CPMC HOLDINGS LIMITED
中糧包裝控股有限公司
(incorporated in Hong Kong with limited liability)
(Stock code: 906)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		
	2021	2020	
	RMB'000	*RMB'000*	Variance
	(Unaudited)	(Unaudited)	%
Revenue	**4,678,299**	3,376,807	38.5%
EBITDA	**564,856**	473,358	19.3%
Net profit	**257,712**	183,021	40.8%
Basic earnings per share	**RMB0.224**	RMB0.159	40.9%
Dividends (HK cents)			
– Interim dividend	**13.5**	9.1	48.4%
– Special dividend	–	5.3	N.A.

The Board declared an interim dividend of RMB0.112 (equivalent to HK13.5 cents) per ordinary share for the six months ended 30 June 2021 to shareholders whose names appear on the register of members of the Company on 6 September 2021.

INTERIM RESULTS

The board (the "Board") of directors ("Directors") of CPMC Holdings Limited (the "Company") is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2021 (the "Interim Financial Information") together with comparative figures for the corresponding period of the last year. The Interim Financial Information has been reviewed by the audit committee (the "Audit Committee") of the Company.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2021	2020
	Note	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
REVENUE	*4*	**4,678,299**	3,376,807
Cost of sales	*6(a)*	**(4,016,776)**	(2,826,183)
GROSS PROFIT		**661,523**	550,624
Other income and net gains	*5*	**76,961**	27,067
Selling and marketing expenses		**(196,393)**	(142,257)
Administrative expenses		**(191,832)**	(155,104)
Finance costs		**(30,063)**	(50,082)
Share of results of a joint venture		**1,049**	–
PROFIT BEFORE INCOME TAX	*6*	**321,245**	230,248
Income tax expense	*7*	**(63,533)**	(47,227)
PROFIT FOR THE PERIOD		**257,712**	183,021
Attributable to:			
Equity holders of the Company		**249,383**	182,677
Non-controlling interests		**8,329**	344
		257,712	183,021
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*9*		
Basic (RMB)		**0.224**	0.159
Diluted (RMB)		**0.224**	0.159

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	**257,712**	183,021
OTHER COMPREHENSIVE INCOME/(LOSS)		
Item that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**36,387**	(79,122)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD, NET OF TAX	**36,387**	(79,122)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**294,099**	103,899
Attributable to:		
Equity holders of the Company	**287,934**	102,534
Non-controlling interests	**6,165**	1,365
	294,099	103,899

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2021 RMB'000 (Unaudited)	31 December 2020 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**5,156,545**	5,162,887
Right-of-use assets		**394,298**	393,112
Goodwill		**233,973**	233,973
Other intangible assets		**21,654**	23,375
Investment in a joint venture		**10,140**	8,371
Deposits for purchase of items of property, plant and equipment		**283,798**	125,144
Prepayments		**37,019**	38,165
Deferred tax assets		**20,425**	26,937
TOTAL NON-CURRENT ASSETS		**6,157,852**	6,011,964
CURRENT ASSETS			
Inventories		**1,503,883**	1,247,512
Trade and bills receivables	*10*	**2,843,837**	2,156,082
Prepayments, other receivables and other assets		**314,408**	333,245
Tax recoverable		**730**	5,925
Pledged deposits and restricted deposit		**46,594**	97,407
Cash and cash equivalents		**1,406,767**	1,944,230
TOTAL CURRENT ASSETS		**6,116,219**	5,784,401
CURRENT LIABILITIES			
Trade and bills payables	*11*	**1,803,154**	1,448,866
Other payables and accruals		**349,948**	429,043
Lease liabilities		**15,309**	10,268
Interest-bearing bank borrowings		**1,624,691**	2,300,147
Tax payable		**31,172**	21,693
TOTAL CURRENT LIABILITIES		**3,824,274**	4,210,017
NET CURRENT ASSETS		**2,291,945**	1,574,384
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,449,797**	7,586,348

	30 June 2021 *RMB'000* (Unaudited)	31 December 2020 *RMB'000* (Audited)
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	**2,685,952**	1,963,573
Lease liabilities	**74,195**	70,978
Deferred tax liabilities	**48,602**	46,148
Government grants	**2,521**	2,686
TOTAL NON-CURRENT LIABILITIES	**2,811,270**	2,083,385
NET ASSETS	**5,638,527**	5,502,963
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	**2,730,433**	2,730,433
Reserves	**2,611,198**	2,487,247
	5,341,631	5,217,680
Non-controlling interests	**296,896**	285,283
TOTAL EQUITY	**5,638,527**	5,502,963

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		**321,245**	230,248
Adjustments for:			
Finance costs		**30,063**	50,082
Interest income	*5*	**(14,609)**	(4,627)
Loss on disposal of items of property, plant and equipment	*5*	**2,117**	474
Committed dividend income from a former joint venture	*5*	**(50,000)**	–
Written-off of intangible assets	*5*	**1,540**	–
Share of results of a joint venture		**(1,049)**	–
Depreciation of property, plant and equipment	*6(c)*	**199,811**	181,448
Depreciation of right-of-use assets	*6(c)*	**11,511**	9,121
Amortisation of other intangible assets	*6(c)*	**2,226**	2,459
(Reversal of)/provision for impairment of trade and other receivables, net of reversal	*6(c)*	**(185)**	744
Reversal of provision of inventories	*6(a)*	**–**	(91)
Amortisation of government grants		**(165)**	(166)
Foreign exchange differences, net		**323**	(11,393)
Operating profit before changes in working capital		**502,828**	458,299
(Increase)/decrease in inventories		**(256,371)**	170,388
Increase in trade and bills receivables		**(702,584)**	(435,211)
Decrease/(increase) in prepayments, other receivables and other assets		**23,182**	(43,755)
Decrease/(increase) in pledged deposits and restricted deposit		**50,813**	(20,526)
Increase in trade and bills payables		**361,039**	124,458
(Decrease)/increase in other payables and accruals		**(95,033)**	554
CASH (USED IN)/GENERATED FROM OPERATIONS		**(116,126)**	254,207
Interest paid		**(29,443)**	(49,479)
The PRC Corporate Income Tax paid		**(39,894)**	(20,544)

	Note	For the six months ended 30 June 2021 RMB'000 (Unaudited)	2020 RMB'000 (Unaudited)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES		**(185,463)**	184,184
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	*5*	**14,609**	4,627
Increase in prepayments, other receivables and other assets		**(3,172)**	(1,934)
Purchase of items of property, plant and equipment		**(129,423)**	(115,069)
Payment for right-of-use assets		**(2,630)**	(89)
Deposits paid for purchase of items of property, plant and equipment		**(228,399)**	(118,044)
Proceeds from disposal of items of property, plant and equipment		**1,559**	88
Additions to other intangible assets		**(2,127)**	(941)
Investment in a joint venture		**(720)**	–
Installment of consideration received		**–**	500,772
Committed dividends received from a former joint venture/a joint venture		**50,000**	20,000
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(300,303)**	289,410
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans raised		**797,939**	1,137,295
Repayment of bank loans		**(695,325)**	(987,597)
Payment of capital element of lease liabilities		**(5,367)**	(1,087)
Interest paid on lease liabilities		**(620)**	(603)
Capital contribution from non-controlling interests in a subsidiary		**5,448**	–
Dividends paid		**(150,491)**	–
Repurchase of own shares		**–**	(128,093)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES		**(48,416)**	19,915

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(534,182)**	493,509
Cash and cash equivalents at the beginning of period	**1,944,230**	678,514
Effect of foreign exchange rate changes, net	**(3,281)**	1,007
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**1,406,767**	1,173,030
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**519,927**	718,769
Deposits in COFCO Finance Company Limited ("COFCO Finance"), a subsidiary of COFCO Corporation	**886,840**	454,261
CASH AND CASH EQUIVALENTS AS STATED IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	**1,406,767**	1,173,030

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 30 June 2021, (i) COFCO (Hong Kong) Limited ("COFCO (Hong Kong)") beneficially held approximately 29.70% (31 December 2020: 29.70%) of the issued shares of the Company, being the single largest shareholder of the Company; and (ii) 奧瑞金科技股份有限公司 (ORG Technology Co. Ltd.*) ("ORG Technology") beneficially held approximately 24.40% (31 December 2020: 24.40%) 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 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The financial information relating to the year ended 31 December 2020 that is included in these condensed consolidated financial statements as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements is as follows:

The Company has delivered the financial statements for the year ended 31 December 2020 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. 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 report; and did not contain a statement under section 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

* *For identification purposes only*

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain derivative financial instruments which have been measured at fair value, as appropriate.

Other than additional accounting policies resulting from application of amendments to Hong Kong Financial Reporting Standards ("HKFRSs"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2021 are the same as those presented in the Group's annual financial statements for the year ended 31 December 2020.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The application of the amendments to HKFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

4 REVENUE AND OPERATING SEGMENT

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) Aluminum packaging – the Group uses aluminum as the main raw material for its aluminum 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. Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts during the period. The performance for each of the business unit is evaluated based on revenue, as explained below:

Disaggregation of revenue from contracts with customers

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
By type of goods		
Tinplate packaging	**2,251,118**	1,662,913
Aluminum packaging	**2,140,974**	1,478,906
Plastic packaging	**286,207**	234,988
	4,678,299	3,376,807
By geographical markets		
Mainland China	**4,298,926**	3,282,735
Overseas	**379,373**	94,072
	4,678,299	3,376,807
Timing of revenue recognition		
A point in time	**4,678,299**	3,376,807

5 OTHER INCOME AND NET GAINS

An analysis of other income and net gains is as follows:

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Other income		
Bank interest income	**6,999**	789
Interest income from COFCO Finance	**7,610**	3,838
Committed dividend income from a former joint venture *(Note)*	**50,000**	–
Government grants*	**6,388**	2,940
Rental income	**1,858**	1,197
Other income	**–**	1,250
	72,855	10,014
Net gains		
Loss on disposal of items of property, plant and equipment	**(2,117)**	(474)
Written-off of intangible assets	**(1,540)**	–
Foreign exchange differences, net	**(4,439)**	12,089
Other gains	**12,202**	5,438
	4,106	17,053
	76,961	27,067

* *The government grants are granted by the PRC's local authority to support local companies. There are no unfulfilled conditions or contingencies related to these grants.*

Note: During the six months ended 30 June 2021, the Group received the third installment of committed dividend from a former joint venture amounting to RMB50,000,000. Further details have been set out in note 18 to the Group's annual financial statements for the year ended 31 December 2020.

6 PROFIT BEFORE INCOME TAX

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
(a) Cost of sales		
Cost of inventories sold	**3,997,698**	2,838,841
Realised fair value loss/(gain) on derivative financial instruments, net	**19,078**	(12,567)
Reversal of provision of inventories	**–**	(91)
	4,016,776	2,826,183
(b) Staff costs (including directors' and chief executive's remuneration)		
Wages and salaries	**309,427**	273,072
Pension scheme contributions	**26,603**	15,308
Other benefits	**20,437**	18,089
	356,467	306,469
(c) Other items		
Depreciation of property, plant and equipment	**199,811**	181,448
Depreciation of right-of-use assets	**11,511**	9,121
Amortisation of other intangible assets	**2,226**	2,459
(Reversal of)/provision for impairment of trade and other receivables, net of reversal	**(185)**	744

7 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax – PRC Corporate Income Tax		
Charge for the period	**55,749**	50,487
Over-provision in respect of prior periods	**(1,183)**	(4,508)
	54,566	45,979
Deferred tax	**8,967**	1,248
	63,533	47,227

Hong Kong Profits Tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

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 incorporated 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 PRC income tax laws, enterprises are subject to Corporate Income Tax ("CIT") at the rate of 25% (six months ended 30 June 2020: 25%). Four (six months ended 30 June 2020: Three) of the Group's subsidiaries are operating in a specific development zone in the PRC, and the relevant tax authority has granted the subsidiaries a preferential CIT rate of 15%. One (six months ended 30 June 2020: One) 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 CIT rate of 15%. One (six months ended 30 June 2020: 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 CIT rates of 5% and 10% respectively (six months ended 30 June 2020: 5% and 10%).

8 DIVIDENDS

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interim – RMB0.112 (six months ended 30 June 2020: RMB0.082) per ordinary share	**124,703**	91,301
Special – Nil (six months ended 30 June 2020: RMB0.048) per ordinary share	**–**	53,444
	124,703	144,745

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 period attributable to ordinary equity holders of the Company of RMB249,383,000 (six months ended 30 June 2020: RMB182,677,000) and the weighted average number of ordinary shares of 1,113,423,000 (six months ended 30 June 2020: 1,146,610,000) in issue during the period.

The diluted earnings per share for both the six months ended 30 June 2021 and 2020 was the same as the basic earnings per share as there were no potential dilutive ordinary shares in existence for both periods.

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

	For the six months ended 30 June	
	2021	2020
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic earnings per share calculation	**249,383**	182,677

	Number of shares	
	For the six months ended 30 June	
	2021	2020
	'000	*'000*
	(Unaudited)	(Unaudited)
Shares		
Issued ordinary shares at 1 January	**1,113,423**	1,160,949
Effect of shares repurchased	**–**	(14,339)
Weighted average number of ordinary shares at 30 June	**1,113,423**	1,146,610

10 TRADE AND BILLS RECEIVABLES

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Trade receivables		
– From third parties	**2,613,187**	1,932,472
– From related parties	**118,572**	117,926
	2,731,759	2,050,398
Less: Impairments	**(2,587)**	(2,745)
	2,729,172	2,047,653
Bill receivables	**114,665**	108,429
Trade and bill receivables	**2,843,837**	2,156,082

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 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. 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 repayable 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 impairments, is as follows:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**2,309,644**	1,714,283
3 to 12 months	**533,314**	441,056
Over 1 year	**879**	743
	2,843,837	2,156,082

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:

	30 June 2021	31 December 2020
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Within 3 months	**1,432,665**	1,019,366
3 to 12 months	**367,938**	426,841
Over 1 year	**2,551**	2,659
	1,803,154	1,448,866

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

As at 30 June 2021, certain of the Group's bills payables were secured by the Group's bank deposits amounting to RMB41,170,000 (31 December 2020: RMB70,149,000).

As at 30 June 2021, included in the trade and bills payables are trade payables of RMB102,000 (31 December 2020: Nil) due to COFCO (Hong Kong) and its subsidiaries, and trade payables of RMB6,684,000 (31 December 2020: RMB282,000) were due to ORG Technology and its subsidiaries, which are repayable within 90 days and represent credit terms similar to those offered by that fellow subsidiary to its major customers. The credit terms are similar to those offered by that related companies to their 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 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, tinplate packaging and plastic packaging. The Group carries out operations through 36 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 enterprises.

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, high product recyclability and low pollution, etc., and has been one of the businesses with rapid developments of the Company in recent years.

The upward movement of the cost side of raw materials price was obvious in the first half of the year, and the price of aluminum increased significantly, while the Group's sales revenue from aluminium packaging was approximately RMB2,141 million (same period in 2020: approximately RMB1,479 million), representing an increase of approximately 44.8% from the same period in 2020 and accounting for approximately 45.8% of the total sales (same period in 2020: approximately 43.8%). The gross profit margin of the aluminum packaging business in the first half of 2021 was approximately 15.6%, representing a light year-on-year decrease (same period in 2020: approximately 16.8%).

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 the first half of 2021, the Group's sales revenue from the two-piece cans business was approximately RMB2,051 million (same period in 2020: RMB1,408 million), representing an increase of approximately 45.7% from the previous year. Affected by the significant increase of cost of raw materials, the gross profit margin decreased slightly, while the overall sales volume had significantly increased year-on-year as compared to 2020. Following the normalization of COVID-19, the improvement of the canning rate had remained stable, and the downstream beer industry promoted high-end upgrades. The Group continued to enhance the large-scale production advantage of single factory with enriched types of cans. The second-line in Tianjin and Wuhan had conducted trial production in the first half of the year, while trial production of the third-line in Chengdu will be launched in the second half of the year. While doing a good job in epidemic prevention and control, the Belgium project maintained normal production and achieved sound operation. 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 the first half of 2021, the Group's sales revenue from one-piece cans products was approximately RMB90 million (same period in 2020: approximately RMB71 million), representing a year-on-year increase of approximately 26.8%. Renowned customers of the Group's one-piece cans business include Sinochem Group, Anheuser-Busch InBev, Tsingtao Brewery, Carlsberg and Daizo 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, aerosol cans and twist caps ranking No. 1 in market shares nationwide. In the first half of 2021, the sales revenue from the Group's tinplate packaging business amounted to approximately RMB2,251 million (same period in 2020: approximately RMB1,663 million), representing an increase of approximately 35.4% from the same period in 2020, and accounted for approximately 48.1% of the total sales (same period in 2020: approximately 49.2%). The gross profit margin was approximately 12.4%, representing a decrease as compared to the same period last year (same period in 2020: approximately 16.2%). In the first half of 2020, tinplate prices rose significantly. The Group actively adjusted its product structure, steadily promoted price communication and signed strategic cooperation agreements with major customers such as Gunuo, consolidating its position in the industry through a stable customer base and good cost control.

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 the first half of 2021, the Group's sales revenue from the steel barrels business was approximately RMB669 million (same period in 2020: approximately RMB400 million), representing a year-on-year increase of approximately 67.3%. In the first half of the year, the cost of raw materials increased significantly, and the government's policy of "relocation from urban areas to industrial zones" promoted industry consolidation and the exit of some small and medium enterprises. The Group, as a head enterprise in the industry with the strengths on layout, fund and management, emphasized input in safe and environmental protection production and continued to consolidate its position in the industry. In the first half of 2021, Yantai Joint Company (煙台合資公司), established with the major customer Wanhua Chemical at the end of last year, released new production capacity rapidly and operated well. Besides, Fujian Joint Company (福建合資公司) is also being carried forward as planned. Renowned customers of the Group's steel barrels business include Wanhua Chemical, Exxon Mobil, Sinopec, Akzo Nobel and Nippon.

Milk Powder Cans

Milk powder cans are mainly used for the packaging of infant formula milk powder, health food and other products. The sales revenue from the milk powder cans business amounted to approximately RMB356 million (same period in 2020: approximately RMB333 million), representing a year-on-year increase of approximately 6.9%. With the implementation of new national standards on infant milk powder, guided by the registration policy for the secondary formula in this industry and driven by the high-end segments after the COVID-19, the market concentration of the industry has improved, and the exit from the market of small enterprises has accelerated. In recent years, the acceptance level of domestic milk powder brands has increased, and there is great potential for development. In particular, outstanding domestic leading infant milk powder enterprises have launched smart milk powder manufacturing projects to promote high-end upgrades, and such brands continue to expand into the adult powder market for adults, middle-aged and elderly people. The Group optimizes its layout in the northeast of PRC, the source of high-quality milk supply, to ensure a stable supply of raw materials for downstream, and carries out production near customers, to guarantee food safety, and increase the Company's ability to resist risks. Upgrading to promote high-end manufacturing, the Shuangcheng Project (雙城項目) in Harbin will become the first smart "dark manufacturing factory (黑燈製造工廠)" for milk powder cans in China. Renowned customers of the Group's milk powder cans business include Feihe, Yili, Nestle and Mengniu.

Aerosol Cans

Aerosol cans products are primarily used for the packaging of household chemical products (e.g. alcohol disinfectant spray, car maintenance products, air fresheners, personal care products and pesticides) and other chemical products. The Group deeply strengthened cooperation with strategic customers, improved customer loyalty, made reasonable adjustments to the product line, actively expanded its market and followed up the needs of key customers with combination of high-end and low-end strategies, and served customers through premium and differentiated products. In the first half of 2021, the Group recorded sales revenue of approximately RMB342 million (same period in 2020: approximately

RMB226 million), representing a year-on-year increase of approximately 51.3%. 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. The Group enjoys core competitiveness with full capabilities, strong R&D strength and stable big customers. The Group strengthened cooperation with major customers, consistently enhanced the competitiveness of differentiated products, and continuously expanded the high-end market share. In the first half of 2021, the sales revenue of metal caps products was approximately RMB291 million (same period in 2020: approximately RMB260 million), representing a year-on-year increase of approximately 11.9%. Renowned customers of the Group's metal caps business include Haiday, Lao Gan Ma, Jiajiahong, Huanlejia, 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. For the first half of 2021, the Group's sales revenue from three-piece cans was approximately RMB98 million (same period in 2020: approximately RMB61 million), representing a year-on-year increase of approximately 60.7%. 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 2021, the Group strengthened its product and market development efforts, actively developed new customers and increased capacity utilization. In the first half of 2021, the sales revenue from round and square shaped cans business was approximately RMB169 million (same period in 2020: approximately RMB109 million), representing a year-on-year increase of approximately 55.0%. 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 the first half of 2021, the Group focused on ensuring the supply to meet internal demands, and external sales revenue from the printed and coated tinplates business was approximately RMB179 million (same period in 2020: approximately RMB148 million), representing a year-on-year increase of approximately 20.9%. Renowned customers of the Group's printed and coated tinplates business include ORG, 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 the first half of 2021, the Group achieved sales revenue from the plastic packaging business of approximately RMB286 million (same period in 2020: approximately RMB235 million), representing a year-on-year increase of approximately 21.8%. The gross profit margin was approximately 16.7%, representing a significant year-on-year increase (the gross profit margin for the same period in 2020: 13.8%). The Group launched an active layout, entered into a strategic cooperation agreement with Blue Moon, promoted the development of new products and new customers, and took a leading position in the segment of packaging product of laundry beads. The Group vigorously cooperated with renowned brand customers in the downstream to promote the recycling of raw materials. Renowned customers of the Group's plastic packaging business include P&G, Blue Moon, Haiday, Reckitt Benckiser, SC Johnson and Heinz.

FINANCIAL REVIEW

For the six months ended 30 June 2021, the sales revenue of the Group amounted to approximately RMB4,678 million (same period in 2020: approximately RMB3,377 million), representing an increase of approximately RMB1,301 million or 38.5% which was primarily due to the significant increase in sales volume of the tinplate business, the aluminium business and the plastic business. The gross profit margin in the first half of 2021 was approximately 14.1% (same period in 2020: approximately 16.3%), representing a slight decrease from the same period of last year, which was mainly due to the impact of the increase of raw material prices.

For the six months ended 30 June 2021, the net profit of the Group amounted to approximately RMB258 million (same period in 2020: approximately RMB183 million), representing an increase of approximately RMB75 million or 40.8% over the same period of last year, which was mainly due to the increase in sales scale.

GROUP'S PROFIT

For the six months ended 30 June 2021, the profit before tax of the Group was approximately RMB321 million (same period in 2020: approximately RMB230 million), representing a slight increase of approximately RMB91 million or 39.5% as compared to the same period of last year.

The financial costs were approximately RMB30 million (same period in 2020: approximately RMB50 million), representing a significant decrease as compared to the same period of last year, which was mainly due to the decrease of the overall cost of capital.

Tax expense was approximately RMB64 million (same period in 2020: approximately RMB47 million). The effective income tax rate of the Group in the first half of 2021 was approximately 19.8% (same period in 2020: approximately 20.5%), representing a decrease of approximately 0.7% over the same period of last year.

OUTLOOK FOR 2021

In the first half of 2021, through novel coronavirus vaccination, the epidemic was controlled, the global economy resonated and recovered, the domestic economy was stabilized and strengthened, and the vitality of the main market was enhanced, the economy recovered steadily, the industrial added value, fixed asset investment, total retail sales of social consumer goods and other major economic indicators continued to improve, and production demand continued to rebound. Looking at the second half of the year, the epidemic is still spreading in many places around the world, and there are still more uncertain and unstable factors facing the future trend. The domestic and international environment is complicated, especially the high commodity prices and the sharp rise in raw material prices, is one of the prominent contradictions facing the economic operation this year.

Downstream consumers are influenced by the novel coronavirus and pay more attention to the health, function, new type and experience of products. With the rise of the domestic affluent class, emerging consumers and the popularity of omni-channel, new consumer trends are rapidly emerging and consumer innovation is imminent. Downstream enterprises no longer simply rely on increasing the prices of original products to achieve price increases, but the need to constantly launch new models, replace packaging and innovate flavors, to promote consumption upgrading and achieve higher-end brand.

Following the trend, CPMC has further promoted innovation and upgrading of its entire system, from layout, research and development to branding. We continue to increase the layout of the production capacity of key categories. After the production capacity of two-piece cans have been added to North China and Central China, a new factory has been set up in Kunming and a third production line is underway in Chengdu. New production capacity has been built for milk powder cans, aerosol cans, one-piece cans, steel barrels and other products, accelerating the expansion of our leading position.

In response to the significant increase in raw material prices, the Company will vigorously promote technological innovation, rapidly promote the integration of production, supply and marketing, and carry out refined management and control to deal with risks. We have built a digital platform, increased the pace of intelligent transformation, realized automatic data collection for production lines, and reduced production costs and improved production efficiency through automated production. We actively form long-term strategic partnerships with our customers to seek stable development.

Since this year, CPMC has been stepping up efforts to build a "3+N" research and development and innovation management system, actively promoting a digital design simulation platform, and continuously pushing forward the in-depth application of simulation technology in various product lines to accelerate the new product development process. The overseas factories are doing a good job in preventing and controlling the epidemic, while the operation is stable and positive, showing a good prosperity.

Looking to the future, China promotes green and low-carbon development, while CPMC has always adhered to the concept of green development and supported the development and application of clean energy, energy-saving and environmental protection, and carbon emission reduction technologies, forming a rational layout, advanced technology, green and low-carbon, innovation-driven pattern. CPMC will continue to focus on customers' needs, push forward the implementation of important projects at home and abroad, better reward shareholders, investors and employees, and promote stable performance with sound management.

CASH FLOW, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2021, the Group's source of funding was mainly cash generated from operating activities and bank loans.

	30 June 2021 *RMB million*	31 December 2020 *RMB million*
Net assets	**5,639**	5,503
Cash and cash equivalents	**1,407**	1,944
Total borrowings	**4,311**	4,264
Equity attributable to equity holders of the Company	**5,342**	5,218
Current ratio	**1.6**	1.4
Gearing ratio*	**54.4%**	44.5%

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

As at 30 June 2021, the net assets of the Group was approximately RMB5,639 million (31 December 2020: approximately RMB5,503 million). Equity attributable to equity holders of the Company was approximately RMB5,342 million, representing an increase of 2.4% as compared to approximately RMB5,218 million as at 31 December 2020.

The current ratio and gearing ratio as at 30 June 2021 were approximately 1.6 and approximately 54.4% (as at 31 December 2020: approximately 1.4 and 44.5%, respectively). As at 30 June 2021, the current ratio was approximately 1.6, increased by 0.2 as compared to 31 December 2020. As at 30 June 2021, the gearing ratio was approximately 54.4%, increased by 9.9% as compared to 31 December 2020, which was mainly due to decrease in cash and cash equivalents. As at 30 June 2021, the Group did not have any assets pledged for obtaining bank loans and financing.

CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES

For the six months ended 30 June 2021, the Group's capital expenditure was approximately RMB366 million, which was as follows:

	RMB million	**Percentage of capital expenditure**
Belgium project	77	21.1%
Two-piece cans project	179	48.9%
Tinplate project	52	14.2%
Plastics project	32	8.7%
Steel barrels project	11	3.0%
Other equipment purchases	15	4.1%
Total	366	100.0%

As at 30 June 2021, the Group had the following capital commitments:

	30 June 2021 ***RMB'000***	31 December 2020 *RMB'000*
Contracted, but not provided for:		
property, plant and equipment	**415,548**	383,452
capital contribution payable to a joint venture	**8,280**	8,280

As at 30 June 2021, 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 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 30 June 2021, the Group had 5,852 full-time employees (same period in the previous year: 6,039), of which approximately 1,582 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 30 June 2021:

Function	No. of employees	Percentage of total no. of employees
Management and Administration	680	11.6%
Sales and Marketing	234	4.0%
Research and Development Technology and Engineering	773	13.2%
Production and Quality Control	4,165	71.2%
Total	5,852	100.00%

As of 30 June 2021, the Group's total staff cost was approximately RMB356 million (unaudited), as compared to RMB306 million in the same period last year. The Group determined the salary of 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 Mainland China include pension insurance, 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 benefits of the Group's employees when they reach certain seniority. The benefits of employees in Hong Kong included mandatory provident fund, life insurance and medical insurance.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2021.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules. Having made specific enquiries to all Directors, all the Directors have confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2021.

CORPORATE GOVERNANCE CODE

The Company has applied the principles and complied with all code provisions and, where applicable, the recommended best practices of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2021.

UPDATES ON DIRECTORS' INFORMATION

At the annual general meeting ("AGM") of the Company held on 31 May 2021, ordinary resolutions were passed to re-elect Messrs. Zhang Xin and Zhang Ye as executive Directors; and Mr. Pun Tit Shan as independent non-executive Director. Please refer to Appendix II to the Company's circular dated 19 April 2021 for the biographies of the above Directors re-elected at the AGM.

Mr. Cheng Yuk Wo, an independent non-executive Director, resigned as an independent non-executive director in each of HKC (Holdings) Limited and Goldbond Group Holdings Limited (both being companies formerly listed on the Stock Exchange) on 8 June 2021 and 2 August 2021 respectively.

Save for those disclosed above, there is no other information in respect of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INTERIM DIVIDENDS

On 19 August 2021, the Board declared an interim dividend of RMB0.112 (equivalent to HK13.5 cents) (the "2021 Interim Dividend") (2020 interim and special dividend: RMB0.082 (equivalent to HK9.1 cents) and RMB0.048 (equivalent to HK5.3 cents) respectively) per ordinary Share to shareholders whose names appear on the register of members of the Company on Monday, 6 September 2021 (the "Record Date").

The declared 2021 Interim Dividend will be distributed on or after Friday, 17 September 2021 to shareholders whose names appear on the register of members of the Company on 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 People's Republic of China (the "PRC" or "China") 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). Provide that 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 authorized 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 a Chinese Resident Enterprise effective from 1 January 2013. Therefore, the Company will implement enterprise income tax withholding arrangement for the declared 2021 Interim Dividend.

Pursuant to the Notice, the Enterprise Income Tax Law and the Implementation Rules, the Company is likely to be required to withhold 10% enterprise income tax when it distributes the declared 2021 Interim Dividend to its non-resident enterprise shareholders. In respect of all shareholders whose names appear on the register of members of the Company 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 declared 2021 Interim Dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the declared 2021 Interim Dividend payable to any natural person shareholders whose names appear on the register of members of the Company on the Record Date.

If any resident enterprise (as defined in the 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 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, 2 September 2021.

Investors should read the above carefully. If anyone would like to change the identity of the holders in the 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 register of members of the Company 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

The register of members of the Company will be closed from Friday, 3 September 2021 to Monday, 6 September 2021 (both dates inclusive). In order to qualify for the 2021 Interim Dividend, all transfers, accompanied by the relevant share certificates, must be lodged with 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 for registration not later than 4:30 p.m. on Thursday, 2 September 2021. It is expected that the 2021 Interim Dividend will be paid on or around Friday, 17 September 2021.

REMUNERATION COMMITTEE

On 23 October 2009, the Company approved the formation of the remuneration committee upon the listing of the 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.

The duties of the Remuneration Committee are mainly to (i) make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration; (ii) determine the specific remuneration packages of Directors and senior management; and (iii) review and approve performance based remuneration by reference to corporate goals and objectives resolved by the Board. The Remuneration Committee may have access to independent professional advice at the Company's expense if considered necessary.

The Remuneration Committee is comprised two independent non-executive Directors and one non-executive Director. The Remuneration Committee is chaired by Mr. Pun Tit Shan. The other Remuneration Committee members are Mr. Shen Tao and Mr. Cheng Yuk Wo.

AUDIT COMMITTEE

On 23 October 2009, the Company approved the formation of the Audit Committee upon the listing of the Shares on the Stock Exchange with written terms of reference stating its authority and duties. A majority of the members of the Audit Committee are independent non-executive Directors.

The Audit Committee is primarily responsible for (i) reviewing and supervising of the Group's financial reporting process and completeness of financial reports; (ii) monitoring the effectiveness of the Group's internal control system; and (iii) considering the independence of the external auditors.

The Audit Committee is comprised two independent non-executive Directors and one non-executive Director. The Audit Committee is chaired by Mr. Cheng Yuk Wo, who possesses the professional qualifications and/or accounting or related financial management expertise as required under Rule 3.21 of the Listing Rules. The other Audit Committee members are Mr. Zhou Yuan and Mr. Chen Jihua.

NOMINATION COMMITTEE

On 23 October 2009, the Company approved the formation of the nomination committee upon the listing of the 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 published 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.

The principal duties of the Nomination Committee are mainly to (i) review the structure, size and composition of the Board and make recommendations to the Board regarding any proposed changes; (ii) make recommendations to the Board on the nominees for appointment as Director and senior management of the Group; and (iii) assess the independence of the independent non-executive Directors.

The Nomination Committee is comprised of two independent non-executive Directors and the Chairman of the Board. The Nomination Committee is chaired by Mr. Zhang Xin. The other Nomination Committee members are Mr. Cheng Yuk Wo and Mr. Pun Tit Shan.

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.

The principal duties of the Risk Management Committee are mainly to (i) review the Group's enterprise risk management framework, and the guidelines, policies and procedures for risk assessment and risk management; (ii) review the Group's major risks and key emerging risks and the controls in place to mitigate such risks; and (iii) review the effectiveness of the enterprise risk management function.

The Risk Management Committee is comprised of one independent non-executive Director, one non-executive Director and one executive Director. The Risk Management Committee is chaired by Mr. Chen Jihua. The other Risk Management Committee members are Mr. Zhang Ye and Mr. Chen Qianzheng.

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

Hong Kong, 19 August 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.