

13 August 2024

*To the Independent Shareholders*

Dear Sir or Madam,

**RESPONSE DOCUMENT IN RELATION TO  
CONDITIONAL VOLUNTARY GENERAL CASH OFFER BY SHENWAN  
HONGYUAN CAPITAL (H.K.) LIMITED ON BEHALF OF CHAMPION  
HOLDING (BVI) CO., LTD TO ACQUIRE ALL THE ISSUED SHARES OF  
CPMC HOLDINGS LIMITED (OTHER THAN THOSE ALREADY OWNED OR  
AGREED TO BE ACQUIRED BY THE OFFEROR OR PARTIES  
ACTING IN CONCERT WITH IT)**

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



**SOMERLEY CAPITAL LIMITED**

## INTRODUCTION

Reference is made to (i) the Joint Announcement, (ii) the announcement issued by the Company dated 22 December 2023 in relation to the appointment of the Independent Financial Adviser, (iii) the announcement issued by the Offeror dated 27 December 2023 in relation to the delay in despatch of the Offer Document, (iv) the monthly update announcements issued by the Offeror dated 26 January 2024, 22 March 2024 and 14 June 2024, (v) the update announcements issued by the Offeror dated 19 February 2024, 23 February 2024, 15 April 2024, 26 April 2024, 16 May and 15 July 2024 in relation to the progress and fulfillment of all the pre-conditions of the Offer as set out in the Joint Announcement.

On 30 July 2024, the Offeror despatched the Offer Document and the Form of Acceptance setting out details of the Offer.

The purpose of the Response Document is to provide you with, among other things, (i) information regarding the Group and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer; and (iii) the advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offer.

You are advised to read the Response Document, the recommendation of the Independent Board Committee and the letter from the Independent Financial Adviser in conjunction with the Offer Document carefully before taking any action in respect of the Offer.

**The Offer is subject to the satisfaction or waiver (where applicable) of the Conditions. Accordingly, Independent Shareholders and potential investors of the Company are reminded that the Offer may or may not become or be declared unconditional. Shareholders and potential investors of the Company are advised to exercise extreme caution when dealing in the securities of the Company. Persons who are in doubt about their position should consult their stockbroker, bank manager, solicitor or other professional advisers.**

## THE OFFER

The information relating to the Offer below is extracted from the Offer Document.

The terms of the Offer are set out in the Offer Document and the Form of Acceptance. You are recommended to refer to the Offer Document and the Form of Acceptance for further details. Shenwan Hongyuan is making, for and on behalf of the Offeror and in compliance with the Takeovers Code, the Offer to acquire all the Offer Shares on the following terms:

**For each Offer Share . . . . . HK\$6.87 in cash**

As at the Latest Practicable Date, (i) the Company had 1,113,423,000 Shares in issue, and (ii) there were no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company. According to the information contained in the Offer Document, as at 26 July 2024, save for the Shares held by China Foods which is subject to the Irrevocable Undertaking, none of the Offeror and parties acting in concert with it owns, controls or has direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company.

## Conditions of the Offer

The Offer is conditional upon the fulfilment or waiver (as applicable) of the following Conditions:

- (a) valid acceptances of the Offer having been received at or before 4:00 p.m. on the First Closing Date in respect of the Shares which, together with the Shares acquired or agreed to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of all the Shares then in issue. Upon the Offer becoming unconditional following the fulfilment of such condition, the Offer will remain open for acceptance until the expiry of a period of four months after the posting of the Offer Document for the purpose of allowing the Offeror to acquire further Shares to entitle it to exercise its compulsory acquisition rights as further particularised in the section headed “POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL FROM LISTING” in the Offer Document. If the above condition of valid acceptances of 50% of all the Shares is not fulfilled, the Offer will lapse in accordance with the Takeovers Code;
- (b) no event having occurred which would make the Offer or the acquisition of any of the Offer Shares void, unenforceable or illegal or prohibit the implementation of the Offer or would impose any additional material conditions or obligations with respect to the Offer or any part thereof; and
- (c) no relevant government, governmental, quasi-government, statutory or regulatory body, court or agency in Hong Kong or any other jurisdictions having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms).

Other than Condition (a), the Offeror 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, the Offeror should not invoke Condition (b) or (c) so as to cause the Offer to lapse unless the circumstances which give rise to the right to invoke such Condition are of material significance to the Offeror in the context of the Offer.

In accordance with the Note to Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes or is declared unconditional as to acceptances and when the Offer becomes or is declared unconditional in all respects.

The Offeror reserves the right to revise the terms of the Offer in compliance with the Takeovers Code.

As at the Latest Practicable Date, Condition (a) has not been satisfied, and the Offer was still conditional.

**WARNING: The Offer may or may not become unconditional and will lapse if it does not become unconditional. Accordingly, the Shareholders, and prospective investors of the Company 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 professional advisers.**

#### **FURTHER DETAILS OF THE OFFER**

Further details of the Offer including, among others, terms and procedures of acceptance of the Offer, are set out in the Offer Document and the Form of Acceptance.

#### **INFORMATION OF THE GROUP**

The Company is a limited liability company incorporated in Hong Kong, and is an investment holding company. The Group is principally engaged in the manufacturing and sales of packaging products for consumer goods such as food, beverages and household chemical products in the PRC.

Your attention is drawn to Appendices I and II to the Response Document which contain further financial and general information of the Group.

#### **INFORMATION ON THE OFFEROR**

The information relating to the Offeror below is extracted from the Offer Document (with appropriate adjustments).

The Offeror is a company incorporated in the British Virgin Islands with limited liability. It is principally engaged in investment holding activities. As at 26 July 2024, the Offeror is directly wholly-owned by Changping Industrial. Changping Industrial is held as to 61.54% and 38.46% by Baowu and China Reform Investment, respectively. Baowu is directly owned as to 90% by SASAC and as to 10% by National Council for Social Security Fund of the PRC. China Reform Investment is directly wholly-owned by China Reform Holdings Corporation Ltd., which in turn is wholly-owned by SASAC.

#### **INTENTION OF THE OFFEROR IN RELATION TO THE GROUP**

As stated in the Offer Document, if the Offeror acquires such number of the Shares under the Offer as represents not less than 90% of all the Shares (by virtue of the acceptances of the Offer or otherwise) and not less than 90% of all the Shares held by the Disinterested Shareholders by 4:00 p.m. on the Final Closing Date, the Offeror intends to take private the Company by exercising the compulsory acquisition rights to which it is entitled under Rule 2.11 of the Takeovers Code and Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance to acquire the remaining Shares held by the Disinterested Shareholders, following which the listing of the Company on the Main Board of the Stock Exchange shall be withdrawn pursuant to the Listing Rules.

If the level of acceptance of the Offer reaches the prescribed level under the Companies Ordinance required for compulsory acquisition and the requirements of Rule 2.11 of the Takeovers Code are satisfied, an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15(1) of the Listing Rules. To ensure an organised exit, the Directors agree that dealings in the Shares shall be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange.

**Whilst it is the intention of the Offeror to take private the Company, the Offeror's ability to exercise rights of compulsory acquisition in respect of the Shares is dependent on the level of acceptance of the Offer reaching the prescribed level under Subdivision 2 of Division 4 of Part 13 of the Companies Ordinance, which is 90% of all the Shares, and on the requirements of Rule 2.11 of the Takeovers Code, which is 90% of all the Shares held by the Disinterested Shareholders, being satisfied. If the Shares validly tendered for acceptance under the Offer by 4:00 p.m. on the Final Closing Date are less than 90% of all the Shares or less than 90% of all the Shares held by the Disinterested Shareholders, the Shares will remain listed on the Main Board of the Stock Exchange. Please refer to the section headed "POSSIBLE COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING" in the "Letter from Shenwan Hongyuan" of the Offer Document for details.**

As stated in the Offer Document, save as to proposed change of the Board, the Offeror does not have any intention to introduce any significant changes to the existing business operations and management of the Group, nor does it have any intention to make any significant changes to the continued employment of the Group's employees.

The Board is aware of the intention of the Offeror in respect of the Group and its employees and is willing to co-operate with the Offeror and act in the best interests of the Company and the Shareholders as a whole.

The Board noted that there is no reference to removal or resignation of existing Directors from the Board in the Offer Document. Pursuant to Rule 7 of the Takeovers Code, except with the consent of the Executive, no resignation of Directors shall take effect until after the publication of the closing announcement on the first closing date of an offer, or the publication of the announcement that an offer has become or been declared unconditional, whichever is later. The Directors confirm that they have no intention to resign within such period.

## **PUBLIC FLOAT**

As disclosed in the Joint Announcement, 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. According to the announcement of the Company dated 26 July 2024, the public float of the Company is approximately 23.02%.

As disclosed in the Offer Document, the Offeror proposes to take private the Company, subject to the satisfaction of the requirements as set out above for the withdrawal of listing in accordance with Rule 2.11 of the Takeovers Code and the satisfaction of all other Listing Rules requirements.

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 Offer, Directors will jointly and severally undertake to the Stock Exchange to take appropriate steps to use their best efforts to procure to restore sufficient public float for the Shares as soon as possible following the close of the Offer.

**The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to the Company being 25% of the Shares, 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) that there are insufficient Shares in 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 restored.**

## **HUARUI OFFER**

Reference is made to (i) the Huarui 3.5 Announcement dated 7 June 2024 and the clarification announcement dated 11 June 2024 in relation to the Huarui 3.5 Announcement jointly issued by Huarui and the Company in relation to, among other things, the pre-conditional voluntary general cash offer by China Securities (International) Corporate Finance Company Limited on behalf of Huarui to acquire all of the issued shares in the Company (other than those already owned by or agreed to be acquired by Huarui and parties acting in concert with it); (ii) the announcement jointly issued by Huarui and the Company dated 28 June 2024 in relation to the delay in despatch of the Huarui Offer Document (as defined in the said announcement).

The Huarui Offer is a competing offer subject to pre-conditions and conditions set out in the Huarui 3.5 Announcement. As disclosed in the joint announcement of the Company and Huarui dated 29 July 2024 in relation to the latest progress of the Huarui Pre-Conditions, the approval by the shareholders of ORG Technology of the loans and guarantee proposed for the financing of the Huarui Offer has been obtained on 24 June 2024, and Huarui has already made merger control filing in respect of the Huarui Offer to SAMR and the filing is currently under review by the SAMR. In addition, Huarui has already made relevant applications to NDRC and the local authority of MOFCOM in connection with the Huarui Offer. The relevant applications are currently under review by NDRC and the local authority of MOFCOM. As at the Latest Practicable Date, Huarui has not announced satisfaction of any of the remaining Huarui Offer Pre-Conditions. For further details of the Huarui Offer, please refer to the said announcements.

As stated above, the purpose of the Response Document is to provide you with, among other things, (i) information regarding the Group and the Offer; (ii) the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer; and (iii) the advice of the Independent Financial Adviser to the Independent Board Committee in respect of the Offer. The Response Document is not intended to provide you with any further information in relation to the Huarui Offer.

**THE MAKING OF THE HUARUI OFFER IS A POSSIBILITY ONLY AND IS SUBJECT TO THE FULFILMENT OF THE HUARUI PRE-CONDITIONS WHICH MAY OR MAY NOT BE MADE. COMPLETION OF THE HUARUI OFFER IS SUBJECT TO THE CONDITIONS BEING FULFILLED OR WAIVED (AS APPLICABLE).**

## **CONFLICTS OF INTEREST**

Taking into account that (a) despite China Foods is not acting in concert with the Offeror, (i) Dr. Zhao Wei and Mr. Meng Fanjie (both being non-executive Directors) serve certain positions in COFCO, and (ii) China Foods (a wholly owned subsidiary of COFCO) has given the Irrevocable Undertaking to the Offeror in relation to the Offer; and (b) Mr. Zhou Yuan and Mr. Shen Tao (both being non-executive Directors) are directors of Huarui and Huarui Parent, which are involved in the Huarui Offer (being a competing offer to the Offer), each of Dr. Zhao Wei, Mr. Meng Fanjie, Mr. Zhou Yuan and Mr. Shen Tao, is not considered as independent for the purpose of giving advice or recommendations to the Independent Shareholders and are excluded from the Independent Board Committee. To avoid any conflict of interest, each of Dr. Zhao Wei, Mr. Meng Fanjie, Mr. Zhou Yuan and Mr. Shen Tao will not join the remainder of the Board in the expression of views on the Offer.

As at the Latest Practicable Date, as disclosed in the latest disclosure of interest notices filed by China Foods, COFCO (HK), and COFCO pursuant to Part XV of the SFO, China Foods 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, representing approximately 29.70% of the total issued Shares as at the Latest Practicable Date. COFCO (HK) and China Foods are wholly-owned subsidiaries of COFCO. COFCO is therefore deemed to be interested in the shares held by COFCO (HK) and China Foods.

## **RECOMMENDATION**

Pursuant to Rule 2.1 of the Takeovers Code, 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 established to make recommendation to the Independent Shareholders in respect of the Offer and to advise the Independent Shareholders as to whether or not the Offer are fair and reasonable and as to the acceptance of the Offer. Somerley has been appointed as the Independent Financial Adviser, with the approval of the Independent Board Committee, to advise the Independent Board Committee in respect of the Offer.

Your attention is drawn to (i) the letter from the Independent Board Committee set out on pages 18 to 19 of the Response Document which contains its recommendation to the Independent Shareholders as to whether the Offer is, or is not, fair and reasonable and as to their acceptance of the Offer; and (ii) the letter from the Independent Financial Adviser set out on pages 20 to 46 of the Response Document which contains its advice to the Independent Board Committee in connection with the Offer, as well as the principal factors and reasons considered by it in arriving at its advice. Independent Shareholders should read these letters in conjunction with the Offer Document carefully before taking any action in respect of the Offer.

The Independent Financial Adviser is of the view that the Offer are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommend the Independent Shareholders to accept the Offer.

Having considered the terms of the Offer and the advice from the Independent Financial Adviser, the Independent Board Committee considers that the Offer are fair and reasonable so far as the Independent Shareholders are concerned and accordingly recommends the Independent Shareholders to accept the Offer.

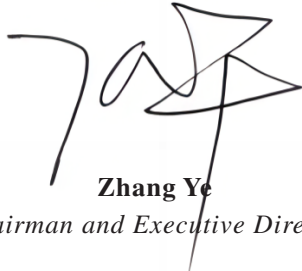
However, following the Joint Announcement, the Shares have traded from time to time above the Offer Price, closing at HK\$6.94 per Share as at the Latest Practicable Date. Independent Shareholders who intend to realise their investments in the Company in whole or in part by accepting the Offer should monitor the Share price, and if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Offer, such Independent Shareholders should consider selling their Shares in the open market instead of realising their investment by accepting the Offer. Independent Shareholders should also monitor the overall trading volume of the Shares, as they may or may not be able to dispose of their Shares in the market without exerting downward pressure on the Share prices.

In addition, in view of the Huarui Offer at the Huarui Offer Price of HK\$7.21 which is higher than the Offer Price, with the Huarui Pre-Conditions having yet been satisfied as at the Latest Practicable Date but may or may not be fulfilled prior to the close of the Offer, Independent Shareholders who intend to realise their investments in the Company in whole or in part by accepting the Offer should also closely monitor the timetable and all announcement(s) to be made by the Company or Huarui in respect of the Huarui Offer and consider the then progress and likelihood of the Huarui Pre-Conditions being fulfilled and/or the Huarui Offer for becoming unconditional, before accepting the Offer. Risk-averse Shareholders in particular may wish to consider selling some or all of their Shares in the market during the Offer Period if the proceeds of selling in the market (net of costs) would be higher than the net proceeds receivable under the Offer, as it is possible that neither offer will become unconditional, in which case, other things being equal, the Share price may fall back towards the levels at which it traded before the Offer was announced.

#### **ADDITIONAL INFORMATION**

Your attention is drawn to the additional information contained in the appendices to the Response Document. You are also recommended to read carefully the Offer Document and the accompanying Form(s) of Acceptance for further details in respect of the procedures for acceptance of the Offer.

By order of the Board  
**CPMC Holdings Limited**



**Zhang Ye**  
*Chairman and Executive Director*