



7 January 2025

*To: The Independent Board Committee of Greatview Aseptic Packaging Company Limited*

Dear Sirs and Madam,

**VOLUNTARY GENERAL CASH OFFER  
BY CHINA INTERNATIONAL CAPITAL CORPORATION  
HONG KONG SECURITIES LIMITED AND  
CCB INTERNATIONAL CAPITAL LIMITED  
ON BEHALF OF  
JINGFENG HOLDING LIMITED  
TO ACQUIRE ALL THE ISSUED SHARES IN  
GREATVIEW ASEPTIC PACKAGING COMPANY LIMITED  
(OTHER THAN THOSE ALREADY HELD OR AGREED  
TO BE ACQUIRED BY JINGFENG HOLDING LIMITED AND  
THE OFFEROR CONCERT PARTIES)**

**INTRODUCTION**

We refer to our appointment by the Company to advise the Independent Board Committee in connection with the Offer. Details of the Offer are set out in the Response Document, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in this Response Document unless the context requires otherwise.

On 9 May 2024, the Offeror announced that CICC and CCBI will, for and on behalf of the Offeror, make a pre-conditional voluntary general cash offer to acquire all the issued Shares (other than those already held or agreed to be acquired by the Offeror and the Offeror Concert Parties). On 20 December 2024, the Offeror announced that all the pre-conditions of the Offer as set out in the Announcement have been satisfied.

The Offer is conditional on, among others, valid acceptances of the Offer having been received at or before 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of the Shares, which, together with the Shares

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acquired or agreed to be acquired prior to or during the Offer Period, will result in the Offeror and the Offeror Concert Parties holding in aggregate more than 50% of all the Shares then in issue. The Offer Document was despatched on 24 December 2024.

Subject to the Offer becoming unconditional and satisfaction of the requirements under the Cayman Companies Act and the Takeovers Code, pursuant to section 88 of the Cayman Companies Act, the Offeror may compulsorily acquire Offer Shares not acquired by the Offeror under the Offer if, within four (4) months after the date of the Offer Document (i.e. by 24 April 2025), it has received valid acceptances in respect of not less than 90% of the Offer Shares. On completion of the compulsory acquisition (if applicable), the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules. It should be noted that if the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition and the requirement of Rule 2.11 of the Takeovers Code are satisfied, dealing in the Shares will be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the Offeror does not effect the compulsory acquisition of the remaining Offer Shares not acquired by the Offeror under the Offer, whether by reason of the level of acceptances of the Offer not reaching the prescribed threshold under the Cayman Companies Act or the Takeovers Code or otherwise, the Offeror will use its commercially reasonable endeavours to ensure, or procure the Company to take such steps as are necessary to ensure, that the Company will have an adequate public float so as to comply with the applicable requirements under the Listing Rules.

#### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LUETH Allen Warren, Mr. GUO Kai, Mr. TANGEN Einar Hans and Ms. KOU Chung Yin Mariana, has been established by the Board in accordance with Rule 2.1 of the Takeovers Code to make a recommendation to the Independent Shareholders in respect of the Offer, as to whether the terms of the Offer are fair and reasonable and as to the acceptance of the Offer. We have been appointed by the Company to advise the Independent Board Committee in the same regard. Our appointment has been approved by the Independent Board Committee.

Pursuant to the announcement of the Company dated 8 July 2024, Mr. CHANG Fuquan, a non-executive Director, has stated his position in the Offer in an open letter that was published by the Company in an announcement dated 27 June 2024 when he was still an executive Director. Ms. WEI Wei, a non-executive Director, is an employee of a subsidiary of China Mengniu Dairy Company Limited (“**China Mengniu**”), which is an important strategic customer of the Company that indirectly holds approximately 5.01% of the issue share capital of the Company as at the Latest Practicable Date. China Mengniu might need to review its business relationship with the Company if any of the conditions to the Offer are satisfied or waived by the Offeror (if applicable) or in the event that the Offer becomes or is declared unconditional. Pursuant to the announcement

of the Company dated 28 November 2024, Mr. CHOI Sum Shing Samson, a non-executive Director, is a consultant of the Offeror. Accordingly the three (3) non-executive Directors will not be part of the Independent Board Committee.

## OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any connection, financial or otherwise with the Group, the Offeror, the Offeror Concert Parties or any of their respective controlling shareholder, or any party acting, or presumed to be acting in concert with, or have control over any of them, which would create or likely to create the perception of a conflict of interest or reasonably likely to affect the objectivity of our advice. During the past two years, except the normal independent financial advisory fees paid or payable to us in connection with this appointment regarding the Offer, no arrangements exist whereby we had received or will receive any fees or benefits from the Group, the Offeror, the Offeror Concert Parties or any of their respective controlling shareholder, or any party acting, or presumed to be acting in concert with, or have control over any of them that could reasonably be regarded as relevant to our independence. We therefore consider ourselves suitable to give independent advice to the Independent Board Committee in respect of the Offer pursuant to Rule 2.6 of the Takeovers Code.

## BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee, we have reviewed, amongst other things:

- (i) the Announcement;
- (ii) the Company's interim reports for six months ended 30 June ("1H") 2024 (the "**2024 Interim Report**");
- (iii) the Company's annual reports for the two years ended 31 December ("FY") 2022 (the "**2022 Annual Report**") and 2023 (the "**2023 Annual Report**");
- (iv) Offer Document; and
- (v) other information as set out in this Response Document.

We have also discussed with and reviewed the information provided to us by the Company, the Directors and the management of the Group (collectively, the "**Management**") regarding the business and outlook of the Group.

We have relied on the truth, accuracy and completeness of the statements, information, opinions and representations contained or referred to in this Response Document and the information and representations made to us by the Management. We have assumed that all information and representations contained or referred to in this Response Document and provided to us by the Management, for which they are solely and wholly responsible, are true, accurate and complete in all respects and not misleading or deceptive at the time when they were provided or

made and will continue to be so up to the Latest Practicable Date. Shareholders will be notified of material changes as soon as possible, if any, to the information and representations provided and made to us and the information contained in this letter after the Latest Practicable Date pursuant to Rule 9.1 of the Takeovers Code.

We have also assumed that all statements of belief, opinion, expectation and intention made by the Management in this Response Document were reasonably made after due enquiries and careful consideration and there are no other facts not contained in this Response Document, the omission of which would make any such statement contained in this Response Document misleading. We have no reason to suspect that any relevant information has been withheld, or to doubt the truth, accuracy and completeness of the information and facts contained in this Response Document, or the reasonableness of the opinions expressed by the Management, which have been provided to us.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. However, we have not carried out any independent verification of the information provided by the Management, nor have we conducted any independent investigation into the business, financial conditions and affairs of the Group or its future prospects.

The Directors jointly and severally accept full responsibility for the accuracy of the information disclosed and confirm, having made all reasonable enquiries that, to the best of their knowledge and belief, there are no other facts not contained in this letter, the omission of which would make any statement herein misleading.

This letter is issued to the Independent Board Committee solely in connection with and for their consideration of the Offer, and except for its inclusion in this Response Document, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purpose without our prior written consent.

We have not considered the tax and regulatory implications on the Independent Shareholders of acceptance or non-acceptance of the Offer since these depend on their individual circumstances. In particular, the Independent Shareholders who are residents overseas or subject to overseas taxes or Hong Kong taxation on securities dealings should consider their own tax positions and, if in any doubt, should consult their own professional advisers.

## PRINCIPAL TERMS OF THE OFFER

As at the Latest Practicable Date, the Offeror was interested in 377,132,584 Shares, representing approximately 26.80% of the issued Shares and in aggregate, the Offeror and the Offeror Concert Parties were interested in 377,132,584 Shares, representing approximately 26.80% of the issued Shares.

### 1. The Offer

The Offer will be made by CICC and CCBI, on behalf of the Offeror, on the following basis:

For each Offer Share . . . . . HK\$2.65 in cash

**The Offer Price will not be increased except that the Offeror reserves the right to increase the Offer Price where a competitive situation arises.**

The Offer will be made in compliance with the Takeovers Code. As disclosed in the Offer Document, the Offer Shares to be acquired under the 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 as at the Closing Date or subsequently becoming attached to them (including the right to receive all dividends, distributions and return of capital, if any, the record date of which falls on or after the Closing Date).

For the avoidance of doubt, if any dividend, distribution or return of capital with a record date falling on or after the Closing Date (other than the 2023 Final Dividend and the 2023 Special Dividend) has been paid to the Shareholders in respect of any Offer Shares validly tendered for acceptance under the Offer, the Offeror shall be entitled to deduct the gross amount or value of such dividend, distribution or return of capital from the Offer Price payable to such Shareholders in respect of the Offer Shares validly tendered for acceptance so as to reflect the Offeror's entitlement to such dividend, distribution or return of capital.

Save for the 2023 Final Dividend and the 2023 Special Dividend, there has been no dividend or distribution declared by the Company for the year ended 31 December 2023, for the nine months ended 30 September 2024 and up to the Latest Practicable Date.

### 2. Conditions to the Offer

As disclosed in the Offer Document, the Offer will be subject to the satisfaction or (if capable of being waived) waiver of the following Conditions:

- (i) valid acceptances of the Offer having been received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as the Offeror may, subject to the Takeovers Code, decide) in respect of such number of Shares which, together with any Shares acquired or agreed to be acquired prior to or during

the Offer Period (whether pursuant to the Offer or otherwise), will result in the Offeror and the Offeror Concert Parties holding in aggregate more than 50% of the voting rights in the Company;

- (ii) the Shares remaining listed and traded on the Stock Exchange up to the Closing Date (or, if earlier, the Unconditional Date) save for any temporary suspension(s) or halt(s) of trading in the Shares and no indication being received on or before the Closing Date (or, if earlier, the 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 Offer or anything done or caused by or on behalf of Offeror or the Offeror Concert Parties;
- (iii) all necessary consents in connection with the Offer and (in the event that the Offeror were to exercise the Compulsory Acquisition Right) the withdrawal of the listing of the Shares from the Stock Exchange having been obtained and remaining in full force and effect;
- (iv) no event having occurred which would make the Offer and/or (in the event that the Offeror were to exercise the Compulsory Acquisition Right) the withdrawal of listing of the Shares void, unenforceable, illegal or impracticable or would prohibit implementation of the Offer or would impose any additional material conditions or obligations with respect to the Offer or any part thereof;
- (v) no Relevant Authority(ies) in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry, or enacted or made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order that would make the Offer and/or (in the event that the Offeror were to exercise the Compulsory Acquisition Right) the withdrawal of listing of the Shares void, unenforceable, illegal or impracticable or would prohibit the implementation of, or that would impose any material conditions or obligations with respect to, the Offer (other than such orders or decisions as would not have a material adverse effect on the legal ability of the Offeror to proceed with or consummate the Offer); and
- (vi) since 31 December 2023, there having been no material adverse change in the business, assets, financial or trading positions or prospects or conditions (whether operational, legal or otherwise) of the Group to an extent which is material in the context of the Group taken as a whole.

Condition (i) above cannot be waived. The Offeror reserves the right to waive, in whole or in part, all or any of the Conditions (other than Condition (i)) above. If any of the Conditions is not satisfied or (if capable of being waived) waived on or before the Conditions Long Stop Date, the Offer will lapse. As at the Latest Practicable Date, Condition (i) has not been satisfied, and the Offer was still conditional.

Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions so as not to proceed with the Offer if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer.

In accordance with Rule 15.3 of the Takeovers Code, the Offeror must publish an announcement when the Offer becomes unconditional as to acceptances and when the Offer becomes unconditional in all respects. The Offer must also remain open for acceptance for at least fourteen (14) days after the Offer becomes unconditional in all respects.

Further details of the Offer including, among others, the expected timetable, the condition, terms and procedures of acceptance of the Offer, are set out in the Offer Document, the Form of Acceptance and further announcements made/to be made by the Offeror (if applicable).

**Shareholders and potential investors in the Company should note that the Offer will be subject to the satisfaction or (if capable of being waived) waiver of the conditions on or before the Conditions Long Stop Date, being 6 May 2025 or such later date as the Offeror may (where applicable, subject to the Executive's consent) determine. Accordingly, the Offer may or may not become unconditional. Shareholders and potential investors are advised to exercise caution when dealing in the Shares and, if they are in any doubt about their positions, they should consult their professional advisers.**

### **3. Value of the Offer and confirmation of financial resources**

As at the Latest Practicable Date, the Company has 1,407,129,000 Shares in issue, of which 377,132,584 Shares (representing approximately 26.80% of the issued share capital of the Company as at the Latest Practicable Date) are held by the Offeror. The Company has no outstanding options, warrants, derivatives or securities that carry a right to subscribe for or which are convertible into Shares as at the Latest Practicable Date.

On the basis of the Offer Price of HK\$2.65 per Share and 1,407,129,000 Shares in issue as at the Latest Practicable Date, the entire issued share capital of the Company is valued at approximately HK\$3,728.89 million.

On the basis of the Offer Price of HK\$2.65 per Share and 1,029,996,416 Offer Shares and assuming no new Shares are issued after the Latest Practicable Date, the maximum consideration payable to the Independent Shareholders under the Offer is approximately HK\$2,729.49 million.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation with regards to the Offer, we have taken into account the following principal factors and reasons:

## **1. Information on the Group**

The Company is a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on the Stock Exchange. The Group is principally engaged in the provision of integrated packaging solutions encompassing both blank-fed and roll-fed systems, which include aseptic packaging materials, filling machines, spare parts, technical services, digital marketing and product traceability solutions to the liquid food industry. It is one of the three leading global suppliers of paper-based aseptic packaging materials in the liquid food industry by sales volume, with annual sales of over 24 billion cartons and its products are sold in both PRC domestic market and international market. The Group's manufacturing facilities are located in Shandong, Qingdao and Inner Mongolia in the PRC and Europe, with plants located in Germany and Italy, boosting an annual production capability of 34 billion pack (of 250 millilitre pack size equivalent) with over 1,800 employees globally.

As an early pioneer of digital solutions in aseptic beverage packaging, the Group continuously provides powerful information technology support for customers through digital services in helping them to expand their markets and strengthen channel controls. The Group also steps up on their efforts in research and development on new products with an aim to widen its customer base and improve customer relationship management, thereby enhancing the Group's brand image in markets globally. Furthermore, its relentless endeavours towards green transformation and sustainable development of the industry culminates to the Company being awarded the 5A certification for best performance evaluation by the China Quality Certification Centre in May 2024, which underscores the Company's long-term excellent practice in the field of packaging recycling and reuse. During the period from June 2022 to April 2024, factories of the Group in Shangdong, Inner Mongolia and Germany earned a series of distinguished international accolades in international process certifications, including but not limited to ISO 9001:2015 in quality management, ISO 50001:2011 in energy management and ISO14001:2015 in environmental management.

## **2. Financial information of the Group**

Set forth below is a summary of the: (i) audited consolidated financial information of the Group for FY2021, FY2022 and FY2023 as extracted from the 2022 Annual Report and the 2023 Annual Report; and (ii) unaudited consolidated financial information of the Group for 1H2023 and 1H2024 as extracted from the 2024 Interim Report. Further details of the financial information of the Group are set out in Appendix I to this Response Document.



**Table 1: Summary of the consolidated financial performance of the Group**

	1H2024	1H2023	FY2023	FY2022	FY2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Revenue</b>	<b>1,627,319</b>	<b>1,889,542</b>	<b>3,816,679</b>	<b>3,937,011</b>	<b>3,464,333</b>
– PRC	797,266	1,035,002	2,166,935	2,519,991	2,402,848
– International	830,053	854,540	1,649,744	1,417,020	1,061,485
Cost of sales	<u>(1,297,261)</u>	<u>(1,592,523)</u>	<u>(3,135,568)</u>	<u>(3,349,048)</u>	<u>(2,766,669)</u>
<b>Gross profit</b>	<b>330,058</b>	<b>297,019</b>	<b>681,111</b>	<b>587,963</b>	<b>697,664</b>
Other income	26,140	24,836	54,982	67,354	60,983
Other gains – net	4,870	13,972	12,401	(546)	14,742
Impairment losses on					
financial assets	(2,364)	(1,917)	(7,985)	(3,086)	(5,854)
Distribution expenses	(109,340)	(113,935)	(226,380)	(254,426)	(230,931)
Administrative expenses	<u>(103,598)</u>	<u>(94,685)</u>	<u>(194,488)</u>	<u>(169,776)</u>	<u>(174,286)</u>
<b>Operating profit</b>	<b>145,766</b>	<b>125,290</b>	<b>319,641</b>	<b>227,483</b>	<b>362,318</b>
Finance income/(costs) – net	<u>4,943</u>	<u>4,349</u>	<u>4,500</u>	<u>5,309</u>	<u>(2,426)</u>
<b>Profit before income tax</b>	<b>150,709</b>	<b>129,639</b>	<b>324,141</b>	<b>232,792</b>	<b>359,892</b>
Income tax expense	<u>(33,212)</u>	<u>(29,810)</u>	<u>(79,927)</u>	<u>(50,395)</u>	<u>(74,820)</u>
<b>Profit for the period/year</b>	<b>117,497</b>	<b>99,829</b>	<b>244,214</b>	<b>182,397</b>	<b>285,072</b>
<b>Profit attributable to:</b>					
Equity holders of the					
Company	114,824	99,829	244,214	182,397	285,072
Non-controlling interests	<u>2,673</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
	<b><u>117,497</u></b>	<b><u>99,829</u></b>	<b><u>244,214</u></b>	<b><u>182,397</u></b>	<b><u>285,072</u></b>

Sources: 2024 Interim Report, 2023 Annual Report and 2022 Annual Report

### ***FY2022 vs FY2023***

The Group primarily derives its revenue from the PRC and international sales of aseptic packaging and related services to dairy and non-carbonated soft drink producers. Revenue of the Group decreased by approximately 3.06% from approximately RMB3,937.01 million for FY2022 to approximately RMB3,816.68 million for FY2023. The decrease was primarily due to the drop in overall sales volume of approximately 11.6%. In the PRC business segment, the Group saw an approximate 14.01% decline in revenue, that was mainly attributable to intensified competition from local competitors, including but not

limited to Shandong NewJF. On the other hand, with a 0.2% rise in sales volume, the Group experienced a revenue increase of approximately 16.42% in the international business segment to approximately RMB1,649.74 million for FY2023. The revenue contribution from PRC sales and international sales stood at 56.78% and 43.22% respectively.

Although the Group saw the decline in cost of sales by approximately 6.37% that was in line with the revenue reduction caused by the decrease in sales volume, the Group's gross profit margin nonetheless increased from approximately 14.93% for FY2022 to 17.85% for FY2023. The increase in gross profit was mainly attributable to some sales price increase originated from the change in product mix and reduction in freight costs as general business environment returned to normality after the coronavirus pandemic.

The Group's net profit increased by approximately RMB61.81 million, or approximately 33.89%, to approximately RMB244.21 million for FY2023. Such increase was primarily due to the 15.84% increase in gross profit and fluctuation of foreign exchange gains or losses. The exchange gains and losses were primarily related to trade not conducted in RMB, as both the Group's procurement and sales involved multiple currencies, mainly US dollars (US\$) and Euro (EUR), apart from RMB. When US\$ and EUR are exchanged into RMB, the corresponding exchange gains and losses are incurred. Hence there was an exchange gain of RMB5.83 million in FY2023 against an exchange loss of RMB3.50 million in FY2022.

#### ***FY2021 vs FY2022***

Revenue of the Group increased by approximately 13.64% from approximately RMB3,464.33 million for FY2021 to approximately RMB3,937.01 million for FY2022. Such increase was primarily due to the increase in sales volume in both PRC and international markets. Nonetheless, the growth in the international market outpaced that of the PRC market, where international sales achieved an encouraging improvement of 33.49% as compared to a 4.88% increase in the PRC market. The revenue contribution from PRC sales and international sales stood at 64.01% and 35.99% respectively.

Despite of the revenue increase of approximately 13.64%, the rise in cost of sales was higher at approximately 21.05%. As discussed with the Management, the surge in costs was mainly due to the increase in raw material prices, in particular with polythene (PE) film and aluminium foil, which saw the most significant price increases. The cost increase was largely caused by the coronavirus pandemic, affecting both the PRC and international markets, where human and goods movement were severely curtailed and some factories of the suppliers have to temporarily cease production or reduce production due to different drastic measures undertaken by various governments globally in their efforts to combat the pandemic. As the Group's supplies of raw material consisted of global suppliers (including PRC), hence both PRC and international markets were impacted by the rise in raw material prices. As a result, the Group's gross profit margin decreased from approximately 20.14% for FY2021 to approximately 14.93% for FY2022, with the corresponding decline in gross profit at approximately RMB587.96 million for FY2022.

Similarly with explanation in fluctuation of foreign exchange gains or losses for FY2023, the Group's net profit decreased by approximately RMB102.67 million, or approximately 36.02%, to approximately RMB182.40 million for FY2022 as there was an exchange loss of RMB3.50 million in FY2022 as compared to an exchange gain of approximately RMB10.96 million in FY2021, coupled with the decrease in gross profit as mentioned above.

#### *1H2023 vs 1H2024*

Revenue of the Group decreased by approximately 13.88% from approximately RMB1,889.54 million for 1H2023 to approximately RMB1,627.32 million for 1H2024. Such decrease was primarily due to the decrease of sales volume. With respect to the PRC sales segment, the Group's revenue decreased by approximately RMB237.73 million, or approximately 22.97%, to approximately RMB797.27 million for 1H2024. According to the 2024 Interim Report, such decrease was mainly two-fold: (i) since the second half of 2023, China's dairy product consumption market has been under pressure as a whole, resulting in a slowdown in industry growth; and (ii) there was a decrease in sales volume resulting from intensified competition from a number of local competitors, including but not limited to Shandong NewJF, the parent company of the Offeror. With respect to the international sales segment, the Group's revenue also decreased, albeit at a smaller percentage of approximately 2.87%, to approximately RMB830.05 million for 1H2024. The revenue contribution from PRC sales and international sales stood at 48.99% and 51.01% respectively.

For the period, the Group focused its effort on cost control measures in order to stay price-competitive. Its diligent act was rewarded with an increase in gross profit by approximately 11.12% for 1H2024, where its gross profit margin improved from approximately 15.72% for 1H2023 to 20.28% for 1H2024.

Although the exchange gain saw a drop of approximately 80.41% to RMB1.81 million for 1H2024, it was mitigated by an increase in other income and a reduction in distribution expenses. Together with the increase in gross profit mentioned above, the Group's net profit increased by approximately 17.70% to approximately RMB117.50 million for 1H2024.

**Table 2: Summary of the consolidated financial positions of the Group**

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,181,650	1,185,136
Right-of-use assets	59,259	65,461
Intangible assets	59,997	59,292
Deferred income tax assets	34,894	38,929
Trade receivables	41,742	44,091
Prepayments	2,271	2,455
<b>Total non-current assets</b>	<b>1,379,813</b>	<b>1,395,364</b>
<b>Current assets</b>		
Inventories	771,736	859,912
Trade and notes receivables	716,927	660,983
Prepayments	12,846	14,955
Other receivables	34,295	32,739
Cash and cash equivalents	780,290	866,658
Financial assets at fair value through profit and loss	159,278	-
Restricted cash	115,386	197,757
<b>Total current assets</b>	<b>2,590,758</b>	<b>2,633,004</b>
<b>Total assets</b>	<b>3,970,571</b>	<b>4,028,368</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Deferred government grants	44,729	49,642
Lease liabilities	13,468	15,179
Deferred income tax liabilities	8,820	19,796
<b>Total non-current liabilities</b>	<b>67,017</b>	<b>84,617</b>
<b>Current liabilities</b>		
Deferred government grants	7,346	7,211
Contract liabilities	39,105	51,468
Trade payables, other payables and accruals	641,696	794,946
Income tax liabilities	29,251	36,108
Borrowings	34,478	140,823
Lease liabilities	7,729	11,700
<b>Total current liabilities</b>	<b>759,605</b>	<b>1,042,256</b>
<b>Total liabilities</b>	<b>826,622</b>	<b>1,126,873</b>

	<b>As at 30 June 2024</b>	<b>As at 31 December 2023</b>
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
<b>EQUITY</b>		
<b>Equity attributable to equity holders</b>		
Share capital, share premium and capital reserve	655,181	551,458
Statutory reserve	325,966	325,966
Exchange reserve	(60,068)	(42,820)
Retained earnings	2,181,715	2,066,891
<b>Sub-total</b>	<b>3,102,794</b>	<b>2,901,495</b>
Non-controlling interests	41,155	–
<b>Total equity</b>	<b>3,143,949</b>	<b>2,901,495</b>

*Sources: 2024 Interim Report*

As at 30 June 2024, the total assets of the Group were approximately RMB3,970.57 million, representing a decrease of approximately RMB57.80 million or approximately 1.43% as compared to that as at 31 December 2023. The decrease in the total assets was primarily attributable to, amongst others, a drop in (i) inventories of approximately RMB88.18 million; (ii) cash and cash equivalents of approximately RMB86.37 million; and (iii) restricted cash of approximately RMB82.37 million.

The total assets of the Group as at 30 June 2024 principally included, amongst others: (i) property, plant and equipment amounted to approximately RMB1,181.65 million; (ii) cash and cash equivalents amounted to approximately RMB780.29 million; (iii) inventories amounted to approximately RMB771.74 million; (iv) trade and notes receivables amounted to approximately RMB716.93 million, which accounted for approximately 29.76%, 19.65%, 19.44% and 18.06% of the total assets of the Group as at 30 June 2024 respectively. It is noted that property, plant and equipment, cash and cash equivalents and inventories which accounted for a significant portion of the total assets of the Group decreased approximately 0.29%, 9.97% and 10.25% respectively during 1H2024. The decrease in inventories was mainly attributable to, amongst others, decrease in raw materials and finished goods.

As at 30 June 2024, the total liabilities of the Group were approximately RMB826.62 million, representing a decrease of approximately RMB300.25 million or approximately 26.64% as compared to that as at 31 December 2023. Such decrease was mainly attributable to, among others, the decline in (i) trade payables, other payables and accruals of approximately RMB153.25 million; and (ii) borrowings of approximately RMB106.35 million. Due to the high borrowing costs in HK\$ and EUR loans, the Group repaid total loans denominated in HK\$ and EUR amounting to approximately RMB132.04 million during 1H2024.

As at 30 June 2024, the total equity increased by approximately RMB242.45 million or approximately 8.36%, from approximately RMB2,901.50 million as at 31 December 2023 to approximately RMB3,143.95 million as at 30 June 2024.

### *Comments*

The Group has built an impressive reputation for consistent profitability since its debut on the Stock Exchange in December 2010. This achievement is especially noteworthy, given the unique challenges presented by the coronavirus pandemic from year 2020 to 2022, the Company was able to maintain a profit position during FY2021 to FY2023 and improve its net profit during FY2023.

In comparing FY2021 to FY2022, the Group achieved a notable revenue increase of approximately 13.64% driven by higher sales volume in both the PRC and international markets. The PRC segment saw a revenue rise of about 4.88%, while the international segment experienced remarkable growth of approximately 33.49%. However, this revenue growth was accompanied by a significant increase in the cost of sales, which rose by approximately 21.05%, largely due to increased sales volume and rising raw material prices. As a result, during FY2022, the Group faced challenges in profitability, with gross profit decreasing by approximately 15.72% and net profit falling approximately 36.02%. Despite these challenges, the Management's ability to drive revenue growth in a competitive environment is commendable, highlighting their strategic focus on international market expansion.

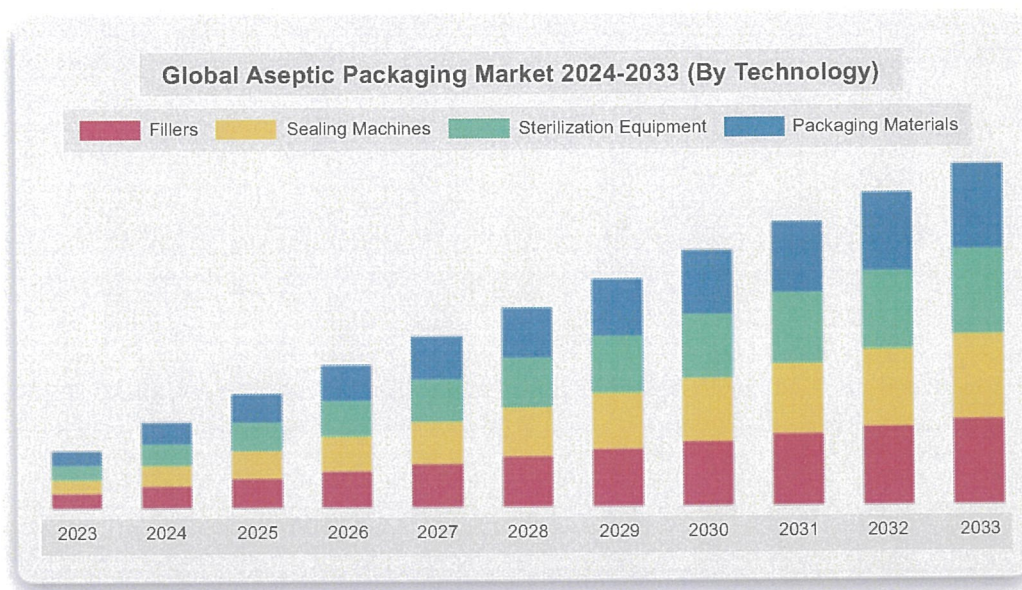
In FY2023, the Group experienced a slight revenue decline of approximately 3.06% from FY2022, primarily due to a 11.6% decrease in sales volume. The PRC market faced significant challenges, with an approximate 14.01% revenue decline, while the international segment showed resilience, achieving a 16.42% revenue growth. Notably, Management's effective cost control resulted in a 6.37% reduction in cost of sales, leading to a gross profit increase of approximately RMB93.15 million and an improved gross margin. The significant increase in net profit, driven by an enhanced customer base, showcased the Management's capability to navigate adversity and adapt to market challenges.

In summary, the Group's financial performance exhibited remarkable stability during turbulent times, successfully sustaining profitability despite declining revenue and rising costs of sales. Furthermore, the Management recognised the challenges presented in the PRC market where competitive pricing is the key, therefore they have the foresight to gradually pivot their focus and concentrated all efforts in expanding its international sales segment. This was met with satisfying reward where the PRC sales and international sales now stood at 48.99% and 51.01%, respectively for 1H2024, as compared to 69.36% and 30.64% respectively in FY2021. This resilience and profound insight reflects the Management's deep expertise in the industry and their commitment to the Group's long-term success. Their proactive approach in adapting to market trends and competitive pressures has allowed the Group to navigate challenges effectively and seize available opportunities. Moreover, the Management's adeptness at cost control has been crucial in maintaining financial health. By implementing strategies to reduce costs and enhance operational efficiency, they mitigated

the adverse effects of declining sales. Overall, this performance highlights the Management’s strong leadership and positions the Group favourably for sustainable growth in the future.

### 3. Future prospects of the Group

The global aseptic packaging industry, including that of the PRC, for which the Group operates in, has experienced steady growth over the past. According to Custom Market Insights (“CMI”), being an independent global market research and advisory company delivering business insights and market research reports, the global aseptic packaging industry is currently valued at approximately US\$71.4 billion in 2024 and is anticipated to grow to approximately US\$179.2 billion by 2033, at a compound annual growth rate (“CAGR”) of approximately 10.8% during the forecast period of 2024 to 2033. CMI indicated that the growth factors for the industry largely comes down to two key factors: (i) the rising demand for pharmaceutical packaging, which requires stringent aseptic packaging solutions as a critical solution to uphold the efficacy and safety of drugs; and (ii) the rapid urbanisation and evolving lifestyles of consumers that accelerates and heightens the demand for convenient, portable, safe-to-consume and shelf-stable packaged food and beverage (“F&B”) where aseptic packaging emerges as a solution to meet these evolving consumer needs.



Source: Global Aseptic Packaging Market 2024-2033 published by CMI

Europe (where the Group has geographical coverage) and North America dominated the market with widespread adoption of aseptic packaging across industries such as F&B, pharmaceuticals and healthcare, driven by stringent regulations, advanced infrastructure and high consumer awareness regarding food safety and quality. On the other hand, Asia-Pacific

(where the Group predominantly covers the PRC) emerges as a significant growth region, fuelled by rapid urbanization, rising disposable incomes, and increasing demand for convenience F&B products in countries like the PRC, India, and Japan.

While examining aseptic packaging market key opportunity, CMI highlighted that the growing dairy industry presents a significant opportunity for aseptic packaging growth. Specifically, the growth in the dairy industry offers a growth opportunity to expand the application of aseptic packaging. Aseptic packaging offers a unique opportunity to revolutionise the dairy sector by extending the shelf life of products while preserving their freshness.

Given the large historical contribution of Chinese dairy products to the Group's revenue, we have also reviewed the prospects of the Chinese dairy industry. According to an article from China Briefing titled "China's Dairy Industry – Market Trends and Opportunities" dated 27 February 2024, the PRC is home to the world's second-largest market for dairy products after the United States. Founded in 1999, China Briefing is a monthly magazine and daily news service about doing business in China that covers topics relating to the Chinese economy and trade, human resources and payroll, and Chinese law and tax. While milk and dairy have not traditionally formed a part of the staple diet in most of the PRC, the significant increase in incomes and living standards ridden at the back a major urbanisation effort over the last four decades has largely introduced milk and dairy to the Chinese diet. Today, milk and dairy are regarded as an important element of a healthy diet, particularly for Chinese children and elders. As the dairy market has grown, various trends have emerged that are shaping the industry landscape. Whereas milk was previously mainly consumed in powdered form, pasteurised fresh milk and ultra-high temperature milk have now become the most popular product segment and aseptic packaging is a major contributor to aid in the manufacturing process.

The PRC's dairy industry is estimated to have exceeded RMB500 billion (equivalent to approximately US\$69.9 billion) in 2023, according to the projections analysis issued on 28 January 2023 by the China Business Industry Research Institute (中商產業研究院), a PRC research institute established more than 20 years and headquartered in Shenzhen, the PRC, acting as the government think tank institution in providing industry consulting solutions for local governments and state-owned enterprises and institutions. According to a report issued on 8 September 2022 by the Huajing Industrial Research Institute (華經產業研究院), a PRC institute established in 2009 and a leading provider of market research reports and market intelligence in China, focusing on industrial economic intelligence and research in China, retail sales of milk and dairy grew by an average CAGR of approximately 5.3% between 2016 and 2021 and is expected to maintain a CAGR of approximately 4.8% between 2022 and 2026 to reach approximately RMB596.7 billion (equivalent to approximately US\$83.5 billion).

According to the article from China Briefing titled "China's Dairy Industry – Market Trends and Opportunities", the PRC's domestic production of dairy has increased substantially in recent decades, driven by rise in consumption. The number of dairy cows in the PRC has increased from approximately 5.7 million dairy cows in 2001 to approximately 7.1 million in 2023. The PRC's domestic output of cow's milk and dairy products has risen steadily in recent decades, with dairy product output growing at a CAGR of approximately 1.5% from 2012 to 2023. In 2023, the PRC



produced approximately 30.5 million tons of dairy, according to the National Bureau of Statistics of China. Meanwhile, the production of milk reached a total of approximately 39.3 million tons in 2022, representing a significantly uplift from approximately 30.0 million tons in 2013.

While the PRC has increased its domestic supply of dairy, the country continues to import large amounts of dairy products and milk from other countries. Imports of dairy dropped in 2022 and 2023, following the trend of generally low imports during these years due to a drop in domestic demand. Nonetheless, dairy imports have risen steadily from approximately 1.3 million tons in 2013, to a peak of approximately 4.0 million tons in 2021.

Within the fresh milk segment, the PRC's dairy industry is dominated by domestic brands. The single largest dairy company is the Inner Mongolian Yili Group, which in 2022 had a market share of approximately 21.2%, according to data from Euromonitor International, a global provider of data analytics and insights founded in 1972 with 16 international offices. The second-largest market player is China Mengniu, which held approximately 16.3% market share in 2022. The largest company for Chinese imports of dairy is the New Zealand company Fonterra, with the PRC accounting for around one-third of its exports.

According to the article from China Briefing titled "China's Dairy Industry – Market Trends and Opportunities", the PRC's dairy industry offers diverse opportunities across various market segments. In the liquid milk segment, there is considerable opportunity for premiumisation, where companies can cater to health-conscious consumers by offering organic, grass-fed, or specialty milk products. Moreover, in the food service and hospitality sector, there is considerable demand for reliable dairy supply chain solutions to meet the needs of restaurants, cafes, hotels, and catering services. Additionally, customised dairy products tailored to specific requirements in terms of flavour profiles, packaging formats, and shelf stability are sought after by food service providers.

With reference to the 2024 Interim Report, in 1H2024, the overall China's dairy market was under pressure. Affected by factors such as supply and demand relationship and declining birth rates, the industry's growth rate slowed down. At the same time, with the rise of e-commerce platforms, residents' demand for dairy products has become diversified and high-end. This change in consumer demand has promoted the market to develop in a more diversified and segmented direction. As domestic aseptic packaging technology gradually matures, competition has become increasingly fierce. In the future, only through stable product quality and continuous technological innovation, can packaging companies take the lead in the fierce competition.

Based on our discussion with the Management, the Group is cognisant of the challenges ahead and has already invested time and efforts in continuously instilling its four principles of pragmatism, innovation, collaboration and sharing by: (i) using digital intelligence to deepen cooperation with existing customers and expand its market share in the PRC; (ii) adhering to the international development strategy, and steadily developing international business by strengthening localised operation, promoting new product research and development, and enriching product structure; (iii) strengthening technological and application innovation, broadening the application of packaging material and filling equipment, and improving after-sales service; and (iv) continuing

to strictly control product quality and cost, and to promote operational excellence, as well as building the core competitiveness of digital intelligence products based on big data, internet of things and artificial intelligence technologies.

As set out in the 2024 Interim Report, in 2024, after experiencing turbulence caused by the epidemic, conflicts, inflation and monetary tightening policies, the global economy began to recover moderately. However, uncertainties such as geopolitics still exist. Faced with challenges such as increased global economic uncertainty, accelerated technological innovation and diversified consumer demands, the supply chain sector is undergoing unprecedented changes. While ensuring production and operation safety, the Group will continue to accelerate the pace of digital transformation, strengthen the resilience of the supply chain, actively explore green and sustainable development paths, and consistently provide high-quality and diversified products for global customers.

Given the above, we note the outlook for the industry and hence the Group is generally positive in the near and medium term.

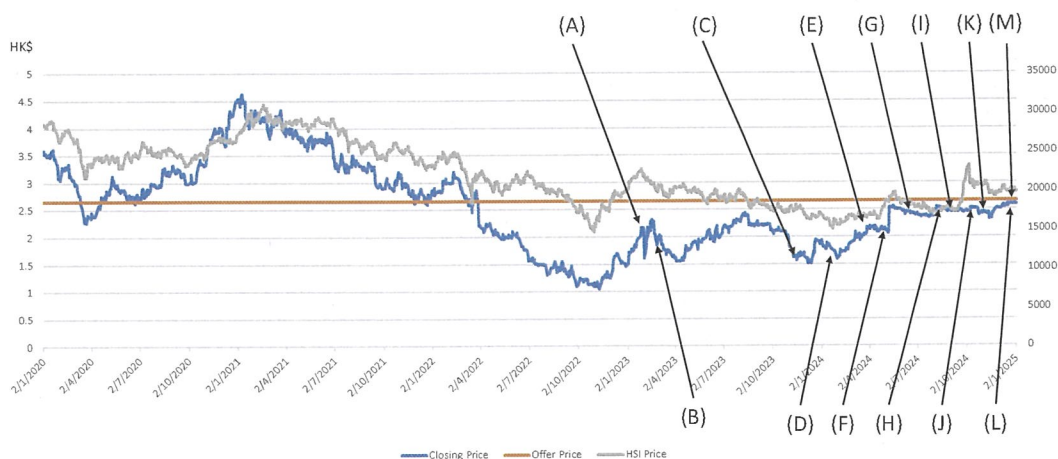
#### **4. Analysis of price performance and trading liquidity**

##### ***A. Price performance of the Shares***

Set out below is the movement of the closing prices of the Shares and the index movement of the Hang Seng Index (the “**HSI**”) during the period from 1 January 2020 to the Latest Practicable Date (the “**Share Price Review Period**”), being an approximate five-year period prior to and including the Last Trading Day (the “**Pre-Announcement Period**”); and the period subsequent to the Last Trading Day up to and including the Latest Practicable Date (the “**Post-Announcement Period**”). In determining the length of the Share Price Review Period of about five (5) years, it aimed to demonstrate the performance of the Share prices prior to and when the Group being affected by the coronavirus pandemic which resulted in stringent lockdown measures where human and goods movement was severely curtailed when it started in year 2020, and its financial performance was visibly affected, albeit still managed to record notable profitability, followed by the Share Disposal (as defined below) where Shandong NewJF emerged as the single largest Shareholder when the transaction was eventually completed in September 2023, and until the Latest Practicable Date. We are of the view that the Share Price Review Period represents a sufficient period of time to provide a general overview on the market performance of the Shares for the purpose of this analysis.

The chart below shows the relative historical price performance of the Shares and the index movement of the HSI during the Share Price Review Period.

**Chart 1: Relative historical price performance of the Shares and index movement of the HSI**



Source: Bloomberg

During the Share Price Review Period, save and except for the interim results announcement and annual results announcement of the Company for each financial period, and the monthly update announcements in respect of the Offer, the Company published the following announcements (as summarised below) in relation to notable corporate events.

**Table 3: Notable announcements of the Company during the Share Price Review Period**

Item	Date of announcement	Description of event
(A)	1 February 2023 (the “ <b>Disposal Announcement</b> ”)	Disposal of Shares by a substantial shareholder of the Company to Shandong NewJF (the “ <b>Share Disposal</b> ”)
(B)	9 March 2023	Inside information – (1) the Board’s stance of its non-support of the Share Disposal; and (2) reduction of purchase orders placed by the Group’s concerned customers in February 2023 in view of the Share Disposal
(C)	30 November 2023	Issue of new Shares under specific mandate to Xueyu Enterprise Management Consulting (Tianjin) Partnership (Limited Partnership) (雪譽企業管理諮詢(天津)合夥企業(有限合夥)) (“ <b>Xueyu</b> ”), which is controlled by a subsidiary of China Mengniu

Item	Date of announcement	Description of event
(D)	29 January 2024	Discloseable transactions on subscription of a limited partnership interest in a fund and deemed disposal of the international business of the Group
(E)	28 March 2024	Completion of the issue of new Shares to Xueyu
(F)	9 May 2024	Publication of the Announcement
(G)	28 June 2024	<ol style="list-style-type: none"> <li>1. Open letter by Mr. BI and Mr. CHANG Fuquan, being the two executive Directors, to the Shareholders regarding the unsolicited Offer from the Offeror with respect to: (i) the hostile nature of the Offer; (ii) mischaracterisations of events and of key relationships; and (iii) pre-conditions and uncertainties surrounding the Offer</li> <li>2. Satisfaction of the pre-condition in relation to approval obtained from the shareholders of Shandong NewJF</li> </ol>
(H)	6 August 2024	Announcement of a possible offer pursuant to Rule 3.7 of the Takeovers Code, Rule 13.09(2) of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO on possible voluntary conditional offer by Mr. BI (the Chairman, executive Director and chief executive officer of the Company) and Mr. HONG Gang (co-founder of the Group and a former non-executive Director) (“ <b>R3.7 Management Announcement</b> ”)
(I)	17 September 2024	Voluntary announcement – notice of acceptance issued by PRC state administration for market regulation regarding Shandong NewJF’s acquisition of the Shares
(J)	10 October 2024	Completion of filing with the Ministry of Commerce for Outbound Direct Investment in the PRC by the Offeror

Item	Date of announcement	Description of event
(K)	11 November 2024	Vacancy of auditors when its existing auditors, PricewaterhouseCoopers, resigned on 17 October 2024 and the potential new auditor identified at that time, Deloitte Touche Tohmatsu, had not completed its new client acceptance procedures. The Company will take further action to identify another suitable candidate for appointment as its auditor
(L)	24 December 2024	Despatch of the Offer Document
(M)	31 December 2024	Appointment of Grant Thornton Hong Kong Limited as the auditor of the Company

*Source: Website of the Stock Exchange*

During the Share Price Review Period, the Shares traded between a range of the lowest of HK\$1.05 on 10 November 2022 to the highest of HK\$4.63 on 8 January 2021 with an average closing Share price of approximately HK\$2.56 per Share. The Offer Price represents premium of approximately 152.4% and 3.5% over the lowest and the average closing Share prices and discount to approximately 42.8% over the highest closing Share price respectively during the Share Price Review Period. As noted from Chart 1, the Share price exhibited a strong correlation with the movements of the HSI, demonstrating no significant divergence from its performance throughout the Share Price Review Period.

The Shares price had exhibited significant volatility during 2020, including a sharp decline to HK\$2.27 on 23 March 2020, followed by a recovery and had been trading between the range of HK\$2.33 to HK\$4.53 until the rest of the year. We have enquired with the Management in respect of the decrease in the Share prices and the Management indicated that they are unaware of any specific reasons that contributed to the sharp decrease in the Share price on 23 March 2020. Despite the pronounced ups and downs during the year of 2020, the Share price stabilised by the year end and closed between HK\$4.00 to HK\$4.53.

The Share price then reached its peak of HK\$4.63 on 8 January 2021, which marks the highest point of the Pre-Announcement Period. Thereafter, the Share price exhibited a persistent downward trend since then to the end of 2022, initially began at over HK\$4.00, the Share price steadily decreased, with periodic fluctuations that offered brief and modest recoveries. Throughout 2021, the decline was gradual, marked by minor upticks that provided temporary relief. However, these fluctuations were insufficient to alter the overall negative trajectory. In 2022, the pace of decline accelerated, with more pronounced drops that further eroded the Share price. By the end of year 2022, the Share price had plummeted to below HK\$1.05 on 10 November 2022, which marks the lowest point of the Pre-Announcement Period, before bouncing back slightly to around HK\$1.50 to HK\$1.67 at the

end of year 2022. We have enquired the Management in respect of the decrease in the Share price and the Management indicated that they are unaware of any specific reasons that contributed to said decrease in Share price on 10 November 2022.

The Share price demonstrated an increasing trend at the beginning of 2023 and experienced a period of dramatic fluctuation during a 10-days period in February 2023. The Share prices dropped by approximately 22.7% from HK\$2.16 on 1 February 2023 to HK\$1.67 on 2 February 2023, of which was followed by the publication of the Disposal Announcement. The Share price further dropped to HK\$1.61 on 3 February 2023, then gradually rose to above HK\$2.00 by the end of February 2023. After the short recovery, the Share price demonstrated a downward trend throughout March and April 2023, then steadily rose back to HK\$2.43 by August 2023. The Share price gradually dropped below HK\$2.00 by the end of October 2023, and fluctuated between HK\$1.50 to around HK\$2.00 for the rest of 2023.

The Share price had demonstrated an increasing trend during early 2024 and there was a sharp increase of approximately 20.5% in Share price from HK\$2.10 on 9 May 2024 to HK\$2.53 on 10 May 2024, when the announcement on the Offer was published. During the Post-Announcement Period, the Share price maintained in a range of between HK\$2.32 and HK\$2.60, which was below the Offer Price. We observed that there were no significant variations during the Post-Announcement Period, except for a modest increase of approximately 6.3% following the publication of the R3.7 Management Announcement. As at the Latest Practicable Date, the closing price of the Shares was HK\$2.58, which is at approximately 2.6% discount to the Offer Price.

### *Comments*

The Share price had experienced significant volatility and great fluctuations throughout the Share Price Review Period. At the start of the pandemic period in 2020, the Share price still managed to reach a high of HK\$4.63 in January 2021. The Share price started to suffer when the effects of the pandemic was finally felt and resulted in a spiral downward trend from mid-2021 to 2022. Following the announcement of the Share Disposal on 1 February 2023, it might have created uncertainty surrounding the Group, particularly with the Board expressed its non-support for the Share Disposal on 9 March 2023 which may have put downward pressure on the performance of the Share price during March and April 2023. Furthermore after several attempts by Shandong NewJF to appoint new Directors were faced with rejection by the Board, two (2) new Directors nominated by Shandong NewJF were finally approved in a Shareholders' meeting held on 18 October 2024 with an approval rate of 57% to 59%, whilst 40% to 43% of Shareholders present voted against the said resolutions. The Share price of the Company dropped from HK\$2.52 on 18 October 2024 to below HK\$2.50 for approximate one (1) month, before rising back above HK\$2.50 after 26 November 2024. We envisaged the Share price will continue to face fluctuation due to the negative impact brought about by the Offer, which is discussed in the section headed "Other considerations" below.

## B. Trading liquidity of the Shares

The following table sets out the trading volume of the Shares during the period from 1 January 2023 to the Latest Practicable Date (the “Trading Volume Review Period”). We consider the Trading Volume Review Period, which covers a period of approximately 24 months, represents a sufficient period of time to provide a general overview on the recent market trading of the Shares for the purpose of this analysis.

**Table 4: Trading volume of the Shares**

	Total trading volume (No. of Shares)	No. of trading days	Average daily trading volume (No. of Shares)	Average daily trading volume to the total number of Shares in issue (Approximate) <i>Note 1</i>	Average daily trading volume to the number of Shares held by public Shareholders (Approximate) <i>Note 2</i>
<b>2023</b>					
January	35,195,691	16	2,199,731	0.1563%	0.2136%
February	153,156,413	19	8,060,864	0.5729%	0.7826%
March	45,011,521	23	1,957,023	0.1391%	0.1900%
April	38,606,680	17	2,270,981	0.1614%	0.2205%
May	68,491,821	21	3,261,515	0.2318%	0.3167%
June	96,622,738	21	4,601,083	0.3270%	0.4467%
July	54,904,985	20	2,745,249	0.1951%	0.2665%
August	77,566,098	23	3,372,439	0.2397%	0.3274%
September	40,024,000	19	2,106,526	0.1497%	0.2045%
October	29,568,000	20	1,478,400	0.1051%	0.1435%
November	36,392,760	22	1,654,216	0.1176%	0.1606%
December	34,718,806	19	1,827,306	0.1299%	0.1774%
<b>2024</b>					
January	35,245,000	21	1,678,333	0.1193%	0.1629%
February	27,643,000	19	1,454,895	0.1034%	0.1413%
March	95,943,266	20	4,797,163	0.3409%	0.4657%
April	42,607,233	20	2,130,362	0.1514%	0.2068%
May	226,152,332	21	10,769,159	0.7653%	1.0456%
June	41,491,857	19	2,183,782	0.1552%	0.2120%
July	20,633,117	22	937,869	0.0667%	0.0911%
August	28,751,918	21	1,369,139	0.0973%	0.1329%
September	68,761,028	19	3,619,001	0.2572%	0.3514%
October	30,750,953	21	1,464,331	0.1041%	0.1422%
November	26,699,277	21	1,271,394	0.0904%	0.1234%
December	39,917,252	20	1,995,863	0.1418%	0.1938%

Total trading volume (No. of Shares)	No. of trading days	Average daily trading volume (No. of Shares)	Average daily trading volume to the total number of Shares in issue (Approximate) <i>Note 1</i>	Average daily trading volume to the number of Shares held by public Shareholders (Approximate) <i>Note 2</i>
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2025

January (up to and including the Latest Practicable Date)

1,282,005	2	641,003	0.0456%	0.0622%
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Source: Bloomberg

Notes:

1. The calculation is based on the average daily trading volume of the Shares divided by the total number of Shares in issue in the relevant period.
2. The calculation is based on the average daily trading volume of the Shares divided by the number of Shares held by public Shareholders (i.e. Shareholders other than the substantial shareholders of the Company).

As illustrated in the table above, the average daily trading volume for the respective month/period during the Trading Volume Review Period ranged from 641,003 Shares to 10,769,159 Shares, representing: (i) approximately 0.0456% to approximately 0.7653% of the total number of issued Shares; and (ii) approximately 0.0622% to approximately 1.0456% of the number of Shares held by public Shareholders. The average daily trading volume during the Trading Volume Review Period was 2,872,711 Shares.

The average daily trading volume during the period from 1 January 2023 to the Last Trading Day (i.e. 9 May 2024) (the “**Pre-Announcement Period II**”) was 2,815,739 Shares, representing approximately 0.2734% of the number of Shares held by public Shareholders. The highest daily trading volume during the Pre-Announcement Period II was recorded on 27 March 2024, when the trading volume reached 68.3 million Shares, representing approximately 6.6352% of the number of Shares held by public Shareholders. We enquired with the Management on the high daily trading volume on 27 March 2024, in which the Management indicated that they are unaware of any specific reasons that contributed to the said high volume. The Management could only presume that it may be due to Shandong NewJF uploaded a valuation report on the Company for the purpose of its financial reporting on the Shenzhen Stock Exchange on 27 March 2024.



On the first trading day after the release of the Announcement on 9 May 2024, the daily trading volume of the Shares increased significantly to 60,676,344 Shares from 854,000 Shares as recorded on the last trading date before the publication of the Announcement, representing approximately 5.9% of the number of Shares held by public Shareholders. This increase in the trading volume of the Shares would have been the initial market reaction to the Announcement. Although the trading volume of the Shares was active on 10 May 2024, it decreased significantly to 27,915,988 Shares on the next trading day (i.e. 13 May 2024), representing approximately 2.7% of the number of Shares held by public Shareholders. The average daily trading volume during the period from 10 May 2024 to 5 August 2024, being the last trading date prior to the publication of the R3.7 Management Announcement was approximately 4,897,717 Shares, representing: (i) approximately 0.3481% of the total number of issued Shares; and (ii) approximately 0.4755% of the number of Shares held by public Shareholders.

After the publication of the R3.7 Management Announcement, the daily trading volume of the Shares increased to 8,113,000 Shares from 4,951,000 Shares as recorded on the last trading date before the publication of the R3.7 Management Announcement, representing approximately 0.8% of the number of Shares held by public Shareholders. This increase in the trading volume of the Shares would have been the initial market reaction to the R3.7 Management Announcement. Although the trading volume of the Shares was active on 7 August 2024, it decreased significantly to 1,816,000 Shares on the next trading day (i.e. 8 August 2024), representing approximately 0.2% of the number of Shares held by public Shareholders. The average daily trading volume during the period from 7 August 2024, being the first trading date after the publication of the R3.7 Management Announcement, to the Latest Practicable Date was approximately 1,873,678 Shares, representing: (i) approximately 0.1332% of the total number of issued Shares; and (ii) approximately 0.1819% of the number of Shares held by public Shareholders.

Given the generally thin trading liquidity of the Shares during the Trading Volume Review Period, it is uncertain whether there would be sufficient liquidity in the trading of the Shares for the Independent Shareholders to dispose of a significant number of the Shares in the open market without depressing the Share price. In our opinion, given the fact that there were 1,029,996,416 Offer Shares as at the Latest Practicable Date and the average daily trading volume during the Trading Volume Review Period was 2,872,711 Shares, to provide the Independent Shareholders with some perspective on the implications of such thinly traded Shares, assuming 2,872,711 Shares can be disposed on a daily basis and with the existing 1,029,996,416 Offer Shares, it would take the Independent Shareholders approximately 359 trading days (or more than one year assuming 240 trading days per year) to liquidate 1,029,996,416 Offer Shares representing their entire shareholding positions. We therefore consider that the Offer provides the Independent Shareholders, particularly those who hold a large number of Shares, with an assured exit to dispose of all of their Shares at the Offer Price if they wish to.

The relative high level of trading volume during the period subsequent to the Last Trading Day up to and including the Latest Practicable Date, in particular in May 2024 and September 2024, resulting from, among others, the Offer, may not be sustainable if the Offer

lapses. The Offer, therefore, provide an opportunity for the Independent Shareholders, especially those holding a large block of the Shares, to dispose of their entire holdings at a fixed cash price.

*C. Offer price comparisons*

The Offer Price of HK\$2.65 per Offer Share represents:

- (i) a premium of approximately 2.71% over the closing price of HK\$2.58 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a premium of approximately 26.19% over the closing price of HK\$2.10 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a premium of approximately 25.00% over the average closing price of HK\$2.12 per Share as quoted on the Stock Exchange for the 30 trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 31.84% over the average closing price of HK\$2.01 per Share as quoted on the Stock Exchange for the 60 trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 42.47% over the average closing price of HK\$1.86 per Share as quoted on the Stock Exchange for the 120 trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 63.58% over the issue price of HK\$1.62 per Share for the issue of new Shares under specific mandate as announced by the Company on 30 November 2023;
- (vii) a premium of approximately 16.23% over the audited consolidated net asset value per Share as at 31 December 2023 of approximately HK\$2.28 (calculated based on the audited consolidated net assets of the Company as at 31 December 2023 of RMB2,901.50 million, the exchange rate of RMB1 to HK\$1.1035 (being the central parity rate as at 29 December 2023 (being the last business day prior to 31 December 2023) published by the People's Bank of China on its website) and 1,407,129,000 Shares in issue as at the Latest Practicable Date); and
- (viii) a premium of approximately 8.16% over the unaudited consolidated net asset value per Share as at 30 June 2024 of approximately HK\$2.45 (calculated based on the unaudited consolidated net assets of the Company as at 30 June 2024 of RMB3,143.95 million, the exchange rate of RMB1 to HK\$1.0957 (being the central parity rate as at 28 June 2024 (being the last business day prior to 30 June 2024) published by the People's Bank of China on its website) and 1,407,129,000 Shares in issue as at the Latest Practicable Date.

## *Comments*

Overall, the Offer Price represented premiums over all the average closing prices for the Last Trading Day to 120 trading days immediately prior to and including the Last Trading Day as well as premiums over the audited and unaudited net asset value per Share as at 31 December 2023 and 30 June 2024, respectively. Furthermore, we note that the Offer Document stated that the Offer Price also demonstrated a premium of 63.58% over the issue price of HK\$1.62 (the “**Specific Mandate Price**”) for new Shares under specific mandate as announced by the Company on 30 November 2023.

We contend that the comparison made of the Offer Price to the Specific Mandate Price, as referred in the circular of the Company dated 17 January 2024 (the “**Subscription Circular**”), where the Company issued new Shares under a specific mandate (the “**Subscription**”) to Xueyu, which is controlled by a subsidiary of China Mengniu, is not suitable. We noted from the Subscription Circular that the purpose of the Subscription was to raise funds for strategic investments, such as purchasing equipment and expanding production facilities, as well as to facilitate the expansion of the Company’s production facilities in order to increase the production capacity of the Company as mentioned in the Company’s announcement dated 25 May 2023 (the “**Expansion Plan**”). Moreover, as referred to Subscription Circular, the Subscription was clearly a fund-raising activity for the Expansion Plan. Importantly, as referred in the Subscription Circular, the estimated cost for the Subscription was lower than the extra finance costs for the Company to obtain other alternative means of financing.

It is important to note that as referred to the Subscription Circular, China Mengniu, being one of the leading dairy product manufacturers in the PRC, is a long-term strategic and important customer of the Company. As such, the Company wished to strengthen their strategic co-operation and relationship and increase customer loyalty. Therefore the Specific Mandate Price was negotiated based on arm’s length basis with the aim to attract China Mengniu to participate in the Group’s future success. As stated in the Subscription Circular, the Specific Mandate Price represented only a discount of 4.71%, 3.57% and 2.06% respectively to the average price of the last trading day, last five trading days, and last ten trading days immediately preceding the date of the Subscription agreement.

Based on the above, even though the Offer Price showed premiums over all the market prices comparison, the Subscription, however, is fundamentally different, where it targets specific fundraising objectives that are aligned with the Company’s long-term strategic vision. This means while the Offer Price reflects a premium over certain benchmarks, it does not capture the unique strategic value associated with the Subscription. The collaboration with China Mengniu is not merely a financial transaction; but represents a significant partnership that can drive long-term growth and stability for the Company.

## 5. Industry Comparables

The Group is principally engaged in the provision of integrated packaging solutions, which include aseptic packaging materials, filling machines, spare parts, technical services, digital marketing and product traceability solutions to the liquid food industry. In order to evaluate the fairness and reasonableness of the Offer Price, we have identified listed peers of the Company which meet the following selection criteria through Bloomberg:

- (i) whose shares are listed on Stock Exchange, Shanghai Stock Exchange, Shenzhen Stock Exchange and stock exchanges in Asia Pacific developed markets, which include Australia, Japan, New Zealand, Singapore, South Korea and Taiwan; and
- (ii) with over 50% of the latest reported annual revenue was generated from beverage light packaging made of carton, plastic or metal (such as aluminium, tinplate) since such packaging materials for beverages are comparable to those of the Company. We have excluded companies of which annual revenue were mainly generated from (i) production of glass bottle due to their significantly different cost structure, which includes higher raw material costs and cost relating to recycling of glass; and (ii) companies that manufacture beverage packaging which also include cap/lid.

Based on the information extracted from Bloomberg and the abovementioned selection criteria, we have exhaustively identified 11 comparable companies (the “**Industry Comparables**”) which are engaged in the manufacturing and sales of beverage light packaging products business. Although the packaging products manufactured by the Industry Comparables and the Company may not be exactly the same, they are all engaged in similar business activities, being the manufacturing and sales of beverage light packaging products. Given (i) the similarity in business nature of the Industry Comparables and the Company; and (ii) a sufficient number of Industry Comparables was identified, we consider the list of Industry Comparables to be fair and representative. Furthermore although the majority of the Industry Comparables are not traded on the same stock exchange as the Company (i.e. the Stock Exchange) and the sentiment of the markets on which the shares of the Industry Comparables are traded may not be the same as that of the Stock Exchange, we consider that the Industry Comparables provide a meaningful reference since (a) the shares of some of the Industry Comparables are traded in the same market as Shandong NewJF (being the single largest shareholder of the Company and its direct business competitor); and (b) the sample size of the Industry Comparables provides a reasonable and meaningful reference for our analysis purposes.

In conducting our analysis, we compared the price-to-sales multiple (“**P/S Multiple**”), price-to-earnings multiple (“**P/E Multiple**”) and price-to-book multiple (“**P/B Multiple**”) of the Company implied by the Offer Price against those of the Industry Comparables using the latest publicly available financial information. For the selection of the valuation multiples, given the fact that (i) P/S Multiple is a commonly-used valuation multiple which shows how much investors are willing to pay per dollar of sales; (ii) P/E Multiple is another commonly-used valuation multiple to analyse companies which have a track record of generating profits; and (iii) P/B Multiple is also

widely used as a valuation multiple that provides an indication of how much the company is valued relative to its shareholders' equity (i.e. total assets minus total liabilities), we consider that P/S Multiple, P/E Multiple, and P/B Multiple are appropriate valuation multiples for our analysis.

Shareholders should note that there are no single Industry Comparable which has identical business model, scale of operations, packaging product mix, raw materials for production, outlook and prospects, target markets, capital structure and financial performance as the Group and we have not conducted any in-depth investigation into the businesses and operations of the Industry Comparables. We are of the view that the Industry Comparables we selected based on the relevant selection criteria is appropriate to serve as reference for our analysis. Set out below are the Industry Comparables together with the relevant market capitalisation, P/S Multiples, P/E Multiples, and P/B Multiples:

**Table 5: Industry Comparables**

Name	Stock code	Country of stock exchange	Principal business activities	Market Capitalisation (HK\$M) <sup>Note 1</sup>	P/B Multiple (x) <sup>Note 2</sup>	P/E Multiple (x) <sup>Note 3</sup>	P/S Multiple (x) <sup>Note 4</sup>	
Toyo Seikan Group Holdings	5901	Japan	The company is primarily engaged in manufacture, market and sale of metal, plastic, and glass packaging products and containers.	21,964.72	0.63	18.33	0.45	
Samryoong Company Limited	014970	South Korea	The company is principally engaged in design, manufacture and marketing of paper packaging products, primarily for the beverage industry.	246.65	0.76	22.13	0.52	
ORG Technology Company Limited	002701	PRC	The company is primarily engaged in research and manufacture of metal packaging product.	15,507.58	1.58	18.14	1.02	
Wankai New Materials Company Limited	301216	PRC	The company is primarily engaged in manufacture of packaging materials.	5,547.64	0.89	11.52	0.29	
Jiamei Food Packaging (Chuzhou) Company Limited	002969	PRC	The company is principally engaged in manufacture and distribution of packaging and container products.	3,111.41	1.21	18.27	0.89	
Shandong New JF Technology Packaging Co., Ltd.	301296	PRC	The company is principally engaged in manufacture of packaging products.	4,171.23	1.54	22.21	2.18	
Kunshan Kinglai Hygienic Materials Company	300260	PRC	The company is mainly engaged in develop, manufacture and sale of applied stainless steel-based high purity material.	10,917.36	5.22	41.94	3.65	
CPMC Holdings Ltd.	906	Hong Kong	The company is principally engaged in manufacture of food and beverage products.	7,916.44	1.24	15.11	0.70	
Samyang Packaging Corp	272550	South Korea	The company is principally engaged in manufacture of plastic containers.	1,378.98	0.66	9.86	0.59	
Dongwon Systems Corp	014820	South Korea	The company is principally engaged in manufacture and distribution of containers and packaging products.	6,553.48	1.49	18.56	0.93	
Zhuhai Zhongfu Enterprise Co Ltd	000659	PRC	The company is principally engaged in manufacture of plastic bottles and related products.	3,717.18	10.70	N/A	2.68	
					Maximum	10.70	41.94	3.65
					Minimum	0.63	9.86	0.29
					Median	1.24	18.30	0.89
					Average	2.36	19.61	1.26
The Offer	468	Hong Kong	The Company is principally engaged in the provision of integrated packaging solutions.	3,728.89 <sup>Note 5</sup>	1.16 <sup>Note 6</sup>	13.84 <sup>Note 7</sup>	0.89 <sup>Note 8</sup>	

Source: Website of the Stock Exchange and Bloomberg

*Notes:*

1. The market capitalisation is as at the Latest Practicable Date. The market capitalisation reported in JPY, KRW and RMB are converted into HK\$ based on an exchange rate of JPY1.00 = HK\$0.0519, KRW1.00 = HK\$0.0055 and RMB1.00 = HK\$1.1035 for illustrative purposes respectively.
2. The P/B Multiples of the Industry Comparables are calculated by dividing their respective market capitalisation as at the Latest Practicable Date by the most recently published net asset value (“NAV”) attributable to the shareholders of the Industry Comparables as at the end of the latest financial year or the latest 6 months period of the respective Industry Comparables. If the aforementioned parameters are in different currencies, the parameters will be converted into the same currency based on the exchange rate mentioned in note 1 above.
3. The P/E Multiples of the Industry Comparables are calculated by dividing their respective market capitalisation as at the Latest Practicable Date by the published profit attributable to the shareholders of the Industry Comparables for the latest financial year of the respective Industry Comparables. If the aforementioned parameters are in different currencies, the parameters will be converted into the same currency based on the exchange rate mentioned in note 1 above.
4. The P/S Multiples of the Industry Comparables are calculated by dividing their respective market capitalisation as at the Latest Practicable Date by the most recently published revenue of the Industry Comparables for the latest financial year of the respective Industry Comparables. If the aforementioned parameters are in different currencies, the parameters will be converted into same currency based on the exchange rate mentioned in note 1 above before aforementioned calculation.
5. The implied market capitalisation of the Company (the “**Implied Market Value**”) under the Offer of approximately HK\$3,728.89 million is calculated by multiplying the Offer Price of HK\$2.65 per Offer Share with 1,407,129,000 issued Shares as at the Latest Practicable Date.
6. The implied P/B Multiple (the “**Implied P/B Multiple**”) of 1.16 times is calculated by dividing the Implied Market Value by the equity attributable to the owners of the Company as at 31 December 2023. NAV figures reported in RMB are converted into HK\$ based on an exchange rate of RMB1.00 = HK\$1.1035 for illustrative purposes.
7. The implied P/E Multiple (the “**Implied P/E Multiple**”) of 13.84 times is calculated by dividing the Implied Market Value by the net profit attributable to owners of the Company for FY2023. Profit figures reported in RMB are converted into HK\$ based on an exchange rate of RMB1.00 = HK\$1.1035 for illustrative purposes.
8. The implied P/S Multiple (the “**Implied P/S Multiple**”) of 0.89 times is calculated by dividing the Implied Market Value by the revenue of the Company for FY2023. Revenue figures reported in RMB are converted into HK\$ based on an exchange rate of RMB1.00 = HK\$1.1035 for illustrative purposes.

As shown in the table above, P/E Multiples of the Industry Comparables ranged from approximately 9.86 times to approximately 41.94 times, with an average P/E Multiple of approximately 19.61 times and a median P/E Multiple of approximately 18.30 times. We note that the Implied P/E Multiple represented by the Offer Price of approximately 13.84 times is within the range of the P/E Multiples of the Industry Comparables but notably lower than the median and average P/E Multiples of the Industry Comparables.

The P/B Multiples of the Industry Comparables shown in the table above ranged from approximately 0.63 times to approximately 10.70 times, with an average P/B Multiple of approximately 2.36 times and a median P/B Multiple of approximately 1.24 times. Similarly we

note that the Implied P/B Multiple of approximately 1.16 times is within the range of the P/B Multiples of the Industry Comparables, yet remains lower than the median and average P/B Multiples of the Industry Comparables.

The P/S Multiples of the Industry Comparables shown in the table above ranged from approximately 0.29 times to approximately 3.65 times, with an average P/S Multiple of approximately 1.26 times and a median P/S Multiple of approximately 0.89 times. Similarly we note that the Implied P/S Multiple of approximately 0.89 times is within the range of the P/S Multiples of the Industry Comparables, yet remains lower than the average P/S Multiple of the Industry Comparables but is the same as the median P/S Multiple of the Industry Comparables.

Attention of the Independent Shareholders is particularly drawn to the recent cash offers for CPMC Holdings Limited (“CPMC”), one of the Industry Comparables, as the Company is in a similar situation as CMPC, which may be faced with competitive offers. CPMC was subject to two voluntary general cash offers. The first, a conditional voluntary general cash offer (the “**First CPMC Offer**”), was made at an offer price of HK\$6.87 per share. According to the response document of CPMC dated 13 August 2024 and subsequent announcements of CPMC, the First CPMC Offer did not become unconditional as the offeror failed to secure more than 50% of the shares by the closing date, resulting in the lapse of the First CPMC Offer. The second offer, a pre-conditional voluntary general cash offer (the “**Second CPMC Offer**”), was made at an offer price of HK\$7.21 per share. As referenced to the announcements of CPMC dated 7 June 2024 and 13 December 2024, all pre-conditions of the Second CPMC Offer have been fulfilled and the composite document for the Second CPMC Offer was despatched on 20 December 2024.

We noted that the P/S Multiple, P/E Multiple and the P/B Multiple of the First CPMC Offer was around 0.68, 14.60 and 1.20 times respectively calculated based on the offer price of the First CPMC Offer, the revenue of CPMC and profit attributable to equity holders of CPMC for FY2023, and equity attributable to equity holders of CPMC for HY2024. Specifically, we observed that the Implied P/E Multiple and the Implied P/B Multiple represented by the Offer Price are both lower than the corresponding multiples derived from the First CPMC Offer. Conversely, the Implied P/S Multiple represented by the Offer Price is higher than the P/S Multiple under the First CPMC Offer.

Furthermore, the P/S Multiple, P/E Multiple and the P/B Multiple of the Second CPMC Offer was around 0.71, 15.32 and 1.26 times respectively calculated based on the same parameters of CPMC but with the offer price for the Second CPMC Offer. In this context, we note that the Implied P/E Multiple and the Implied P/B Multiple represented by the Offer Price are also lower than the respective multiples under the Second CPMC Offer while the Implied P/S Multiple represented by the Offer Price is higher than the P/S Multiple under the Second CPMC Offer.

We have singled out CPMC, being one of the Industry Comparables, as it recently received and completed the process of two competing offers in August 2024 and December 2024, respectively. Therefore we have also calculated the respective multiples of CPMC based on the offer prices under the First CPMC Offer and Second CPMC Offer above as a reference. Based on the analysis above, despite the fact that the Implied P/S Multiple represented by the Offer Price is



higher than the respective P/S Multiples under both the First CPMC Offer and Second CPMC Offer, the Implied P/E Multiple and the Implied P/B Multiple represented by the Offer Price are lower than the respective multiples under both the First CPMC Offer and Second CPMC Offer.

We note that although (a) the Implied P/E Multiple and the Implied P/B Multiple represented by the Offer Price falls below the median and average of the respective multiples of the Industry Comparables; and (b) the Implied P/S Multiple represented by the Offer Price falls below the average P/S Multiple of the Industry Comparables but is the same as the median P/S Multiple of the Industry Comparables, the multiples represented by the Offer Price nonetheless still fall within the range of the respective multiples of the Industry Comparables. Therefore we are of the view that the Offer Price is acceptable.

## **6. Offer Comparables**

In addition to Industry Comparables, we have researched for successful completed voluntary general offers to identify comparable voluntary general offers (the “VGO Comparables”) in order to assess the fairness and reasonableness of the Offer Price.

After considering that: (a) the Offer is by way of pre-conditional voluntary general cash offer; (b) one of the Conditions to the Offer is that the Offeror and the Offeror Concert Parties obtaining in aggregate more than 50% of the voting rights in the Company prior to or during the offer period for the Offer; (c) as at the date of the Announcement, the Offeror held 377,132,584 Shares, representing approximately 26.80% of the issued share capital of the Company, which means that the Offeror and the Offeror Concert Parties need to obtain over 20% of the voting rights in the Company to satisfy one of the Conditions to the Offer; (d) the Company is listed on the Main Board of the Stock Exchange; and (e) the Company is classified as a company in industrials industry according to information on the website of the Stock Exchange, we have researched for the VGO Comparables based on the following criteria: (i) the offers were conducted by way of voluntary general offer; (ii) one of the conditions to the offers was the respective offerors and the offeror concert parties obtaining in aggregate more than 50% or even more of the voting rights in the respective offeree companies prior to or during the respective offer period for the offers; (iii) the respective offerors and the offeror concert parties held less than 50% of the total issued shares of the respective offeree companies as at the date of the respective Rule 3.5 announcements and need to obtain over 20% of the voting rights in the respective offeree companies to satisfy the threshold of voting rights as one of the conditions to the respective offers; (iv) the shares of the respective offeree companies were listed on the Main Board of the Stock Exchange as at the Latest Practicable Date; (v) the respective offeree companies are classified as companies in industrials industry or consumer staples industry or consumer discretionary industry according to information on the website of the Stock Exchange; (vi) the offers were announced and successfully completed during the period from 1 January 2020 up to and including the Latest Practicable Date, representing a period of more than four years; (vii) excluding partial offer transactions; (viii) excluding share buy-back transactions; (ix) excluding offers of which the shares of respective offeree companies are H shares; and (x) excluding offers of which the respective offeree companies are dual listed companies.

Based on the above selection criteria, we have exhaustively identified seven (7) VGO Comparables. It should be noted that the subject companies in the VGO Comparables were involved in industries which are not identical to that of the Company. As such, the analysis should not be considered on an isolated basis but should be taken into account in totality with other factors for considering whether to accept the Offer. Nevertheless, we are of the view that the VGO Comparables would be able to provide us with a fair and representative reference of the recent market pricings of voluntary general offers in the Hong Kong capital market. The table below illustrates the premiums or discounts of the offer prices offered by the corresponding offerors in each of the VGO Comparables over/to the respective closing share prices on the last trading days, average share prices for respective last 5, 10, 30, 60 and 120 trading days immediately prior to and including the respective last trading days and the NAV per share attributable to owners/equity holders in respect of such VGO Comparables:

**Table 6: VGO Comparables**

#	Date of the Rule 3.5 announcement	Company name and stock code	Principal business activities	Premium/(discount) of offer price over/to closing share price/average share price on/over						Premium/(discount) of offer price over/to the Latest NAV per share attributable to owners/equity holders
				Last trading day	Last 5 trading days	Last 10 trading days	Last 30 trading days	Last 60 trading days	Last 120 trading days	
1	15 May 2020	The Sincere Company, Limited (244)	The company and its subsidiaries are principally engaged in department store businesses and securities trading.	12.43%	24.53%	28.18%	43.09%	46.38%	60.04%	191.48%
2	6 Sep 2020	YuanShengTai Dairy Farm Limited (1431)	The company and its subsidiaries are primarily engaged in the production and sale of raw cow's milk and goat's milk.	1.60%	6.10%	8.40%	17.50%	27.12%	55.02%	(38.80)%
3	17 Sep 2020	The Cross-Harbour (Holdings) Limited (32)	The company and its subsidiaries are principally engaged in the motoring school business.	42.40%	44.50%	41.60%	34.90%	31.34%	27.75%	(30.70)%
4	5 Oct 2023	New Sparkle Roll International Group Limited (970)	The company and its subsidiaries are principally engaged in the automobiles distribution business.	(10.00)%	(8.20)%	(5.30)%	(2.60)%	(1.87)%	(3.41)%	(84.70)%
5	29 Nov 2023	C.banner International Holdings Limited (1028)	The company and its subsidiaries are principally engaged in the manufacture and sales of branded fashion footwear.	39.13%	37.93%	40.35%	22.14%	26.98%	21.75%	(78.35)%
6	15 Dec 2023	Vinda International Holdings Limited (3331)	The company and its subsidiaries are principally engaged in the manufacturing and sale of tissue and personal care products.	13.53%	16.50%	17.39%	19.36%	22.12%	26.70%	149.78%
7	6 August 2024	Hang Pin Living Technology Company Limited (1682)	The company and its subsidiaries are principally engaged in garment sourcing and provision of financial services.	(20.00)%	(20.63)%	(22.93)%	(22.25)%	(9.71)%	5.87%	(28.64)%
			<b>Maximum</b>	42.40%	44.50%	41.60%	43.09%	46.38%	60.04%	191.48%
			<b>Minimum</b>	(20.00)%	(20.63)%	(22.93)%	(22.25)%	(9.71)%	(3.41)%	(84.70)%
			<b>Average</b>	11.30%	14.39%	15.38%	16.02%	20.34%	27.67%	11.44%
			<b>Median</b>	12.43%	16.50%	17.39%	19.36%	26.98%	26.70%	(30.70)%
			<b>The Offer Price</b>	26.19%	26.79%	25.41%	25.00%	31.84%	42.47%	16.23%

Source: Website of the Stock Exchange

As shown in the table above, the premiums represented by the Offer Price over the closing price on the Last Trading Day or average closing share prices for respective last 5, 10, 30, 60 and 120 trading days immediately prior to and including the respective last trading days are all within ranges and generally favourable than the corresponding median premiums and average premiums of the VGO Comparables in all types of comparisons (i.e. last trading day, 5-day, 10-day, 30-day, 60-day and 120-day). The premium represented by the Offer Price over the NAV per share attributable to owners/equity holders is within the range and favourable than the corresponding median discount and the average premium of the VGO Comparables.

We consider that, with reference to the VGO Comparables alone, the Offer Price is fair and reasonable as the premiums represented by the Offer Price are generally favourable compared to those of the VGO Comparables. We, however, want to highlight that the VGO Comparables analysis should not be the sole factor in assessing the fairness and reasonableness of the Offer Price, but other factors such as the financial performance of the Group, the industry outlook in which the Group is operating in and the synergistic benefits that the Offeror will bring to the Group via the Offer are also important consideration to take into account in assessing the fairness and reasonableness of the Offer Price. Furthermore the subject companies in the VGO Comparables were involved in industries which are not identical to that of the Company.

## **7. Information on the Offeror and the intention of the Offeror on the Group**

### ***A. Information of the Offeror and Shandong NewJF***

As stated in the Offer Document, the Offeror is a company incorporated in Hong Kong with limited liability and is indirectly wholly-owned by Shandong NewJF. The Offeror is principally engaged in investment holding. Shandong NewJF is a joint stock company incorporated in the PRC with limited liability, whose shares are listed on the Shenzhen Stock Exchange under the stock code 301296. Shandong NewJF is principally engaged in the research, development, production and sale of aseptic packaging. As at the Latest Practicable Date, the *de facto* controllers (within the meaning of the listing rules of the Shenzhen Stock Exchange) of Shandong NewJF are Mr. YUAN Xunjun and Ms. GUO Xiaohong (the spouse of Mr. YUAN Xunjun) who, through entities and limited partnerships controlled by them, indirectly control approximately 31.24% of the issued share capital of Shandong NewJF.

### ***B. Intention of the Offeror with regard to the Group***

As stated in the Offer Document, after closing of the Offer (assuming the Offer becomes unconditional in all respects), it is the intention of the Offeror for the Group to maintain its existing principal businesses. As at the Latest Practicable Date, the Offeror has no intention to discontinue the employment of any employees of the Group or joint ventures other than changes in the ordinary and usual course of business or for the purpose of optimising the governance and management of the Group. Any changes to the composition of the board of directors of the Company will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made as and when appropriate.

The Offeror 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 asset structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs. As at the Latest Practicable Date, no investment or business opportunity has been identified, nor has the Offeror entered into any agreement, arrangement, understanding or negotiation, in relation to the injection or disposal of any assets or business into or by the Company.

### *Comments*

We note that while the Offeror has outlined its intentions to maintain the Group's existing principal businesses and not to discontinue the employment of any employees, the nature of this unsolicited Offer carries inherent risks. Once the Offeror becomes the controlling Shareholder if the Offer is unconditional, it will have considerable influence over the Group's strategic direction and operational decisions. Despite assurances of maintaining current business operations and optimising governance, there remains a concern that the Offeror could implement changes since it will conduct a review of the existing principal businesses to consider how best to develop the Group to enhance efficiency and shareholder value, optimising resource allocation to achieve complementary advantages.

Furthermore, with Shandong NewJF's focus on price competitiveness and domestic market dynamics since it has been a pure PRC industry player, there is a risk that the Group's innovative management style and emphasis on research and development could be compromised. This could suppress the Group's growth and adaptability in the international market. The Group's success and strong presence in the global markets are built on its commitment to innovative technology, quality assurance, and reliability, practices that align with international standards. As we understand from the Management that as most PRC industry players, including Shandong NewJF, are heavily influenced by a price-competitive culture, this might force the Group to conform to operational norms that are not conducive to maintaining its global market position.

Overall, while the Offeror's intentions may seem aligned with maintaining business continuity, the control gained through the Offer presents significant risks that could ultimately undermine the Group's established reputation in the global market which was painstakingly built upon adopting international standards that might give way to more localised practices.

### *C. Public float and maintaining the listing status of the Company*

The Offeror intends to avail itself of the right under section 88 of the Cayman Companies Act to compulsorily acquire Offer Shares not acquired by the Offeror under the Offer if, within four months after the date of the Offer Document, it has received valid acceptances in respect of not less than 90% of the Offer Shares. On completion of the

compulsory acquisition (if applicable), the Company will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Companies Act required for compulsory acquisition (i.e. not less than 90% of the Offer Shares) and the requirements of Rule 2.11 of the Takeovers Code are satisfied, an application will be made to the Stock Exchange to cease dealings in the Shares until the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If the prescribed levels of acceptances are not attained and the Compulsory Acquisition Right is not exercised, the Stock Exchange has stated that if, as at the close of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares (excluding treasury 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) there are insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend dealings in the Shares.

The sole director of the Offeror has undertaken to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists in the Company's shares after the close of the Offer in the event that the Compulsory Acquisition Right is not exercised.

## **8. Other considerations**

It is noted that the Offer provides an opportunity for the Independent Shareholders to monetise their investment at a premium to the prevailing market prices of the Shares, and the Offeror has stated that it is its intention for the Group to maintain its existing principal business. The Offeror will consider how to develop the Group in a manner which best enhances efficiency and shareholder value, and accordingly will consider reviewing and optimising its asset structure which will be dependent on a number of factors including market conditions, legal and regulatory requirements and its business needs.

We noted that the Company and the Board had, on several occasions via published announcements and/or circulars, stated that the Offer is hostile in nature and not welcomed by the executive management. The holding company of the Offeror, namely Shandong NewJF, conducts business that competes directly with the Group and are direct competitors in the aseptic packaging industry. This would lead to a combination of two (2) companies which the Board believes are fundamentally incompatible and bring no commercial merits. The factors cited are set out below:

*(i) Loss of major customer and possible commencement of legal action*

As mentioned in the Company's announcement dated 31 May 2023, certain subsidiaries of the Group have entered into a framework agreement with the Group's largest customer, Customer A, pursuant to which Customer A may purchase various types of packaging materials from the Group from time to time in accordance with such framework agreement.

Certain subsidiaries of the Group were required to give an undertaking under the framework agreement that, amongst other things, they shall prevent any of Customer A's competitors or their related parties (which would include the Offeror) from participating (whether directly or indirectly) in any decision-making or execution by the Group of its business affairs with Customer A.

The Offer, if successful, would put the Group in a precarious position to prevent the above business intervention situations from happening and would result in Customer A having the right to terminate such framework agreement and commence legal actions against the Group for such breach.

Customer A may cease conducting business with the Group in not purchasing various types of packaging materials going forward. This will have a material adverse effect on the financial performance of the Group since the revenue from Customer A constituted between 27.9% to 35.5% of total revenue of the Group for the past 3 years.

*(ii) Loss of value and appeal*

Some of the Group's customers have expressed their concerns since the reasons they chose to do business with the Company is because they perceive the Company as an international leading supplier with global capabilities to offer packaging products with the same quality and consistency as other leading international suppliers. Therefore there is value in the Company being perceived as an international company that focuses on the quality of its products as well as its environmental, social and governance obligations.

The grave apprehension of these customers lie in the fact that, with the Offer and the possibility of the Offeror becoming a Shareholder who holds more than 50% equity interests and appointing new directors to the Board, the Company will lose its value and perceived as becoming more and more like a PRC supplier, and accordingly there is no longer any value in placing purchase orders with the Company as there are other readily available PRC suppliers that can offer even cheaper prices than the Company.

Furthermore the Group's key differentiating strength of having an international style and standard of operational management will be at risk if the Group is combined with Shandong NewJF, since the Group competes primarily on technology, quality assurance, reliability and business focus benchmarked against the international companies which have market-leading positions in the PRC.

*(iii) Divergent management approach*

The Group's innovative management style will potentially be stifled since both the Group and Shandong NewJF adopt drastically different management style. While the Group emphasises innovative technology, quality assurance, and reliability, aligning its practices with international standards, Shandong NewJF, similar to other PRC industry players, operates primarily within the domestic PRC market, where the strategies are heavily influenced by a price-competitive culture. This culture often prioritises cost reduction over innovation and quality, potentially undermining the Group's commitment to research and development. The Group's success and strong presence in the global markets, a market in which Shandong NewJF does not compete in, is rooted in its ability to deliver quality products, a testament and hallmark of its management's philosophy. If the Offer is successful and Shandong NewJF obtains control of 50% or more of the voting rights in the Company, there lies a significant risk that the Group may be requested to conform to Shandong NewJF's operational norms, restricting its ability to innovate and compete effectively on an international scale. Such a shift could diminish the Group's global market position and its reputation for excellence in the aseptic packaging industry.

*(iv) Loss of information secrecy*

Some of the Group's customers have also reflected to the Company that, since Shandong NewJF (which is a direct competitor of the Company) is the ultimate holding company of the Offeror, they are concerned that certain commercial secrets and sensitive information of the Company, including but not limited to its pricing strategies, business development plans and customer information that may become accessible to the directors newly appointed to the Board by Shandong NewJF, which appointment was effective from 18 October 2024 onwards. This is particularly critical to Customer A, who is opposed that its commercial secrets and practices may become attainable by Shandong NewJF, whose largest customer cum shareholder is a direct competitor to Customer A.

*(v) Current loss of financial support*

We note that in the circular issued by the Company to the Shareholders dated 2 October 2024 in respect of the proposed appointment of Directors, the letter from the Board stated that one of the Group's banks has withdrawn its credit facilities and requested for immediate repayment of bank loan, therefore it can be seen that the Offer has significantly destabilised the Company financially. As informed by the Management, the said bank ceased to extend further credit facilities upon the announcement of the Share Disposal, and withdrew the credit facilities and requested for immediate repayment of bank loan upon the announcement of the Offer. The withdrawal of credit facilities by some banks, as informed by the Management, underscores the severe financial instability brought about by the Offer. The demand for loan repayment added unnecessary strain to the Group's liquidity whilst placing the Group in a difficult position to negotiate potential new facilities with new banks with the pending Offer in existence creating uncertainty. These compounded challenges highlight the profound unfavourable impact brought about by the Offer and created more obstacles for the Group.



Based on the various factors mentioned above, the Board has categorically stated that it does not welcome and/or support the Offer. Accordingly the Offer is indeed a value-destroying exercise to the Group.

## **OPINION AND RECOMMENDATION**

In making our recommendation, we have considered the foregoing and the following principal reasons:

### **(i) Financial performance of the Group**

The Group has been consistently recording profits since its listing on the Stock Exchange in December 2010. Despite the difficult and challenging business environment during the coronavirus pandemic period from year 2020 to 2022, the Group managed to register profitability during the period. This demonstrates the experienced and strong management team who are able to steer the Group to withstand market adversity with sound and proactive measures to overcome the difficulties faced with the tough operating conditions.

### **(ii) Industry prospects**

As stated in section titled “Future prospects of the Group” above, the global aseptic packaging industry has experienced steady growth in the past and the market is poised to grow with a CAGR of approximately 10.8% during the period of 2024 to 2033. The Group, being a leading supplier of aseptic packaging materials that competes confidently with the top two international aseptic packaging giants, namely Tetra Pak Group and SIG Group AG, under the existing management team that has strived relentlessly to put the Group in its current leading position, is well positioned to take advantage in this growing market to expand its customers base, increase revenue and improve profitability.

### **(iii) The Offer Price comparison against the prevailing market prices**

We note that the Offer Price represents a premium over the prevailing market prices of various periods, ranging from 30 to 120 trading days immediately prior to and including the Last Trading Day, as well as a premium over the audited and unaudited consolidated net asset value as at 31 December 2023 and 30 June 2024, respectively.

### **(iv) Industry Comparables**

From the perspective of market comparable analysis, we note that (a) the Implied P/B Multiple and Implied P/E Multiple as represented by the Offer Price are lower than the median and average of the P/B Multiples and P/E Multiples of the Industry Comparables respectively; and (b) the Implied P/S Multiple as represented by the Offer Price is lower than the average P/S Multiple of the Industry Comparables but is the same as the median P/S Multiple of the Industry Comparables, although they fall within the ranges of the P/S Multiples, P/B Multiples and P/E Multiples of the Industry Comparables.

**(v) Loss of customers and potential legal actions**

It was highlighted above that the Company and the Board had, on several occasions via published announcements and/or circulars, stated that the Offer is hostile in nature and not welcomed by the executive management. If the Offer is successful resulting in the Offeror becoming a Shareholder holding 50% or more of the voting rights of the Company, this would potentially result in the loss of some customers, including the Group's largest customer, as well as face potential legal suits due to breach of framework agreement signed with Customer A. The Group would also lose its appeal as an international leading supplier with global capabilities once the Offer is successful since it will be perceived as becoming more like a PRC supplier, where other readily available PRC suppliers being able to offer similar products at even cheaper prices than the Company.

**(vi) Divergent management approach**

The holding company of the Offeror, namely Shandong NewJF, is a direct competitor to the Group in the aseptic packaging industry. However the Group is recognised globally with its products being sold in both PRC and international markets, whilst Shandong NewJF is purely a domestic PRC player with no international presence and expertise. In addition, the management style of the 2 companies is completely different, with the Group prides itself in areas such as technology, quality assurance, reliability and business focus that are at par with international companies which have market-leading positions in the PRC. The Group's innovative management style with a strong focus on research and development would be potentially suppressed to follow the price-competing culture of the PRC suppliers, in which Shandong NewJF is one of such suppliers, if the Offer is successful and Shandong NewJF is able to control 50% or more of the voting rights of the Company.

Balancing the considerations (i) – (vi) as set out above, we considered the Offer is not fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer.

We wish to highlight that the launch of the Offer, which the Board considers to be uninvited, brings about uncertainty and risks to the Group since the Group is prohibited from undertaking certain corporation exercises that would normally be conducted for the benefits of the Company and the Shareholders as a whole, since this will be construed as frustrating actions under the Takeovers Code, which would require approval of the Independent Shareholders pursuant to Rule 4 of the Takeovers Code, provided the consent of the Offeror is obtained, pursuant to which the approval of the Independent Shareholders can be dispensed with. Furthermore if the Offer becomes unconditional, the factors which were mentioned in the section titled "Other considerations" above may materialise that will possibly have a material adverse impact to the Group and its operations. Accordingly, the Offer represents an opportunity for the Independent Shareholders to realise their investments, given the investment objectives, individual circumstances and risk appetite of the Individual Shareholders, especially those with a significant number of Shares, considering the generally thin trading liquidity of the Shares.

The Independent Shareholders should note that the Offer is subject to the satisfaction/waiver of the Conditions as set out in the Offer Document and therefore may or may not become unconditional. The Independent Shareholders whose investment attitude is more risk-averse may wish to take a wait-and-see approach until the Offer is declared unconditional before deciding whether and what actions they wish to take.

Independent Shareholders are advised to exercise caution when dealing in the Shares and closely monitor the market price and trading volume which may not be sustainable.

The Independent Shareholders are also reminded that their decisions to dispose or hold their investment in the Shares are subject to their individual circumstances and investment objectives and we would recommend any Independent Shareholder who may require advice in relation to any aspect of this Response Document, or as to the action to be taken, to consult a licensed securities dealer, bank manager, solicitor, professional accountant, tax adviser or other professional adviser.

Yours faithfully,  
For and on behalf of  
**Opus Capital Limited**

A handwritten signature in black ink, appearing to read 'Koh Kwai Yim', written over a diagonal line that extends from the bottom right towards the center of the signature.

**Koh Kwai Yim**  
*Managing Director*

*Ms. Koh Kwai Yim is the Managing Director of Opus Capital and is licensed under the SFO as a Responsible Officer to conduct Type 6 (advising on corporate finance) regulated activity. Ms. Koh has over 20 years of corporate finance experience in Asia and has participated in and completed various financial advisory and independent financial advisory transactions.*