

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 INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Variance %
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)	
Revenue	5,226,576	4,678,299	11.7%
EBITDA	573,465	564,856	1.5%
Profit attributable to equity holders of the Company	267,469	249,383	7.3%
Basic earnings per share	RMB0.240	RMB0.224	7.1%
Dividends (HK cents)			
– Interim dividend	<u>13.9</u>	<u>13.5</u>	3.0%

The Board declared an interim dividend of RMB0.12 (equivalent to HK13.9 cents) per ordinary share for the six months ended 30 June 2022 to shareholders whose names appear on the register of members of the Company on 8 September 2022.

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 2022 (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	
	<i>Note</i>	2022 <i>RMB'000</i> (Unaudited)	2021 <i>RMB'000</i> (Unaudited)
REVENUE	4	5,226,576	4,678,299
Cost of sales	6(a)	<u>(4,605,856)</u>	<u>(4,016,776)</u>
GROSS PROFIT		620,720	661,523
Other income and net gains	5	110,921	76,961
Selling and marketing expenses		(196,403)	(196,393)
Administrative expenses		(199,964)	(191,832)
Finance costs		(35,848)	(30,063)
Share of results of joint ventures		<u>1,653</u>	<u>1,049</u>
PROFIT BEFORE INCOME TAX	6	301,079	321,245
Income tax expense	7	<u>(38,618)</u>	<u>(63,533)</u>
PROFIT FOR THE PERIOD		<u>262,461</u>	<u>257,712</u>
Attributable to:			
Equity holders of the Company		267,469	249,383
Non-controlling interests		<u>(5,008)</u>	<u>8,329</u>
		<u>262,461</u>	<u>257,712</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic (<i>RMB</i>)		<u>0.240</u>	<u>0.224</u>
Diluted (<i>RMB</i>)		<u>0.240</u>	<u>0.224</u>

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PROFIT FOR THE PERIOD	<u>262,461</u>	<u>257,712</u>
OTHER COMPREHENSIVE (LOSS)/INCOME		
<i>Item that may be reclassified to profit or loss in subsequent periods:</i>		
– Exchange differences on translation of foreign operations (with nil tax effect)	<u>(191,994)</u>	<u>36,387</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD, NET OF TAX	<u>(191,994)</u>	<u>36,387</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>70,467</u>	<u>294,099</u>
Attributable to:		
Equity holders of the Company	77,409	287,934
Non-controlling interests	<u>(6,942)</u>	<u>6,165</u>
	<u>70,467</u>	<u>294,099</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	30 June	31 December
	2022	2021
<i>Note</i>	RMB'000	RMB'000
	(Unaudited)	(Audited)
NON-CURRENT ASSETS		
Property, plant and equipment	5,272,804	5,300,403
Right-of-use assets	423,605	386,298
Goodwill	233,973	233,973
Other intangible assets	20,774	22,317
Interests in joint ventures	20,592	14,259
Deposits for purchase of items of property, plant and equipment	307,906	193,492
Prepayments	36,846	38,795
Deferred tax assets	25,786	35,558
	6,342,286	6,225,095
TOTAL NON-CURRENT ASSETS		
CURRENT ASSETS		
Inventories	1,804,236	1,903,650
Trade and bills receivables	10 2,984,996	2,488,620
Prepayments, other receivables and other assets	484,304	415,379
Tax recoverable	229	5,448
Pledged deposits and restricted deposit	61,079	36,327
Cash and cash equivalents	1,809,552	1,917,295
	7,144,396	6,766,719
TOTAL CURRENT ASSETS		
CURRENT LIABILITIES		
Trade and bills payables	11 2,096,868	2,323,753
Other payables and accruals	557,395	467,956
Lease liabilities	14,614	13,510
Interest-bearing bank borrowings	3,565,689	2,071,145
Tax payable	46,100	15,543
	6,280,666	4,891,907
TOTAL CURRENT LIABILITIES		

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
NET CURRENT ASSETS	<u>863,730</u>	<u>1,874,812</u>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>7,206,016</u>	<u>8,099,907</u>
NON-CURRENT LIABILITIES		
Government grants	13,988	14,485
Interest-bearing bank borrowings	1,290,954	2,143,137
Lease liabilities	62,226	62,376
Deferred tax liabilities	<u>47,017</u>	<u>60,870</u>
TOTAL NON-CURRENT LIABILITIES	<u>1,414,185</u>	<u>2,280,868</u>
NET ASSETS	<u><u>5,791,831</u></u>	<u><u>5,819,039</u></u>
EQUITY		
Equity attributable to equity holders of the Company		
Share capital	2,730,433	2,730,433
Reserves	<u>2,718,899</u>	<u>2,747,265</u>
	5,449,332	5,477,698
Non-controlling interests	<u>342,499</u>	<u>341,341</u>
TOTAL EQUITY	<u><u>5,791,831</u></u>	<u><u>5,819,039</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Note</i>	For the six months ended 30 June	
		2022	2021
		RMB'000 (Unaudited)	RMB'000 (Unaudited)
OPERATING ACTIVITIES			
Profit before income tax		301,079	321,245
Adjustments for:			
Finance costs		35,848	30,063
Interest income	5	(13,791)	(14,609)
(Gain)/loss on disposal of items of property, plant and equipment	5	(1,017)	2,117
Committed dividend income from a former joint venture	5	(68,643)	(50,000)
Write-off of other intangible assets	5	–	1,540
Share of results of joint ventures		(1,653)	(1,049)
Depreciation of property, plant and equipment	6(c)	221,686	199,811
Depreciation of right-of-use assets	6(c)	13,249	11,511
Amortisation of other intangible assets	6(c)	1,603	2,226
Reversal of impairment loss of trade and other receivables	6(c)	(253)	(185)
Amortisation of government grants		(592)	(165)
Foreign exchange differences, net		(4,820)	323
		<hr/>	<hr/>
Operating profit before changes in working capital		482,696	502,828
Decrease/(increase) in inventories		99,414	(256,371)
Increase in trade and bills receivables		(496,104)	(702,584)
(Increase)/decrease in prepayments, other receivables and other assets		(66,527)	23,182
(Increase)/decrease in pledged deposits and restricted deposit		(24,752)	50,813
(Decrease)/increase in trade and bills payables		(226,885)	361,039
Increase/(decrease) in other payables and accruals		63,262	(95,033)
		<hr/>	<hr/>
CASH USED IN OPERATIONS		(168,896)	(116,126)
Interest paid		(38,586)	(29,443)
The PRC Enterprise Income Tax paid		(17,090)	(39,894)
		<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES		(224,572)	(185,463)

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
INVESTING ACTIVITIES		
Interest received	13,791	14,609
Additions to prepayments, other receivables and other assets	(6,747)	(3,172)
Purchase of items of property, plant and equipment	(234,381)	(129,423)
Payment for right-of-use assets	(43,942)	(2,630)
Deposits paid for purchase of property, plant and equipment	(114,414)	(228,399)
Proceeds from disposal of property, plant and equipment	2,019	1,559
Additions to other intangible assets	(135)	(2,127)
Investments in joint ventures	(4,680)	(720)
Committed dividend received from a former joint venture	68,643	50,000
Receipt of government grants	444	–
Deposits paid for other non-current assets	(2,400)	–
NET CASH USED IN INVESTING ACTIVITIES	(321,802)	(300,303)
FINANCING ACTIVITIES		
New bank loans raised	552,328	797,939
Repayments of bank loans	(88,690)	(695,325)
Repayments of lease liabilities	(2,651)	(5,367)
Interest paid on lease liabilities	(1,052)	(620)
Capital contribution from non-controlling shareholders of subsidiaries	8,100	5,448
Dividends paid	(100,492)	(150,491)
Loan advanced from a non-controlling shareholder of a subsidiary	65,369	–
NET CASH GENERATED FROM/ (USED IN) FINANCING ACTIVITIES	432,912	(48,416)

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET DECREASE IN CASH AND CASH EQUIVALENTS		
	(113,462)	(534,182)
Cash and cash equivalents at the beginning of period	1,917,295	1,944,230
Effect of foreign exchange rate changes, net	<u>5,719</u>	<u>(3,281)</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u>1,809,552</u>	<u>1,406,767</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	919,552	519,927
Deposits in COFCO Finance Company Limited ("COFCO Finance"), a subsidiary of COFCO Corporation	<u>890,000</u>	<u>886,840</u>
CASH AND CASH EQUIVALENTS AS STATED IN THE CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND THE CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	<u>1,809,552</u>	<u>1,406,767</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 2022, (i) COFCO (Hong Kong) Limited (“**COFCO (Hong Kong)**”) beneficially held approximately 29.70% (31 December 2021: 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% (31 December 2021: 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 (the “**HKICPA**”) 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 2021 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 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (“**HKCO**”).

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 HKCO.

* *For identification purposes only*

3 PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments which are 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 2022 are the same as those presented in the Group’s annual financial statements for the year ended 31 December 2021.

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 2022 for the preparation of the Group’s condensed consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contract – Costs of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvement to HKFRSs 2018–2020

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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
By type of goods		
Tinplate packaging	2,169,397	2,251,118
Aluminum packaging	2,748,790	2,140,974
Plastic packaging	308,389	286,207
	<u>5,226,576</u>	<u>4,678,299</u>
By geographical markets		
Mainland China	4,871,234	4,298,926
Overseas	355,342	379,373
	<u>5,226,576</u>	<u>4,678,299</u>
Timing of revenue recognition		
A point in time	<u>5,226,576</u>	<u>4,678,299</u>

5 OTHER INCOME AND NET GAINS

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

	For the six months ended 30 June	
	2022 RMB'000 (Unaudited)	2021 RMB'000 (Unaudited)
Other income		
Bank interest income	6,236	6,999
Interest income from COFCO Finance	7,555	7,610
Committed dividend income from a former joint venture (<i>Note (i)</i>)	68,643	50,000
Government grants (<i>Note (ii)</i>)	17,582	6,388
Rental income	1,796	1,858
	<u>101,812</u>	<u>72,855</u>
Net gains		
Gain/(loss) on disposal of property, plant and equipment	1,017	(2,117)
Write-off of other intangible assets	–	(1,540)
Foreign exchange differences, net	(2,645)	(4,439)
Other gains	10,737	12,202
	<u>9,109</u>	<u>4,106</u>
	<u>110,921</u>	<u>76,961</u>

Notes:

- (i) During the six months ended 30 June 2022, the Group received committed dividend from a former joint venture, Qingyuan JDB Herbal Plant Technology Co., Ltd., amounting to RMB68,643,000 (six months ended 30 June 2021: RMB50,000,000).
- (ii) The government grants are mainly granted by the PRC's local authority to support local companies. There are no unfulfilled conditions or contingencies related to these grants.

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	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
(a) Cost of sales		
Cost of inventories sold	4,613,699	3,997,698
Realised fair value (gain)/loss on derivative financial instruments, net	<u>(7,843)</u>	<u>19,078</u>
	<u>4,605,856</u>	<u>4,016,776</u>
(b) Staff costs (including directors' and chief executive's remuneration)		
Wages and salaries	342,157	309,427
Pension scheme contributions	28,343	26,603
Other benefits	<u>16,533</u>	<u>20,437</u>
	<u>387,033</u>	<u>356,467</u>
(c) Other items		
Depreciation of property, plant and equipment	221,686	199,811
Depreciation of right-of-use assets	13,249	11,511
Amortisation of other intangible assets	1,603	2,226
Reversal of impairment losses of trade and other receivables under expected credit loss model	<u>(253)</u>	<u>(185)</u>

7 INCOME TAX EXPENSE

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current tax		
– PRC Enterprise Income Tax		
Charge for the period	57,358	55,749
Over-provision in respect of prior periods	(14,659)	(1,183)
	42,699	54,566
Deferred tax	(4,081)	8,967
	38,618	63,533

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 2022 (six months ended 30 June 2021: 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 Enterprise Income Tax (“EIT”) at the rate of 25% (six months ended 30 June 2021: 25%). Four (six months ended 30 June 2021: Four) 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 EIT rate of 15%. One (six months ended 30 June 2021: One) of the Group’s subsidiaries are qualified as high-tech enterprises in the PRC, and the relevant tax authorities have granted the subsidiary a preferential EIT rate of 15%. Two (six months ended 30 June 2021: 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 subsidiary preferential EIT rate of 2.5% (six months ended 30 June 2021: 2.5%).

8 DIVIDENDS

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interim – RMB0.120 (six months ended 30 June 2021: RMB0.112) per ordinary share	<u>133,611</u>	<u>124,703</u>
	<u>133,611</u>	<u>124,703</u>

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

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

	For the six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the Company, used in the basic and diluted earnings per share calculation	<u>267,469</u>	<u>249,383</u>
	2022	2021
	'000	'000
	(Unaudited)	(Unaudited)
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>1,113,423</u>	<u>1,113,423</u>

The diluted earnings per share for both the six months ended 30 June 2022 and 2021 were the same as the respective basic earnings per share as there were no potential dilutive ordinary shares in existence of both periods.

10 TRADE AND BILLS RECEIVABLES

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Trade receivables		
– From third parties	2,718,737	2,219,244
– From related parties	144,003	110,482
	2,862,740	2,329,726
Less: Allowance for credit losses	(2,278)	(2,767)
	2,860,462	2,326,959
Bill receivables	124,534	161,661
Trade and bill receivables	2,984,996	2,488,620

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 allowance for credit losses, is as follows:

	30 June 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 3 months	2,350,304	1,927,069
3 to 12 months	634,434	560,673
Over 1 year	258	878
	2,984,996	2,488,620

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 2022 RMB'000 (Unaudited)	31 December 2021 RMB'000 (Audited)
Within 3 months	1,489,767	1,956,331
3 to 12 months	606,144	361,701
Over 1 year	957	5,721
	<u>2,096,868</u>	<u>2,323,753</u>

Trade and bills payables are non-interest-bearing and the credit terms are normally 30 to 180 days.

As at 30 June 2022, certain of the Group's bills payables were secured by the Group's bank deposits amounting to RMB42,598,000 (31 December 2021: RMB33,842,000).

As at 30 June 2022, included in the trade and bills payables were trade payables of RMB175,000 (31 December 2021: RMB1,160,000) due to ORG Technology and its subsidiaries, and trade payable of RMB55,820,000 (31 December 2021: RMB35,088,000) due to a joint venture, which are repayable within 90 days and represents 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, 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 38 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, product recyclability, etc., and has been one of the core businesses 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 aluminium increased significantly, while the Group’s sales revenue from aluminium packaging was approximately RMB2,749 million (same period in 2021: approximately RMB2,141 million), representing an increase of approximately 28.4% over 2021, accounting for approximately 52.6% of the total sales (same period in 2021: approximately 45.8%), which was a significant increase. The gross profit margin of the aluminium packaging business in the first half of 2022 was approximately 12.1%, representing a slight year-on-year decrease (same period in 2021: approximately 15.6%).

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 2022, the Group's sales revenue from the two-piece cans business was approximately RMB2,655 million (same period in 2021: approximately RMB2,051 million), representing an increase of approximately 29.4% from the previous year. The Group advanced the construction of new factories and production lines in an orderly manner and effectively increased the domestic and overseas production capacity. The new factory in Shenyang will fill the production capacity gap in Northeast China, while the new factory in Kunming and the third production line in Chengdu will go hand in hand to strengthen the existing market layout in Southwest China, and the second production line in Belgium will commence operation within this year, further enriching the can types of overseas products and enhance the size advantage. Renowned customers of the Group's two-piece cans business include Anheuser-Busch InBev, Coca-Cola, CR Snow Beer, Tsingtao Brewery 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 2022, the Group's sales revenue from one-piece cans products was approximately RMB94 million (same period in 2021: approximately RMB90 million), representing a year-on-year increase of approximately 4.4%. 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 spray cans ranking No. 1 in market shares nationwide.

In the first half of 2022, the sales revenue from the Group's tinplate packaging business amounted to approximately RMB2,169 million (same period in 2021: approximately RMB2,251 million), representing a year-on-year decrease of approximately 3.6%, and accounted for approximately 41.5% of the total sales (same period in 2021: approximately 48.1%). The gross profit margin was approximately 11.3%, representing a decrease as compared to the same period last year (same period in 2021: approximately 12.4%). In the first half of 2022, the high tinplate prices continued to exert significant pressure. The Group actively expanded its market share, further optimised order structure, increased R&D investment for improvement of differentiated product upgrading, and deepened cooperation with key customers to steadily promote price communication.

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 2022, the Group's sales revenue from the steel barrels business was approximately RMB713 million (same period in 2021: approximately RMB669 million), representing a year-on-year increase of approximately 6.6%. The Group actively expanded its market share and successfully developed international brand customers such as Dow Chemical. At the same time, the Group strengthened the full life cycle management from production to sales of products with extensive internal horizontal benchmarking, enhancing internal coordination and precise control in all aspects from procurement to sales. Despite the impact of the pandemic and other adverse factors, the Group still maintained its position in the industry. Renowned customers of the Group's steel barrels business include Wanhua Chemical, Sinopec, PetroChina, BASF, Covestro, Nippon, Shell, Mobil and Total.

Milk Powder Cans

Milk powder cans are mainly used for the packaging of infant formula milk powder, health food and other products. In the first half of 2022, the sales revenue from the milk powder cans business amounted to approximately RMB376 million (same period in 2021: approximately RMB356 million), representing a year-on-year increase of approximately 5.6%. The Group focused on optimising its production capacity layout in the northeast of PRC which was the supply site of quality milk source. On the basis of effective implementation of the "factory within a factory" project, the construction of pilot test base in Shuangcheng, Harbin will further deepen our cooperation with customers, realising cutting-edge binding with customers in product innovation through deliberation on and forming of innovative concepts for milk powder packaging. Renowned customers of the Group's milk powder cans business include Feihe, Yili, Mengniu and Nestle.

Aerosol Cans

Aerosol cans products are primarily used for the packaging of household chemical products (e.g. alcohol disinfectant spray, car maintenance products, air fresheners, personal care products and pesticides) and other chemical products. In the first half of 2022, the Group recorded sales revenue of approximately RMB298 million (same period in 2021: approximately RMB342 million). The Group explored the mode of operation of light assets, excavated existing resources and activated internal idle assets, while the new spray cans production lines in Shaanxi enhanced the market competitiveness by increasing the Group's market share and customer stickiness in the western region. 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. The Group enjoys core competitiveness with full capabilities, strong R&D strength and stable big customers. Cost pressure remained high in the first half of 2022. On the basis of ensuring market share, the Group optimised customer order structure, achieved differentiated product upgrading and strengthened the development of new customer. In the first half of 2022, the sales revenue of metal caps products was approximately RMB289 million (same period in 2021: approximately RMB291 million), representing a slight decrease year-on-year. 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. For the first half of 2022, the Group's sales revenue from three-piece cans was approximately RMB106 million (same period in 2021: approximately RMB98 million), representing a year-on-year increase of approximately 8.2%. 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. The sales revenue was approximately RMB103 million, while it was approximately RMB169 million for the same period in 2021. Due to the shrinking market demand, the Group had timely adjusted its business layout and optimised its customer structure by shifting the business focus to Eastern China and Southern China. Renowned customers include Sherwin Williams, Asia Paint, Yip's Chemical and Carpol.

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 2022, the Group focused on ensuring the supply to meet internal demands, and external sales revenue from the printed and coated tinplates business was approximately RMB128 million (2021: approximately RMB179 million), representing a year-on-year decrease. Renowned customers of the Group's printed and coated tinplates business include ORG, 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 the first half of 2022, the Group achieved sales revenue from the plastic packaging business of approximately RMB308 million (same period in 2021: approximately RMB286 million), representing a year-on-year increase of approximately 7.8%. The gross profit margin was approximately 14.0%, representing a slight decrease year-on-year (the gross profit margin for the same period last year: 16.7%). The Group continued to consolidate its cooperation with household chemical product customers with an increasing sales with key customers, and saw remarkable results in reinforcing the development of new products with non-household chemical customers such as Heinz and Lee Kum Kee. Renowned customers of the Group's plastic packaging business include P&G, Blue Moon, Unilever, Haiday, Reckitt Benckiser, SC Johnson, Lee Kum Kee and Heinz.

FINANCIAL REVIEW

For the six months ended 30 June 2022, the sales revenue of the Group amounted to approximately RMB5,227 million (same period in 2021: approximately RMB4,678 million), representing an increase of approximately RMB549 million or 11.7% which was primarily due to the significant increase in sales volume of the aluminium business and the plastic business. The gross profit margin in the first half of 2022 was approximately 11.9% (same period in 2021: approximately 14.1%), representing a 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 2022, the net profit of the Group amounted to approximately RMB262 million (same period in 2021: approximately RMB258 million), representing an increase of approximately RMB4 million or 1.8% 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 2022, the profit before tax of the Group was approximately RMB301 million (same period in 2021: approximately RMB321 million), representing a decrease of approximately RMB20 million or 6.3% as compared to the same period of last year, which was mainly due to the decrease in gross profit margin.

The financial costs were approximately RMB36 million (same period in 2021: approximately RMB30 million), representing an increase of approximately RMB6 million or 19.2% as compared to the same period of last year, which was mainly due to the increase in financing costs and scale.

Tax expense was approximately RMB39 million (same period in 2021: approximately RMB64 million). The effective income tax rate of the Group in the first half of 2022 was approximately 12.8% (same period in 2021: approximately 19.8%), representing a decrease of 7.0 percentage points over the same period of last year, which was mainly due to tax incentives for R&D projects.

OUTLOOK FOR 2022

Since the beginning of 2022, in the face of the complex and severe international environment and multiple outbreaks of the pandemic in the PRC, the industrial chain and supply chain have been severely affected, and the costs have increased significantly. In particular, due to the impact of the pandemic lockdown in major cities such as Shanghai, the downstream consumption liquidity dropped substantially. Under the external environment of resurgence of the pandemic and deteriorating economic downturn, CPMC made great efforts to fight against the trend. On the one hand, we resumed work and production while fighting against the pandemic, and on the other hand, we focused on production while stabilising operation and supply, which demonstrated our resilient comprehensive strength and resistance against risk. The sales revenue in the first half of the year achieved a year-on-year increase of 11.7% with a year-on-year increase of 1.8% in net profit.

Overall, the domestic consumption has withstood the impact of the pandemic since May, showing a rebound momentum, and continued to recover with positive changes. Coupled with the introduction of a series of policies by local governments to accelerate the release of consumption potential, the recovery of consumption is expected. We believe that the trend of expansion of domestic consumption size, upgrading of consumption structure and innovation of consumption pattern will remain unchanged.

In the second half of the year, through diversified product portfolio and systematic management execution, CPMC will adhere to focusing on its core businesses, accelerate the implementation of major projects, and successively put new factories and new production lines into operation. Under the overall guidance of the “3 + N” R&D innovation system, we will boost the breakthroughs in key areas such as informatisation, digitisation and intelligence, while paying attention to the development trend of energy conservation and environmental protection technologies with constant use of light, environmental-friendly and recycled materials for active achievement of the dual carbon goals and sustainable development of the environment.

The Group will seize the opportunities arising from market recovery and stabilisation of raw material prices to expedite the launch of key investment projects. Establishing and improving the mechanism with reasonable study and judgement on the international situation, we will prevent risks effectively to further seek for overseas expansion opportunities with our sound international operation for the smooth dual circulation. The Group will keep increasing its R&D efforts and catering for the needs of multi-dimensional markets with product innovation and differentiated strategies. The Group will strive for better performance and profitability to provide customers with high-quality and reliable products and services.

CASH FLOW, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 June 2022, the Group's source of funding was mainly cash generated from operating activities and bank loans.

	30 June 2022	31 December 2021
	<i>RMB million</i>	<i>RMB million</i>
Net assets	5,792	5,819
Cash and cash equivalents	1,810	1,917
Total borrowings	4,857	4,214
Equity attributable to equity holders of the Company	5,449	5,478
Current ratio	1.1	1.4
Gearing ratio*	<u>55.9%</u>	<u>41.9%</u>

* 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 2022, the net assets of the Group was approximately RMB5,792 million (31 December 2021: approximately RMB5,819 million). Equity attributable to equity holders of the Company was approximately RMB5,449 million, representing a decrease of 0.5% as compared to approximately RMB5,478 million as at 31 December 2021.

The current ratio and gearing ratio as at 30 June 2022 were approximately 1.1 and approximately 55.9% (as at 31 December 2021: approximately 1.4 and 41.9%, respectively). As at 30 June 2022, the current ratio was approximately 1.1, decreased by 0.3 as compared to 31 December 2021. As at 30 June 2022, the gearing ratio was approximately 55.9%, increased by 14.0 percentage points as compared to 31 December 2021, which was mainly due to increase in bank borrowings. Interest-bearing bank loans were approximately RMB4,857 million as at 30 June 2022 (31 December 2021: RMB4,214 million). As at 30 June 2022, 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 RMB62 million (31 December 2021: RMB64 million).

CAPITAL EXPENDITURE, COMMITMENTS AND CONTINGENT LIABILITIES

For the six months ended 30 June 2022, the Group's capital expenditure was approximately RMB407 million, which was as follows:

	RMB million	Percentage of capital expenditure
Belgium project	72	17.7%
Two-piece cans project	141	34.6%
Tinplate project	72	17.7%
Plastics project	44	10.8%
Steel barrels project	67	16.5%
Other equipment purchases	11	2.7%
	<hr/>	<hr/>
Total	<u>407</u>	<u>100.0%</u>

As at 30 June 2022, the Group had the following capital commitments:

	30 June 2022 RMB'000	31 December 2021 RMB'000
Contracted, but not provided for:		
property, plant and equipment	433,731	459,311
capital contribution payable to a joint venture	–	4,686
	<hr/>	<hr/>

As at 30 June 2022, 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 2022, the Group had 5,776 full-time employees (same period in the previous year: 5,852), of which approximately 1,561 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 2022:

Function	No. of employees	Percentage of total no. of employees
Management and Administration	631	10.9%
Sales and Marketing	221	3.8%
Research and Development Technology and Engineering	768	13.3%
Production and Quality Control	<u>4,156</u>	<u>72.0%</u>
Total	<u><u>5,776</u></u>	<u><u>100.00%</u></u>

As of 30 June 2022, the Group's total staff cost was approximately RMB387 million (unaudited), as compared to RMB356 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 2022.

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 2022.

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 2022.

UPDATES ON DIRECTORS' INFORMATION

At the annual general meeting ("**AGM**") of the Company held on 30 May 2022, ordinary resolutions were passed to re-elect Messrs. Zhou Yuan, Shen Tao, Zhao Wei and Meng Fanjie as non-executive Directors; and Mr. Chen Jihua as independent non-executive Director. Please refer to Appendix II to the Company's circular dated 21 April 2022 for the biographies of the above Directors re-elected at the AGM.

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 23 August 2022, the Board declared an interim dividend of RMB0.120 (equivalent to HK13.9 cents) (the "**2022 Interim Dividend**") (2021 interim dividend: RMB0.112 (equivalent to HK13.5 cents)) per ordinary Share to shareholders whose names appear on the register of members of the Company on Thursday, 8 September 2022 (the "**Record Date**").

The declared 2022 Interim Dividend will be distributed on or after Monday, 26 September 2022 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 2022 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 2022 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 2022 Interim Dividend after deducting enterprise income tax of 10%. The Company will not withhold and pay the income tax in respect of the declared 2022 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 Tuesday, 6 September 2022.

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 Wednesday, 7 September 2022 to Thursday, 8 September 2022 (both dates inclusive). In order to qualify for the 2022 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 Tuesday, 6 September 2022. It is expected that the 2022 Interim Dividend will be paid on or around Monday, 26 September 2022.

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. With effect from 18 January 2022, the Risk Management Committee is chaired by Mr. Chen Jihua and the other Risk Management Committee members are Mr. Zhang Ye and Mr. Meng Fanjie.

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

Hong Kong, 23 August 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.