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**China Aluminum Cans Holdings Limited**

**中國鋁罐控股有限公司**

*(Incorporated in Cayman Islands with limited liability)*

**(Stock Code: 6898)**

**ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**ANNUAL RESULTS**

The board (the “Board”) of directors (“Directors”) of China Aluminum Cans Holdings Limited (the “Company”) is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015, together with the comparative figures for the year ended 31 December 2014.

# **CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

*For the year ended 31 December 2015*

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i> (Restated)
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>693,677</b>	752,685
Cost of sales		<b>(483,732)</b>	(537,957)
Gross profit		<b>209,945</b>	214,728
Other income and gains	5	<b>20,324</b>	22,338
Selling and distribution expenses		<b>(47,772)</b>	(49,190)
Administrative expenses		<b>(47,769)</b>	(44,263)
Research and development expenses		<b>(29,021)</b>	(32,537)
Other expenses		<b>(2,956)</b>	(8,807)
Finance costs	7	<b>(5,301)</b>	(5,329)
PROFIT BEFORE TAX	6	<b>97,450</b>	96,940
Income tax expense	8	<b>(18,155)</b>	(15,240)
PROFIT FOR THE YEAR		<b>79,295</b>	81,700
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(27,788)</b>	(1,877)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<b>(51,507)</b>	79,823
Profit attributable to:			
Owners of the parent		<b>78,954</b>	81,130
Non-controlling interests		<b>341</b>	570
		<b>79,295</b>	81,700
Total comprehensive income attributable to:			
Owners of the parent		<b>51,166</b>	79,253
Non-controlling interests		<b>341</b>	570
		<b>51,507</b>	79,823
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic	10	<b>HK15.3 cents</b>	HK20.2 cents
Diluted		<b>HK12.1 cents</b>	HK20.0 cents

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2015*

		<b>31 December 2015</b>	31 December 2014	1 January 2014
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	15	<b>295,907</b>	315,569	251,452
Prepaid land lease payments		<b>69,494</b>	75,722	16,850
Deferred tax assets		<b>1,409</b>	1,680	1,144
Non-current prepayments		<b>21,242</b>	3,857	–
		<hr/>	<hr/>	<hr/>
Total non-current assets		<b>388,052</b>	396,828	269,446
		<hr/>	<hr/>	<hr/>
<b>CURRENT ASSETS</b>				
Inventories	11	<b>65,313</b>	79,518	74,680
Trade and bills receivables	12	<b>69,416</b>	83,077	77,733
Derivative financial instruments	13	<b>–</b>	–	4,644
Prepayments, deposits and other receivables		<b>13,425</b>	18,516	26,458
Due from related parties		<b>2,556</b>	21,145	116,366
Pledged bank deposits		<b>8,447</b>	11,942	15,202
Cash and cash equivalents		<b>179,551</b>	105,319	118,123
		<hr/>	<hr/>	<hr/>
Total current assets		<b>338,708</b>	319,517	433,206
		<hr/>	<hr/>	<hr/>
<b>CURRENT LIABILITIES</b>				
Trade and bills payables	14	<b>62,808</b>	95,415	87,906
Other payables and accruals		<b>53,974</b>	55,815	45,794
Interest-bearing bank borrowings	16	<b>41,282</b>	120,186	89,616
Derivative financial instruments	13	<b>424</b>	2,617	–
Dividend payable		<b>–</b>	–	21,696
Tax payable		<b>5,981</b>	4,523	11,353
Due to related parties		<b>3,600</b>	2,745	5,572
Deferred income		<b>304</b>	323	273
		<hr/>	<hr/>	<hr/>
Total current liabilities		<b>168,373</b>	281,624	262,210
		<hr/>	<hr/>	<hr/>
NET CURRENT ASSETS		<b>170,335</b>	37,893	170,996
		<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		<b>558,387</b>	434,721	440,442
		<hr/>	<hr/>	<hr/>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2015*

		<b>31 December 2015</b>	31 December 2014	1 January 2014
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
			(Restated)	(Restated)
<b>NON-CURRENT LIABILITIES</b>				
Interest-bearing bank borrowings	16	<b>19,802</b>	20,784	42,384
Deferred tax liabilities		<b>1,030</b>	890	1,897
Deferred income		<b>2,894</b>	3,398	3,483
		<u>          </u>	<u>          </u>	<u>          </u>
Total non-current liabilities		<b>23,726</b>	25,072	47,764
		<u>          </u>	<u>          </u>	<u>          </u>
Net assets		<b>534,661</b>	409,649	392,678
		<u>          </u>	<u>          </u>	<u>          </u>
<b>EQUITY</b>				
Equity attributable to owners of the parent				
Share capital		<b>6,241</b>	4,049	4,000
Equity component of convertible bonds		<b>645,000</b>	—	—
Reserves		<b>(120,509)</b>	401,575	385,050
		<u>          </u>	<u>          </u>	<u>          </u>
Non-controlling interests		<b>3,929</b>	4,025	3,628
		<u>          </u>	<u>          </u>	<u>          </u>
Total equity		<b>534,661</b>	409,649	392,678
		<u>          </u>	<u>          </u>	<u>          </u>

**NOTES:**

**1. CORPORATE AND GROUP INFORMATION**

The Company is a limited liability company incorporated in the Cayman Islands on 12 September 2012. The Company's registered office address is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 July 2013 (the "Listing Date").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries (the Company and its subsidiaries are collectively referred to as the "Group") comprise the manufacture and sale of aluminum aerosol cans and content filling of aerosol cans and production and sale of aerosol products and non-aerosol products. There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors (the "Directors"), as at the date of this announcement, the immediate holding company and ultimate holding company of the Company is Wellmass International Limited, a company incorporated in the British Virgin Islands ("BVI").

**Information about subsidiaries**

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Euro Asia Investments Global Limited	BVI 3 October 2012	US\$1	100	–	Investment holding
Hong Kong Aluminum Cans Limited	Hong Kong 6 September 2012	HK\$1,001	–	100	Investment holding
Euro Asia Packaging (Hong Kong) Co., Limited	Hong Kong 18 November 2013	HK\$1,000,000	–	100	Sale of aluminum aerosol cans
Euro Asia Packaging*	Mainland China 27 June 2002	RMB125,000,000	–	98.6	Manufacture and sale of aluminum aerosol cans
European Asia Group Company Limited (歐亞行集團有限公司)	Hong Kong 2 April 2005	HK\$1,500,000	–	98.6	Sale of aluminum aerosol cans
Guangzhou Botny Chemical Co., Ltd. (“Botny Chemical”)	Mainland China 30 August 2000	US\$11,400,000	–	100	Content filling of aerosol cans and production and sale of aerosol products and non-aerosol products
Botny Corporation Limited	Hong Kong 3 June 2013	HK\$1,001	–	100	Investment holding

## 1. CORPORATE AND GROUP INFORMATION (continued)

Company name	Place and date of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Botny Hong Kong Co., Limited	Hong Kong 9 June 2010	US\$100,000	–	100	Trading of aerosol and non-aerosol products
Guangzhou Shentian Woye Trading Company Limited ("Guangzhou Shentian") (廣州深田沃業貿易 有限公司)	Mainland China 5 May 2014	RMB10,000,000	–	100	Investment holding
Guangzhou Chaoli Insulation Coating Company Limited ("Guangzhou Chaoli") (廣州超利隔熱塗料 有限公司)	Mainland China 18 July 2014	RMB10,000,000	–	100	Investment holding
Topspan Holdings Limited	BVI 3 July 2012	US\$1	–	100	investment holding

\* *Non-wholly-owned foreign enterprise under PRC law.*

## 2. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION

On 3 October 2014, Euro Asia Investments Global Limited ("Euro Asia"), a subsidiary of the Group entered into a share acquisition agreement (the "Agreement") with Mr. Lin Wan Tsang, an executive director, the chairman and a controlling shareholder of the Company. Pursuant to the Agreement, Mr. Lin Wan Tsang agreed to sell the entire issued share capital of Topspan Holdings Limited, an investment holding company of a group of companies (the "Topspan Group") to the Company (the "Acquisition"). The Acquisition constituted a very substantial acquisition and connected transaction as defined in the Listing Rules. Details of the Acquisition were set out in the Company's circulars made on 29 November 2014, 31 March 2015 and announcements made on 3 October 2014, 8 December 2014, 13 March 2015, 16 March 2015 and 7 July 2015. The Acquisition was completed on 20 May 2015 with the total consideration satisfied by HK\$120 million in cash and HK\$780 million by the issuance of a convertible note (the "Convertible Note"). The Convertible Note was issued on 8 July 2015.

The directors consider that it should be a business combination under common control as the Company and the Topspan Group were ultimately controlled by Mr. Lin Wan Tsang both before and after the business combination, and that control was not transitory.

Accordingly, the consolidated financial statements have been prepared using the pooling of interest method with restatement of the comparative amounts as if the Acquisition had been completed since the beginning of the financial periods.

## **2. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION (continued)**

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2015 and 2014 include the financial performance and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of Mr. Lin Wan Tsang, the controlling shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2014 and 31 December 2015 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the controlling shareholder's perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisition.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB").

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

### **Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. 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). The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent 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 parent of the Group 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 in the accounting policy for subsidiaries below. 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.

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to IAS 19	<i>Defined Benefit Plans: Employee contributions</i>
Annual Improvements 2010–2012 Cycle	<i>Amendments to a number of IFRSs</i>
Annual Improvements 2011–2013 Cycle	<i>Amendments to a number of IFRSs</i>

The adoption of the above revised standards has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

#### **For non-Hong Kong incorporated companies**

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

### 4. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of aluminum aerosol cans mainly for packaging household chemical products and the content filling of aerosol cans, and production and sale of aerosol and non-aerosol products.

For management purposes, the Group is organised into business units based on their products and services. As a result of the Acquisition under common control, the Group changed the structure of its internal organization in a manner that caused the composition of its reportable segments to change. Based on the new internal organization which incorporates the new business, the Group has two reportable operating segments and the corresponding items of segment information for the twelve months ended 31 December 2014 have been restated.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax from continuing operations. The adjusted profit/loss before tax from continuing operations is measured consistently with the Group's profit before tax from continuing operations except that interest income, finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, an amount due to the ultimate holding company, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.



#### 4. SEGMENT INFORMATION (continued)

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

<b>Year ended 31 December 2015</b>	<b>Aluminum aerosol cans HK\$'000</b>	<b>Aerosol and non-aerosol products HK\$'000</b>	<b>Total HK\$'000</b>
<b>Segment revenue:</b>			
Sales to customers	212,252	481,425	693,677
Intersegment sales	58,831	8,958	67,789
	<u>271,083</u>	<u>490,383</u>	<u>761,466</u>
Total			
Reconciliation:			
Elimination of intersegment sales			(67,789)
Revenue from continuing operations			<u>693,677</u>
Segment results	30,161	79,496	109,657
Reconciliation:			
Interest income			678
Corporate and other unallocated expenses			7,584
Finance costs			(5,301)
Profit before tax from continuing operations			<u>97,450</u>
<b>Segment assets</b>	<b>324,023</b>	<b>240,470</b>	<b>564,493</b>
Reconciliation:			
Elimination of intersegment receivables			(28,179)
Corporate and other unallocated assets			190,446
Total assets			<u>726,760</u>
<b>Segment liabilities</b>	<b>51,183</b>	<b>97,064</b>	<b>148,247</b>
Reconciliation:			
Elimination of intersegment payables			(28,066)
Corporate and other unallocated liabilities			71,918
Total liabilities			<u>192,099</u>
<b>Other segment information:</b>			
Depreciation and amortisation	19,403	12,563	31,966
Capital expenditure	37,938	8,901	46,839
Impairment losses recognised in the statement of profit or loss	–	1,242	1,242

#### 4. SEGMENT INFORMATION (continued)

Year ended 31 December 2014 (Restated)	Aluminum aerosol cans <i>HK\$'000</i>	Aerosol and non-aerosol products <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Segment revenue:</b>			
Sales to customers	235,723	516,962	752,685
Intersegment sales	<u>71,172</u>	<u>1,272</u>	<u>72,444</u>
Total	<u>306,895</u>	<u>518,234</u>	<u>825,129</u>
Reconciliation:			
Elimination of intersegment sales			<u>(72,444)</u>
Revenue from continuing operations			<u>752,685</u>
Segment results	46,332	65,081	111,413
Reconciliation:			
Interest income			1,153
Corporate and other unallocated expenses			(10,297)
Finance costs			<u>(5,329)</u>
Profit before tax from continuing operations			<u>96,940</u>
<b>Segment assets</b>	325,254	253,067	578,321
Reconciliation:			
Elimination of intersegment receivables			(2,364)
Corporate and other unallocated assets			<u>140,388</u>
Total assets			<u>716,345</u>
<b>Segment liabilities</b>	34,612	121,575	156,187
Reconciliation:			
Elimination of intersegment payables			(2,212)
Corporate and other unallocated liabilities			<u>152,721</u>
Total liabilities			<u>306,696</u>
<b>Other segment information:</b>			
Depreciation and amortisation	19,633	8,129	27,762
Capital expenditure	11,258	144,728	155,986
Impairment losses recognised in the statement of profit or loss	—	1,002	1,002

#### 4. SEGMENT INFORMATION (continued)

##### Geographical information

###### (a) Revenue from external customers

	Year ended 31 December	
	2015 HK\$'000	2014 HK\$'000 (Restated)
Mainland China	472,781	468,774
Africa	25,909	33,852
America	20,923	27,360
Asia	16,377	28,301
Middle East	47,128	56,584
Japan	105,467	131,157
Others	5,092	6,657
	<u>693,677</u>	<u>752,685</u>

The revenue information above is based on the shipment destinations.

###### (b) Non-current assets

	2015 HK\$'000	2014 HK\$'000 (Restated)
Hong Kong	781	1,001
Mainland China	<u>385,862</u>	<u>394,147</u>
	<u>386,643</u>	<u>395,148</u>

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

##### Information about a major customer

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the year, no major customer information is presented in accordance with HKFRS 8 Operating Segments.

## 5. REVENUE AND OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold after allowances for returns and trade discounts, for the year.

An analysis of revenue, other income and gains for continuing operations is as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000 (Restated)
<b>Revenue</b>		
Sale of goods	<b>693,677</b>	752,685
<b>Other income and gains</b>		
Sale of scrap materials	<b>5,160</b>	4,397
Bank interest income	<b>678</b>	1,153
Government grants:		
— Related to assets*	<b>315</b>	276
— Related to income**	<b>1,009</b>	2,971
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	<b>2,108</b>	—
Foreign exchange differences	<b>3,180</b>	2,434
Income from R&D design	<b>5,983</b>	7,575
Others	<b>1,891</b>	3,532
	<b>20,324</b>	22,338

\* The amount represents the subsidies for the aluminum aerosol cans production line technical renovation program received from the local government. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

\*\* Various government grants of HK\$1,009,000 (2014: HK\$2,971,000) represents cash payments and subsidies provided by the local government authorities to the Group as an encouragement for its technological innovation and overseas sales. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. PROFIT BEFORE TAX

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

	<i>Note</i>	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i> (Restated)
Cost of inventories sold		<b>483,732</b>	537,957
Depreciation	15	<b>30,126</b>	26,441
Amortisation of prepaid land lease payments		<b>1,840</b>	1,321
Auditors' remuneration		<b>2,416</b>	3,892
Research and development costs		<b>29,021</b>	32,537
Minimum lease payments under operating leases		<b>1,066</b>	1,031
Employee benefit expense (including directors' and chief executive's remuneration:			
Wages and salaries		<b>58,172</b>	54,581
Pension scheme contributions		<b>6,930</b>	5,157
Equity-settled share option expenses		<b>1,117</b>	3,712
		<b>66,219</b>	63,450
Fair value gains, net:			
Derivative instruments — transactions not qualifying as hedges *		<b>(2,108)</b>	7,213
Exchange loss/(gains), net *		<b>(3,180)</b>	(2,434)
Loss/(gain) on disposal of items of property, plant and equipment *		<b>123</b>	(134)
Impairment of trade receivables**		<b>1,242</b>	1,002

\* Included in "Other income and gains" or "other expenses" in the consolidated statement of profit or loss and other comprehensive income.

\*\* Included in "Other expenses" in the consolidated statement of profit or loss and other comprehensive income.

## 7. FINANCE COSTS

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i> (Restated)
Interest on bank loans wholly repayable within five years	<b>5,277</b>	5,354
Interest on finance lease	<b>24</b>	32
Total interest expense on financial liabilities not at fair value through profit or loss	<b>5,301</b>	5,386
Less: Interest capitalised	<b>—</b>	(57)
	<b>5,301</b>	5,329

## 8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempt from the payment of the Cayman Islands income tax.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year 2015 (2014: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, a subsidiary of the group, which operates in Mainland China is subject to Corporate Income Tax (“CIT”) at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group’s principal operating subsidiaries, Euro Asia Packaging (Guangdong) Co., Ltd. (“Euro Asia Packaging”) (廣東歐亞包裝有限公司) and Botny Chemical (Guangzhou) Limited (“Botny Chemical”) (廣州保賜利化工有限公司) since they were recognised as High Technology Enterprises and are entitled to a preferential tax rate of 15% for the years 2014 and 2015.

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000 (Restated)
Group:		
Current — Mainland China	<b>15,809</b>	17,746
Current — Hong Kong	<b>2,030</b>	(966)
Deferred	<b>316</b>	(1,540)
	<u><b>18,155</b></u>	<u>15,240</u>
Total tax charge for the year	<u><b>18,155</b></u>	<u>15,240</u>

A reconciliation of the income tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	<b>2015</b> <b>HK\$'000</b>	%	2014 HK\$'000 (Restated)	%
Profit before tax	<u><b>97,450</b></u>		<u>96,940</u>	
Tax at the statutory tax rate	<b>24,363</b>	<b>25</b>	24,235	25
Entities subject to lower statutory income tax rates	<b>(10,163)</b>	<b>(10)</b>	(10,469)	(11)
Effect of withholding tax on distributable profits of the PRC subsidiary	<b>140</b>	—	(310)	—
Expenses not deductible for tax	<b>2,207</b>	<b>2</b>	2,601	3
Adjustment in respect of current tax of previous periods	<b>353</b>	—	(2,600)	(3)
Tax losses not recognised	<u><b>1,255</b></u>	<u><b>1</b></u>	<u>1,783</u>	<u>2</u>
Tax charge at the Group’s effective tax rate	<u><b>18,155</b></u>	<u><b>19</b></u>	<u>15,240</u>	<u>16</u>

## 9. DIVIDENDS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Proposed final — HK2.2 cents per ordinary shares (2014: HK2.2 cents per ordinary share)	<u>13,731</u>	<u>8,900</u>

The proposed final dividend for the year is subject to approval of the Company's shareholders at the forthcoming annual general meeting.

## 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 515,355,795 (2014: 400,856,904) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the weighted average 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.

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>78,954</u>	<u>81,130</u>
	<b>Number of shares</b>	
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	<b>515,355,795</b>	400,856,904
Effect of dilution — weighted average number of ordinary shares:		
Share options	<b>4,683,500</b>	4,208,738
Convertible bonds	<u>132,643,946</u>	<u>—</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u><b>652,683,241</b></u>	<u>405,065,642</u>

## 11. INVENTORIES

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i> (Restated)
Raw materials	<b>33,130</b>	38,108
Work in progress	<b>3,702</b>	3,938
Finished goods	<u>28,481</u>	<u>37,472</u>
	<u><b>65,313</b></u>	<u>79,518</u>

## 12. TRADE AND BILLS RECEIVABLES

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i> (Restated)
Trade receivables	<b>58,566</b>	67,979
Impairment	<b>(3,032)</b>	(1,945)
Trade receivables, net	<b>55,534</b>	66,034
Bills receivables	<b>13,882</b>	17,043
	<b>69,416</b>	83,077

The Group requires most of its customers to make payment in advance, however, the Group grants certain credit periods to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing, and the carrying amounts of the trade and bills receivable approximate to their fair values.

An aged analysis of the trade receivables as at the end of each reporting period, based on the invoice date, is as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i> (Restated)
Within 30 days	<b>23,869</b>	30,051
31 to 60 days	<b>10,255</b>	19,607
61 to 90 days	<b>5,522</b>	4,136
Over 90 days	<b>15,888</b>	12,240
	<b>55,534</b>	66,034

The movements in provision for impairment of trade receivables are as follows:

	<b>2015</b> <b>HK\$'000</b>	2014 <i>HK\$'000</i> (Restated)
At 1 January	<b>1,945</b>	942
Impairment losses recognised	<b>1,242</b>	1,002
Exchange realignment	<b>(155)</b>	1
At 31 December	<b>3,032</b>	1,945



## 12. TRADE AND BILLS RECEIVABLES (continued)

An aged analysis of the trade receivables, based on the credit term, that are not individually nor collectively considered to be impaired, is as follows:

		Neither past due nor impaired	Past due but not impaired	
	Total HK\$'000	HK\$'000	Less than 90 days HK\$'000	Over 90 days HK\$'000
31 December 2015	55,534	34,124	5,522	15,888
31 December 2014	66,034	49,658	4,136	12,240

The trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

The trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 13. DERIVATIVE FINANCIAL INSTRUMENTS

	2015		2014 (Restated)	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Forward currency contracts	—	424	—	2,617

The Group has entered into various contracts to manage its exchange rate exposure which did not meet the criteria for hedge accounting. Fair value gains of HK\$2,108,000 (2014: Fair value losses of HK\$7,214,000) were recognised in the statement of profit or loss and other comprehensive income during the year.

## 14. TRADE AND BILLS PAYABLES

An aged analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	2015 HK\$'000	2014 HK\$'000 (Restated)
Within 30 days	36,278	57,857
31 to 60 days	14,688	29,485
61 to 90 days	10,736	7,063
Over 90 days	1,106	1,010
	<u>62,808</u>	<u>95,415</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days. The carrying amounts of the trade payables approximate to their fair values.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings <i>HK\$'000</i>	Plant and machinery <i>HK\$'000</i>	Office and other equipment <i>HK\$'000</i>	Motor vehicles <i>HK\$'000</i>	Construction in progress <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>31 December 2015</b>						
At 1 January 2015 (restated):						
Cost	142,013	271,977	14,703	12,471	4,571	445,735
Accumulated depreciation	(27,339)	(88,611)	(7,453)	(6,763)	–	(130,166)
Net carrying amount	<u>114,674</u>	<u>183,366</u>	<u>7,250</u>	<u>5,708</u>	<u>4,571</u>	<u>315,569</u>
At 1 January 2015, net of accumulated depreciation	114,674	183,366	7,250	5,708	4,571	315,569
Additions	4,118	3,619	1,565	1,254	18,898	29,454
Disposals	–	(26)	(86)	(400)	–	(512)
Depreciation provided during the year ( <i>note 6</i> )	(8,790)	(18,587)	(1,599)	(1,150)	–	(30,126)
Transfers	–	3,291	–	–	(3,291)	–
Exchange realignment	(6,737)	(10,770)	(427)	(276)	(268)	(18,478)
At 31 December 2015, net of accumulated depreciation	<u>103,265</u>	<u>160,893</u>	<u>6,703</u>	<u>5,136</u>	<u>19,910</u>	<u>295,907</u>
At 31 December 2015:						
Cost	137,788	262,800	14,877	11,859	19,910	447,234
Accumulated depreciation	(34,523)	(101,907)	(8,174)	(6,723)	–	(151,327)
Net carrying amount	<u>103,265</u>	<u>160,893</u>	<u>6,703</u>	<u>5,136</u>	<u>19,910</u>	<u>295,907</u>

## 15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>31 December 2014</b>						
At 1 January 2014 (restated):						
Cost	71,478	247,814	9,985	10,562	16,140	355,979
Accumulated depreciation	(21,850)	(71,197)	(5,926)	(5,554)	–	(104,527)
Net carrying amount	<u>49,628</u>	<u>176,617</u>	<u>4,059</u>	<u>5,008</u>	<u>16,140</u>	<u>251,452</u>
At 1 January 2014, net of accumulated depreciation	49,628	176,617	4,059	5,008	16,140	251,452
Additions	70,774	9,544	4,878	2,406	4,271	91,873
Disposals	–	(183)	(30)	(194)	–	(407)
Depreciation provided during the year (note 6)	(5,564)	(17,806)	(1,642)	(1,429)	–	(26,441)
Transfers	–	15,785	–	–	(15,785)	–
Exchange realignment	(164)	(591)	(15)	(83)	(55)	(908)
At 31 December 2014, net of accumulated depreciation	<u>114,674</u>	<u>183,366</u>	<u>7,250</u>	<u>5,708</u>	<u>4,571</u>	<u>315,569</u>
At 31 December 2014:						
Cost	142,013	271,977	14,703	12,471	4,571	445,735
Accumulated depreciation	(27,339)	(88,611)	(7,453)	(6,763)	–	(130,166)
Net carrying amount	<u>114,674</u>	<u>183,366</u>	<u>7,250</u>	<u>5,708</u>	<u>4,571</u>	<u>315,569</u>

The Group's buildings are located in Mainland China.

The net book value of the Group's fixed assets held under finance leases included in the total amount of motor vehicles were HK\$781,278 as at 31 December 2015 (2014: HK\$1,001,013).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with a carrying value of HK\$86,982,000 as at 31 December 2015 (2014: HK\$92,471,000).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with a carrying value of HK\$84,783,000 as at 31 December 2015 (2014: HK\$99,407,000).

## 16. INTEREST-BEARING BANK BORROWINGS

	Contractual interest rate (%)	2015 Maturity	HK\$'000	Contractual interest rate (%)	2014 (Restated) Maturity	HK\$'000 (Restated)
<b>Current</b>						
Finance lease payables	4.11%	2016	241	4.11%	2015	234
Interest-bearing bank loans	PBOC base					
— secured	rate*1.10	2016	23,865	LIBOR	2015	31,026
Interest-bearing bank loans						
— secured			—	2.00%	2015	19,004
Interest-bearing bank loans				PBOC base		
— secured			—	rate	2015	32,873
Interest-bearing bank loans				PBOC base		
— secured			—	rate*1.15	2015	33,996
Current portion of long term bank loans — secured	LIBOR/ PBOC base rate*1.15	2016	17,176	LIBOR	2015	3,053
			<u>41,282</u>			<u>120,186</u>
<b>Non-current</b>						
Finance lease payables	4.11%	2017–2018	377	4.11%	2016–2018	618
Long term interest-bearing bank loans — secured	PBOC base rate*1.15	2017–2018	19,425	PBOC base rate*1.15	2016	17,113
Long term interest-bearing bank loans — secured			—	LIBOR	2016	3,053
			<u>19,802</u>			<u>20,784</u>
			<u>61,084</u>			<u>140,970</u>

Notes:

“PBOC” stands for the People’s Bank of China (中國人民銀行), the central bank of China.

“SIBOR” stands for Singapore Interbank Offered Rate.

“LIBOR” stands for London Interbank Offered Rate.

	2015 HK\$'000	2014 HK\$'000 (Restated)
Repayable:		
Within one year or on demand	41,282	120,186
In the second year	14,377	20,407
In the third to fifth years, inclusive	5,425	377
	<u>61,084</u>	<u>140,970</u>

## 16. INTEREST-BEARING BANK BORROWINGS (continued)

The above secured bank loans were secured by certain of the Group's assets and their carrying values are as follows:

	<i>Notes</i>	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000 (Restated)
Property, plant and equipment	15	<b>171,765</b>	191,878
Prepaid land lease payments		<b>9,689</b>	16,912
		<b>181,454</b>	208,790

The Group's bank loans amounting to nil as at 31 December 2015 (2014: HK\$7,053,000) were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group.

The Group's bank loans amounting to nil as at 31 December 2015 (2014: HK\$26,944,000) were guaranteed by Mr. Lin Wan Tsang and Euro Asia Aerosol and Household Products Manufacture Co., Ltd ("Euro Asia Aerosol").

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000 (Restated)
Interest-bearing bank borrowings denominated in		
— RMB	<b>57,417</b>	51,108
— US\$	<b>3,049</b>	89,010
— HK\$	<b>618</b>	852
	<b>61,084</b>	140,970

The Group has the following undrawn banking facilities:

	<b>2015</b> <b>HK\$'000</b>	2014 HK\$'000 (Restated)
Floating rate		
— expiring within one year	<b>90,995</b>	128,352
— expiring over one year	<b>36,845</b>	13,287
	<b>127,840</b>	141,639

The Group's banking facilities amounting to nil as at 31 December 2015 (2014: HK\$18,300,000) were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group.

The Group's banking facilities amounting to HK\$40,927,000 as at 31 December 2015 (2014: HK\$5,363,000) were guaranteed by Mr. Lin Wan Tsang and Euro Asia Aerosol.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS OVERVIEW

During the Reporting Period, our Group principally engaged in (i) the manufacturing of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray; and (ii) the content filling of aerosol cans, and production and sale of aerosol and non-aerosol products which focuses on, among others, the development of high-end car care service products. The Group has a range of extrusion dies available to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various features and shapes for our customers' selection. In addition, aerosol products produced and sold by the Group includes car refrigerants, air conditioner disinfectant cleaner, paint remover, spray paint, wax, air fragrance, multi-purpose foam cleaner, carburetor cleaner, anti-rust lubricating spray, furniture polisher and sticker remover.

Being impacted by the severe competition from smaller-sized overseas aerosol can manufacturers, the soft landing of the PRC economy and the slowdown of growth in the domestic consumption on high-end personal care and cosmetic products, the Group's total turnover and profit for the year recorded decrease of approximately 7.8% and 2.9% as compared to the prior year.

In November 2015, a subsidiary of the Group had acquired, including but not limited to, a production line, which will help us to meet a substantial order on 66 mm aluminum aerosol cans placed by one of our customers. By taking advantage of economies of scale of production after increasing the production capacity, the Group's competitiveness will be further improved.

### FINANCIAL REVIEW

#### Turnover

##### *Aluminum aerosol cans segment*

For the Reporting Period, the Group's aluminum aerosol cans segment has recorded a turnover of approximately HK\$212.3 million (2014 (restated): HK\$235.7 million), representing a decrease of approximately 9.9% as compared to the corresponding period of 2014. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 146.2 million (2014: 165.0 million).

##### *Aerosol and non-aerosol products segment*

For the Reporting Period, our aerosol and non-aerosol products segment has generated revenue amounting to approximately HK\$481.4 million (2014 (restated): HK\$517.0 million) representing a decrease of approximately 6.9% as compared to the corresponding period of 2014.

### *PRC and oversea customers*

Our PRC customers and overseas customers contributed approximately HK\$472.8 million (2014 (restated): HK\$468.8 million) and HK\$220.9 million (2014 (restated): HK\$283.9 million) to the total revenue of the Group during the Reporting Period. There was a decrease of approximately 22.2% in sales from our overseas customers which is primarily due to the increase in global competitions.

### **Cost of Sales**

For the Reporting Period, cost of sales of the Group amounted to approximately HK\$483.7 million (2014 (restated): HK\$538.0 million), representing a decrease of approximately 10.1% as compared to the corresponding period of 2014, and represent approximately 69.7% (2014 (restated): 71.5%) of the turnover during the period.

### **Selling and Distribution Expenses**

Selling and distribution expenses mainly consist of transportation expenses and declaration charges for delivery of products to customers, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, business travel and entertainment expenses, and advertisement and promotion costs. For the Reporting Period, selling and distribution expenses was approximately HK\$47.8 million (2014 (restated): HK\$49.2 million), representing a decrease of approximately 2.8% as compared to the corresponding period of 2014. The decrease was primarily due to the decrease in transportation expenses and performance bonuses resulted from the decrease in sales during the Reporting Period.

### **Administrative Expenses**

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, professional consulting fees, depreciation, share option expense and other miscellaneous administrative expenses. For the Reporting Period, administrative expenses was approximately HK\$47.8 million (2014 (restated): HK\$44.3 million), representing an increase of approximately 7.9% as compared to the corresponding period of 2014. The increase in administrative expenses was primarily due to the increase in business taxes and surcharges of HK\$5.24 million, as a result of a four percent consumption tax imposed by the PRC government on painting and coating related products beginning from February 2015.

### **Net Profit**

The Group's net profit amounted to approximately HK\$79.3 million for the Reporting Period (2014 (restated): HK\$81.7 million), representing a decrease of approximately 2.9% as compared to the corresponding period in 2014. Net profit margin for the Reporting Period was approximately 11.4% (2014 (restated): 10.9%), representing an increase of approximately 0.5% as compared to the corresponding period of 2014. Such increase was primarily due to the decrease in the price of aluminum ingots and chemical raw materials during the Reporting Period.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Net Current Assets**

As at 31 December 2015, the Group had net current assets of approximately HK\$170.3 million (2014 (restated): HK\$37.9 million). The Group's cash and cash equivalents amounted to HK\$179.6 million as at 31 December 2015 (2014 (restated): HK\$105.3 million). The current ratio of the Group was approximately 2.0 as at 31 December 2015 (2014 (restated): 1.1).

### **Borrowing and the Pledge of Assets**

The bank borrowings of the Group, which were secured by our properties, plant and equipment, land use rights and pledged bank deposits amounted to approximately HK\$61.1 million (of which HK\$57.4 million, HK\$3.1 million and HK\$0.6 million are denominated in RMB, US\$ and HK\$ respectively) as at 31 December 2015 with maturity date from 2016 to 2018 (31 December 2014 (restated): HK\$141.0 million). Except for the finance lease payable which is charged at 4.11%, all other bank borrowings are charged with reference to bank's preferential floating rates.

As at 31 December 2015, we had available unutilized banking facilities of approximately HK\$127.8 million (31 December 2014 (restated): HK\$141.6 million). Further details of the Group's bank borrowings are set out in note 16 to the consolidated financial statements.

### **Gearing Ratio**

As a result of the decrease in total borrowing of the Group and the increase in cash and cash equivalent from the Company's placing in June 2015, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately -10% as at 31 December 2015 (2014 (restated): 25%). Further details of the Group's bank borrowings are set out in note 16 to the consolidated financial statements.

### **Contingent Liabilities**

As at 31 December 2015, the Group had no significant contingent liabilities.

### **Contractual Obligations**

As at 31 December 2015, the Group's operating lease and capital commitment amounted to HK\$1.1 million (2014 (restated): HK\$0.5 million) and HK\$37.1 million (2014 (restated): HK\$9.2 million), respectively.



## **CAPITAL STRUCTURE**

As at 31 December 2015, the total number of issued shares of the Company (“Shares”) was 624,143,000 (31 December 2014 (restated): 404,865,000).

## **FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK**

Approximately 31.8% of the Group’s revenue for the Reporting Period were denominated in US\$. However, over 90% of the production costs were settled in RMB. Therefore there is a currency mismatch between US\$ revenue and RMB production costs, which give rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US\$ sales proceeds received from export sales is different from the rate at which the Group used to book the US\$ sales transactions at the time of sales.

We have entered into foreign currency forward contracts with state-owned banks in the PRC to hedge the foreign exchange risks arising out of the currency mismatch between the US\$ sales proceeds from our export sales and our predominantly RMB based operations in the PRC. As a result of the slight depreciation of RMB against US\$, we managed to account for approximately RMB12,844 of realised gains on the forward contracts for the Reporting Period.

As at 31 December 2015, we had outstanding foreign currency forward contracts with notional amounts of US\$4.0 million. A fair value gain on the outstanding foreign currency forward contracts of approximately HK\$2.1 million had been recognized for the year ended 31 December 2015.

## **FORWARD PURCHASE OF ALUMINUM INGOTS**

The major raw materials for manufacturing of aluminum aerosol cans are aluminum slugs which are processed from aluminum ingots. Aluminum ingots are a widely used metal commodity, as such the price of aluminum ingots fluctuates depending on the market supply and demand conditions.

In order to avoid our business from being negatively impacted by substantial increases in the cost of aluminum ingots, it has been our practice to hedge part of our monthly estimated requirement of aluminum ingots through forward purchases and cover the remainder through purchases in the spot market. This practice enables us to average down our actual cost of aluminum ingots for production in the event of a significant increase in the spot price of aluminum ingots after our forward purchases.

As at 31 December 2015, we had no outstanding forward purchases of aluminum ingots as the aluminum price was relatively stable during the Reporting Period.

## EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2015, the Group had employed a total of 716 employees (2014: 819 employees). The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK\$58.2 million for the Reporting Period (2014 (restated): HK\$54.6 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group. The emoluments of Directors have been determined with reference to the skills, knowledge, contribution in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.

## SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments.

## USE OF PROCEEDS

Our business objectives and planned use of proceeds as stated in the prospectus dated 28 June 2013 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of our Shares (the "Share Offer") were approximately HK\$80 million. During the Reporting Period, the net proceeds from the Share Offer had been applied as follows:

	Actual net proceeds (HK\$ million)	Amount utilized up to 31 December 2015 (HK\$ million)	Balance as at 31 December 2015 (HK\$ million)
<b>Business objectives as stated in the prospectus</b>			
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	48.0	—
Establish a new research and development laboratory	12.0	—	12.0
Partially repay US\$ denominated bank loan	16.0	16.0	—
General working capital purposes	4.0	4.0	—
	<u>80.0</u>	<u>68.0</u>	<u>12.0</u>

The unused net proceeds have been placed as interest bearing deposits with licensed banks in Hong Kong and PRC in accordance with the intention of the Board as disclosed in the Prospectus.

## **FUND RAISING ACTIVITIES**

During the Reporting Period, the Group had conducted two placings which details are summarised as below:

- (i) On 12 May 2015, the Company issued 49,800,000 new Shares of HK\$0.01 each to not less than six independent third parties at a price of HK\$2.41 per Share under the specific mandate granted to the Directors at the extraordinary general meeting of the Company held on 22 April 2015. The net proceeds of approximately HK\$112.6 million were intended to be used for the Group to pay in and towards the satisfaction of the payment obligations for the Acquisition. As at the date of this announcement, the entire amount had been utilised as intended.
- (ii) On 8 June 2015, Wellmass International Limited (“Wellmass”), a controlling shareholder of the Company, and the Company entered into a placing agreement with a placing agent, pursuant to which the placing agent agreed, on a best efforts basis, to procure not fewer than six placees to purchase, and Wellmass agreed to sell, up to 80,000,000 existing Shares at a price of HK\$2.28 per Share. On 9 June 2015, an aggregate of 41,174,000 Shares were successfully placed to not less than six placees, who and whose ultimate beneficial owners are independent third parties of the Company, at the placing price of HK\$2.28 per placing share. On 16 June 2015, 41,174,000 Shares were issued and allotted to Wellmass by the Company at a subscription price of HK\$2.28 each. The net proceeds from the subscription amounted to approximately HK\$90.2 million (representing a net price of approximately HK\$2.19 per subscription Share) and were intended to be used for the general working capital and/or to finance potential investment projects of the Group. As at the date of this announcement, the entire amount had been utilised as intended.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS**

Apart from strengthening the Group’s current business, the Group will explore new business opportunities as and when appropriate, in order to enhance shareholder’s value.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES**

The acquisition of Topspan Holdings Limited and its subsidiaries was completed on 20 May 2015. Topspan Group is engaged in the content filling of aerosol cans and production and sale of aerosol and non-aerosol products, including high-end car care service products. Other than the above, the Group did not have any material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) during the Reporting Period except CG Code provision A.2.1.

Pursuant to CG Code provision A.2.1, the role(s) of chairman and chief executive should be separate and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Lin Wan Tsang, the Company has deviated from the CG Code. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to its unique role, Mr. Lin’s experience and established market reputation in the industry, and the importance of Mr. Lin in the strategic development of the Company. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are four independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## **AUDIT COMMITTEE**

The Audit Committee was established on 20 June 2013 with terms of reference in compliance with the CG Code for the purpose of making recommendations to the Board on the appointment and removal of the external auditor, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the internal control procedures of the Group. The Audit Committee comprises four members, all being independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Ms. Guo Yang. The Group’s accounting principles and practices, financial statements and related materials for the period had been reviewed by the Committee.

## **REMUNERATION COMMITTEE**

The Remuneration Committee was established on 20 June 2013, with specific written terms of reference for making recommendations to the Board regarding the Group’s policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in CG Code provision B.1.29(a) to (h). The Remuneration Committee comprises a total of six members, being one executive Director, namely, Mr. Lin Wan Tsang, one non-executive Director, namely, Mr. Kwok Tak Wang, and four independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Ms. Guo Yang. Accordingly, a majority of the members are independent non-executive Directors.

## **NOMINATION COMMITTEE**

The Nomination Committee was established on 20 June 2013, with specific written terms of reference in compliance with the CG Code for reviewing the Board composition, developing the relevant procedures for nomination and appointment of Directors and assessing the independence of the independent non-executive Directors to ensure that the Board has a balance of expertise, skills and experience and formulating succession plans for executive directors and senior executives. The Nomination Committee comprises a total of six members, being one executive Director, namely, Mr. Lin Wan Tsang, one non-executive Director, namely, Mr. Kwok Tak Wang, and four independent non-executive Directors, namely, Dr. Lin Tat Pang (Chairman), Mr. Chung Yi To, Mr. Leung Man Fai and Ms. Guo Yang. Accordingly, a majority of the members are independent non-executive Directors.

## **RISK MANAGEMENT COMMITTEE**

The Risk Management Committee was established on 24 June 2013, with specific written terms of reference for reviewing and approving the hedging policies as formulated by the hedging team of the Company (“Hedging Team”) and report to the Board as to whether the hedging policies have been duly following by the Hedging Team. The Risk Management Committee is authorized to separate and independent direct access to and complete and open communication with the Group’s management to allow them to fulfill their duties. The Risk Management Committee comprises a total of four members, being one non-executive Director, namely, Mr. Kwok Tak Wang, and three independent non-executive Directors, namely, Mr. Chung Yi To (Chairman), Mr. Leung Man Fai and Dr. Lin Tat Pang. Accordingly, a majority of the members are independent non-executive Directors.

The Risk Management Committee has reviewed the hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts statements of the Group for the year ended 31 December 2015 and is of the opinion that the Group has complied with the hedging policy.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the Reporting Period.

## **DIRECTOR’S SECURITIES TRANSACTIONS**

The Company has adopted the model code set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors’ securities transactions. All Directors of the Company have confirmed, following specific enquiry by the Company that they have complied with the required standard set out in the model code for the year ended 31 December 2015.

## **FINAL DIVIDEND**

The Board of Directors recommends the payment of a final dividend of HK2.2 cents per Share for the year ended 31 December 2015 to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 31 May 2016, subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company to be held on 18 May 2016. The final dividend will be payable on or around 17 June 2016.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 13 May 2016 to 18 May 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 12 May 2016.

The register of members of the Company will be closed from 27 May 2016 to 31 May 2016, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for the final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at the above address for registration not later than 4:30 p.m. on 26 May 2016.

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

This annual results announcement will be published on the websites of The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company (<http://www.6898hk.com>). The annual report of the Company for the year ended 31 December 2015 will be dispatched to shareholders of the Company and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

By order of the Board  
**Lin Wan Tsang**  
*Chairman & Executive Director*

Hong Kong, 31 March 2016

*As at the date of this announcement, our executive Directors are Mr. Lin Wan Tsang, Mr. Chamlong Wackakorn, Mr. Dong Jiang Xiong, Ms. Ko Sau Mee, Mr. Lin Hing Lung and our non-executive Director is Mr. Kwok Tak Wang; and our independent non-executive Directors are Mr. Leung Man Fai, Dr. Lin Tat Pang, Ms. Guo Yang and Mr. Chung Yi To.*