

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



## 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 ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### FINANCIAL HIGHLIGHTS

	For the year ended 31 December		Changes (%)
	2021 RMB'000	2020 RMB'000	
Revenue	<b>9,566,382</b>	7,344,747	30.2
EBITDA	<b>1,071,883</b>	1,011,017	6.0
Profit for the year	<b>473,459</b>	394,033	20.2
Basic earnings per share	<b>RMB0.415</b>	RMB0.345	20.3
Dividends (HK cents)			
– Interim	<b>13.5</b>	9.1	
– Interim special	–	5.3	
– Final (proposed)	<b>11.5</b>	11.0	
– Final special (proposed)	–	6.7	
	<b>25.0</b>	32.1	(22.1)

- The Board recommended the payment of a final dividend of RMB0.095 (equivalent to HK11.5 cents) per share for the year ended 31 December 2021 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 2021 together with the comparative figures for the year ended 31 December 2020.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*Year ended 31 December*

	<i>Note</i>	<b>2021</b> <i>RMB’000</i>	2020 <i>RMB’000</i>
<b>Revenue</b>	<i>4</i>	<b>9,566,382</b>	7,344,747
Cost of sales	<i>7(a)</i>	<u><b>(8,236,171)</b></u>	<u>(6,181,523)</u>
<b>Gross profit</b>		<b>1,330,211</b>	1,163,224
Other income, gains and losses	<i>5</i>	<b>142,245</b>	107,290
Selling and marketing expenses		<b>(409,853)</b>	(323,161)
Administrative expenses		<b>(431,922)</b>	(341,344)
Finance costs	<i>6</i>	<b>(65,590)</b>	(99,063)
Share of results of joint ventures		<u><b>1,568</b></u>	<u>91</u>
<b>Profit before income tax</b>	<i>7</i>	<b>566,659</b>	507,037
Income tax expense	<i>8</i>	<u><b>(93,200)</b></u>	<u>(113,004)</u>
<b>Profit for the year</b>		<u><b>473,459</b></u>	<u>394,033</u>
<b>Attributable to:</b>			
Equity holders of the Company		<b>462,498</b>	389,388
Non-controlling interests		<u><b>10,961</b></u>	<u>4,645</u>
		<u><b>473,459</b></u>	<u>394,033</u>
<b>Earnings per share attributable to ordinary equity holders of the Company</b>			
Basic and diluted	<i>10</i>	<u><b>RMB0.415</b></u>	<u>RMB0.345</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Profit for the year</b>	<b>473,459</b>	394,033
<b>Other comprehensive income</b>		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
– Exchange differences arising on translation of foreign operations (with nil tax effect)	<u>80,180</u>	<u>231,066</u>
<b>Other comprehensive income for the year, net of tax</b>	<u>80,180</u>	<u>231,066</u>
<b>Total comprehensive income for the year</b>	<b><u>553,639</u></b>	<b><u>625,099</u></b>
Attributable to:		
Equity holders of the Company	<b>549,508</b>	619,105
Non-controlling interests	<u>4,131</u>	<u>5,994</u>
	<b><u>553,639</u></b>	<b><u>625,099</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December*

	<i>Note</i>	<b>2021</b> <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>5,300,403</b>	5,162,887
Right-of-use assets		<b>386,298</b>	393,112
Goodwill		<b>233,973</b>	233,973
Other intangible assets		<b>22,317</b>	23,375
Interests in joint ventures		<b>14,259</b>	8,371
Deposits for purchase of items of property, plant and equipment		<b>193,492</b>	125,144
Prepayments		<b>38,795</b>	38,165
Deferred tax assets		<b>35,558</b>	26,937
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>6,225,095</b>	6,011,964
<b>Current assets</b>			
Inventories		<b>1,903,650</b>	1,247,512
Trade and bills receivables	<i>11</i>	<b>2,488,620</b>	2,156,082
Prepayments, other receivables and other assets		<b>415,379</b>	333,245
Tax recoverable		<b>5,448</b>	5,925
Pledged deposits and restricted deposit		<b>36,327</b>	97,407
Cash and cash equivalents		<b>1,917,295</b>	1,944,230
		<hr/>	<hr/>
<b>Total current assets</b>		<b>6,766,719</b>	5,784,401
<b>Current liabilities</b>			
Trade and bills payables	<i>12</i>	<b>2,323,753</b>	1,448,866
Other payables and accruals		<b>467,956</b>	429,043
Lease liabilities		<b>13,510</b>	10,268
Interest-bearing bank borrowings		<b>2,071,145</b>	2,300,147
Tax payable		<b>15,543</b>	21,693
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>4,891,907</b>	4,210,017
<b>Net current assets</b>		<b>1,874,812</b>	1,574,384
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>8,099,907</b>	7,586,348

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Non-current liabilities</b>		
Government grants	14,485	2,686
Interest-bearing bank borrowings	2,143,137	1,963,573
Lease liabilities	62,376	70,978
Deferred tax liabilities	60,870	46,148
	<hr/>	<hr/>
<b>Total non-current liabilities</b>	<b>2,280,868</b>	<b>2,083,385</b>
	<hr/>	<hr/>
<b>Net assets</b>	<b>5,819,039</b>	<b>5,502,963</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	2,730,433	2,730,433
Reserves	2,747,265	2,487,247
	<hr/>	<hr/>
	<b>5,477,698</b>	<b>5,217,680</b>
<b>Non-controlling interests</b>	<b>341,341</b>	<b>285,283</b>
	<hr/>	<hr/>
<b>Total equity</b>	<b>5,819,039</b>	<b>5,502,963</b>
	<hr/> <hr/>	<hr/> <hr/>

## CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December

	Note	2021 RMB'000	2020 RMB'000
<b>Cash flows from operating activities</b>			
Profit before income tax		566,659	507,037
Adjustments for:			
Finance costs	6	65,590	99,063
Interest income	5	(25,872)	(16,091)
Loss on disposal of items of property, plant and equipment	5	18,148	8,622
Write-off of other intangible assets	7(c)	1,540	–
Loss on disposal of a joint venture	5	–	2,436
Gain on disposal of an associate	5	–	(16)
Share of results of joint ventures		(1,568)	(91)
Committed dividend income from a former joint venture	5	(119,000)	(50,000)
Depreciation of property, plant and equipment	7(c)	411,273	376,861
Depreciation of right-of-use assets	7(c)	23,947	23,227
Amortisation of other intangible assets	7(c)	4,414	4,829
Impairment loss of trade receivables, prepayments and other assets, net	7(c)	(7)	2,654
Reversal of provision of inventories	7(a)	–	(205)
Amortisation of government grants		(1,245)	(332)
Covid-19-related rent concessions	7(c)	–	(300)
Foreign exchange differences, net		(10,830)	(21,674)
		<hr/>	<hr/>
Operating profit before changes in working capital		933,049	936,020
Increase in inventories		(656,138)	(176,530)
(Increase)/decrease in trade and bills receivables		(335,053)	66,155
Increase in prepayments, other receivables and other assets		(80,811)	(66,682)
Decrease/(increase) in pledged deposits and restricted deposit		61,080	(47,695)
Increase in trade and bills payables		873,905	319,167
Increase in other payables and accruals		20,047	131,056
		<hr/>	<hr/>
<b>Cash generated from operations</b>		<b>816,079</b>	<b>1,161,491</b>
Interest paid		(71,080)	(97,156)
PRC Enterprise Income Tax paid		(92,772)	(97,780)
		<hr/>	<hr/>
<b>Net cash generated from operating activities</b>		<b>652,227</b>	<b>966,555</b>

	<i>Note</i>	<b>2021</b> <b>RMB'000</b>	2020 <b>RMB'000</b>
<b>Cash flows from investing activities</b>			
Interest received	5	<b>25,872</b>	16,091
Committed dividends received from a former joint venture		<b>119,000</b>	50,000
Purchase of property, plant and equipment		<b>(523,432)</b>	(349,101)
Deposits paid for purchase of property, plant and equipment		<b>(134,041)</b>	(112,777)
Proceeds from disposal of property, plant and equipment		<b>9,541</b>	14,016
Addition to prepayments, other receivables and other assets		<b>(8,881)</b>	(15,676)
Additions to leasehold lands		<b>(2,631)</b>	(14,384)
Additions to other intangible assets		<b>(4,896)</b>	(1,545)
Investment in a joint venture		<b>(4,320)</b>	(8,280)
Proceeds from disposal of a joint venture		–	874,804
Proceeds from disposal of an associate		–	25,000
Receipt of government grants for property, plant and equipment		<b>13,720</b>	–
<b>Net cash (used in)/generated from investing activities</b>		<b>(510,068)</b>	478,148
<b>Cash flows from financing activities</b>			
New bank loans raised		<b>1,061,063</b>	1,502,028
Repayments of bank loans		<b>(968,488)</b>	(1,325,813)
Repayments of lease liabilities		<b>(14,519)</b>	(13,203)
Interest paid on lease liabilities		<b>(2,000)</b>	(1,907)
Repurchase of own shares		–	(128,480)
Dividends paid		<b>(289,490)</b>	(208,649)
Capital contributions from non-controlling shareholders		<b>51,927</b>	–
<b>Net cash used in financing activities</b>		<b>(161,507)</b>	(176,024)
<b>Net (decrease)/increase in cash and cash equivalents</b>			
		<b>(19,348)</b>	1,268,679
Cash and cash equivalents at beginning of year		<b>1,944,230</b>	678,514
Effect of foreign exchange rate changes, net		<b>(7,587)</b>	(2,963)
<b>Cash and cash equivalents at end of year</b>		<b>1,917,295</b>	1,944,230
<b>Analysis of balances of cash and cash equivalents</b>			
Cash and bank balances		<b>1,780,295</b>	1,052,899
Deposits in COFCO Finance Company Limited ("COFCO Finance"), a subsidiary of COFCO Corporation		<b>137,000</b>	891,331
<b>Cash and cash equivalents as stated in the consolidated statement of financial position and the consolidated statement of cash flows</b>		<b>1,917,295</b>	1,944,230

## 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 2021, (i) COFCO (Hong Kong) Limited (“COFCO (Hong Kong)”) beneficially held approximately 29.70% (2020: 29.70%) 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% (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.

#### 2.1 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”).

The consolidated financial statements have been prepared under the historical cost basis, except for certain 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.

\* *For identification purposes only*



The unaudited financial information relating to the year ended 31 December 2021 and the financial information relating to the year ended 31 December 2020 included in this preliminary announcement of 2021 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 2020, 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 2021 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.

The Company has delivered the consolidated 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 Companies Ordinance.

The Company's auditor has reported on the financial statements of the Group for the year ended 31 December 2020. 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 2021. 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 following amendments to HKFRSs for the first time for the current year's financial statements.

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

The nature and the amendments to HKFRSs are described below:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of HKFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group had certain interest-bearing bank borrowings denominated in Hong Kong dollars based on the Hong Kong Interbank Offered Rate (“HIBOR”) and United States dollars based on the London Interbank Offered Rate (“LIBOR”) as at 31 December 2021. The Group expects that HIBOR will continue to exist and the interest rate benchmark reform has not had an impact on the Group’s HIBOR-based borrowings. For the LIBOR-based borrowings, since the interest rates of these instruments were not replaced by RFRs during the year, the amendments did not have any impact on the financial position and performance of the Group. If the interest rates of these borrowings are replaced by RFRs in a future period, the Group will apply the above-mentioned practical expedient upon the modification of these instruments provided that the “economically equivalent” criterion is met.

### 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) Tinsplate packaging — the Group uses tinsplate as the main raw material for its tinsplate packaging products, which include three-piece beverage cans, food cans (including milk powder cans), aerosol cans, metal caps, printed and coated tinsplates, 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:

	2021 <i>RMB’000</i>	2020 <i>RMB’000</i>
Tinsplate packaging	4,461,124	3,659,703
Aluminium packaging	4,463,374	3,107,099
Plastic packaging	641,884	577,945
	<u>9,566,382</u>	<u>7,344,747</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)	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Mainland China	8,846,844	7,053,282	5,700,405	5,528,855
Overseas	719,538	291,465	489,132	456,172
	<u>9,566,382</u>	<u>7,344,747</u>	<u>6,189,537</u>	<u>5,985,027</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:

	2021 RMB'000	2020 RMB'000
Customer A	<u>1,348,089</u>	<u>908,002</u>

#### 4 REVENUE

An analysis of revenue is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Revenue from contracts with customers</b>		
Sale of packaging products	<b>9,566,382</b>	7,344,747
	<b>9,566,382</b>	7,344,747
<b>Revenue from contracts with customers</b>		
<i>Disaggregated revenue information</i>		
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>By type of goods</b>		
Tinplate packaging	4,461,124	3,659,703
Aluminium packaging	4,463,374	3,107,099
Plastic packaging	641,884	577,945
	<b>9,566,382</b>	7,344,747
Total revenue from contracts with customers	<b>9,566,382</b>	7,344,747
<b>By geographical markets</b>		
Mainland China	8,846,844	7,053,282
Overseas	719,538	291,465
	<b>9,566,382</b>	7,344,747
Total revenue from contracts with customers	<b>9,566,382</b>	7,344,747

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

## 5 OTHER INCOME, GAINS AND LOSSES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>Other income</b>		
Bank interest income	11,370	4,522
Interest income from COFCO Finance	14,502	11,569
Committed dividend income from a former joint venture ( <i>Note (a)</i> )	119,000	50,000
Government grants ( <i>Note (b)</i> )	14,012	20,763
Rental income	3,788	2,867
Other income	–	1,250
	<u>162,672</u>	<u>90,971</u>
<b>Other gains and losses</b>		
Loss on disposal of property, plant and equipment	(18,148)	(8,622)
Foreign exchange differences, net	(12,840)	15,736
Other gains ( <i>Note (c)</i> )	10,561	11,625
Loss on disposal of a joint venture	–	(2,436)
Gain on disposal of an associate	–	16
	<u>(20,427)</u>	<u>16,319</u>
	<u><u>142,245</u></u>	<u><u>107,290</u></u>

### *Notes:*

- (a) Based on the instalment payment schedule as set out in the repurchase agreement dated 28 April 2020, during the year ended 31 December 2021, the Group received the third, fourth and fifth instalments of committed dividend from a former joint venture, Qingyuan JDB Herbal Plant Technology Co., Ltd., amounting to RMB119,000,000 (2020: the first and second instalments of committed dividend of RMB50,000,000).
- (b) The government grants are mainly granted by the local authorities in the Mainland China to support local entities. There are no unfulfilled conditions or contingencies relating to these grants.
- (c) Other gains mainly consist of gains from sales of waste materials or unused raw materials from the manufacturing process.

## 6 FINANCE COSTS

An analysis of finance costs is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest on bank loans	71,080	110,647
Interest on lease liabilities	2,000	1,907
	<u>73,080</u>	<u>112,554</u>
Less: Interest capitalised	(7,490)	(13,491)
	<u>65,590</u>	<u>99,063</u>

## 7 PROFIT BEFORE INCOME TAX

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
<b>(a) Cost of sales</b>		
Cost of inventories sold	8,208,588	6,195,944
Realised and unrealised fair value losses/(gains) on derivative financial instruments, net	27,583	(14,216)
Reversal of provision of inventories	–	(205)
	<u>8,236,171</u>	<u>6,181,523</u>
<b>(b) Staff costs (including directors' and chief executive's remuneration)</b>		
Wages and salaries	658,714	586,865
Pension scheme contributions**	58,657	15,834
Other benefits	52,109	43,566
	<u>769,480</u>	<u>646,265</u>
<b>(c) Other items</b>		
Depreciation of property, plant and equipment	411,273	376,861
Depreciation of right-of-use assets	23,947	23,227
Amortisation of other intangible assets	4,414	4,829
Research and development costs*	90,053	26,703
Covid-19-related rent concessions	–	(300)
Impairment losses recognised/(reversed) under expected credit loss model, net:		
– Trade receivables	22	2,303
– Prepayments, other receivables and other assets	(29)	351
Write-off of other intangible assets	1,540	–
	<u>1,700</u>	<u>804</u>
Auditor's remuneration:		
– Audit service	1,700	1,700
– Non-audit services	700	804
	<u>2,400</u>	<u>2,504</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 2021, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2020: Nil).

## 8 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 (2020: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
PRC Enterprise Income tax		
Current tax	<b>87,421</b>	104,712
Over-provisions in respect of prior years	<b>(322)</b>	(4,958)
Deferred tax	<b>6,101</b>	13,250
	<b><u>93,200</u></b>	<u>113,004</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. Four (2020: Three) of the Group’s subsidiaries operating in the PRC have granted a preferential EIT rate of 15%, by the relevant tax authorities. One (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 EIT rate of 15%. One (2020: One) 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 2.5% (2020: 5%) respectively.



## 9 DIVIDENDS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interim – RMB0.112 (2020: RMB0.082) per ordinary share	124,703	91,301
Interim special – Nil (2020: RMB0.048) per ordinary share	–	53,444
Proposed final – RMB0.095 (2020: RMB0.092) per ordinary share	105,775	102,435
Proposed final special – Nil (2020: RMB0.056) per ordinary share	–	62,352
	<u>230,478</u>	<u>309,532</u>

The proposed final dividend for the year ended 31 December 2021 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 2020 was proposed by the directors of the Company on 22 March 2021, and subsequently approved at the Company's Annual General Meeting on 31 May 2021 and recognised as distribution during the year ended 31 December 2021.

## 10 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 RMB462,498,000 (2020: RMB389,388,000) and the weighted average number of ordinary shares of 1,113,423,000 (2020: 1,129,926,000) 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 2021 and 2020 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:

	2021 <i>RMB'000</i>	2020 <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>462,498</u>	<u>389,388</u>

	<b>Number of shares</b>	
	<b>2021</b>	2020
	<i>'000</i>	<i>'000</i>
<b>Shares</b>		
Issued ordinary shares at 1 January	<b>1,113,423</b>	1,160,949
Effect of shares repurchased	–	(31,023)
	<u>                    </u>	<u>                    </u>
Weighted average number of ordinary shares at 31 December	<b><u>1,113,423</u></b>	<b><u>1,129,926</u></b>
<b>11 TRADE AND BILLS RECEIVABLES</b>		
	<b>2021</b>	2020
	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables		
– From third parties	<b>2,219,244</b>	1,932,472
– From related parties	<b>110,482</b>	117,926
	<u>                    </u>	<u>                    </u>
	<b>2,329,726</b>	2,050,398
Less: Impairments	<b>(2,767)</b>	(2,745)
	<u>                    </u>	<u>                    </u>
	<b>2,326,959</b>	2,047,653
Bill receivables	<b>161,661</b>	108,429
	<u>                    </u>	<u>                    </u>
Trade and bills receivables	<b><u>2,488,620</u></b>	<b><u>2,156,082</u></b>

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 (2020: 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>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>1,927,069</b>	1,714,283
3 to 12 months	<b>560,673</b>	441,056
Over 1 year	<b>878</b>	743
	<u><b>2,488,620</b></u>	<u>2,156,082</u>

## 12 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>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 3 months	<b>1,956,331</b>	1,019,366
3 to 12 months	<b>361,701</b>	426,841
Over 1 year	<b>5,721</b>	2,659
	<u><b>2,323,753</b></u>	<u>1,448,866</u>

Trade and bills payables are non-interest-bearing and the credit terms are normally 30 to 90 (2020: 30 to 90) days.

## 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, tinplate packaging and plastic packaging. The Group carries out operations through 37 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 2021, in face of the substantial increase in aluminium prices, the Group actively responded with precise measures to strengthen the interaction between supply and sales to reduce costs. In addition, it continued to promote internal tapping and efficiency enhancement, steadily releasing new production capacity, building regional multi-type can supply capacity and enhancing overall competitiveness. Significant growth in sales revenue from aluminium packaging products was achieved during the reporting period. In 2021, the Group's sales revenue from aluminium packaging was approximately RMB4,463 million, (2020: approximately RMB3,107 million), increased 43.7% from 2020, accounting for approximately 46.7% of the overall sales (2020: approximately 42.3%). The gross profit margin of the aluminium packaging business was approximately 15.5% in 2021 (2020: approximately 17.1%).

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

Two-piece can products are primarily used for the packaging of beer, carbonated drinks and tea beverages. In 2021, the Group's sales revenue from the two-piece can business was approximately RMB4,288 million (2020: approximately RMB2,948 million), representing an increase of 45.5% over 2020. Renowned customers of the Group's two-piece can business include Anheuser-Busch InBev, Coca-Cola, CR Snow Beer, JDB and Tsingtao Brewery.

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

One-piece cans products are primarily used for the packaging of household chemical products, beers, carbonated drinks and medical products. In 2021, the Group's sales revenue from one-piece can products was approximately RMB175 million (2020: approximately RMB159 million), representing an increase of 10.1% over 2020. 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.

In 2021, the price of tinplate materials rose sharply. The Group continued to promote internal tapping to reduce production costs and deepen cooperation with customers, resulting in a steady increase in the market share of core customers. The milk powder cans business continued to maintain its leading position in the niche market, while the spray cans business deepened its market layout and signed strategic cooperation agreements with Friendship Chemical and GNS to deepen the synergy of the industrial chain. In 2021, sales revenue from the Group's tinplate packaging business amounted to approximately RMB4,461 million (2020: approximately RMB3,660 million), representing an increase of approximately 21.9% over 2020, accounting for approximately 46.6% of the overall sales (2020: approximately 49.8%). The gross profit margin of the tinplate packaging business in 2021 was approximately 11.7% (2020: approximately 14.5%).

### ***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 2021, the sales revenue was approximately RMB1,427 million (2020: approximately RMB958 million), representing a year-on-year increase of approximately 49.0%. Renowned customers of the Group's steel barrels business include Wanhua, Sinopec, BASF, Nippon and Exxon Mobil, etc.

### ***Milk Power 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 can manufacturer in the PRC. In 2021, the sales revenue from the milk powder can business amounted to approximately RMB737 million (2020: approximately RMB678 million), representing a year-on-year increase of approximately 8.7%. Renowned customers of the Group's milk powder cans business include Feihe, Yili, Mengniu, Unilever 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 2021, the Group recorded sales revenue of approximately RMB617 million (2020: approximately RMB482 million), representing a year-on-year increase of approximately 28.0%. Renowned customers of the Group's aerosol cans business include Gunuo Tianjin, Johnson Shanghai, Shanghai Daizo and Zhongshan Lanju.

### ***Metal Caps***

Metal caps products include twist caps and crown caps. In 2021, the Group's sales revenue from the metal caps business amounted to approximately RMB543 million (2020: approximately RMB537 million), representing a year-on-year increase of approximately 1.1%. Renowned customers of the Group's metal caps business include Haiday, Jiajiahong, Huanleja, Lao Gan Ma, 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 2021, the sales revenue from three-piece cans was approximately RMB210 million (2020: approximately RMB182 million), representing a year-on-year increase of approximately 15.4%. Renowned customers of the Group's three-piece cans business include Yinlu, Lulu, Yangyuan, Nestle, Mengniu 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's sales revenue from round and square shaped cans business was approximately RMB339 million (2020: approximately RMB264 million), representing a year-on-year increase of approximately 28.4%. Renowned customers of the Group's round and square shaped cans business include Valspar Corporation, Asia Paint, Yip's Chemical and Carpoly.

### ***Printed and Coated Tins***

The Group's printed and coated tins 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, etc.) and metal caps (e.g. twist caps and crown caps). In 2021, external sales revenue from the printed and coated tins business was approximately RMB300 million (2020: approximately RMB305 million), representing a year-on-year decrease of approximately 1.6%. Renowned customers of the Group's printed and coated tins business include ORG Technology, Lao Gan Ma, Supor and T.G. Battery.

- **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 2021, the customer structure was continuously optimised and the sales proportion of food and beverage customers was increased. In terms of production operations, the degree of automation of production processes continued to increase with the per capita output efficiency improved significantly. The sales revenue from the plastic packaging business was approximately RMB642 million in 2021 (2020: approximately RMB578 million), representing a year-on-year increase of approximately 11.1%, accounting for approximately 6.7% of the total revenue (2020: approximately 7.9%). The gross profit margin of the plastic packaging business in 2021 was approximately 17.8% (2020: approximately 17.2%). Renowned customers of the Group's plastic packaging business include P&G, Reckitt Benckiser, Blue Moon, Haiday, and SC Johnson.

## **OUTLOOK FOR 2022**

In 2022, the pandemic will continue to be the greatestest uncertainty throughout the year. Looking back at 2021, against the backdrop of recurring pandemics, the market of the industry has seen varying degrees of fragmentation, with consumption power and willingness-to-pay affected to a certain extent. However, with the normalisation of the pandemic and the development of the home consumption scenario, the marginal impact of the pandemic on food and beverage will become less and less, and the overall trend of long-term domestic consumption growth will continue.

Despite the significant increase in raw materials and various uncertainties, the Group's performance was remarkable for the year, with sales revenue increased 30.2% year-on-year and net profit increased 20.2% year-on-year, with stable development in its core businesses and sufficient growth momentum. The Group's overseas businesses continued to operate smoothly and profitably, despite being in an environment characterised by fluctuations and waves of infections as well as supply chain and labour shortages.

The Group will continue to optimise its regional layout in China, continue to promote refined management and improve operational management efficiency. By implementing product diversification, it will enhance differentiation and competitiveness. It will increase innovation in low-carbon products as well as research and development of environmentally friendly products to meet consumer demand for low-carbon and environmentally friendly packaging. It will promote digitalisation as an important method to improve its core competitive advantage by increasing investment in digitalisation and information development. The Group will continue to adhere to its determined objective of improving investment returns and continue to reward shareholders with good results, innovate and improve sustainable profitability and achieve high-quality developments.

## **FINANCIAL REVIEW**

For the year ended 31 December 2021, revenue of the Group amounted to approximately RMB9,566 million (2020: approximately RMB7,345 million), representing an increase of approximately RMB2,221 million or 30.2%. Gross profit margin reached approximately 13.9% in the year of 2021 (2020: approximately 15.8%), representing a decrease as compared with the same period in the previous year. The decrease was primarily due to the prices of raw material increased.

For the year ended 31 December 2021, net profit amounted to approximately RMB473 million (2020: approximately RMB394 million), representing an increase of approximately RMB79 million or 20.2% as compared to the same period in the previous year, primarily due to increase in sales volume and decrease in expenses ratio.



## GROUP'S PROFIT

For the year ended 31 December 2021, the Group's profit before income tax was approximately RMB567 million (2020: approximately RMB507 million), representing an increase of approximately RMB60 million or 11.8% as compared to the same period in the previous year.

Finance costs were approximately RMB66 million (2020: approximately RMB99 million), representing a decrease of approximately RMB33 million or 33.8% 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 RMB93 million (2020: approximately RMB113 million). The effective income tax rate of the Group in 2021 was approximately 16.4% (2020: approximately 22.3%).

## CASH FLOW, FINANCIAL RESOURCES AND GEARING RATIO

In 2021, the Group's main sources of funding were cash generated from operating activities and bank loans.

	<b>31 December 2021</b>	31 December 2020
	<b><i>RMB (million)</i></b>	<i>RMB (million)</i>
Net assets	<b>5,819</b>	5,503
Cash and cash equivalents	<b>1,917</b>	1,944
Total borrowings	<b>4,214</b>	4,264
Equity attributable to equity holders of the Company	<b>5,478</b>	5,218
Current ratio	<b>1.4</b>	1.4
Gearing ratio*	<b>41.9%</b>	44.5%

\* 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 2021, the Group had net assets of approximately RMB5,819 million (31 December 2020: approximately RMB5,503 million). Equity attributable to equity holders of the Company was approximately RMB5,478 million, which has slightly increased as compared to approximately RMB5,218 million as at 31 December 2020.

The current ratio and gearing ratio as at 31 December 2021 were approximately 1.4 and approximately 41.9%, respectively (31 December 2020: approximately 1.4 and approximately 44.5%, respectively). The current ratio as at 31 December 2021 was approximately 1.4 which is the same as compared to 31 December 2020. The decrease in gearing ratio from approximately 44.5% as at 31 December 2020 to approximately 41.9% as at 31 December 2021 was mainly due to the slightly increase in equity attributable to equity holders of the Company. Interest-bearing bank loans were approximately RMB4,214 million as at 31 December 2021. As at 31 December 2021, certain of the Group's bank loans are secured by mortgages over the Group's buildings, which had a net carrying value at the end of the reporting period of approximately RMB64 million (31 December 2020: Nil).

### **CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES**

For the year ended 31 December 2021, the Group's capital expenditure was approximately RMB678 million, which was as follows:

	<b>RMB million</b>	<b>Percentage of capital expenditure</b>
Belgium project	107	15.8%
Two-piece cans project	302	44.6%
Tinplate project	125	18.4%
Plastics project	83	12.2%
Steel barrels project	31	4.6%
Other equipment purchases	30	4.4%
	<hr/>	<hr/>
Total	678	100.0%
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2021, the Group had the following capital commitments:

	<b>2021</b>	2020
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Contracted for, but not provided for in the consolidated financial statements:		
property, plant and equipment	<b>459,311</b>	383,452
capital contribution payable to a joint venture	<b>4,680</b>	8,280
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 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, Euros 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 2021, the Group had 6,049 full-time employees (2020: 6,131), of which approximately 1,623 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 2021:

<b>Function</b>	<b>No. of employees</b>	<b>Percentage of total no. of employees</b>
Management and Administration	680	11.3%
Sales and Marketing	251	4.1%
Research and Development in Technology and Engineering	832	13.7%
Production and Quality Control	4,286	70.9%
Total	<u>6,049</u>	<u>100.0%</u>

As at 31 December 2021, the Group's total staff cost was approximately RMB769 million, as compared to RMB646 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.

## FINAL DIVIDENDS

The Directors recommended the payment of a final dividend of RMB0.095 (equivalent to HK11.5 cents) per ordinary Share (2020 final and special dividend: RMB0.092 (equivalent to HK11.0 cents) and RMB0.056 (equivalent to HK6.7 cents) respectively) for the year ended 31 December 2021 subject to the approval obtained at the annual general meeting to be held on 30 May 2022 (the “2022 AGM”). An interim dividend of RMB0.112 (equivalent to HK13.5 cents) per ordinary share was paid on 17 September 2021 (2020 interim and special dividend: RMB0.082 (equivalent to HK9.1 cents) and RMB0.048 (equivalent to HK5.3 cents) respectively).

The proposed final dividend for the year ended 31 December 2021 will be distributed on or after Thursday, 23 June 2022 to shareholders whose names appear on the shareholders’ register of the Company on Thursday, 9 June 2022 (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 “offshoreregistered 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 2021 final 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 2021 final 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 2021 final dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the proposed year 2021 final 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, 2 June 2022.

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 2022 AGM**

Latest time to lodge transfer documents for registration	4:30 p.m. on 24 May 2022
Closure of Register of members	25 May to 30 May 2022 (both dates inclusive)
Record date	30 May 2022

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

Latest time to lodge transfer documents for registration 4:30 p.m. on 2 June 2022

Closure of Register of members 6 June to 9 June 2022  
(both dates inclusive)

Record date 9 June 2022

In order to qualify for the proposed final dividend and attend the 2022 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 2021.

## **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 2021.

## **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 2021, the draft of 2021 annual report of the Company, the draft of this preliminary announcement of the Group’s annual results for the year ended 31 December 2021 and the audit scope and fees for the year ended 31 December 2021. 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**

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 2021.

## **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 2021 as set out in the preliminary announcement of the Group's 2021 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 2021 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 2022

*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 Dr. Zhao Wei, Messrs. Meng Fanjie, Zhou Yuan and Shen Tao, and the independent non-executive Directors are Messrs. Cheng Yuk Wo, Pun Tit Shan and Chen Jihua.*