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## **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 2017**

#### **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 2017 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2016. These results have been reviewed by Ernst & Young, the external auditor of the Group, and the audit committee of the Company (the “Audit Committee”).

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

*For the year ended 31 December 2017*

	Notes	2017 <b>HK\$'000</b>	2016 <b>HK\$'000</b>
REVENUE	5	<b>701,823</b>	696,344
Cost of sales		<b>(489,171)</b>	(451,732)
Gross profit		<b>212,652</b>	244,612
Other income and gains	5	<b>12,796</b>	19,705
Selling and distribution expenses		<b>(56,357)</b>	(59,333)
Administrative expenses		<b>(47,436)</b>	(44,735)
Research and development expenses		<b>(29,616)</b>	(29,034)
Other expenses		<b>(13,114)</b>	(5,747)
Finance costs	7	<b>(371)</b>	(2,430)
PROFIT BEFORE TAX	6	<b>78,554</b>	123,038
Income tax expenses	8	<b>(11,430)</b>	(27,753)
PROFIT FOR THE YEAR		<b>67,124</b>	95,285
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>40,174</b>	(33,486)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<b>107,298</b>	61,799
Profit attributable to:			
Owners of the parent		<b>66,650</b>	94,833
Non-controlling interests		<b>474</b>	452
		<b>67,124</b>	95,285
Total comprehensive income attributable to:			
Owners of the parent		<b>106,493</b>	61,347
Non-controlling interests		<b>805</b>	452
		<b>107,298</b>	61,799
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		<b>HK9.2 cents</b>	HK15.3 cents
Diluted		<b>HK8.4 cents</b>	HK12.0 cents

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

31 December 2017

	Notes	2017 <b>HK\$'000</b>	2016 <b>HK\$'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	14	<b>321,797</b>	319,120
Prepaid land lease payments		<b>66,347</b>	63,346
Deferred tax assets		<b>1,995</b>	1,552
Non-current prepayments		<b>4,678</b>	4,483
Total non-current assets		<b>394,817</b>	388,501
<b>CURRENT ASSETS</b>			
Inventories	11	<b>86,085</b>	67,823
Trade and bills receivables	12	<b>64,671</b>	58,496
Prepayments, deposits and other receivables		<b>16,133</b>	11,252
Due from related parties		<b>15,310</b>	7,521
Pledged bank deposits		<b>8,178</b>	8,232
Cash and cash equivalents		<b>159,352</b>	122,376
Total current assets		<b>349,729</b>	275,700
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	13	<b>61,332</b>	62,272
Other payables and accruals		<b>61,440</b>	56,498
Interest-bearing bank borrowings	15	<b>128</b>	13,465
Tax payable		<b>1,666</b>	5,484
Due to related parties		<b>—</b>	385
Deferred income		<b>594</b>	285
Total current liabilities		<b>125,160</b>	138,389
<b>NET CURRENT ASSETS</b>		<b>224,569</b>	137,311
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>619,386</b>	525,812

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*31 December 2017*

	<i>Notes</i>	<b>2017</b> <b><i>HK\$'000</i></b>	2016 <i>HK\$'000</i>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank borrowings	<i>15</i>	—	5,084
Deferred tax liabilities		<b>2,213</b>	897
Deferred income		<b>2,724</b>	2,423
		<hr/>	<hr/>
Total non-current liabilities		<b>4,937</b>	8,404
		<hr/>	<hr/>
Net assets		<b>614,449</b>	517,408
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>9,342</b>	5,982
Equity component of Convertible Notes		<b>276,146</b>	636,360
Reserves		<b>324,041</b>	(129,049)
		<hr/>	<hr/>
		<b>609,529</b>	513,293
Non-controlling interests		<b>4,920</b>	4,115
		<hr/>	<hr/>
Total equity		<b>614,449</b>	517,408
		<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, the content filling of aerosol cans, and the production and sale of aerosol and non-aerosol products. There were 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 (the "BVI").

**Information about subsidiaries**

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

Company name	Place and date of incorporation/ registration and place of 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	Trading of aluminum aerosol cans
Euro Asia Packaging (Hong Kong) Co. Limited	Hong Kong 18 November 2013	HK\$1,000,000	—	100	Trading of aluminum aerosol cans
Euro Asia Packaging (Guangdong) 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	Trading 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	Trading of aerosol and non-aerosol products

## 1. CORPORATE AND GROUP INFORMATION (Continued)

Company name	Place and date of incorporation/ registration and place of 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
Super Sight International Investment Limited	BVI 1 November 2017	US\$1	—	100	Investment holding
China Medical Beauty Bio-Technology Company Limited (中國醫美生物科技有限公司)	Hong Kong 14 November 2017	HK\$10,000	—	100	Investment holding

\* *Non-wholly-owned foreign enterprise under law of the People’s Republic of China (the “PRC”).*

## 2. BASIS OF PREPARATION

These consolidated 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 consolidated 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 2017. 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)

### Basis of consolidation (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 revised standards for the first time for the current year's financial statements.

Amendments to IAS 7  
Amendments to IAS 12  
Amendments to IFRS 12  
included in *Annual  
Improvements to IFRSs  
2014-2016 Cycle*

*Disclosure Initiative  
Recognition of Deferred Tax Assets for Unrealised Losses  
Disclosure of Interests in Other Entities: Clarification of  
the scope of disclosure requirements in IFRS 12*

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

#### **4. OPERATING SEGMENT INFORMATION**

The Group is principally engaged in the manufacture and sale of aluminum aerosol cans mainly for the packaging of household chemical products, the content filling of aerosol cans, and the 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 as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged bank deposits, cash and cash equivalents, 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 borrowings, amount due to related parties, 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 2017	Aluminum aerosol cans HK\$'000	Aerosol and non-aerosol products HK\$'000	Total HK\$'000
<b>Segment revenue:</b>			
Sales to customers	249,873	451,950	701,823
Intersegment sales	1,345	—	1,345
Total	251,218	451,950	703,168
<u>Reconciliation:</u>			
Elimination of intersegment sales			(1,345)
Revenue			701,823
Segment results	36,856	43,688	80,544
<u>Reconciliation:</u>			
Interest income			220
Corporate and other unallocated expenses			(1,839)
Finance costs			(371)
Profit before tax			78,554
<b>Segment assets</b>	<b>367,126</b>	<b>252,442</b>	<b>619,568</b>
<u>Reconciliation:</u>			
Elimination of intersegment receivables			(44,809)
Corporate and other unallocated assets			169,787
Total assets			744,546
<b>Segment liabilities</b>	<b>54,936</b>	<b>112,501</b>	<b>167,437</b>
<u>Reconciliation:</u>			
Elimination of intersegment payables			(44,674)
Corporate and other unallocated liabilities			7,334
Total liabilities			130,097
<b>Other segment information:</b>			
Depreciation and amortisation	23,567	13,850	37,417
Capital expenditure	7,601	10,217	17,818
Impairment of trade receivables recognised in the consolidated statement of profit or loss and other comprehensive income	74	934	1,008
Write-down of inventories to net realisable value recognised in the consolidated statement of profit or loss and other comprehensive income	690	—	690

#### 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
<b>Segment revenue:</b>			
Sales to customers	217,896	478,448	696,344
Intersegment sales	36,657	6,827	43,484
Total	254,553	485,275	739,828
<b>Reconciliation:</b>			
Elimination of intersegment sales			(43,484)
Revenue			696,344
Segment results	39,927	85,826	125,753
<b>Reconciliation:</b>			
Interest income			304
Corporate and other unallocated expenses			(589)
Finance costs			(2,430)
Profit before tax			123,038
<b>Segment assets</b>	354,420	224,772	579,192
<b>Reconciliation:</b>			
Elimination of intersegment receivables			(48,023)
Corporate and other unallocated assets			133,032
Total assets			664,201
<b>Segment liabilities</b>	47,289	119,790	167,079
<b>Reconciliation:</b>			
Elimination of intersegment payables			(47,924)
Corporate and other unallocated liabilities			27,638
Total liabilities			146,793
<b>Other segment information:</b>			
Depreciation and amortisation	20,377	12,852	33,229
Capital expenditure	44,474	10,832	55,306
Impairment of trade receivables recognised in the consolidated statement of profit or loss and other comprehensive income	1,828	512	2,340
Write-down of inventories to net realisable value recognised in the consolidated statement of profit or loss and other comprehensive income	1,320	—	1,320

#### 4. OPERATING SEGMENT INFORMATION (Continued)

##### Geographical information

(a) *Revenue from external customers*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Mainland China	546,696	505,301
Africa	12,802	17,441
America	8,715	12,055
Asia	30,222	21,177
Middle East	16,889	25,946
Japan	82,742	109,115
Others	3,757	5,309
	<u>701,823</u>	<u>696,344</u>

The revenue information above is based on the shipment destinations.

(b) *Non-current assets*

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Japan	66	87
Hong Kong	342	562
Mainland China	392,414	386,300
	<u>392,822</u>	<u>386,949</u>

The non-current asset information above is based on the locations of the assets and excludes 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Revenue</b>		
Sale of goods	<u>701,823</u>	<u>696,344</u>
<b>Other income and gains</b>		
Sale of scrap materials	3,735	2,985
Bank interest income	220	304
Government grants:		
— Related to assets*	256	299
— Related to income**	1,811	3,072
Foreign exchange differences, net	—	5,523
Income from research and development design	4,295	6,049
Service income	812	—
Others	<u>1,667</u>	<u>1,473</u>
	<u>12,796</u>	<u>19,705</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\$1,811,000 (2016: HK\$3,072,000) 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):

		2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
	<i>Note</i>		
Cost of inventories sold		489,171	451,732
Depreciation	14	35,697	31,486
Amortisation of prepaid land lease payments		1,720	1,743
Auditor's remuneration		2,523	2,270
Research and development costs		29,616	29,034
Minimum lease payments under operating leases		1,598	1,441
Employee benefit expense (including Directors' and chief executive's remuneration):			
Wages and salaries		63,448	59,219
Pension scheme contributions		5,722	5,550
Equity-settled share option expenses		—	327
		<u>69,170</u>	<u>65,096</u>
Fair value losses, net:			
Derivative instruments			
— transactions not qualifying as hedges *		—	383
Exchange gains/(losses), net **		6,957	(5,523)
Loss on disposal of items of property, plant and equipment *		1,818	90
Impairment of trade receivables*		1,008	1,020
Write-down of inventories to net realisable value*		<u>690</u>	<u>1,320</u>

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

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

## 7. FINANCE COSTS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interest on bank loans wholly repayable within five years	362	2,413
Interest on a finance lease	9	17
	<u>371</u>	<u>2,430</u>

## 8. INCOME TAX EXPENSES

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 BVI, the Group is not subject to any tax in the BVI.

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 2017 (2016: 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 years 2017 and 2016.

	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Current — Mainland China	<b>10,622</b>	19,852
Current — Hong Kong	<b>(195)</b>	7,247
Deferred	<b>1,003</b>	654
	<hr/>	<hr/>
Total tax charge for the year	<b>11,430</b>	27,753
	<hr/>	<hr/>

## 8. INCOME TAX EXPENSES (Continued)

A reconciliation of the income tax expenses 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 expenses at the effective tax rates, and a reconciliation of the applicable tax rates to the effective tax rates, are as follows:

	2017 <i>HK\$'000</i>	%	2016 <i>HK\$'000</i>	%
Profit before tax	<u>78,554</u>		<u>123,038</u>	
Tax at the statutory tax rate	19,638	25.0	30,760	25.0
Entities subject to lower statutory income tax rates	(8,281)	(10.5)	(13,086)	(10.6)
Effect of withholding tax on the distributable profits of PRC subsidiaries	1,316	1.7	897	0.7
Expenses not deductible for tax	252	0.3	7,540	6.1
Adjustments in respect of current tax of previous years	(3,008)	(3.8)	(976)	(0.8)
Tax losses not recognised	<u>1,513</u>	<u>1.9</u>	<u>2,618</u>	<u>2.1</u>
Tax charge at the Group's effective tax rate	<u>11,430</u>	14.6	<u>27,753</u>	22.6

## 9. DIVIDENDS

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Interim dividend – Nil (2016: HK1.4 cents) per ordinary share	—	8,610
Proposed final dividend – HK1.07 cents (2016: HK1.5 cents) per ordinary share	<u>9,998</u>	<u>8,973</u>
	<u>9,998</u>	<u>17,583</u>

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 727,437,416 (2016: 618,057,142) 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.

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	<u>66,650</u>	<u>94,833</u>
	<b>Number of shares</b>	
	2017	2016
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	727,437,416	618,057,142
Effect of dilution — weighted average number of ordinary shares:		
Share options	1,273,060	3,300,904
Convertible Notes	<u>66,015,283</u>	<u>168,828,131</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>794,725,759</u>	<u>790,186,177</u>

## 11. INVENTORIES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Raw materials	41,006	33,715
Work in progress	5,021	3,117
Finished goods	<u>40,058</u>	<u>30,991</u>
	<u>86,085</u>	<u>67,823</u>



## 12. TRADE AND BILLS RECEIVABLES

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Trade receivables	57,747	47,661
Impairment	(5,146)	(3,809)
Trade receivables, net	52,601	43,852
Bills receivables	12,070	14,644
	<u>64,671</u>	<u>58,496</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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	31,186	20,311
31 to 60 days	10,867	7,505
61 to 90 days	2,399	3,226
Over 90 days	8,149	12,810
	<u>52,601</u>	<u>43,852</u>

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

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
At 1 January	3,809	3,032
Impairment losses recognised	1,008	1,020
Exchange realignment	329	(243)
At 31 December	<u>5,146</u>	<u>3,809</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
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>31 December 2017</b>	<b>52,601</b>	<b>42,053</b>	<b>2,399</b>	<b>8,149</b>
31 December 2016	43,852	27,816	3,226	12,810

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. 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:

	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Within 30 days	35,988	37,190
31 to 60 days	12,658	12,168
61 to 90 days	10,751	12,256
Over 90 days	1,935	658
	<b>61,332</b>	<b>62,272</b>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. The carrying amounts of the trade payables approximate to their fair values.

## 14. 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 2017</b>						
At 1 January 2017:						
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>
At 1 January 2017, net of accumulated depreciation	94,090	209,204	9,196	6,630	—	319,120
Additions	2,886	6,479	1,291	275	6,692	17,623
Disposals	—	(1,756)	(129)	(3)	—	(1,888)
Depreciation provided during the year (note 6)	(10,645)	(21,914)	(1,935)	(1,203)	—	(35,697)
Transfers	—	3,120	—	—	(3,120)	—
Exchange realignment	6,681	15,243	351	364	—	22,639
At 31 December 2017, net of accumulated depreciation	<u>93,012</u>	<u>210,376</u>	<u>8,774</u>	<u>6,063</u>	<u>3,572</u>	<u>321,797</u>
At 31 December 2017:						
Cost	149,363	349,889	20,363	15,121	3,572	538,308
Accumulated depreciation	(56,351)	(139,513)	(11,589)	(9,058)	—	(216,511)
Net carrying amount	<u>93,012</u>	<u>210,376</u>	<u>8,774</u>	<u>6,063</u>	<u>3,572</u>	<u>321,797</u>

## 14. 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>
<b>31 December 2016</b>						
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>

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\$341,809 as at 31 December 2017 (2016: HK\$561,544).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with a carrying value of HK\$50,845,000 as at 31 December 2017 (2016: HK\$51,830,000). (note 15)

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with a carrying value of HK\$69,409,000 as at 31 December 2017 (2016: HK\$71,095,000). (note 15)

## 15. INTEREST-BEARING BANK BORROWINGS

	2017			2016		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Finance lease payables	4.11%	2018	128	4.11%	2017	249
Current portion of long term interest-bearing bank loans				PBOC base rate*1.15	2017	13,216
— secured			—			—
			<u>128</u>			<u>13,465</u>
<b>Non-current</b>						
Finance lease payables			—	4.11%	2018	128
Long term interest-bearing bank loans				PBOC base rate*1.15	2018	4,956
— secured			—			—
			<u>—</u>			<u>5,084</u>
			<u>128</u>			<u>18,549</u>

Notes:

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

	2017 HK\$'000	2016 HK\$'000
Repayable:		
Within one year or on demand	128	13,465
In the second year	—	5,084
	<u>128</u>	<u>18,549</u>

## 15. 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>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
Property, plant and equipment	<i>14</i>	<b>120,254</b>	122,925
Prepaid land lease payments		<b>60,948</b>	8,470
		<b>181,202</b>	131,395

	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
Interest-bearing bank borrowings denominated in		
— RMB	—	18,172
— HK\$	<b>128</b>	377
	<b>128</b>	18,549

The Group has the following undrawn banking facilities:

	<b>2017</b> <b>HK\$'000</b>	2016 <i>HK\$'000</i>
Floating rate		
— to expire within one year	<b>181,769</b>	114,131
— to expire over one year	—	47,684
	<b>181,769</b>	161,815

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

The Group is principally engaged in (i) the manufacture and sale 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, the Group achieved a steady growth in production and sales in an orderly manner, in which the Group's revenue for the Reporting Period recorded a slight increase of approximately 0.8% as compared to the corresponding period in 2016. For the Reporting Period, revenue derived from the sale of aluminum aerosol cans was approximately HK\$249.9 million (2016: HK\$217.9 million) and the sale of aerosol and non-aerosol products was approximately HK\$451.9 million (2016: HK\$478.4 million), representing approximately 35.6% and 64.4% 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, vigorous competition of car care products sector and the slowdown of growth in the consumable products and domestic demands in high-end personal care products in the People's Republic of China (the "PRC").

Amid the rapidly changing market environment, the Group will continue to (i) leverage the research and development (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\$249.9 million (2016: HK\$217.9 million), representing an increase of approximately 14.7% as compared to the corresponding period of 2016. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 157.8 million (2016: 150.1 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\$451.9 million (2016: HK\$478.4 million), representing a decrease of approximately 5.5% as compared to the corresponding period of 2016.

#### *PRC and oversea customers*

Our PRC customers and overseas customers contributed approximately HK\$546.7 million (2016: HK\$505.3 million) and HK\$155.1 million (2016: HK\$191.0 million) to the total revenue of the Group during the Reporting Period. There was a decrease of approximately 18.8% in sales from our overseas customers which is primarily due to the fact that we continue to face severe world-wide competition in the aluminum aerosol cans market and car care products market and strengthen RMB which has adverse impact on export sales.

### **Cost of Sales**

For the Reporting Period, cost of sales of the Group amounted to approximately HK\$489.1 million (2016: HK\$451.7 million), which represented approximately 69.7% (2016: 64.9%) of the turnover in the Reporting Period. There was an increase of approximately 8.3% in cost of sales which was mainly attributable to (i) an increase in global aluminum 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 increased for the Reporting Period to the corresponding period of last year.



## **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\$56.4 million (2016: HK\$59.3 million), representing a decrease of approximately 4.9% as compared to the corresponding period of 2016. The decrease was primarily due to the net effects of i) a significant decrease in advertising and marketing expenses of HK\$8.1 million (2016: HK\$12.8 million) for promotion events and brand building activities, including sponsoring of singing concert and online promotion, ii) an increase in transportation expenses of HK\$29.3 million (2016: HK\$26.6 million) which was in line with the increase of PRC sales.

## **Administrative Expenses**

Administrative expenses mainly represent the salaries and benefits of the administrative and management staff, professional consulting fees, depreciation, share option expenses and other miscellaneous administrative expenses. For the Reporting Period, administrative expenses were approximately HK\$47.4 million (2016: HK\$44.7 million), representing an increase of approximately 6.0% as compared to the corresponding period of 2016. The increase in administrative expenses was primarily due to i) an increase in salaries, welfare and bonus of HK\$16.7 million (2016: HK\$14.4 million) as a result of an increase in the overall headcounts and social pension fund in the PRC, and ii) an increase in depreciation expenses of HK\$4.1 million (2016: HK\$3.2 million).

## **Net Profit**

The Group's net profit amounted to approximately HK\$67.1 million for the Reporting Period (2016: HK\$95.3 million), representing a decrease by approximately 29.6% as compared to the corresponding period in 2016. Net profit margin for the Reporting Period was approximately 9.6% (2016: 13.7%), representing a decrease of approximately 4.1% as compared to the corresponding period of 2016. The decrease in net profit was primarily due to an increase in global aluminum price and international crude oil price which led to an increase of production cost and a lower net profit margin.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Net Current Assets**

As at 31 December 2017, the Group had net current assets of approximately HK\$224.6 million (31 December 2016: HK\$137.3 million). The Group's cash and cash equivalents amounted to HK\$159.4 million as at 31 December 2017 (31 December 2016: HK\$122.4 million). The current ratio of the Group was approximately 2.8 as at 31 December 2017 (31 December 2016: 2.0).

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

The bank borrowings of the Group, which were secured by our properties, plants and equipment and land use rights amounted to approximately HK\$0.1 million as at 31 December 2017 with maturity in 2018 (31 December 2016: HK\$18.5 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 2017, we had available unutilized banking facilities of approximately HK\$181.8 million (31 December 2016: HK\$161.8 million). Further details of the Group's bank borrowings are set out in note 15 to the consolidated financial statements.

### **Gearing Ratio**

As a result of the increase in cash and cash equivalents and decrease in total borrowings of the Group, the gearing ratio (net debt divided by total equity) was approximately -16% as at 31 December 2017 (31 December 2016: -7%).

### **Contingent Liabilities**

As at 31 December 2017, the Group had no significant contingent liabilities (31 December 2016: Nil).

### **Contractual Obligations**

As at 31 December 2017, the Group's operating lease and capital commitment amounted to HK\$0.4 million (31 December 2016: HK\$0.9 million) and HK\$94.3 million (31 December 2016: HK\$0.3 million), respectively. The capital commitments, including commitment of plant and machinery and future capital contribution, were approximately HK\$4.3 million and HK\$90.0 million respectively. On 30 November 2017, China Medical Beauty Bio-Technology Company Limited, a wholly-owned subsidiary of the Group, entered into a share acquisition agreement (the "Agreement") with European Asia Industrial Limited, a company wholly-owned by Mr. Lin Wan Tsang ("Mr. Lin"), the chairman and the controlling shareholder of the Company. Pursuant to the Agreement, European Asia Industrial Limited agreed to sell the 70% issued share capital of 廣州歐亞氣霧劑與日化用品製造有限公司 (Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited\*) (The "Target Company") at the consideration of HK\$90,000,000 in cash. Details of the Acquisition were set out in the Company's announcements made on 30 November 2017, 15 December 2017 and 2 February 2018. The Acquisition has not been completed upon the approval date of these financial statements.

## **CAPITAL STRUCTURE**

As at 31 December 2017, the total number of issued shares of the Company (the “Shares”) was 934,179,000 (31 December 2016: 598,197,000).

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

Approximately 21.3% of the Group’s revenue for the Reporting Period were denominated in the United States dollar (“US\$”). However, 99.9% of the production costs were conducted in RMB. Therefore, there is a currency mismatch between US\$ revenue and RMB production costs, which gives 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.

During the year ended 31 December 2017, we did not enter into any foreign currency forward contracts or 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.

During the year ended 31 December 2017, we had conducted forward purchases with amounts of approximately RMB4.3 million consisting of 360 tonnes of aluminum ingots. As at 31 December 2017, we did not have any outstanding forward purchases.

## **EMPLOYEES AND EMOLUMENTS POLICY**

As at 31 December 2017, the Group had a workforce of 776 employees (31 December 2016: 759 employees). The staff costs, including directors’ emoluments but excluding any contributions to the pension scheme, were approximately HK\$63.4 million for the Reporting Period (2016: HK\$59.2 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 the 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 (2016: Nil).

## 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\$80.0 million. During the Reporting Period, the net proceeds from the Share Offer had been applied as follows:

	Amount utilized up to 31 December 2017 (HK\$ million)	Balance as at 31 December 2017 (HK\$ million)
<b>Business objectives as stated in the prospectus</b>	<b>Actual net proceeds (HK\$ million)</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	—
Establish a new research and development laboratory	12.0	8.9
Partially repay US\$ denominated bank loan	16.0	—
General working capital purposes	4.0	—
	<u>80.0</u>	<u>8.9</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**

On 30 November 2017, China Medical Beauty Bio-Technology Company Limited, a wholly-owned subsidiary of the Company and European Asia Industrial Limited, a company wholly-owned by Mr. Lin, the chairman of the Board and the controlling shareholder (the “Vendor”) entered into the sale and purchase agreement (the “Sale and Purchase Agreement”), to acquire 70% of the issued share capital of 廣州歐亞氣霧劑與日化用品製造有限公司(Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited\*), a company wholly-owned by the Vendor (the “Target Company”) at the consideration of HK\$90,000,000 in cash (the “Acquisition”).

The Target Company is principally engaged in content filling of aerosol cans for cosmetic products. With the Acquisition, the Group will be able to broaden its source of income by diversifying its product range.

The Acquisition had been approved by the independent shareholders of the Company in the extraordinary general meeting of the Company which was held on 10 January 2018. The completion of the Acquisition would be subject to the satisfaction of certain conditions precedent to the Acquisition on or before 31 March 2018 as set out in the Sale and Purchase Agreement and the announcements of the Company. Details of the Acquisition were set out in the announcements of the Company dated 30 November 2017, 15 December 2017 and 2 February 2018.

Save as disclosed above, 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 of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the Reporting Period except the CG Code provision A.2.1.

Pursuant to the 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, 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 (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, Ms. Guo Yang and Mr. Chung Yi To. 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 provisions 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), Ms. Guo Yang, Mr. Chung Yi To 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 (the “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 2017 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 2017, (i) 333,532,000 new ordinary Shares were issued upon conversion of convertible notes; and (ii) 2,450,000 new ordinary Shares were issued upon the exercise of share options by share option holder under the pre-IPO share option scheme 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 as its code of conduct regarding the Directors’ Securities transactions. 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.

## **EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the Reporting Period up to the date of this announcement.



## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK1.07 cents per Share for the year ended 31 December 2017 (2016: HK1.5 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 8 May 2018, subject to the approval of the Company's shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on 26 April 2018. The final dividend will be payable on or around 18 May 2018.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 20 April 2018 to 26 April 2018, 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 19 April 2018.

The register of members of the Company will be closed from 4 May 2018 to 8 May 2018, 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 3 May 2018.

## **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](http://www.hkex.com.hk)) and the Company (<http://www.6898hk.com>). The annual report of the Company for the year ended 31 December 2017 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  
**China Aluminum Cans Holdings Limited**  
中國鋁罐控股有限公司  
**Lin Wan Tsang**  
*Chairman and executive Director*

Hong Kong, 28 February 2018

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

\* *For identification purpose only*