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## ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2020

### FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2020	2019	Changes
	<i>RMB'000</i>	<i>RMB'000</i>	<i>(%)</i>
Revenue	7,344,747	7,287,271	0.8
EBITDA	1,011,017	887,739	13.9
Net profit attributable to equity holders of the Company	389,388	302,090	28.9
Basic earnings per share	RMB0.345	RMB0.259	33.2
Dividends (HK cents)			
– Interim	9.1	8.0	
– Interim special	5.3	–	
– Final (proposed)	11.0	6.4	
– Final special (proposed)	6.7	–	
	<u>32.1</u>	<u>14.4</u>	122.9

- The Board recommended the payment of a final dividend of RMB0.092 (equivalent to HK11.0 cents) per share and a final special dividend of RMB0.056 (equivalent to HK6.7 cents) per share for the year ended 31 December 2020 to the equity holders of the Company.

The board (the “Board”) of directors (the “Directors”) of CPMC Holdings Limited (the “Company”) presents the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2020 together with the comparative figures for the year ended 31 December 2019.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December*

	<i>Note</i>	<b>2020</b> <b><i>RMB'000</i></b>	<b>2019</b> <b><i>RMB'000</i></b>
<b>Revenue</b>	<i>4a</i>	<b>7,344,747</b>	7,287,271
Cost of sales	<i>5(a)</i>	<b><u>(6,181,523)</u></b>	<u>(6,189,886)</u>
<b>Gross profit</b>		<b>1,163,224</b>	1,097,385
Other income, gains and losses	<i>4b</i>	<b>107,290</b>	61,389
Selling and marketing expenses		<b>(323,161)</b>	(315,794)
Administrative expenses		<b>(341,344)</b>	(320,200)
Finance costs	<i>6</i>	<b>(99,063)</b>	(135,878)
Share of profit of a joint venture		<b><u>91</u></b>	<u>—</u>
<b>Profit before income tax</b>	<i>5</i>	<b>507,037</b>	386,902
Income tax expense	<i>7</i>	<b><u>(113,004)</u></b>	<u>(80,363)</u>
<b>Profit for the year</b>		<b><u>394,033</u></b>	<u>306,539</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>389,388</b>	302,090
Non-controlling interests		<b><u>4,645</u></b>	<u>4,449</u>
		<b><u>394,033</u></b>	<u>306,539</u>
<b>Earnings per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted	<i>9</i>	<b><u>RMB0.345</u></b>	<u>RMB0.259</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Profit for the year</b>	<b><u>394,033</u></b>	<b><u>306,539</u></b>
<b>Other comprehensive income/(loss)</b>		
Item that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences arising on translation of foreign operations	<u>231,066</u>	<u>(88,618)</u>
<b>Other comprehensive income/(loss) for the year, net of tax</b>	<b><u>231,066</u></b>	<b><u>(88,618)</u></b>
<b>Total comprehensive income for the year</b>	<b><u>625,099</u></b>	<b><u>217,921</u></b>
Attributable to:		
Equity holders of the Company	<b>619,105</b>	212,138
Non-controlling interests	<u>5,994</u>	<u>5,783</u>
	<b><u>625,099</u></b>	<b><u>217,921</u></b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Note	2020 RMB'000	2019 RMB'000
<b>Non-current assets</b>			
Property, plant and equipment		5,162,887	5,016,568
Right-of-use assets		393,112	330,717
Deposits for purchase of items of property, plant and equipment		125,144	216,993
Prepayments		38,165	32,567
Goodwill		233,973	233,973
Other intangible assets		23,375	26,659
Interests in joint ventures		8,371	1,507,068
Investment in an associate		—	24,984
Deferred tax assets		26,937	29,000
<b>Total non-current assets</b>		<b>6,011,964</b>	<b>7,418,529</b>
<b>Current assets</b>			
Inventories		1,247,512	1,070,777
Trade and bills receivables	10	2,156,082	1,839,913
Prepayments, other receivables and other assets		333,245	256,835
Tax recoverable		5,925	3,251
Pledged deposits and restricted deposit		97,407	49,712
Cash and cash equivalents		1,944,230	678,514
<b>Total current assets</b>		<b>5,784,401</b>	<b>3,899,002</b>
<b>Current liabilities</b>			
Trade and bills payables	11	1,448,866	1,123,456
Other payables and accruals		429,043	559,159
Lease liabilities		10,268	8,259
Interest-bearing bank borrowings		2,300,147	1,857,772
Tax payable		21,693	17,045
<b>Total current liabilities</b>		<b>4,210,017</b>	<b>3,565,691</b>
<b>Net current assets</b>		<b>1,574,384</b>	<b>333,311</b>
<b>Total assets less current liabilities</b>		<b>7,586,348</b>	<b>7,751,840</b>

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Interest-bearing bank borrowings	1,963,573	2,480,470
Lease liabilities	70,978	18,398
Deferred tax liabilities	46,148	34,961
Government grants	2,686	3,018
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>2,083,385</b>	<b>2,536,847</b>
	<hr/>	<hr/>
<b>Net assets</b>	<b>5,502,963</b>	<b>5,214,993</b>
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<b>Equity</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	2,730,433	2,730,433
Reserves	2,487,247	2,205,271
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	5,217,680	4,935,704
<b>Non-controlling interests</b>	<b>285,283</b>	<b>279,289</b>
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<b>Total equity</b>	<b>5,502,963</b>	<b>5,214,993</b>
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# **CONSOLIDATED STATEMENT OF CASH FLOWS**

*Year ended 31 December*

	<i>Note</i>	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
<b>Cash flows from operating activities</b>			
Profit before income tax		<b>507,037</b>	386,902
Adjustments for:			
Finance costs	6	<b>99,063</b>	135,878
Interest income	4b	<b>(16,091)</b>	(9,710)
Loss on disposal of items of property, plant and equipment	4b	<b>8,622</b>	2,064
Loss on disposal of a joint venture	4b	<b>2,436</b>	–
Gain on disposal of an associate	4b	<b>(16)</b>	–
Share of profit of a joint venture		<b>(91)</b>	–
Committed dividend income from a joint venture	4b	<b>(50,000)</b>	–
Depreciation of property, plant and equipment	5(c)	<b>376,861</b>	342,402
Depreciation of right-of-use assets	5(c)	<b>23,227</b>	17,696
Amortisation of other intangible assets	5(c)	<b>4,829</b>	4,861
Impairment loss of trade receivables, prepayments and other assets, net	5(c)	<b>2,654</b>	5,079
Reversal of provision of inventories	5(a)	<b>(205)</b>	(350)
Amortisation of government grants		<b>(332)</b>	(4,006)
COVID-19-related rent concessions		<b>(300)</b>	–
Foreign exchange differences, net		<b>(21,674)</b>	(3,960)
Operating profit before changes in working capital		<b>936,020</b>	876,856
Increase in inventories		<b>(176,530)</b>	(213,699)
Decrease/(increase) in trade and bills receivables		<b>66,155</b>	(152,627)
(Increase)/decrease in prepayments, other receivables and other assets		<b>(66,682)</b>	79,625
(Increase)/decrease in pledged deposits and restricted deposit		<b>(47,695)</b>	1,982
Increase/(decrease) in trade and bills payables		<b>319,167</b>	(72,236)
Increase in other payables and accruals		<b>131,056</b>	249,008
<b>Cash generated from operations</b>		<b>1,161,491</b>	768,909
Interest paid		<b>(97,156)</b>	(134,749)
PRC Enterprise Income Tax paid		<b>(97,780)</b>	(93,702)
<b>Net cash generated from operating activities</b>		<b>966,555</b>	540,458

	<i>Note</i>	<b>2020</b> <b><i>RMB'000</i></b>	<b>2019</b> <b><i>RMB'000</i></b>
<b>Cash flows from investing activities</b>			
Interest received	4b	16,091	9,710
Committed dividend received from a joint venture		50,000	–
Purchase of items of property, plant and equipment		(349,101)	(499,297)
Deposits paid for purchase of items of property, plant and equipment		(112,777)	(128,546)
Proceeds from disposal of items of property, plant and equipment		14,016	1,468
Addition to prepayments, other receivables and other assets		(15,676)	(13,890)
Additions to leasehold land		(14,384)	–
Additions to other intangible assets		(1,545)	(2,567)
Investment in a joint venture		(8,280)	–
Proceeds from disposal of a joint venture		874,804	–
Proceeds from disposal of an associate		25,000	–
Acquisition of subsidiaries		–	(20,646)
<b>Net cash generated from/(used in) investing activities</b>		<b>478,148</b>	<b>(653,768)</b>
<b>Cash flows from financing activities</b>			
New bank loans raised		1,502,028	1,971,605
Repayments of bank loans		(1,325,813)	(1,811,933)
Repayments of lease liabilities		(13,203)	(10,346)
Interest paid on lease liabilities		(1,907)	(1,129)
Repurchase of own shares		(128,480)	(35,570)
Dividends paid		(208,649)	(141,128)
Acquisition of a non-controlling interest		–	(131,898)
Capital contributions from non-controlling interests		–	57,080
<b>Net cash used in financing activities</b>		<b>(176,024)</b>	<b>(103,319)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>1,268,679</b>	<b>(216,629)</b>
Cash and cash equivalents at beginning of year		678,514	893,877
Effect of foreign exchange rate changes, net		(2,963)	1,266
<b>Cash and cash equivalents at end of year</b>		<b>1,944,230</b>	<b>678,514</b>
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances		1,052,899	90,325
Deposits in COFCO Finance Company Limited (“COFCO Finance”), a subsidiary of COFCO Corporation		891,331	588,189
<b>Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows</b>		<b>1,944,230</b>	<b>678,514</b>

## NOTES:

### 1. CORPORATE AND INFORMATION OF THE GROUP

CPMC Holdings Limited (the “Company”) is a limited liability company incorporated in Hong Kong. On 16 November 2009, the Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The registered office of the Company is located at 33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacture of packaging products, including beverage cans, food cans, aerosol cans, metal caps, printed and coated tinplates, steel barrels, round and square shaped cans and plastic packaging in the People’s Republic of China (the “PRC”).

As at 31 December 2020, (i) COFCO (Hong Kong) Limited (“COFCO (Hong Kong)”) beneficially held approximately 29.70% (2019: 28.48%) of the issued shares of the Company, being the single largest shareholder of the Company; and (ii) 奥瑞金科技股份有限公司 (ORG Technology Co. Ltd.\*) (“ORG Technology”) beneficially held approximately 24.40% (2019: 23.40%) of the issued shares of the Company, being the second largest shareholder of the Company. COFCO (Hong Kong) is a company incorporated in Hong Kong and ultimately held by COFCO Corporation (“COFCO”), a state-owned enterprise registered in the PRC. ORG technology is a company established in the PRC and listed on the Shenzhen Stock Exchange.

#### 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis, except for certain derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

The unaudited financial information relating to the year ended 31 December 2020 and the financial information relating to the year ended 31 December 2019 included in this preliminary announcement of 2020 annual results do not constitute the Company’s statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2019, is derived from those consolidated financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The consolidated financial statements for the year ended 31 December 2020 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies of Hong Kong in due course.

\* *For identification purposes only*



The Company has delivered the consolidated financial statements for the year ended 31 December 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2019. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent and uniform accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the Conceptual Framework for Financial Reporting 2018 and the following revised HKFRSs for the first time for the current year's consolidated financial statements.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform
Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKAS 1 and HKAS 8	Definition of Material

Except for the amendments to HKFRSs mentioned below, the application of the Amendments to References to the Conceptual Framework in HKFRS Standards and the amendments to HKFRSs in the current year had no material impact on the Group's consolidated financial positions and performance for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

### **Impacts on early application of Amendment to HKFRS 16 COVID-19-Related Rent Concessions**

The Group has applied the amendment for the first time in the current year. The amendment introduces a new practical expedient for lessees to elect not to assess whether a COVID-19-related rent concession is a lease modification. The practical expedient only applies to rent concessions occurring as a direct consequence of the COVID-19 that meets all of the following conditions:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 Leases if the changes were not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs. The application of the amendment had no impact to the opening retained profits at 1 January 2020.

Except for the amendments to HKFRS 16 early adopted in this year, the Group has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in the current accounting period.

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group has one operating segment of packaging products, which can be analysed by three business units based on their products and services as follows:

- (a) Tinplate packaging – the Group uses tinplate as the main raw material for its tinplate packaging products, which include three-piece beverage cans, food cans (including milk powder cans), aerosol cans, metal caps, printed and coated tinplates, steel barrels, round and square shaped cans and other metal packaging;
- (b) Aluminium packaging – the Group uses aluminium as the main raw material for its aluminium packaging products, which mainly consist of two-piece beverage cans and one-piece bottles; and
- (c) Plastic packaging – the Group's plastic packaging products are mainly used for milk bottles, shampoo bottles, plastic devices of electronic products, daily use hardware, package printing, sports drink bottles and related plastic-made products.

Management monitors the results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. The performance for each of the business unit is evaluated based on revenue, as explained below:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Tinplate packaging	3,659,703	3,389,694
Aluminium packaging	3,107,099	3,309,159
Plastic packaging	577,945	588,418
	<u>7,344,747</u>	<u>7,287,271</u>

#### Geographical information

The Group's revenue from external customers is based on the location of customers and information about its non-current assets by geographical location of the assets are detailed below:

	Revenue from external customers		Non-current assets (note)	
	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Mainland China	7,053,282	7,089,264	5,528,855	7,131,883
Overseas	291,465	198,007	456,172	257,646
	<u>7,344,747</u>	<u>7,287,271</u>	<u>5,985,027</u>	<u>7,389,529</u>

*Note:* Non-current assets excluded those relating to financial instruments and deferred tax assets.

### Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

	2020 <i>RMB'000</i>	2019 RMB'000
Customer A	908,002	866,393
Customer B	N/A*	753,415

\* The corresponding revenue dose not contribute over 10% of the total revenue of the Group.

### 4a. REVENUE

An analysis of revenue is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Revenue from contracts with customers</b>		
Sale of goods	7,344,747	7,287,271

### Revenue from contracts with customers

#### (i) Disaggregated revenue information

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>By type of goods</b>		
Tinplate packaging	3,659,703	3,389,694
Aluminium packaging	3,107,099	3,309,159
Plastic packaging	577,945	588,418
Total revenue from contracts with customers	7,344,747	7,287,271
<b>By geographical markets</b>		
Mainland China	7,053,282	7,089,264
Overseas	291,465	198,007
Total revenue from contracts with customers	7,344,747	7,287,271

All of the Group's revenue from contracts with customers is recognised at a point in time when the goods are transferred.

**(ii) Performance obligations**

Information about the Group's performance obligations is summarised below:

*Sale of products*

The performance obligation is satisfied upon delivery of the packaging products and payment is generally due within 30 to 180 days from delivery, except for new customers, where payment in advance is normally required and the Group recognises it as contract liabilities until the goods have been delivered to customers. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

**4b. OTHER INCOME, GAINS AND LOSSES**

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Other income</b>		
Bank interest income	4,522	5,362
Interest income from COFCO Finance	11,569	4,348
Committed dividend income from a joint venture	50,000	–
Government grants*	20,763	18,249
Rental income	2,867	2,434
Other income	1,250	7,500
	<u>90,971</u>	<u>37,893</u>
<b>Other gains and losses</b>		
Loss on disposal of a joint venture	(2,436)	–
Gain on disposal of an associate	16	–
Loss on disposal of items of property, plant and equipment	(8,622)	(2,064)
Foreign exchange differences, net	15,736	14,380
Other gains	11,625	11,180
	<u>16,319</u>	<u>23,496</u>
	<u>107,290</u>	<u>61,389</u>

\* *The government grants are granted by the local authorities in the Mainland China to support local entities. There are no unfulfilled conditions or contingencies relating to these grants.*

## 5. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	2020 RMB'000	2019 RMB'000
<b>(a) Cost of sales</b>		
Cost of inventories sold	6,195,944	6,193,567
Realised and unrealised fair value gains on derivative financial instruments, net	(14,216)	(3,331)
Reversal of provision of inventories	(205)	(350)
	<u>6,181,523</u>	<u>6,189,886</u>
<b>(b) Staff costs (including directors' and chief executive's remuneration)</b>		
Wages and salaries	586,865	573,668
Pension scheme contributions**	15,834	45,093
Other benefits	43,566	46,102
	<u>646,265</u>	<u>664,863</u>
<b>(c) Other items</b>		
Depreciation of property, plant and equipment	376,861	342,402
Depreciation of right-of-use assets	23,227	17,696
Amortisation of other intangible assets	4,829	4,861
Research and development costs*	26,703	17,491
COVID-19-related rent concessions	(300)	–
Expenses relating to short-term leases	6,181	5,542
Impairment losses of trade receivables, net*	2,303	5,061
Impairment losses of prepayments, other receivables and other assets, net*	351	18
	<u>351</u>	<u>18</u>
Auditor's remuneration:		
– Audit service	1,700	1,700
– Non-audit services	804	700
	<u>2,504</u>	<u>2,400</u>

\* The research and development costs, impairment losses of trade receivables, prepayments, other receivables and other assets are included in administrative expenses in the consolidated statement of profit or loss.

\*\* As at 31 December 2020, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2019: Nil).

## 6. FINANCE COSTS

An analysis of finance costs is as follows:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans	110,647	152,601
Interest on lease liabilities	1,907	1,129
	<u>112,554</u>	<u>153,730</u>
Less: Interest capitalised	(13,491)	(17,852)
	<u>99,063</u>	<u>135,878</u>

## 7. INCOME TAX EXPENSE

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2019: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
PRC Enterprise Income Tax		
Current tax	104,712	88,352
Over-provisions in respect of prior years	(4,958)	(7,453)
Deferred tax	13,250	(536)
	<u>113,004</u>	<u>80,363</u>

Pursuant to the approvals issued by the State Administration of Taxation of the PRC during the year ended 31 December 2013, the Company and most of its subsidiaries registered in Hong Kong and the British Virgin Islands are regarded as Chinese Resident Enterprises (collectively the “CREs”) and the relevant enterprise income tax policies of the PRC are applicable to the CREs commencing from 1 January 2013.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries are 25% for both years. Three (2019: Three) of the Group’s subsidiaries operating in the PRC have granted a preferential EIT rate of 15%, by the relevant tax authorities. One (2019: Two) of the Group’s subsidiaries are qualified as high-tech enterprises in the PRC, and the relevant tax authorities have granted the subsidiaries a preferential EIT rate of 15%. One (2019: Three) of the Group’s subsidiaries are qualified as small enterprises earning low profits in the PRC, and the relevant tax authorities have granted the subsidiaries preferential EIT rate of 5% (2019: 5% and 10%) respectively.

## 8. DIVIDENDS

	2020 <i>RMB’000</i>	2019 <i>RMB’000</i>
Interim – RMB0.082 (2019: RMB0.073) per ordinary share	91,301	84,749
Interim special – RMB0.048 (2019: Nil) per ordinary share	53,444	–
Proposed final – RMB0.092 (2019: RMB0.057) per ordinary share	102,435	63,904
Proposed final special – RMB0.056 (2019: Nil) per ordinary share	<u>62,352</u>	<u>–</u>
	<u><b>309,532</b></u>	<u><b>148,653</b></u>

The proposed final dividend for the year ended 31 December 2020 is subject to the approval by the Company’s shareholders at the forthcoming Annual General Meeting.

The final dividend in respect of the year ended 31 December 2019 was proposed by the directors of the Company on 25 March 2020, and subsequently approved at the Company’s Annual General Meeting on 22 June 2020 and recognised as distribution during the year ended 31 December 2020.

## 9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company of RMB389,388,000 (2019: RMB302,090,000) and the weighted average number of ordinary shares of 1,129,926,000 (2019: 1,167,861,000) in issue during the year.

The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

The diluted earnings per share for the years ended 31 December 2020 and 2019 was same as the basic earnings per share as there were no potential dilutive ordinary shares in existence in both years.



The calculations of basic and diluted earnings per share are based on:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	<u>389,388</u>	<u>302,090</u>
	<b>Number of shares</b>	
	<b>2020</b>	2019
	<b>'000</b>	<b>'000</b>
<b>Shares</b>		
Issued ordinary shares at 1 January	1,160,949	1,174,560
Effect of shares repurchased	<u>(31,023)</u>	<u>(6,699)</u>
Weighted average number of ordinary shares at 31 December	<u>1,129,926</u>	<u>1,167,861</u>

#### 10. TRADE AND BILLS RECEIVABLES

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Trade and bills receivables from third-party customers	2,040,901	1,702,350
Trade and bills receivables from related parties	<u>117,926</u>	<u>143,244</u>
	2,158,827	1,845,594
Less: Impairment	<u>(2,745)</u>	<u>(5,681)</u>
	<u>2,156,082</u>	<u>1,839,913</u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 30 to 180 (2019: 30 to 180) days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's trade receivables from related parties are on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of impairment, is as follows:

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Within 3 months	<b>1,714,283</b>	1,576,292
3 to 12 months	<b>441,056</b>	261,216
Over 1 year	<b>743</b>	2,405
	<u><b>2,156,082</b></u>	<u>1,839,913</u>

#### **11. TRADE AND BILLS PAYABLES**

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	<b>2020</b> <b>RMB'000</b>	2019 <i>RMB'000</i>
Within 3 months	<b>1,019,366</b>	757,848
3 to 12 months	<b>426,841</b>	361,899
Over 1 year	<b>2,659</b>	3,709
	<u><b>1,448,866</b></u>	<u>1,123,456</u>

Trade and bills payables are non-interest-bearing and the credit terms are normally 30 to 90 (2019: 30 to 90) days.

As at 31 December 2020, certain of the Group's bills payable were secured by the Group's bank deposits amounting to RMB70,149,000 (2019: RMB46,829,000).

As at 31 December 2020, among the trade and bills payables, trade payables of RMBNil (2019: RMB20,000) were due to COFCO (Hong Kong) and its subsidiaries, and trade payables of RMB282,000 (2019: RMB10,517,000) were due to ORG Technology and its subsidiaries. These balances are payable within 90 days, a credit term similar to those offered by the respective fellow subsidiary to its major customers.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS INTRODUCTION

The Group is principally engaged in the manufacturing and sale of packaging products used for consumer goods such as food, beverages and household chemical products, extensively covering the packaging markets of tea beverages, carbonated beverages, fruit and vegetable beverages, beer, dairy products, household chemical products and other consumer goods. In addition, the Group provides comprehensive packaging solutions including high technological packaging design, printing, logistics and comprehensive customer services. As a leading metal packaging provider in the PRC, the Group is committed to developing into the leader of the comprehensive consumer goods packaging industry in the PRC. The products of the Group mainly include aluminium packaging, tinsplate packaging and plastic packaging. The Group carries out operations through 34 operating subsidiaries and 2 joint ventures (which are strategically located in different regions of the PRC), an offshore operating subsidiary and their branches in order to serve customers more efficiently. Ranking first in multiple market segments, the Group has earned the appreciation and trust of many well-known brands domestically and abroad, and established a solid customer base, including domestically and internationally renowned high-end consumer goods manufacturers.

- **Aluminium Packaging**

The Group uses aluminium as the main raw material for its aluminium packaging products, which mainly include two-piece beverage cans (two-piece cans) and one-piece cans. Aluminium packaging products are characterised by a high degree of automatic production and full product recyclability, etc., and has been one of the Company's core businesses in recent years.

In the first quarter of 2020, the downstream was severely impacted by the epidemic, but since the recovery in the second quarter, performance has remained stable and good. As consumers become more health conscious, sugar-free, sugar-reduced, low or even non-alcoholic beverages are becoming the choice of younger consumers, and the new generation category is expanding at a faster pace, becoming an important growth driver. With the improvement of public consumption ability and the changes of consumption concept, leading companies in the traditional market, through industrial structure upgrade and elimination of outdated capabilities, have promoted the proportion of high-end products to improve profitability, which has created new driving forces. New channels such as e-commerce bring new opportunities, and the home consumption scene overlaps with the de-plasticization order to catalyze the increase in the canning rate. In 2020, the Group's sales revenue from aluminium packaging was approximately RMB3,107 million (2019: approximately RMB3,309 million), representing a decrease of 6.1% over 2019, and accounted for approximately 42.3% of the total sales (2019: approximately 45.4%). Gross profit margin of the aluminium packaging business in 2020 was approximately 17.1% (2019: approximately 16.5%).

### ***Two-piece Beverage Cans (Two-piece Cans)***

Two-piece cans products are primarily used for the packaging of beers, carbonated drinks and tea beverages. In 2020, the Group's sales revenue from the two-piece cans business was approximately RMB2,948 million (2019: approximately RMB3,146 million), representing a decrease of 6.3% over 2019. Renowned customers of the Group's two-piece cans business include Anheuser-Busch InBev, CR Snow Beer, Tsingtao Brewery, Coca-Cola and JDB.

### ***One-Piece Cans***

One-piece cans products are primarily used for the packaging of household chemical products, beers, carbonated drinks and medical products. In 2020, the Group's sales revenue from one-piece cans products was approximately RMB159 million (2019: approximately RMB163 million), representing a decrease of 2.5% over 2019. Renowned customers of the Group's one-piece cans business include Anheuser-Busch InBev, Tsingtao Brewery, Carlsberg, Daizo Group and Sinochem Group, etc.

- **Tinplate Packaging**

The Group uses tinplate as the primary raw material for its tinplate packaging, the products of which include steel barrels, milk powder cans, aerosol cans, metal caps, three-piece beverage cans, round and square shaped cans, printed and coated tinplate and other metal packaging. The Group is in a leading position in a number of market segments, with steel barrels, milk powder cans, twist caps and aerosol cans ranking No. 1 in market shares nationwide.

Milk powder cans and twist caps, as the rigid demand in daily diet, overlapped with the catalyst of the epidemic, have strong demand and a broad market space. Consumption upgrade of household channels and healthy consumption concept will continue to drive the structural improvement of the condiment industry, in which compound condiments highly cater to young consumers and the market space is rapidly expanding. With the encouragement of national policies, leading companies of domestic dairy products are actively investing in upstream milk sources through mergers and acquisitions of high-quality bidders and new milk bases to implement a national layout and promote industry upgrading. In 2020, the sales revenue from the Group's tinplate packaging business amounted to approximately RMB3,660 million (2019: approximately RMB3,390 million), representing an increase of approximately 8.0% over 2019, and accounted for approximately 49.8% of the total sales (2019: approximately 46.5%). The gross profit margin of the tinplate packaging business in 2020 was approximately 14.5% (2019: approximately 14.0%).

### ***Steel Barrels***

The Group produces steel barrels with a volume of 200 litres or above, which are mainly used for carrying chemical products and raw food ingredients (e.g. bulk edible oil). In 2020, the sales revenue was approximately RMB958 million (2019: approximately RMB882 million), representing a year-on-year increase of approximately 8.6%. Renowned customers of the Group's steel barrels business include Wanhua, Sinopec, Nippon, Exxon Mobil, COFCO and Yihai Kerry.

### ***Milk Powder Cans***

Milk powder cans are mainly used for the packaging of infant formula milk powder, health food and other products. The Group is the largest milk powder cans manufacturer in the PRC. In 2020, the sales revenue from the milk powder cans business amounted to approximately RMB678 million (same period in 2019: approximately RMB589 million), representing a year-on-year increase of approximately 15.1%. Renowned customers of the Group's milk powder cans business include Feihe, Yili, Mengniu and Nestle.

### ***Aerosol Cans***

Aerosol cans products are primarily used for the packaging of household chemical products (e.g. car maintenance products, alcohol disinfectant, air fresheners, personal care products and pesticides) and other chemical products. In 2020, the Group recorded sales revenue of approximately RMB482 million (2019: approximately RMB384 million), representing a year-on-year increase of approximately 25.5%. Renowned customers of the Group's aerosol cans business include Gunuo Tianjin, Johnson Shanghai, Shanghai Daizo, Zhongshan Lanju and Hebei Kangda.

### ***Metal Caps***

Metal caps products include twist caps and crown caps. In 2020, the Group's sales revenue from the metal caps business amounted to approximately RMB537 million (2019: approximately RMB492 million), representing a year-on-year increase of approximately 9.1%. Renowned customers of the Group's metal caps business include Haiday, Lao Gan Ma, Jiajiahong, Huanleji, Chubang, China Resources Snow Breweries, Anheuser-Busch InBev and Tsingtao Brewery.

### ***Three-Piece Beverage Cans (Three-Piece Cans)***

Three-piece beverage cans (the “three-piece cans”) are used widely for the packaging of protein drinks, energy drinks, mixed congee, fruit and vegetable juice, coffee, etc. In 2020, the sales revenue from three-piece cans was approximately RMB182 million (2019: approximately RMB329 million), representing a year-on-year decrease of approximately 44.7%. Renowned customers of the Group’s three-piece cans business include Yinlu, Lulu, Yangyuan and Yili.

### ***Round and Square Shaped Cans***

The Group’s round and square shaped cans products are mainly used for the packaging of various chemical oil paint, paint and small package of oils and fats products, etc. In 2020, the Group’s sales revenue from round and square shaped cans business was approximately RMB264 million (2019: approximately RMB240 million), representing a year-on-year increase of approximately 10.0%. Renowned customers of the Group’s round and square shaped cans business include Valspar Corporation, Asia Paint, Yip’s Chemical, Carpoly and Yihai Kerry.

### ***Printed and Coated Tinplates***

The Group’s printed and coated tinplates products are mainly used for various gift candy boxes, food, chemicals, caps, batteries and other electronic and electric appliances (e.g. rice cookers). The products are also used to satisfy the Group’s internal demand arising from the manufacture of cans (e.g. milk powder cans and three-piece beverage cans) and metal caps (e.g. twist caps and crown caps). In 2020, external sales revenue from the printed and coated tinplates business was approximately RMB305 million (2019: approximately RMB245 million), representing a year-on-year increase of approximately 24.5%. Renowned customers of the Group’s printed and coated tinplates business include ORG Technology, Lao Gan Ma, Supor, T.G. Battery and Panasonic.

- **Plastic Packaging**

The Group’s plastic packaging products are mainly used for the packaging of personal care, household chemical and food and beverage products. In 2020, plastic packaging accurately grasped the purchase price of plastic particles to gain cost advantages and continued to promote the development of large customers. The sales revenue from the plastic packaging business was approximately RMB578 million in 2020 (2019: approximately RMB588 million), representing a year-on-year decrease of approximately 1.8%, and accounted for approximately 7.9% of the total revenue (2019: approximately 8.1%). The gross profit margin of the plastic packaging business in 2020 was approximately 17.2% (2019: approximately 13.4%). Renowned customers of the Group’s plastic packaging business include P&G, Reckitt Benckiser, Blue Moon, Haiday, SC Johnson and Heinz.

## **OUTLOOK FOR 2021**

In 2021, the “Novel Coronavirus Vaccination Program” has been launched in succession across the world. Although the end of the epidemic is not yet in sight and the global economic situation is still complicated and severe, recovery is the main direction of the global economy. Over the past year, the consumer goods market in China has undergone a turnaround, demonstrating a strong growth momentum and becoming a major impetus promoting the domestic economy. In the medium to long term, the consumer goods market in China will still be the overriding growth engine fueling the economy.

The younger generation is becoming the main force which plays a leading role in the consumption upgrading. The demand for diversified, refined, convenient and healthy products is exerting influence on the traditional beverage market. The emergence of product segmentation is blossoming, while craft beer, sugar-free drinks and additive-free condiments are all embodying the huge potential of the consumer market. The green, low-carbon and recycling development of economy vigorously promoted by the country has also brought opportunities to improve the canning rate. The continuous popularity of personal cleaning products in the post-epidemic era reflects the consumers’ fundamental change in consumer psychology and behavior.

The multi-product portfolio implemented by the Group has seized opportunities in a timely manner, demonstrating its excellent capabilities in hard times. The Group has constantly enhanced its own capabilities in respect of establishment of supply chain, development of differentiated can types, deployment of production capacity on a national scale, bundle with large customers and refinement of operation and management. While maintaining its leading position in domestic market, the Group, embracing the concept of further development driven by steady and stable growth, has been steadily expanding its overseas markets. The Group will continue to adhere to its determined objective of improving investment returns and continue to reward shareholders with good results.

## **FINANCIAL REVIEW**

For the year ended 31 December 2020, revenue of the Group amounted to approximately RMB7,345 million (2019: approximately RMB7,287 million), representing an increase of approximately RMB58 million or 0.8%. Gross profit margin reached approximately 15.8% in the year of 2020 (2019: approximately 15.1%), representing a slight increase as compared with the same period in the previous year. The increase was primarily due to the measures to reduce costs and increase efficiency resulted in gross profit margin increase.

For the year ended 31 December 2020, net profit amounted to approximately RMB394 million (2019: approximately RMB307 million), representing an increase of approximately RMB87 million or 28.5% as compared to the same period in the previous year, primarily due to the increased gross profit margin and decreased finance costs.



## GROUP'S PROFIT

For the year ended 31 December 2020, the Group's profit before income tax was approximately RMB507 million (2019: approximately RMB387 million), representing an increase of approximately RMB120 million or 31.1% as compared to the same period in the previous year.

Finance costs were approximately RMB99 million (2019: approximately RMB136 million), representing a significant decrease as compared to the same period in the previous year, which was mainly due to the decrease of the overall cost of capital.

Income tax expenses were approximately RMB113 million (2019: approximately RMB80 million). The effective income tax rate of the Group in 2020 was approximately 22.3% (2019: approximately 20.8%).

## CASH FLOW, FINANCIAL RESOURCES AND GEARING RATIO

In 2020, the Group's main sources of funding were cash generated from operating activities and bank loans.

	<b>31 December 2020 RMB (million)</b>	<b>31 December 2019 RMB (million)</b>
Net assets	<b>5,503</b>	5,215
Cash and cash equivalents	<b>1,944</b>	679
Total borrowings	<b>4,264</b>	4,338
Equity attributable to equity holders of the Company	<b>5,218</b>	4,936
Current ratio	<b>1.4</b>	1.1
Gearing ratio*	<b>44.5%</b>	74.1%

\* *The gearing ratio is calculated as net borrowings divided by equity attributable to equity holders of the Company, in which the net borrowings are calculated as total borrowings less cash and cash equivalents.*

As at 31 December 2020, the Group had net assets of approximately RMB5,503 million (31 December 2019: approximately RMB5,215 million). Equity attributable to equity holders of the Company was approximately RMB5,218 million, which has slightly increased as compared to approximately RMB4,936 million as at 31 December 2019.



The current ratio and gearing ratio as at 31 December 2020 were approximately 1.4 and approximately 44.5%, respectively (31 December 2019: approximately 1.1 and approximately 74.1%, respectively). The current ratio as at 31 December 2020 was approximately 1.4 increased by 0.3 as compared to 31 December 2019. The decrease in gearing ratio from approximately 74.1% as at 31 December 2019 to approximately 44.5% as at 31 December 2020 was mainly due to the equity repurchase consideration of Qingyuan JDB Herbal were recovered, and the cash flow was sufficient. Interest-bearing bank loans were approximately RMB4,264 million as at 31 December 2020. The Group did not have any assets that were pledged for the outstanding bank loans as at 31 December 2020 and 31 December 2019.

## CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES

For the year ended 31 December 2020, the Group's capital expenditure was approximately RMB502 million, which was as follows:

	<b>RMB million</b>	<b>Percentage of capital expenditure</b>
Belgium project	121	24.1%
Two-piece cans project	130	25.9%
Tinplate project	113	22.5%
Plastics project	58	11.5%
Steel barrels project	44	8.8%
Other equipment purchases	36	7.2%
	<hr/>	<hr/>
Total	<b>502</b>	<b>100.0%</b>

As at 31 December 2020, the Group had the following capital commitments:

	<b>2020 RMB'000</b>	<b>2019 RMB'000</b>
Contracted for, but not provided for in the consolidated financial statements:		
property, plant and equipment	<b>383,452</b>	224,305
capital contribution payable to a joint venture	<b>8,280</b>	1,122,759

Upon signing the Repurchase Agreement on 28 April 2020, JDB Group has agreed to release the capital contribution obligation to invest a further of RMB1,122,759,000 to Qingyuan JDB Herbal by the Group.

As at 31 December 2020, save as mentioned above, the Group had no other significant commitments and contingent liabilities.

## FOREIGN EXCHANGE RISK

The Group's main operations are located in China. Other than some of the bank loans and bank deposits which are denominated in U.S. dollars, Euro dollars and Hong Kong dollars, most of the assets, income, payments and cash balances are denominated in RMB. The Directors consider that exchange rate fluctuations have no significant impact on the Company's results.

## HUMAN RESOURCES

As at 31 December 2020, the Group had 6,131 full-time employees (2019: 6,692), of which approximately 1,657 were engineers and technical staff or employees with higher education backgrounds. The table below shows the number of employees of the Group by function as at 31 December 2020:

Function	No. of employees	Percentage of total no. of employees
Management and Administration	777	12.7%
Sales and Marketing	233	3.8%
Research and Development in Technology and Engineering	817	13.3%
Production and Quality Control	4,304	70.2%
Total	6,131	100.0%

As at 31 December 2020, the Group's total staff cost was approximately RMB646 million, as compared to RMB665 million in the same period last year. The Group determined the salary of the employees based on their performance, the standard of salary in the respective regions, and the industry and market conditions. The benefits of the employees in the mainland China included pension fund, medical insurance, unemployment insurance, maternity insurance and employment-related injury insurance and housing fund contributions. In addition to the requirements of the PRC law, the Group has made voluntary contributions to an annuity plan, which was implemented with effect from 1 January 2009, for the benefit of the Group's employees when they reach certain seniority. The benefits of the employees in Hong Kong included mandatory provident fund, life insurance and medical insurance.

## ARBITRATION

Reference is made to the Company's announcements dated 30 October 2017, 6 July 2018, 9 July 2018, 31 August 2018, 23 June 2019, 15 November 2019, 20 March 2020, 28 April 2020, 15 May 2020, 22 June 2020 24 June 2020 and 30 November 2020, and the circular dated 30 November 2017 and 5 June 2020 in relation to, among others, CPMC Investment Co., Ltd. ("CPMC Investment"), an indirectly wholly-owned subsidiary of the Company, entered into the capital increase agreement (the "Capital Increase Agreement") with Wong Lo Kat Limited ("Wong Lo Kat"), Wisdom Kingdom Limited ("Wisdom Kingdom") and Qingyuan JDB Herbal Plant Technology Co., Ltd.\* (清遠加多寶草本植物科技有限公司) ("Qingyuan JDB Herbal", together with Wong Lo Kat and Wisdom Kingdom, the "JDB Group Companies") on 30 October 2017.

Since Wong Lo Kat did not performed its undertaking to inject the JDB Trademarks to Qingyuan JDB Herbal as its asset capital contribution pursuant to the Capital Increase Agreement, CPMC Investment filed an arbitration application ("CPMC Investment Arbitration") to Hong Kong International Arbitration Centre ("HKIAC") against Wong Lo Kat, Wisdom Kingdom and Qingyuan JDB Herbal on 6 July 2018, and the Group received the partial arbitral awards (the "Arbitration Results") granted by HKIAC on 14 November 2019.

After receipt of the Arbitration Results, the parties had been maintaining friendly negotiation and communication. On 28 April 2020, the parties to the Capital Increase Agreement and JDB (Tianjin) Beverage Co., Ltd.\* (加多寶 (天津) 飲料有限公司) ("JDB (Tianjin)") entered into a repurchase agreement (the "Repurchase Agreement") for resolving the matters in relation to the Capital Increase Agreement and the Arbitration Results. Pursuant to the Repurchase Agreement, JDB (Tianjin) shall repurchase the 30.58% equity interest held by CPMC Investment in Qingyuan JDB Herbal at the consideration of RMB1,504,631,126, while Qingyuan JDB Herbal shall also pay the accumulated Committed Dividend under the Capital Increase Agreement in the amount of RMB237,642,626 to CPMC Investment.

Further, pursuant to the Repurchase Agreement, after JDB (Tianjin) and Qingyuan JDB Herbal having completed payment of the 1st installment of the repurchase consideration and the 1st installment of the Committed Dividend, CPMC Investment shall within 15 working days after receipt of the aforesaid payments, withdraw its litigation ("CPMC Investment Litigation") filed with the relevant PRC Court (as set out in the announcement of the Company dated 31 August 2018). Besides, within 4 months after receipt of the aforesaid payments, unless JDB (Tianjin) fails to pay the 2nd installment of the repurchase consideration under the Repurchase Agreement, CPMC Investment shall also terminate the arbitration filed by it against Wong Lo Kat Company, Wisdom Kingdom and Qingyuan JDB Herbal, and the rights and obligations of the parties thereunder shall cease by then as well. At the same time, Wisdom Kingdom shall apply to the HKIAC to withdraw its

\* For identification purpose only

arbitration application (“Wisdom Kingdom Arbitration”) filed against CPMC Investment in June 2019.

As at 31 December 2020, the Group received the full amount of the consideration of RMB1,504,631,126 for the repurchase of Qingyuan JDB Herbal and the 1st and 2nd installment of the Committed Dividend in the aggregate amount of RMB50,000,000 under the Repurchase Agreement. As at the date of this announcement, the CPMC Investment Arbitration, CPMC Investment Litigation and Wisdom Kingdom Arbitration were also withdrawn and ceased in accordance with the Repurchase Agreement. For details of the Repurchase Agreement, please refer to the Company’s announcement dated 28 April 2020 and the circular dated 5 June 2020.

For details of the Capital Increase Agreement, the arbitration, the Repurchase Agreement and the aforesaid backgrounds, please refer to the aforesaid announcements and the circular.

## **FINAL DIVIDENDS AND FINAL SPECIAL DIVIDENDS**

The Directors recommended the payment of a final dividend of RMB0.092 (equivalent to HK11.0 cents) per ordinary Share (2019: RMB0.057, equivalent to HK6.4 cents) and a final special dividend of RMB0.056 (equivalent to HK6.7 cents) per ordinary Share (2019: Nil) for the year ended 31 December 2020, subject to the approval obtained at the annual general meeting to be held on 31 May 2021 (the “2021 AGM”). On 18 September 2020, the Company distributed an interim dividend of RMB0.082 (equivalent to HK9.1 cents) per ordinary Share and an interim special dividend of RMB0.048 (equivalent to HK5.3 cents) per ordinary Share (2019 interim dividend: RMB0.073 (equivalent to HK8.0 cents) per ordinary Share).

The proposed final dividend and final special dividend for the year ended 31 December 2020 will be distributed on or after Wednesday, 23 June 2021 to shareholders whose names appear on the shareholders’ register of the Company on Wednesday, 9 June 2021 (the “Record Date”).

Pursuant to “Notice Regarding Matters on Determination of Tax Residence Status of Chinese-controlled Offshore Incorporated Enterprises under Rules of Effective Management” (《關於境外註冊中資控股企業依據實際管理機構標準確定為居民企業有關問題的通知》) (the “Notice”) which was issued by the State Administration of Taxation (the “SAT”) of the PRC on 22 April 2009 and implemented on 1 January 2008, enterprises controlled by Chinese enterprises or enterprises groups and registered outside China shall be regarded as resident enterprises with de facto management bodies located in China, or “offshore-registered resident enterprises” (非境內註冊居民企業), if all of the following criteria are present or effected in the PRC: (1) senior management in charge of daily operations and offices; (2) decision-making or authorised departments regarding financial management and human resources; (3) primary assets, accounting books, seals, records and files of shareholders’ meetings or board of directors’ meetings; and (4) directors or

senior management with 50% or more voting rights ordinarily reside in China. Whether or not a Chinese-controlled offshore enterprise is an offshore-registered resident enterprise is subject to preliminary review by the local tax bureau where the de facto management body of Chinese-controlled offshore enterprise or its controller is based and is subject to final confirmation by SAT.

As disclosed in the announcement of the Company dated 9 June 2013, the Company had received the SAT approvals which confirmed that the Company is regarded as a Chinese Resident Enterprise, effective from 1 January 2013. Therefore, the Company will implement enterprise income tax withholding arrangement for the proposed year 2020 final dividend and final special dividend.

Pursuant to the Notice, the Enterprise Income Tax Law and the Implementation Rules of the laws of PRC, the Company is required to withhold 10% enterprise income tax when it distributes the proposed year 2020 final dividend and final special dividend to its non-resident enterprise shareholders. In respect of all shareholders whose names appear on the Company's register of members on the Record Date who are not individuals (including HKSCC Nominees Limited, corporate nominees or trustees such as securities companies and banks, and other entities or organisations, which are all considered as non-resident enterprise shareholders), the Company will distribute the proposed year 2020 final dividend and final special dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the proposed year 2020 final dividend and final special dividend payable to any natural person shareholders whose names appear on the Company's register of members on the Record Date.

If any resident enterprise (as defined in the PRC's Enterprise Income Tax Law) listed on the Company's register of members which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a PRC-based de facto management body, does not desire to have the Company withhold the said 10% enterprise income tax, it should lodge with the Company's Registrar, Computershare Hong Kong Investor Services Limited, documents from its governing tax authority confirming that the Company is not required to withhold and pay enterprise income tax in respect of the dividend that it is entitled at or before 4:30 p.m. on Thursday, 3 June 2021.

Investors should read the above carefully. If anyone would like to change the identity of the holders in the Company's register of members, please enquire about the relevant procedures with the nominees or trustees. The Company will withhold for payment of the enterprise income tax for its non-resident enterprise shareholders strictly in accordance with the relevant laws and requirements of the relevant government departments and adhere strictly to the information set out in the Company's register of members on the Record Date. The Company assumes no liability whatsoever and will not entertain any claims arising from any delay in, or inaccurate confirmation of, the status of the shareholders or any disputes over the mechanism of withholding.

## **CLOSURE OF REGISTER OF MEMBERS**

### **For determining the Shareholders' eligibility to attend and vote at the 2021 AGM**

Latest time to lodge transfer documents for registration	4:30 p.m. on 25 May 2021
Closure of Register of members	26 May to 31 May 2021 (both dates inclusive)
Record date	31 May 2021

### **For determining the Shareholders' entitlement to the final dividend**

Latest time to lodge transfer documents for registration	4:30 p.m. on 3 June 2021
Closure of Register of members	4 June to 9 June 2021 (both dates inclusive)
Record date	9 June 2021

In order to qualify for the proposed final dividend and attend the 2021 AGM, Shareholders should contact the Company's Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on the matters such as transfer of shares, change of name or address, or loss of share certificates.

## **CORPORATE GOVERNANCE CODE**

The Directors consider that the Company has complied with the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2020.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Upon making specific enquiries of all Directors, the Directors confirmed that they had complied with the required standards as set out in the Model Code throughout the year ended 31 December 2020.

## **REMUNERATION COMMITTEE**

The Company approved on 23 October 2009 the establishment of the remuneration committee of the Company (the "Remuneration Committee") upon the listing of the Company's shares on the Stock Exchange with written terms of reference to state its authority and duties. A majority of the members of the Remuneration Committee are independent non-executive Directors.



## **AUDIT COMMITTEE**

The Company approved on 23 October 2009 the establishment of the audit committee of the Company (the “Audit Committee”) upon the listing of the Company’s shares on the Stock Exchange with written terms of reference to state its authority and duties. A majority of the members of the Audit Committee are independent non-executive Directors.

The Audit Committee reviewed with the senior management the accounting policies and practices adopted by the Group and discussed auditing, the internal control system and financial reporting matters. It has also reviewed the draft of consolidated financial statements of the Company for the year ended 31 December 2020, the draft of 2020 annual report of the Company, the draft of this preliminary announcement of the Group’s annual results for the year ended 31 December 2020 and the audit scope and fees for the year ended 31 December 2020. The Audit Committee has no disagreement on the annual results contained in this announcement.

## **NOMINATION COMMITTEE**

The Company approved on 23 October 2009 the establishment of the nomination committee of the Company (the “Nomination Committee”) upon the listing of the Company’s shares on the Stock Exchange. The Board has also adopted the terms of reference for the Nomination Committee which are in line with the code provisions set out in the CG Code and are posted on the Stock Exchange’s website and the Company’s website. A majority of the members of the Nomination Committee are independent non-executive Directors.

## **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee was established on 22 December 2016 and the Board has adopted the terms of reference for the Risk Management Committee which are in line with the code provisions set out in the CG Code and are published on the Stock Exchange’s website and the Company’s website. A majority of members of the Risk Management Committee are non-executive Directors.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

From February 2020 to July 2020, the Company had bought back on the Stock Exchange a total of 47,526,000 Shares (Highest price paid per share: HK\$3.00; Lowest price paid per share: HK\$2.72). The total amount paid on the repurchased Shares of approximately HK\$140,338,000. Such repurchased Shares were cancelled in 2020.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company’s listed securities during the year ended 31 December 2020.

## **SCOPE OF WORK OF BAKER TILLY HONG KONG LIMITED ON THE PRELIMINARY RESULTS ANNOUNCEMENT**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement of the Group's 2020 annual results have been agreed by the Company's auditor, Baker Tilly Hong Kong Limited, to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standard on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on the preliminary results announcement.

## **PUBLICATION OF THE FINAL RESULTS AND ANNUAL REPORT**

This annual results announcement is published on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<http://www.cofco-pack.com>).

The 2020 annual report will be published on the websites of the Stock Exchange and the Company and also be dispatched to the Shareholders in due course.

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

Hong Kong, 22 March 2021

*As at the date of this announcement, the chairman of the Board and executive Director is Mr. Zhang Xin, the executive Director is Mr. Zhang Ye, the non-executive Directors are Messrs. Li Minghua, Chen Qianzheng, Zhou Yuan and Shen Tao, and the independent non-executive Directors are Messrs. Cheng Yuk Wo, Pun Tit Shan and Chen Jihua.*