

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.

China Aluminum Cans Holdings Limited

中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6898)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

ANNUAL RESULTS

The board (the “Board”) of directors (the “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 2016 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2016

		2016	2015
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
REVENUE	5	696,344	693,677
Cost of sales		(451,732)	(483,732)
Gross profit		244,612	209,945
Other income and gains	5	19,705	20,324
Selling and distribution expenses		(59,333)	(47,772)
Administrative expenses		(44,735)	(47,769)
Research and development expenses		(29,034)	(29,021)
Other expenses		(5,747)	(2,956)
Finance costs	7	(2,430)	(5,301)
PROFIT BEFORE TAX	6	123,038	97,450
Income tax expense	8	(27,753)	(18,155)
PROFIT FOR THE YEAR		95,285	79,295
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(33,486)	(27,788)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		61,799	51,507
Profit attributable to:			
Owners of the parent		94,833	78,954
Non-controlling interests		452	341
		95,285	79,295
Total comprehensive income attributable to:			
Owners of the parent		61,347	51,166
Non-controlling interests		452	341
		61,799	51,507
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		HK15.3 cents	HK15.3 cents
Diluted		HK12.0 cents	HK12.1 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

		2016	2015
	Notes	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	319,120	295,907
Prepaid land lease payments		63,346	69,494
Deferred tax assets		1,552	1,409
Non-current prepayments		4,483	21,242
Total non-current assets		388,501	388,052
CURRENT ASSETS			
Inventories	11	67,823	65,313
Trade and bills receivables	12	58,496	69,416
Prepayments, deposits and other receivables		11,252	13,425
Due from related parties		7,521	2,556
Pledged bank deposits		8,232	8,447
Cash and cash equivalents		122,376	179,551
Total current assets		275,700	338,708
CURRENT LIABILITIES			
Trade and bills payables	14	62,272	62,808
Other payables and accruals		56,498	53,974
Interest-bearing bank borrowings	16	13,465	41,282
Derivative financial instruments	13	–	424
Tax payable		5,484	5,981
Due to related parties		385	3,600
Deferred income		285	304
Total current liabilities		138,389	168,373
NET CURRENT ASSETS		137,311	170,335
TOTAL ASSETS LESS CURRENT LIABILITIES		525,812	558,387

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2016

	<i>Notes</i>	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings	<i>16</i>	5,084	19,802
Deferred tax liabilities		897	1,030
Deferred income		2,423	2,894
		<hr/>	<hr/>
Total non-current liabilities		8,404	23,726
		<hr/>	<hr/>
Net assets		517,408	534,661
		<hr/>	<hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		5,982	6,241
Equity component of Convertible Notes		636,360	645,000
Reserves		(129,049)	(120,509)
		<hr/>	<hr/>
Non-controlling interests		4,115	3,929
		<hr/>	<hr/>
Total equity		517,408	534,661
		<hr/>	<hr/>

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 the 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 ("Wellmass"), 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
Guangdong Euro Asia Packaging Co., Ltd. ("Euro Asia Packaging") (廣東歐亞包裝有限公司)*	Mainland China 27 June 2002	RMB125,000,000	—	98.6	Manufacture and sale of aluminum aerosol cans
European Asia Group Company Limited	Hong Kong 2 April 2005	HK\$1,500,000	—	98.6	Sale of aluminum aerosol cans
Guangzhou Botny Chemical Co., Ltd. ("Botny Chemical") (廣州保賜利化工有限公司)	Mainland China 30 August 2000	US\$11,400,000	—	100	Content filling of aerosol cans and production and sale of aerosol 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 Hongkong 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
Topsan Holdings Limited	BVI 3 July 2012	US\$1	—	100	Investment holding
Euro Asia Japan Co., Ltd. (株式会社ユーロアジア・ジャパン)	Japan 6 January 2016	JPY9,000,000	—	100	Trading of aerosol and non-aerosol products

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

2. BASIS OF PREPARATION

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 2016. 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).

2. BASIS OF PREPARATION (continued)

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent 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 above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 28	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>
IFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to IAS 1	<i>Disclosure Initiative</i>
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i>
Annual Improvements 2012-2014 Cycle	<i>Amendments to a number of IFRSs</i>

The adoption of the above new and 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.

4. OPERATING 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.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax 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, amount due to the ultimate holding company, Convertible Notes, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

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.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2016	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
Segment revenue:			
Sales to customers	217,896	478,448	696,344
Intersegment sales	36,657	6,827	43,484
Total	254,553	485,275	739,828
Reconciliation:			
Elimination of intersegment sales			(43,484)
Revenue			696,344
Segment results	39,927	85,826	125,753
Reconciliation:			
Interest income			304
Corporate and other unallocated expenses			(589)
Finance costs			(2,430)
Profit before tax			123,038
Segment assets	354,420	224,772	579,192
Reconciliation:			
Elimination of intersegment receivables			(48,023)
Corporate and other unallocated assets			133,032
Total assets			664,201
Segment liabilities	47,289	119,790	167,079
Reconciliation:			
Elimination of intersegment payables			(47,924)
Corporate and other unallocated liabilities			27,638
Total liabilities			146,793
Other segment information:			
Depreciation and amortisation	20,377	12,852	33,229
Capital expenditure	44,474	10,832	55,306
Impairment losses recognised in the statement of profit or loss	1,828	512	2,340

4. OPERATING SEGMENT INFORMATION (continued)

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

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) *Revenue from external customers*

	Year ended 31 December	
	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Mainland China	505,301	472,781
Africa	17,441	25,909
America	12,055	20,923
Asia	21,177	16,377
Middle East	25,946	47,128
Japan	109,115	105,467
Others	5,309	5,092
	<u>696,344</u>	<u>693,677</u>

The revenue information above is based on the shipment destinations.

(b) *Non-current assets*

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Japan	87	—
Hong Kong	562	781
Mainland China	386,300	385,862
	<u>386,949</u>	<u>386,643</u>

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

Information about major customers

Since no revenue from sales to any customer amounted to 10% or more of the Group's revenue during the year, information about major customers required by IFRS 8 *Operating Segments* is not presented.

5. REVENUE, 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 is as follows:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Revenue		
Sale of goods	<u>696,344</u>	<u>693,677</u>
Other income and gains		
Sale of scrap materials	2,985	5,160
Bank interest income	304	678
Government grants:		
— Related to assets*	299	315
— Related to income**	3,072	1,009
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	—	2,108
Foreign exchange differences	5,523	3,180
Income from R&D design	6,049	5,983
Others	<u>1,473</u>	<u>1,891</u>
	<u>19,705</u>	<u>20,324</u>

* 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\$3,072,000 (2015: HK\$1,009,000) represent 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>	2016 HK\$'000	2015 <i>HK\$'000</i>
Cost of inventories sold		451,732	483,732
Depreciation	15	31,486	30,126
Amortisation of prepaid land lease payments		1,743	1,840
Auditor's remuneration		2,270	2,416
Research and development costs		29,034	29,021
Minimum lease payments under operating leases		1,441	1,066
Employee benefit expense (including Directors' and chief executive's remuneration):			
Wages and salaries		59,219	58,172
Pension scheme contributions		5,550	6,930
Equity-settled share option expenses		327	1,117
		65,096	66,219
Fair value losses/(gains), net:			
Derivative instruments			
– transactions not qualifying as hedges *		383	(2,108)
Exchange gains, net *		(5,523)	(3,180)
Loss on disposal of items of property, plant and equipment *		90	123
Impairment of trade receivables**		1,020	1,242
Write-down of inventories to net realisable value**		1,320	—

* 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

	2016 HK\$'000	2015 <i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	2,413	5,277
Interest on a finance lease	17	24
	2,430	5,301

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 2016 (2015: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Group operating in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's operating subsidiaries, Euro Asia Packaging and Botny Chemical, since they were recognised as High Technology Enterprises and are entitled to a preferential tax rate of 15% for the year 2016 and 2015.

	2016	2015
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current — Mainland China	19,852	15,809
Current — Hong Kong	7,247	2,030
Deferred	654	316
	<hr/>	<hr/>
Total tax charge for the year	<u>27,753</u>	<u>18,155</u>

8. INCOME TAX EXPENSE (continued)

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:

	2016 <i>HK\$'000</i>	%	2015 <i>HK\$'000</i>	%
Profit before tax	123,038		97,450	
Tax at the statutory tax rate	30,760	25.0	24,363	25.0
Entities subject to lower statutory income tax rates	(13,086)	(10.6)	(10,163)	(10.4)
Effect of withholding tax on the distributable profits of the Group's PRC subsidiary	897	0.7	140	0.1
Expenses not deductible for tax	7,540	6.1	2,207	2.3
Adjustments in respect of current tax of previous periods	(976)	(0.8)	353	0.4
Tax losses not recognised	2,618	2.1	1,255	1.3
Tax charge at the Group's effective rate	27,753	22.6	18,155	18.6

9. DIVIDENDS

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Interim – HK1.4 cents (2015: Nil) per ordinary share	8,610	—
Proposed final – HK1.5 cents (2015: HK2.2 cents) per ordinary share	8,973	13,731
	17,583	13,731

The proposed final dividend for the year is subject to the 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 amount 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 618,057,142 (2015: 515,355,795) in issue during the year.

The calculation of the diluted earnings per share amount 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 or conversion of all dilutive potential ordinary shares into ordinary shares.

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>94,833</u>	<u>78,954</u>
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	618,057,142	515,355,795
Effect of dilution — weighted average number of ordinary shares:		
Share options	3,300,904	4,683,500
Convertible Notes	<u>168,828,131</u>	<u>132,643,946</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>790,186,177</u>	<u>652,683,241</u>

11. INVENTORIES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Raw materials	33,715	33,130
Work in progress	3,117	3,702
Finished goods	<u>30,991</u>	<u>28,481</u>
	<u>67,823</u>	<u>65,313</u>

12. TRADE AND BILLS RECEIVABLES

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Trade receivables	47,661	58,566
Impairment	(3,809)	(3,032)
Trade receivables, net	43,852	55,534
Bills receivables	14,644	13,882
	<u>58,496</u>	<u>69,416</u>

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 receivables 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:

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
Within 30 days	20,311	23,869
31 to 60 days	7,505	10,255
61 to 90 days	3,226	5,522
Over 90 days	12,810	15,888
	<u>43,852</u>	<u>55,534</u>

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

	2016 <i>HK\$'000</i>	2015 <i>HK\$'000</i>
At 1 January	3,032	1,945
Impairment losses recognised	1,020	1,242
Exchange realignment	(243)	(155)
At 31 December	<u>3,809</u>	<u>3,032</u>

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		Less than 90 days	Over 90 days
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
31 December 2016	43,852	27,816	3,226	12,810
31 December 2015	55,534	34,124	5,522	15,888

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

	2016		2015	
	Assets	Liabilities	Assets	Liabilities
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Forward currency contracts	—	—	—	424

The Group has entered into various contracts to manage its exchange rate exposure which did not meet the criteria for hedge accounting. Fair value losses of HK\$383,000 (2015: Fair value gains of HK\$2,108,000) were recognised in profit or loss 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:

	2016	2015
	HK\$'000	HK\$'000
Within 30 days	37,190	36,278
31 to 60 days	12,168	14,688
61 to 90 days	12,256	10,736
Over 90 days	658	1,106
	<u>62,272</u>	<u>62,808</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>
31 December 2016						
At 1 January 2016:						
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>
At 1 January 2016, net of accumulated depreciation	103,265	160,893	6,703	5,136	19,910	295,907
Additions	4,388	5,298	2,949	2,808	56,622	72,065
Disposals	—	(44)	(41)	(1)	—	(86)
Depreciation provided during the year (note 6)	(9,722)	(19,389)	(1,329)	(1,046)	—	(31,486)
Transfers	2,160	71,797	1,286	—	(75,243)	—
Exchange realignment	(6,001)	(9,351)	(372)	(267)	(1,289)	(17,280)
At 31 December 2016, net of accumulated depreciation	<u>94,090</u>	<u>209,204</u>	<u>9,196</u>	<u>6,630</u>	<u>—</u>	<u>319,120</u>
At 31 December 2016:						
Cost	136,174	322,847	18,008	14,528	—	491,557
Accumulated depreciation	(42,084)	(113,643)	(8,812)	(7,898)	—	(172,437)
Net carrying amount	<u>94,090</u>	<u>209,204</u>	<u>9,196</u>	<u>6,630</u>	<u>—</u>	<u>319,120</u>

15. PROPERTY, PLANT AND EQUIPMENT (continued)

	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>
31 December 2015						
At 1 January 2015:						
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 (note 6)	(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>

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 was HK\$561,544 as at 31 December 2016 (2015: HK\$781,278).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with a carrying value of HK\$51,830,000 as at 31 December 2016 (2015: HK\$86,982,000).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with a carrying value of HK\$71,095,000 as at 31 December 2016 (2015: HK\$84,783,000).

16. INTEREST-BEARING BANK BORROWINGS

	2016			2015		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
Current						
Finance lease payables	4.11%	2017	249	4.11%	2016	241
Interest-bearing bank loans				PBOC base		
— secured			—	rate*1.10	2016	23,865
Current portion of long term bank loans	PBOC base			LIBOR/PBOC		
— secured	rate*1.15	2017	13,216	base rate*1.15	2016	17,176
			<u>13,465</u>			<u>41,282</u>
Non-current						
Finance lease payables	4.11%	2018	128	4.11%	2017–2018	377
Long term interest-bearing bank loans	PBOC base			PBOC base		
— secured	rate*1.15	2018	4,956	rate*1.15	2017–2018	19,425
			<u>5,084</u>			<u>19,802</u>
			<u>18,549</u>			<u>61,084</u>

Notes:

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

“LIBOR” stands for London Interbank Offered Rate.

	2016 HK\$'000	2015 HK\$'000
Repayable:		
Within one year or on demand	13,465	41,282
In the second year	5,084	14,377
In the third to fifth years, inclusive	—	5,425
	<u>18,549</u>	<u>61,084</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>	2016 HK\$'000	2015 <i>HK\$'000</i>
Property, plant and equipment	15	122,925	171,765
Prepaid land lease payments		8,470	9,689
		131,395	181,454

	2016 HK\$'000	2015 <i>HK\$'000</i>
Interest-bearing bank borrowings denominated in		
— RMB	18,172	57,417
— US\$	—	3,049
— HK\$	377	618
	18,549	61,084

The Group has the following undrawn banking facilities:

	2016 HK\$'000	2015 <i>HK\$'000</i>
Floating rate		
— to expire within one year	114,131	90,995
— to expire over one year	47,684	36,845
	161,815	127,840

As at 31 December 2015, the Group's undrawn banking facilities amounting to HK\$40,927,000 were guaranteed by Mr. Lin Wan Tsang, the Group's ultimate shareholder, and Euro Asia Aerosol and Household Products Manufacture Co., Ltd. ("Euro Asia Aerosol"), a fellow subsidiary controlled by the ultimate shareholder of the Company.

As at 31 December 2016, the Group did not have any banking facilities guaranteed by Mr. Lin Wan Tsang, the Group's ultimate shareholder, or Euro Asia Aerosol.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is 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 the 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 wide 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 and non-aerosol products produced and sold by the Group include 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.

Our revenue is primarily derived from (i) the sale of aluminum aerosol cans; and (ii) the sale of aerosol and non-aerosol products. For the Reporting Period, with the productivity enhancement which was driven by the acquisition of an automated production line in November 2015, the Group achieved a steady growth in production and sales in an orderly manner. Even though the Group has been suffering from the depreciation of Renminbi ("RMB") against HK\$, the Group's revenue for the Reporting Period recorded a slight increase of approximately 0.4% as compared to the same period in 2015. For the Reporting Period, revenue derived from the sale of aluminum aerosol cans was approximately HK\$217.9 million (2015: HK\$212.3 million) and the sale of aerosol and non-aerosol products was approximately HK\$478.4 million (2015: HK\$481.4 million), representing approximately 31.3% and 68.7% of the Group's revenue, respectively.

OPERATING ENVIRONMENT AND PROSPECTS

The Group continues to face severe world-wide competition in the aluminum aerosol cans markets, especially from the increase in competition from small-sized overseas aerosol cans manufacturers, the soft landing of the PRC economy and the slowdown of growth in the consumable products and domestic demands in high-end personal care products in the PRC. Amid the rapidly changing market environment, the Group will continue to (i) leverage the R&D capability to develop new products with high gross profits and high demand, while diversifying the products of the Group; (ii) optimize and integrate internal resources aggressively to consolidate business foundation; and (iii) invest further in upgrading the existing production facilities with more advanced machinery and equipment to enhance our product quality, production capacity and efficiency in order to cope with the recent development trends in the market.

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\$217.9 million (2015: HK\$212.3 million), representing an increase of approximately 2.6% as compared to the corresponding period of 2015. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 150.1 million (2015: 146.2 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\$478.4 million (2015: HK\$481.4 million), representing a decrease of approximately 0.6% as compared to the corresponding period of 2015.

PRC and oversea customers

Our PRC customers and overseas customers contributed approximately HK\$505.3 million (2015: HK\$472.8 million) and HK\$191.0 million (2015: HK\$220.9 million) to the total revenue of the Group during the Reporting Period. There was a decrease of approximately 13.5% in sales from our overseas customers which is primarily due to the fact that we strategically reduced a portion of export sales order which has low profit margins.

Cost of Sales

For the Reporting Period, cost of sales of the Group amounted to approximately HK\$451.7 million (2015: HK\$483.7 million), representing a decrease of approximately 6.6% as compared to the corresponding period of 2015, and representing approximately 64.9% (2015: 69.7%) of the turnover during the period. There was a decrease of approximately HK\$32.0 million in cost of sales which was mainly due to the improvement of procurement process leading to a reduction in production costs. The reduction in production costs was attributable to (i) the fall in global aluminum average price and international crude oil price; and (ii) the cost of procurement of solvents, being major raw materials for the production of the Company's aerosol and paste canned environmental fine chemical products, significantly decreased for the Reporting Period as compared to the corresponding period of last year due to decline of international crude oil price in average.

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 were approximately HK\$59.3 million (2015: HK\$47.8 million), representing an increase of approximately 24.1% as compared to the corresponding period of 2015. The increase was primarily due to i) increase advertising expenses of HK\$10.1 million (2015: HK\$3.2 million) for brand building activities, including sponsor of singing concert and online promotion, and ii) increase marketing expenses of HK\$2.7 million (2015: HK\$0.6 million) in organising more meetings and events with distributors to collect accurate market information.

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 were approximately HK\$44.7 million (2015: HK\$47.8 million), representing a decrease of approximately 6.5% as compared to the corresponding period of 2015. The decrease in administrative expenses was primarily due to i) the decrease in business taxes and surcharges of HK\$10.6 million (2015: HK\$12.7 million) as a result of 4% consumption tax imposed by the PRC government on partial painting and coating-related products has been exempted from October 2015, and ii) decrease in Pre-IPO share option recognition of HK\$0.33 million (2015: HK\$1.1 million) over the vesting period which was completed on 12 July 2016.

Net Profit

The Group's net profit amounted to approximately HK\$95.3 million for the Reporting Period (2015: HK\$79.3 million), representing a significant increase by approximately 20.2% as compared to the corresponding period in 2015. Net profit margin for the Reporting Period was approximately 13.7% (2015: 11.4%), representing an increase of approximately 20.2% as compared to the corresponding period of 2015. The significant increase in net profit was primarily due to i) the change in sales mix; ii) improving procurement process leading to a reduction in production cost; and iii) productivity enhancement driven by the acquisition of an automated production line in November 2015.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

As at 31 December 2016, the Group had net current assets of approximately HK\$137.3 million (2015: HK\$170.3 million). The Group's cash and cash equivalents amounted to HK\$122.4 million as at 31 December 2016 (2015: HK\$179.6 million). The current ratio of the Group was approximately 2.0 as at 31 December 2016 (2015: 2.0).

Borrowing and the Pledge of Assets

The bank borrowings of the Group, which were secured by our properties, plants and equipment, land use rights and pledged bank deposits amounted to approximately HK\$18.5 million (of which HK\$18.1 million and HK\$0.4 million are denominated in RMB and HK\$ respectively) as at 31 December 2016 with maturity date from 2017 to 2018 (31 December 2015: HK\$61.1 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 2016, we had available unutilized banking facilities of approximately HK\$161.8 million (31 December 2015: HK\$127.8 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 cash and cash equivalent and total borrowings of the Group, the gearing ratio which is calculated by dividing total borrowings by total equity, increased to approximately -7% as at 31 December 2016 (2015: -10%). 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 2016, the Group had no significant contingent liabilities.

Contractual Obligations

As at 31 December 2016, the Group's operating lease and capital commitment amounted to HK\$0.9 million (2015: HK\$1.1 million) and HK\$0.3 million (2015: HK\$37.1 million), respectively.

CAPITAL STRUCTURE

As at 31 December 2016, the total number of issued shares of the Company (the “Shares”) was 598,197,000 (31 December 2015: 624,143,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 27.4% of the Group’s revenue for the Reporting Period were denominated in the United States dollar (“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 depreciation of RMB against US\$, we managed to account for approximately HK\$383,000 of realized loss on the forward contracts for the Reporting Period.

As at 31 December 2016, we did not have any outstanding foreign currency forward contracts.

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 widely used metal commodities, 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 2016, we had outstanding forward purchases with notional amounts of RMB4.3 million involved with 360 tons of aluminum ingots.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2016, the Group had employed a total of 759 employees (2015: 716 employees). The staff costs, including directors’ emoluments but excluding any contributions to the pension scheme, were approximately HK\$59.2 million for the Reporting Period (2015: HK\$58.2 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of an 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 2016 (HK\$ million)	Balance as at 31 December 2016 (HK\$ million)
Business objectives as stated in the prospectus			
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	48	—
Establish a new research and development laboratory	12.0	2.6	9.4
Partially repay US\$ denominated bank loan	16.0	16.0	—
General working capital purposes	4.0	4.0	—
	<u>80.0</u>	<u>70.6</u>	<u>9.4</u>

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

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, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group had no acquisition or disposal of subsidiaries, associates or joint ventures.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code as set out in Appendix 14 (the "CG Code") 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 ("Mr. Lin"), 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 of the Company (the "Audit Committee") was established on 20 June 2013 with terms of reference (amended on 31 December 2015) in compliance with the CG Code to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditors, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the risk management and internal control systems of the Group. The Audit Committee comprises four members, all being independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (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 Reporting Period had been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

The remuneration committee of the Company (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.1.2(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, Ms. Guo Yang (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

NOMINATION COMMITTEE

The nomination committee of the Company (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, Ms. Guo Yang and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

RISK MANAGEMENT COMMITTEE

The risk management committee of the Company (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), Dr. Lin Tat Pang and Mr. Yip Wai Man Raymond. 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 2016 and is of the opinion that the Group has complied with the hedging policy.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2016, (i) 8,000,000 new ordinary shares of HK\$1.08 each were issued upon the conversion of convertible notes; (ii) 3,136,000 new ordinary shares were issued upon the exercise of share options by option holders under the Pre-IPO Option Scheme; and (iii) 37,082,000 ordinary shares were repurchased on the Stock Exchange and these shares were subsequently cancelled by the Company. The summary details of the repurchases are as follows:

Month	Number of ordinary shares repurchased	Price per share		Total price paid (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
May 2016	188,000	1.3	N/A	244,400
June 2016	17,430,000	1.75	1.50	28,586,260
July 2016	300,000	1.75	1.73	522,000
November 2016	18,564,000	1.71	1.45	28,261,740
December 2016	600,000	1.54	1.52	918,000
Total	37,082,000			58,532,400

The total amount of HK\$58,532,400 of the repurchase was paid wholly out of retained profits and 37,082,000 repurchased ordinary shares of the Company were cancelled during the year ended 31 December 2016. The above repurchases during the Reporting Period were effected by the Directors, pursuant to the mandate from shareholders received at the last AGM, with a view to benefiting the shareholders as a whole by enhancing the net assets value per share and earnings per share of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the Reporting Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made with all the Directors and they have confirmed that they have complied with the Model Code throughout the Reporting Period.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK1.5 cents per Share for the year ended 31 December 2016 (2015: HK2.2 cents per Share) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 23 May 2017, subject to the approval of the Company's shareholders at the forthcoming AGM to be held on 11 May 2017. The final dividend will be payable on or around 2 June 2017.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 5 May 2017 to 11 May 2017, 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 5 May 2017.

The register of members of the Company will be closed from 19 May 2017 to 23 May 2017, 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 18 May 2017.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.6898hk.com>). The annual report of the Company for the year ended 31 December 2016 will be dispatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board

Lin Wan Tsang

Chairman & Executive Director

Hong Kong, 10 March 2017

As at the date of this announcement, our executive Directors are Mr. Lin Wan Tsang, Mr. Dong Jiangxiong, Ms. Ko Sau Mee and Mr. Lin Hing Lung; and our non-executive Director is Mr. Kwok Tak Wang; and our independent non-executive Directors are Dr. Lin Tat Pang, Ms. Guo Yang, Mr. Chung Yi To and Mr. Yip Wai Man Raymond.