

20 December 2024

To the Shareholders,

Dear Sir or Madam,

**(1) VOLUNTARY GENERAL CASH OFFER BY CHINA SECURITIES
(INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED ON
BEHALF OF HUARUI FENGQUAN DEVELOPMENT LIMITED TO ACQUIRE
ALL OF THE ISSUED SHARES IN THE COMPANY (OTHER THAN THOSE
ALREADY OWNED BY OR TO BE ACQUIRED BY HUARUI FENGQUAN
DEVELOPMENT LIMITED AND PARTIES ACTING IN CONCERT WITH IT)
AND
(2) POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF
LISTING**

INTRODUCTION

On 7 June 2024, Huarui notified the Company that it had a firm intention, subject to the satisfaction of the Pre-Conditions, through CSCI on behalf of Huarui, to make a voluntary conditional general cash offer to acquire all of the issued Shares (other than those already owned by or to be acquired by Huarui and parties acting in concert with it) at the Huarui Offer Price.

On 13 December 2024, Huarui and the Company jointly announced that the Pre-Conditions had been satisfied.

This letter forms part of this Huarui Offer Document and sets out information on Huarui, the reasons for making the Huarui Offer and the intentions of Huarui in relation to the Company. The terms of the Huarui Offer are set out in this letter, Appendix I to this Huarui Offer Document and in the accompanying Form of Acceptance.

Your attention is also drawn to the sections headed “Letter from the Board”, “Letter from the Huarui Offer Independent Board Committee” and “Letter from the Huarui Offer Independent Financial Adviser” of this Huarui Offer Document.

THE HUARUI OFFER

The Huarui Offer Price is HK\$7.21 in cash for each Huarui Offer Share.

If any dividend, other distribution or return of capital (whether in cash or in kind), declared, made or paid in respect of the Shares after the date of this Huarui Offer Document, Huarui reserves the right to reduce the Huarui Offer Price by all or any part of the amount or value of such dividend, other distribution or return of capital, in which case any reference in this Huarui Offer Document or any other announcement or document to the Huarui Offer Price will be deemed to be a reference to the Huarui Offer Price as so reduced. As at the Latest Practicable Date, no dividend, other distribution or return of capital in respect of the Shares has been announced, declared or made but not paid and the Company does not have any intention to announce, declare, make or pay any future dividend, other distribution or return of capital until the close of Huarui Offer.

Huarui reserves the right to revise the terms of the Huarui Offer in accordance with the Takeovers Code.

The Huarui Offer will be made in compliance with the Takeovers Code. The Shares to be acquired under the Huarui Offer shall be fully paid and shall be acquired free from all liens, charges, encumbrances, pre-emptive rights and any other third-party rights of any nature and together with all rights attaching to them or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the Huarui Offer Closing Date.

PRE-CONDITIONS

The making of the Huarui Offer was subject to the satisfaction of the Pre-Conditions. On 13 December 2024, Huarui and the Company jointly announced that the Pre-Conditions had been satisfied.

CONDITIONS TO THE HUARUI OFFER

The Huarui Offer is subject to the fulfilment of the following Conditions:

- (a) valid acceptances of the Huarui Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Huarui Offer Closing Date (or such later time and/or date as Huarui may decide, subject to the rules of the Takeovers Code) in respect of such number of Shares which would result in Huarui and Huarui Concert Parties collectively holding more than 50% of the voting rights of the Company;
- (b) the Shares remaining listed and traded on the Stock Exchange up to the Huarui Offer Closing Date (or, if earlier, the Huarui Offer Unconditional Date) save for any temporary suspension(s) or halt(s) of trading in the Shares for not more than ten(10) consecutive Business Days or suspension or halt(s) of trading in the Shares as a result of the Huarui Offer and no indication having been received on or before the Huarui Offer Closing Date (or, if earlier, the Huarui Offer Unconditional Date) from the SFC and/or the Stock Exchange to the effect that the listing of the Shares on the Stock Exchange is or is likely to be withdrawn, other than as a result of either the Huarui Offer or anything done or caused by or on behalf of Huarui or the Huarui Concert Parties;

- (c) no event having occurred or already existing (including any law, order, action, proceeding, suit or investigation instituted or taken by the Relevant Authorities) which would make the Huarui Offer or the acquisition of any of the Shares void, unenforceable, illegal, impracticable or would prohibit implementation of the Huarui Offer or impose any material and adverse conditions or obligations with respect to the Huarui Offer;
- (d) since the date of the 3.5 Announcement, there having been no material adverse change in the business, assets, financial or trading positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Huarui Offer); and
- (e) all necessary consents in connection with the Huarui Offer and/or (in the event that Huarui was to exercise the right to acquire compulsorily those Huarui Offer Shares not already owned or acquired by Huarui under the Huarui Offer) the possible withdrawal of the listing of the Shares from the Stock Exchange which may be required under any existing contractual or other obligations of the Group, joint ventures and controlled corporations of the Company having been obtained and remaining in effect.

As at the Latest Practicable Date and based on information available to Huarui, Huarui is not aware of any applicable consents which are required under Condition (e).

Other than Condition (a), Huarui reserves the right to waive, in whole or in part, all or any of the Conditions set out above. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, Huarui may only invoke any of the Conditions, other than Condition (a) which is an acceptance condition, as a basis for not proceeding with the Huarui Offer if the circumstances which give rise to the right to invoke any of the Conditions are of material significance to Huarui in the context of the Huarui Offer.

If any of the Conditions is not satisfied or waived (as applicable) on or before the Conditions Long Stop Date, the Huarui Offer will lapse, and Shareholders will be notified by a further announcement as soon as practicable thereafter. As at the Latest Practicable Date, none of the Conditions has been satisfied and/or waived.

Pursuant to Rule 15.3 of the Takeovers Code, Huarui must publish an announcement when the Huarui Offer becomes unconditional as to acceptances and when the Huarui Offer becomes unconditional in all respects. The Huarui Offer must also remain open for acceptance for not less than 14 days after it becomes or is declared unconditional (whether as to acceptances or in all respects). Shareholders are reminded that Huarui does not have any obligation to keep the Huarui Offer open for acceptance beyond this 14-day period.

WARNING: COMPLETION OF THE HUARUI OFFER IS SUBJECT TO THE CONDITIONS BEING FULFILLED OR WAIVED (AS APPLICABLE). THE ISSUE OF THIS HUARUI OFFER DOCUMENT DOES NOT IN ANY WAY IMPLY THAT THE HUARUI OFFER WILL BE COMPLETED. THE HUARUI OFFER MAY OR MAY NOT BECOME UNCONDITIONAL AND WILL LAPSE IF IT DOES NOT BECOME UNCONDITIONAL. ACCORDINGLY, SHAREHOLDERS AND POTENTIAL INVESTORS ARE ADVISED TO EXERCISE CAUTION WHEN DEALING IN THE SECURITIES OF THE COMPANY. PERSONS WHO ARE IN DOUBT AS TO THE ACTION THEY SHOULD TAKE SHOULD CONSULT THEIR STOCKBROKER, BANK MANAGER, SOLICITOR OR OTHER PROFESSIONAL ADVISER.

THE IRREVOCABLE UNDERTAKING

On 6 June 2024, Mr. Zhang Wei (who holds 245,080,000 Shares, representing approximately 22.01% of the issued Shares as at the Latest Practicable Date) and Huarui entered into the Irrevocable Undertaking, pursuant to which, among other things, Mr. Zhang Wei has unconditionally and irrevocably agreed and undertaken to accept the Huarui Offer in respect of the Relevant Shares prior to the last acceptance date of the Huarui Offer, and Mr. Zhang Wei has undertaken not to withdraw such acceptance.

The Irrevocable Undertaking will be terminated immediately upon (i) the Huarui Offer having lapsed, been withdrawn or closed, (ii) the Pre-Conditions not having been satisfied on or before the Pre-Conditions Long Stop Date, (iii) if any person (other than Huarui) makes an offer to acquire the Shares at an offer price higher than the Huarui Offer Price, (iv) Huarui fails to complete the acquisition of the Relevant Shares within 6 months from the date of the Irrevocable Undertaking, or (v) the written consent of Huarui and Mr. Zhang Wei, whichever is earlier. The Irrevocable Undertaking has lapsed on 6 December 2024 given Huarui has not completed the acquisition of the Relevant Shares within 6 months from the date of the Irrevocable Undertaking.

POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING OF SHARES

If Huarui acquires not less than 90% of the Huarui Offer Shares (as required by Section 693 of the Companies Ordinance) and not less than 90% of the Disinterested Shares within the Compulsory Acquisition Entitlement Period, Huarui intends to privatise the Company by exercising the compulsory acquisition rights to which it is entitled under Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance to acquire the remaining Shares not acquired by Huarui under the Huarui Offer. On completion of the compulsory acquisition process (if the compulsory acquisition right is exercised), the Company will be held as to 100% by Huarui and Huarui Concert Parties and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange in accordance with Rule 6.15(1) of the Listing Rules.

Whilst it is the intention of Huarui to privatise the Company, Huarui's ability to exercise rights of compulsory acquisition in respect of the Huarui Offer Shares is dependent on the level of acceptance of the Huarui Offer and acquisitions reaching the prescribed level under Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance and on the requirements of Rule 2.11 of the Takeovers Code being satisfied. If the Huarui Offer Shares validly tendered for acceptance under the Huarui Offer and otherwise acquired are less than 90% of the Huarui Offer Shares or less than 90% of the Disinterested Shares within the Compulsory Acquisition Entitlement Period, the Shares will remain listed on the Main Board of the Stock Exchange.

Due to successive on-market acquisitions by one of the Shareholders, Mr. Zhang Wei, the public float of the Company has fallen below the minimum prescribed percentage of 25% as required by Rule 8.08 of the Listing Rules since 19 October 2021. As at the Latest Practicable Date, the public float of the Company is approximately 23.02%.

As described above, Huarui proposes to take private the Company, subject to the satisfaction of the requirements as set out above for the withdrawal of listing. In the event that the withdrawal of listing fails and the public float of the Company remains to fall below 25% following the close of the Huarui Offer, the directors of the Huarui and the new directors to be appointed to the Board will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares following the close of the Huarui Offer.

In the event Huarui exercises its power of compulsory acquisition, further announcements will be published in accordance with the Listing Rules, amongst other things, the expected date that the trading of the Company's shares will be suspended.

If, upon closing of the Huarui Offer, less than 25% of the issued Shares (being the minimum public float applicable to the Company) are held by the public, or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the Shares or (ii) there are insufficient Shares in the public hands to maintain an orderly market, the Stock Exchange will consider exercising its discretion to suspend trading in the Shares until the prescribed level of public float is attained.

HUARUI OFFER PRICE AND COMPARISON OF VALUE

The Huarui Offer Price of HK\$7.21 per Huarui Offer Share under the Huarui Offer represents:

- (a) a premium of approximately 1.4% over the closing price of HK\$7.11 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 38.7% over the closing price of HK\$5.20 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Champion 3.7 Announcement;
- (c) a premium of approximately 12.5% over the closing price of HK\$6.41 per Share as quoted on the Stock Exchange on the last trading day prior to the publication of the Huarui 3.7 Announcement;
- (d) a premium of approximately 4.9% over the closing price of HK\$6.87 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (e) a premium of approximately 6.8% over the average closing price of approximately HK\$6.75 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Date;
- (f) a premium of approximately 5.7% over the average closing price of approximately HK\$6.82 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Date;
- (g) a premium of approximately 5.8% over the average closing price of approximately HK\$6.81 per Share, being the average closing price of the Shares as quoted on the Stock Exchange for the 120 trading days immediately prior to and including the Last Trading Date; and

- (h) a premium of approximately 31.0% over the consolidated net asset value attributable to owners of the Company per Share of approximately RMB4.99 (equivalent to approximately HK\$5.51) as at 31 December 2023, calculated based on (i) the Group's consolidated net assets attributable to owners of the Company of approximately RMB5,555,226,000 as at 31 December 2023 as disclosed in the annual report of the Company published on 18 April 2024; (ii) 1,113,423,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of HK\$1:RMB0.90622, being the median exchange rate on 29 December 2023 as announced by the People's Bank of China.
- (i) a premium of approximately 26.7% over the consolidated net asset value attributable to owners of the Company per Share of approximately RMB5.20 (equivalent to approximately HK\$5.69) as at 30 June 2024, calculated based on (i) the Group's unaudited consolidated net assets attributable to owners of the Company of approximately RMB5,784,667,000 as at 30 June 2024 as disclosed in the interim report of the Company published on 19 August 2024; (ii) 1,113,423,000 Shares in issue as at the Latest Practicable Date; and (iii) the exchange rate of HK\$1:RMB0.91268, being the median exchange rate on 28 June 2024 as announced by the People's Bank of China.

Market prices

The table below sets out the closing price of the Shares on the Stock Exchange on (i) the last trading day of each of the calendar months during the six months preceding 17 August 2023 (being the commencement date of the Huarui Offer Period) and up to the Latest Practicable Date, (ii) the last trading day before publication of the Champion 3.7 Announcement and the 3.5 Announcement, and (iii) the Latest Practicable Date:

Date	Closing price per Share (HK\$)
28 February 2023	4.67
31 March 2023	4.31
28 April 2023	4.48
31 May 2023	4.08
30 June 2023	3.89
31 July 2023	4.37
16 August 2023 (being the last trading day before the publication of the Champion 3.7 Announcement)	5.20
31 August 2023	5.78
29 September 2023	5.83
31 October 2023	6.00
30 November 2023	6.48
11 December 2023 (being the last trading day before publication of the Huarui 3.7 Announcement)	6.41
29 December 2023	6.73
31 January 2024	6.74
29 February 2024	7.00
28 March 2024	6.85

Date	Closing price per Share (HK\$)
30 April 2024	6.70
31 May 2024	6.80
6 June 2024 (being the Last Trading Date)	6.87
28 June 2024	6.93
31 July 2024	6.95
30 August 2024	7.10
30 September 2024	6.96
31 October 2024	6.79
29 November 2024	6.87
17 December 2024 (being the Latest Practicable Date)	7.11

Highest and lowest closing prices of the Shares

During the six-month period immediately prior to 17 August 2023 (being the commencement date of the Huarui Offer Period) up to and including the Latest Practicable Date, the highest closing price of Shares as quoted on the Stock Exchange was HK\$7.18 per Share on 3 September 2024, and the lowest closing price of Shares as quoted on the Stock Exchange was HK\$3.77 per Share on 27 June 2023.

Total consideration under the Huarui Offer

Based on the published information of the Company, as at the Latest Practicable Date, there are 1,113,423,000 Shares in issue. Save as disclosed above, Huarui is not aware of any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company as at the Latest Practicable Date.

On the basis of the Huarui Offer Price of HK\$7.21 per Huarui Offer Share, the entire issued share capital of the Company is valued at HK\$8,027,779,830. Save for 269,341,200 Shares held by ORG Development, 2,326,000 Shares held by Hubei ORG and 403,000 Shares held by CSCI Investment, neither Huarui nor any of the Huarui Concert Parties held any Shares. 841,352,800 Shares in issue will be subject to the Huarui Offer and the aggregate amount payable by Huarui under the Huarui Offer will be approximately HK\$6,066,153,688 on the assumption that the Huarui Offer is accepted in full and there is no change in the number of issued Shares from the Latest Practicable Date up to the close of the Huarui Offer.

Confirmation of financial resources

Huarui intends to finance the consideration payable under the Huarui Offer by external financing from Shanghai Pudong Development Bank Co., Ltd. acting through its Hong Kong Branch. Huarui has entered into the Share Charge to secure repayment of such external financing. Huarui does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) thereunder will depend to any significant extent on the business of the Company.

CSCI, the financial adviser to Huarui, is satisfied that sufficient financial resources are available to Huarui to satisfy its payment obligations on full acceptance of the Huarui Offer in accordance with its terms.

INFORMATION ON HUARUI

Huarui is a company incorporated in Hong Kong with limited liability. It is principally engaged in investment holdings activities.

As at the Latest Practicable Date, Huarui is indirectly wholly owned by Huarui Consulting which in turn is wholly owned by View Harmony Packaging which is owned as to 95.83% by Huarui Parent and 4.17% by Suzhou SLAC.

Huarui Parent is a joint stock company established in the PRC with limited liability, the shares of which are listed on the Shenzhen Stock Exchange (Stock Code: 002701). The single largest shareholder of Huarui Parent is Yuanlong Holdings which holds approximately 32.84% of the issued shares of Huarui Parent. Mr. Zhou is the beneficial owner of 78% equity interests in Yuanlong Holdings. In addition to Yuanlong Holdings, Mr. Zhou is also the beneficial owner of 80% equity interests in several companies which collectively hold approximately 0.70% of the total issued shares of Huarui Parent. Huarui Parent is a comprehensive packaging solution provider with a focus on brand planning, packaging design and manufacturing, filling services, and information-assisted marketing.

REASONS AND BENEFITS OF THE HUARUI OFFER

The Group is principally engaged in the manufacturing and sale of packaging products used for consumer goods such as food, beverages and household chemical products, extensively covering the packaging markets of tea beverages, carbonated beverages, fruit and vegetable beverages, beer, dairy products, household chemical products and other consumer goods. In addition, the Group provides comprehensive packaging solutions including high technological packaging design, printing, logistics and comprehensive customer services.

Huarui Parent is a leading provider on manufacturing and sale of packaging products. Huarui Parent has been a key shareholder of the Company since 2016. If the Huarui Offer shall become unconditional, Huarui will become the controlling shareholder of the Company after the completion of the Huarui Offer. It is the intention of Huarui to explore synergistic effects between the Huarui Group and the Group as further set out in the paragraph headed “Intention of Huarui with regard to the Group” below.

The Huarui Offer Price of HK\$7.21 per Huarui Offer Share represents a premium of approximately 4.9% over the closing price of HK\$6.87 per Share as quoted on the Stock Exchange on the Last Trading Date. The Huarui Offer provides an attractive opportunity for the Shareholders to realise their investment at a compelling premium to the prevailing market price of the Shares.

INTENTIONS OF HUARUI WITH REGARD TO THE GROUP

Upon completion of the Huarui Offer, the Company will become a subsidiary of Huarui Parent which is listed on the Shenzhen Stock Exchange. It is the intention of Huarui to explore synergistic effect between the Huarui Group and the Group through standardization and consolidation of the systems and management between Huarui Parent and the Group. Certain relevant disclosures in the MAR Report are extracted and summarised as follows:

Enhance the competitiveness of Chinese packaging enterprises and create a national brand in metal packaging

According to data from the China Packaging Federation, in 2023, there were 928 enterprises above designated size in China's metal packaging industry, but the level of large-scale production is lagging behind, with few enterprises able to compete with international giants. In terms of operating scale, business scope, market value level, etc., Huarui Parent has already occupied a leading position in the industry, with a relatively small gap compared to international giants.

Through the Huarui Offer, Huarui Parent and the Company can leverage their respective resources and advantages to jointly explore the market, cultivate domestic and overseas operations and production bases, thereby further expanding the global industrial chain, value chain and logistics chain, further enhancing the domestic and international market influence of Huarui Parent, and contributing to the creation of a national brand in metal packaging.

Consolidate main business, expand strategic customers, and promote sustainable development

The Group and Huarui Group are deeply rooted in the metal packaging industry and are companies in the same industry. Through completion of the Huarui Offer, Huarui Parent hopes to consolidate its main business, expand strategic customers and promote sustainable development.

In terms of its main business, the Company is engaged in the production and sales of consumer goods packaging products, mainly producing two-piece cans, single-piece cans and other packaging products, covering beverage, beer, dairy products, and other packaging markets. Through the Huarui Offer, Huarui Parent will further consolidate its main business of two-piece cans and three-piece beverage and milk powder cans, and further enrich its domestic product lines of steel barrels, aerosol cans, and plastic packaging, cultivating new profit growth points. Huarui Parent will also achieve complementary advantages with the Company in multiple dimensions such as technology, marketing, production capacity, and supply chain, serving customers with different needs with differentiated positioning, thereby further expanding strategic customers, reducing dependence on single customers, and promoting sustainable development.

Integration and control arrangements

After the completion of the Huarui Offer, Huarui Parent will obtain control of the Company. Under the premise of complying with the regulatory requirements of the capital markets in both Hong Kong and the PRC, Huarui Parents intends to integrate with the Company in terms of business, assets, finance, personnel, and organization, and formulate the following integration measures:

1. **Business Aspect:** After the completion of the Huarui Offer, the business of the Company will be incorporated into the business system of Huarui Parent for management. Huarui Parent will guide the business plan and business direction of the Company according to the established strategic objectives and development plans, fully leveraging the respective advantages of both parties, sharing customer resources, jointly exploring the market, and achieving balanced, orderly, and healthy development of the whole and each party.
2. **Asset Aspect:** After the completion of the Huarui Offer, the management of the Company's assets will follow the unified management system of Huarui Parent, and approval procedures will be carried out in accordance with Huarui Parent's management standards. Huarui Parent will, leveraging its relatively well-established management experience and considering the actual operational conditions of the Company, will further optimise the allocation of the Company's asset elements, improve asset utilisation efficiency, and enhance the company's core competitiveness.
3. **Financial Aspect:** After the completion of the Huarui Offer, the Company, as an independent legal entity, will maintain a certain degree of financial independence. Huarui Parent will also incorporate the Company into its domestic financial management system, achieving centralised management of financial information and ensuring the overall financial compliance level of the listed company.
4. **Personnel Aspect:** The Company's production and operations are developing steadily, and its main management team remains stable. After the completion of the Huarui Offer, Huarui Parent will, on one hand, maintain the stability of the Company's existing management team and grant them a high degree of autonomy to fully leverage their experience and business capabilities. On the other hand, it will rely on Huarui Parent's standardised management model to enhance employees' sense of cultural identity and awareness of compliant operations, further improving the management level of both Huarui Parent and the Company.
5. **Institutional Aspect:** After the completion of the Huarui Offer, Huarui Parent will participate in the Company's business management to ensure that the Company strictly adheres to the internal control systems of Huarui Parent, thereby further improving its governance structure and compliance capabilities. Additionally, the Company will strictly comply with the internal control and subsidiary management systems of Huarui Parent.

Although it is the intention of Huarui to explore possible synergistic effect, the Shareholders should note the following risk which has been disclosed in the MAR Report which is extracted and summarised as follows:

Risk relating to business integration after completion of the Huarui Offer

After the completion of the Huarui Offer, Huarui Parent will enhance its marketing system, product matrix and customer resources, further consolidating its leading position in the industry and improve the operating capabilities. However, due to the large scale and wide range of assets involved in the material assets restructuring and the intense competition in the metal packaging market, there is still certain uncertainty as to whether the synergies can be smoothly realised after the completion of the Huarui Offer. In order to maximise the synergies of the Huarui Offer, from the perspective of the Huarui Parent's operation and resources allocation, Huarui Parent and the Company still need to carry out further integration in terms of financial management, resource management, business expansion, corporate culture, etc., which has put forward higher requirements on Huarui Parent's operation and management capabilities. If there is a loss of management personnel of the Company in the future and Huarui Parent is unable to establish a management team for the management of the Company, it may not be possible to smoothly integrate the Company into the overall business system, therefore, there is a risk that the integration plan of the Huarui Offer may not be successfully implemented or the effect of the integration may not be achieved as expected. Investors are reminded of the relevant risks.

As at the Latest Practicable Date, Huarui has no intention to discontinue the employment of any employees of the Group other than staff movements in the ordinary and usual course of business. In addition, as at the Latest Practicable Date, Huarui does not have any specific plans to introduce any major changes to the businesses of the Group (including any redeployment of fixed assets of the Group). Huarui will continue to consider how to develop the Group in a manner which best enhances efficiency and shareholder value and, in that regard, will consider reviewing and optimising its assets structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs.

GENERAL MATTERS RELATING TO THE HUARUI OFFER

Effect of accepting the Huarui Offer

By validly accepting the Huarui Offer, each Shareholder will sell to Huarui their tendered Huarui Offer Shares free from all liens, charges, encumbrances, pre-emptive rights and any other third-party rights of any nature and together with all rights attaching to them or subsequently becoming attached to them, including the right to receive all dividends, other distributions and return of capital, if any, announced, declared, made or paid after the record date of which is on or after the date on which the Huarui Offer is made, being the date of the despatch of this Huarui Offer Document.

Hong Kong stamp duty, taxation and independent advice

Seller's ad valorem stamp duty at the rate of 0.1 % of (i) the value of the consideration arising on acceptances of the Huarui Offer payable by Huarui or (ii) if higher, the market value of the Huarui Offer Shares will be payable by the Shareholders who accept the Huarui Offer. The relevant amount of stamp duty payable by the Shareholders who accept the Huarui Offer will be deducted from the consideration payable to them under the Huarui Offer.

Huarui will bear buyer's ad valorem stamp duty in respect of acceptances of the Huarui Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares in respect of which the Huarui Offer is accepted.

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Huarui Offer. It is emphasised that none of Huarui, Huarui Concert Parties, the Company, CSCI and their respective directors, officers or associates or any other person involved in the Huarui Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Huarui Offer.

Overseas Shareholders

The making of the Huarui Offer to Shareholders who are citizens, residents or nationals of jurisdictions outside Hong Kong may be subject to the laws of the relevant jurisdictions. Such Shareholders may be prohibited or affected by the laws of the relevant jurisdictions and it is the responsibility of each such Shareholder who wishes to accept or take any other action in relation to the Huarui Offer to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents, or filing and registration requirements which may be required to comply with all necessary formalities or legal or regulatory requirements and the payment of any issue, transfer or other taxes due from such Shareholder in such relevant jurisdictions.

Any acceptance by any Shareholder will be deemed to constitute a representation and warranty from such Shareholder to Huarui, the Company and their respective advisers (including CSCI) that all applicable laws and requirements have been complied with by such Shareholder and that the Huarui Offer can be accepted by such Shareholder lawfully under the laws of the relevant jurisdiction. Shareholders should consult their professional advisers if in doubt.

Settlement of consideration

Settlement of the consideration under the Huarui Offer will be made as soon as possible, but in any event no later than 7 Business Days after the later of (i) the date of receipt of a complete and valid acceptance in respect of the Huarui Offer or (ii) the Huarui Offer Unconditional Date.

No fractions of a cent will be payable and the amount of cash consideration payable to a Shareholder who validly accepts the Huarui Offer will be rounded up to the nearest cent.

SHAREHOLDING OF THE COMPANY

The table below sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after the completion of the Huarui Offer (assuming that there is no change in the share capital of the Company since the Latest Practicable Date and immediately after completion of the Huarui Offer and the Huarui Offer is fully accepted by the Shareholders):

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Huarui Offer	
	Number of Shares	Approximate percentage of shareholding	Number of Shares	Approximate percentage of shareholding
Huarui and Huarui Concert Parties				
ORG Development (Note 1)	269,341,200	24.19%	269,341,200	24.19%
Hubei ORG (Note 1)	2,326,000	0.21%	2,326,000	0.21%
CSCI Investment (Note 2)	403,000	0.03%	403,000	0.03%
Huarui	-	-	841,352,800	75.56%
Sub-total	272,070,200	24.43%	1,113,423,000	100%
Substantial Shareholders				
China Foods (Note 3)	330,658,800	29.70%	-	-
Zhang Wei	245,080,000	22.01%	-	-
Sub-total	575,738,800	51.71%	-	-
Directors				
Zhang Ye (Note 4)	9,366,000	0.84%	-	-
Qu Hongliang (Note 4)	300,000	0.03%	-	-
Sub-total	9,666,000	0.87%	-	-
Other public Shareholders	255,948,000	22.99%	-	-
Total	1,113,423,000	100.00%	1,113,423,000	100.00%

Notes:

- (1) ORG Development and Hubei ORG hold 269,341,200 Shares and 2,326,000 Shares, respectively. ORG Development is wholly owned by ORG International. ORG International and Hubei ORG are wholly owned by Huarui Parent. Huarui Parent is owned as to approximately 32.84% by Yuanlong Holdings. Mr. Zhou is the beneficial owner of 78% equity interests in Yuanlong Holdings. In addition to Yuanlong Holdings, Mr. Zhou is the beneficial owner of 80% equity interests in several companies which collectively hold approximately 0.70% of the total issued shares of Huarui Parent. Therefore, Mr. Zhou is deemed to be beneficially interested in the Shares held by ORG Development and Hubei ORG.
- (2) CSCI is the financial adviser of Huarui in respect of the Huarui Offer. Accordingly, CSCI and CSCI Investment are presumed to be acting in concert with Huarui in respect of their shareholding in the Company in accordance with class (5) of the definition of “acting in concert” under the Takeovers Code.
- (3) China Foods is a wholly owned subsidiary of COFCO (HK). China Foods and COFCO (HK) are wholly owned subsidiaries of COFCO, which is ultimately and beneficially owned by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC. COFCO (HK) and COFCO are therefore deemed to be interested in the 330,658,800 Shares held by China Foods.
- (4) Each of Mr. Zhang Ye and Mr. Qu Hongliang is an executive Director as at the Latest Practicable Date.
- (5) The percentage figures include in the table above have been subject to rounding adjustments. Any discrepancies in the table on total percentage above are due to rounding adjustments.


ADDITIONAL INFORMATION

Your attention is drawn to the sections headed “Letter from the Board”, “Letter from the Huarui Offer Independent Board Committee” and “Letter from the Huarui Offer Independent Financial Advisor” as set out in this Huarui Offer Document, the accompanying Form of Acceptance and the additional information set out in the appendices to, and which forms part of, this Huarui Offer Document.

Yours faithfully,

For and on behalf of

China Securities (International) Corporate Finance Company Limited



George Yen

Executive Director

Head of Mergers & Acquisitions