. the audit and supervision department of the Group shall assess the Group's continuing connected transactions in accordance with the relevant framework agreement in each financial year. One of the purposes of the assessment is to ensure the continuing connected transactions are conducted fairly and the terms are no less favourable to the Group than those transactions conducted with independent third parties; and
4. the external auditors of the Company and the independent non-executive Directors shall conduct annual review on the pricing policy and the annual caps of continuing connected transactions.

(2) For ORG Technology Materials Agreement

1. to ensure the prices of the aluminum, printed tinplates, caps, other raw and auxiliary materials and related can production services of such packaging materials to be sold by the Group to ORG Technology Group can comply with the aforesaid pricing policy, the sales team of the Group will compare prices of such products with the prices the same or similar products and services sold by the Group to independent third parties;
2. to ensure the prices of the tinplates, laminated steel, two-piece cans and related can production services of such packaging materials to be sold by ORG Technology Group to the Group can comply with the aforesaid pricing policy, the procurement team of the Group will compare prices of such materials with the prices the same or similar materials and services purchased by the Group from independent third parties;

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3. the finance department of the Group will check and monitor the transaction amounts to ensure that the maximum transaction amount do not exceed the relevant annual cap under the ORG Technology Materials Agreement. If the aggregate transaction amount reaches 90% of the relevant annual cap or is expected to exceed the relevant annual cap in the coming two months, the personnel of the finance department of the Group must notify the Board simultaneously and the Board shall determine the appropriate action to be taken;
4. the audit and supervision department of the Group shall assess the Group's continuing connected transactions in accordance with the relevant framework agreement in each financial year. One of the purposes of the assessment is to ensure the continuing connected transactions are conducted fairly and the terms are no less favourable to the Group than those transactions conducted with independent third parties; and
5. the external auditors of the Company and the independent non-executive Directors shall conduct annual review on the pricing policy and the annual caps of continuing connected transactions.

Through the adoption of the above internal control procedures, the Directors believe that it will provide safeguard to supervise and monitor (i) compliance of the terms offered by the relevant connected parties to the Group, and the terms offered by the Group to relevant connected parties will be on market terms and on normal commercial terms and will be fair and reasonable to the Company and in the interest of the Shareholders as a whole; and (ii) the proposed annual caps to be approved by the Independent Shareholders that will be adhered to and the continuing connected transactions will be conducted within the approved proposed annual caps during the relevant year pursuant to the requirements under Listing Rules.

After reviewing the samples of the Proposed Continuing Connected Transactions, we are satisfied that effective and adequate internal control measures are in place to govern the conduct of the transactions contemplated under the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement.

LETTER FROM INCU

RECOMMENDATION

Having taken into account the principal factors and reasons as discussed above, we consider that the terms of the transactions under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are on normal commercial terms, and the proposed annual caps under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. We also consider that each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement is in ordinary and usual course of business of the Company.

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 Proposed Continuing Connected Transactions (including the proposed annual caps) under each of the COFCO Packaging Materials Agreement and the ORG Technology Materials Agreement.

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 <i>(Note 1)</i>
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) ”)	<i>(1)</i>	Registered owner	330,658,800	29.70%
COFCO (Hong Kong) Limited (“ COFCO (HK) ”)	<i>(1) & (2)</i>	Interest of controlled corporations	330,658,800	29.70%
COFCO	<i>(1) & (2)</i>	Interest of controlled corporations	330,658,800	29.70%
ORG Technology	<i>(1) & (3)</i>	Interest of controlled corporations	271,667,200	24.40%
Shanghai Yuanlong Investment Limited (“ Shanghai Yuanlong ”)	<i>(1) & (3)</i>	Interest of controlled corporations	271,667,200	24.40%
Mr. Zhou Yunjie	<i>(1) & (3)</i>	Interest of controlled corporations	271,667,200	24.40%
Zhang Wei	<i>(1) & (4)</i>	Beneficial owner	256,160,000	23.01%

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 33.06% by Shanghai Yuanlong and approximately 0.68% 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 directly holds 12,160,000 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, Dr. Zhao Wei is the chief officer of the Information Management Department of COFCO Group, Mr. Meng Fanjie is the chief officer in the human resources department 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.

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.

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	Manufacture of packaging products	As a vice chairman	November 2010
	Technology(<i>Note</i>)		As a director	October 2010
Mr. Shen Tao	ORG Technology	Manufacture of packaging products	As a general manager	February 2014
	(<i>Note</i>)		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 27 April 2023 which is available at <https://www.orgtech.cn/en/uploadfile/2023/0519/20230519105533767.pdf>.

Although Mr. Zhou Yuan is the vice chairman and a director of ORG Technology, and Mr. Shen Tao is the general manager and a director of ORG Technology, both of them have confirmed that they are mindful of their duty to avoid conflict of interest. In cases where conflict of interest situation arises, Mr. Zhou Yuan and Mr. Shen Tao will refrain from taking part in the decision making process and will abstain from voting on the relevant resolution in board meeting. On this basis and given that ORG Technology has its own management personnel other than Mr. Zhou Yuan and Mr. Shen Tao, the Directors believe that the Company is capable of carrying out its business independently of, and at arm's length from ORG Technology.

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

As at the Latest Practicable Date, none of the Directors had any interest, direct or indirect, in any assets which have been, since 31 December 2022 (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 are not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2022, 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 2022 (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 23 to 48 in this circular and are given for incorporation in this circular.

7. GENERAL

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

8. DOCUMENTS 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 COFCO Packaging Materials Agreement;
- (b) the ORG Technology Materials Agreement;
- (c) the letter from the Independent Board Committee, the text of which is set out in page 22 of this circular;
- (d) the letter from the Independent Financial Adviser, the text of which is set out in pages 23 to 48 of this circular;
- (e) 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
- (f) this circular.

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 10:00 a.m. on Wednesday, 20 December 2023 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 resolutions:

AS ORDINARY RESOLUTIONS

“THAT

1. (i) the supply framework agreement (the “COFCO Packaging Materials Agreement”) entered into between the Company and COFCO on 7 November 2023 in relation to the supply of various types and sizes of metal and plastic packaging materials, products including two-piece beverage cans, milk powder cans and related after-sale services by the Group to COFCO Group, 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 annual caps under the COFCO Packaging Materials Agreement as set out in the Company’s circular dated 30 November 2023 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 COFCO Packaging Materials Agreement and the transactions contemplated thereunder.

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. (i) the conditional framework agreement (the “**ORG Technology Materials Agreement**”) entered into between the Company and ORG Technology on 7 November 2023 in respect of supply of aluminum, printed tins, caps, other raw and auxiliary materials and related can production services of such packaging materials by the Group to ORG Technology Group and supply of tins, laminated steel, two-piece cans and related can production services of such packaging materials by ORG Technology Group to the Group, a copy of which has been produced to the EGM marked “B” and initialled by the chairman of the EGM for identification purposes, and the relevant annual caps under the ORG Technology Materials Agreement as set out in the Company’s circular dated 30 November 2023 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 ORG Technology Materials Agreement and the transactions contemplated thereunder.”

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

Hong Kong, 30 November 2023

Notes:

1. The register of members of the Company will be closed from Friday, 15 December 2023 to Wednesday, 20 December 2023, both days inclusive, during which no transfers of shares will be registered. In order to qualify for attendance and voting at the EGM, all transfer documents should be lodged for registration with the Company’s share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong at 4:30 p.m. on Thursday, 14 December 2023.
2. Pursuant to Rule 13.39(4) of the Listing Rules, 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. The resolutions set out in this Notice of EGM will be voted on by poll.
3. Any member of the Company entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote for him. A proxy need not be a member of the Company.
4. A form of proxy for use at the EGM is enclosed. To be valid, the proxy form, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy of that power of attorney or authority, must be deposited at the Company’s share registrar, Computershare Hong Kong Investor Services Limited, Floor 17M, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM or any adjournment of it.
5. Where there are joint holders of any share, any one of such holders may vote at the EGM, either in person or by proxy, in respect of such shares as if he were solely entitled to vote, but if more than one of such joint holders are present at the EGM in person or by proxy, the person so present whose name stands first in the register of members of the Company in respect of such share shall alone be entitled to vote in respect of it.
6. Completion and return of the form of proxy will not preclude a member from attending the EGM and voting in person at the EGM or any adjourned meeting if he so desires. If a member attends the EGM after having deposited the form of proxy, his form of proxy will be deemed to have been revoked.