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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 2020**

#### **ANNUAL RESULTS**

The board (the “Board”) of directors (the “Directors”) of China Aluminum Cans Holdings Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2020 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2019. 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 2020*

	Notes	2020 HK\$'000	2019 HK\$'000
<b>CONTINUING OPERATIONS</b>			
REVENUE	5	<b>183,924</b>	205,962
Cost of sales		<u>(118,817)</u>	<u>(134,264)</u>
Gross profit		<u><b>65,107</b></u>	<u>71,698</u>
Other income and gains	5	<b>6,305</b>	12,418
Selling and distribution expenses		<b>(7,306)</b>	(9,707)
Administrative expenses		<b>(20,678)</b>	(24,371)
Research and development expenses	6	<b>(10,451)</b>	(13,324)
Impairment losses on financial assets	6	<b>(529)</b>	(436)
Other expenses		<b>(3,554)</b>	(3,980)
Finance costs	7	<u><b>(158)</b></u>	<u>(120)</u>
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	6	<b>28,736</b>	32,178
Income tax expenses	8	<u><b>(6,663)</b></u>	<u>(7,564)</u>
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		<b>22,073</b>	24,614
<b>DISCONTINUED OPERATION</b>			
Profit for the year from a discontinued operation	9	<u>—</u>	<u>15,569</u>
PROFIT FOR THE YEAR		<u><b>22,073</b></u>	<u>40,183</u>
<b>OTHER COMPREHENSIVE INCOME/(LOSS)</b>			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u><b>18,820</b></u>	<u>(5,660)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		<u><b>40,893</b></u>	<u>34,523</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND  
OTHER COMPREHENSIVE INCOME (continued)**

*For the year ended 31 December 2020*

	Note	2020 HK\$'000	2019 HK\$'000
Profit attributable to:			
Owners of the parent		21,669	39,182
Non-controlling interests		404	1,001
		<u>22,073</u>	<u>40,183</u>
Total comprehensive income attributable to:			
Owners of the parent		40,216	33,615
Non-controlling interests		677	908
		<u>40,893</u>	<u>34,523</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	11		
Basic			
– For profit for the year		<u>HK2.4 cents</u>	<u>HK4.2 cents</u>
– For profit from continuing operations		<u>HK2.4 cents</u>	<u>HK2.6 cents</u>
Diluted			
– For profit for the year		<u>HK1.6 cents</u>	<u>HK3.3 cents</u>
– For profit from continuing operations		<u>HK1.6 cents</u>	<u>HK2.0 cents</u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*As at 31 December 2020*

		<b>31 December 2020</b>	31 December 2019
	Notes	<b>HK\$'000</b>	HK\$'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	<b>227,449</b>	224,409
Right-of-use assets		<b>13,526</b>	12,959
Deferred tax assets		<b>1,033</b>	793
Non-current prepayments		<b>3,036</b>	634
		<hr/>	<hr/>
Total non-current assets		<b>245,044</b>	238,795
<b>CURRENT ASSETS</b>			
Inventories	12	<b>30,640</b>	32,049
Trade and bills receivables	13	<b>15,523</b>	22,844
Prepayments, deposits and other receivables		<b>1,962</b>	5,885
Pledged deposits		<b>150</b>	—
Cash and cash equivalents		<b>102,523</b>	51,698
		<hr/>	<hr/>
Total current assets		<b>150,798</b>	112,476
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	14	<b>3,789</b>	4,304
Other payables and accruals		<b>19,985</b>	23,543
Interest-bearing bank and other borrowings	16	<b>12,096</b>	260
Tax payable		<b>—</b>	172
Deferred income		<b>289</b>	196
		<hr/>	<hr/>
Total current liabilities		<b>36,159</b>	28,475
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>114,639</b>	84,001
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>359,683</b>	322,796
		<hr/>	<hr/>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**

*As at 31 December 2020*

		<b>31 December 2020</b>	31 December 2019
	Note	<b>HK\$'000</b>	HK\$'000
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing bank and other borrowings	16	<b>258</b>	—
Deferred tax liabilities		<b>2,038</b>	2,069
Deferred income		<b>3,739</b>	1,792
		<hr/>	<hr/>
Total non-current liabilities		<b>6,035</b>	3,861
		<hr/>	<hr/>
Net assets		<b>353,648</b>	318,935
		<hr/>	<hr/>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital		<b>9,018</b>	9,342
Equity component of convertible notes		<b>271,826</b>	271,826
Reserves		<b>68,157</b>	33,028
		<hr/>	<hr/>
		<b>349,001</b>	314,196
Non-controlling interests		<b>4,647</b>	4,739
		<hr/>	<hr/>
Total equity		<b>353,648</b>	318,935
		<hr/>	<hr/>

**NOTES:**

**1. CORPORATE AND GROUP INFORMATION**

China Aluminum Cans Holding Limited is a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- manufacture and sale of aluminum aerosol cans; and
- content filling of aerosol cans and production and sale of aerosol and non-aerosol products (discontinued during the year ended 31 December 2019).

In the opinion of the directors (the “Directors”), as at the date of these financial statements, 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 subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Euro Asia Investments Global Limited	BVI	US\$1	100	—	Investment holding
Hong Kong Aluminum Cans Limited	Hong Kong	HK\$1,001	—	100	Trading of aluminum aerosol cans
Euro Asia Packaging (Hong Kong) Co. Limited	Hong Kong	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	RMB125,000,000	—	98.6	Manufacture and sale of aluminum aerosol cans
European Asia Group Company Limited	Hong Kong	HK\$1,500,000	—	98.6	Trading of aluminum aerosol cans

\* Euro Asia Packaging is registered as a non-wholly-foreign-owned 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”), and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. 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 (collectively referred to as the “Group”) for the year ended 31 December 2020. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent 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 *Conceptual Framework for Financial Reporting 2018* and the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 3	<i>Definition of a Business</i>
Amendments to IFRS 9, IAS 39 and IFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to IAS 1 and IAS 8	<i>Definition of Material</i>

The nature and the impact of the *Conceptual Framework for Financial Reporting 2018* and the revised IFRSs are described below:

- (a) *Conceptual Framework for Financial Reporting 2018* (the “Conceptual Framework”) sets out a comprehensive set of concepts for financial reporting and standard setting, and provides guidance for preparers of financial statements in developing consistent accounting policies and assistance to all parties to understand and interpret the standards. The Conceptual Framework includes new chapters on measurement and reporting financial performance, new guidance on the derecognition of assets and liabilities, and updated definitions and recognition criteria for assets and liabilities. It also clarifies the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The Conceptual Framework did not have any significant impact on the financial position and performance of the Group.
- (b) Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group has applied the amendments prospectively to transactions or other events that occurred on or after 1 January 2020. The amendments did not have any impact on the financial position and performance of the Group.
- (c) Amendments to IFRS 9, IAS 39 and IFRS 7 address issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative risk-free rate (“RFR”). The amendments provide temporary reliefs which enable hedge accounting to continue during the period of uncertainty before the introduction of the alternative RFR. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties. The amendments did not have any impact on the financial position and performance of the Group as the Group does not have any interest rate hedging relationships.



### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (d) Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information, or both. The amendments did not have any significant impact on the financial position and performance of the Group.

### 4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in manufacture and sale of aluminum aerosol cans; and content filling of aerosol cans and production (discontinued during the year ended 31 December 2019).

Under IFRS 8 *Operating Segments*, it is required that operating segments be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision-makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

#### Geographical information

- (a) Revenue from external customers:

	2020 HK\$'000	2019 HK\$'000
<b>Continuing operations:</b>		
Africa	1,512	2,293
America	13,143	9,065
Asia	8,119	7,005
Mainland China	161,150	187,344
Middle East	—	255
	<u>183,924</u>	<u>205,962</u>

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

##### Geographical information (continued)

(a) Revenue from external customers: (continued)

	For the period from 1 January 2019 to 21 June 2019 HK\$'000
<b>Discontinued operation:</b>	
Asia	5,310
America	9,584
Mainland China	190,044
Middle East	3,146
Africa	558
Japan	47,305
Others	1,044
	<hr/>
	256,991
	<hr/>

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	2020 HK\$'000	2019 HK\$'000
Hong Kong	468	473
Mainland China	243,543	237,529
	<hr/>	<hr/>
	244,011	238,002
	<hr/>	<hr/>

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

##### Information about major customers

During the year ended 31 December 2020, revenue of approximately HK\$33,132,000 derived from a related party accounted for more than 10% of the total revenue.

## 5. REVENUE, OTHER INCOME AND GAINS FROM CONTINUING OPERATIONS

### Revenue

An analysis of revenue is as follows:

	2020 HK\$'000	2019 HK\$'000
Revenue from contracts with customers	<u>183,924</u>	<u>205,962</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	2020 HK\$'000	2019 HK\$'000
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### Type of goods

Sale of industrial products	<u>183,924</u>	<u>205,962</u>
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### Geographical markets

Africa	1,512	2,293
America	13,143	9,065
Asia	8,119	7,005
Mainland China	161,150	187,344
Middle East	—	255

Total revenue from contracts with customers	<u>183,924</u>	<u>205,962</u>
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### Timing of revenue recognition

Goods transferred at a point in time	<u>183,924</u>	<u>205,962</u>
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The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020 HK\$'000	2019 HK\$'000
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
Sale of industrial products	<u>14,257</u>	<u>27,291</u>

## 5. REVENUE, OTHER INCOME AND GAINS FROM CONTINUING OPERATIONS (continued)

### Revenue (continued)

Revenue from contracts with customers (continued)

#### (b) Performance obligations

Information about the Group's performance obligations is summarised below:

##### *Sale of industrial products*

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, except for some customers, where payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2020 HK\$'000	2019 HK\$'000
Amounts expected to be recognised as revenue:		
Within one year	<u>11,458</u>	<u>14,257</u>

All the remaining performance obligations are expected to be recognised within one year.

### Other income and gains

	2020 HK\$'000	2019 HK\$'000
Sale of scrap materials	3,798	8,062
Bank interest income	694	793
Government grants:		
– Related to assets*	225	240
– Related to income**	1,197	2,413
Income from research and development design	261	263
Others	<u>130</u>	<u>647</u>
	<u>6,305</u>	<u>12,418</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 the 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\$1,197,000 (2019: HK\$2,413,000) represent cash receipts from and subsidies provided by the local government authorities to the Group as an encouragement for its technological innovation, overseas sales and compensation for unemployment insurance related to COVID-19. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

The Group's profit before tax is arrived at after charging:

	2020 HK\$'000	2019 HK\$'000
Cost of inventories sold	118,817	134,264
Depreciation of property, plant and equipment	19,838	20,338
Depreciation of right-of-use assets	702	1,443
Auditor's remuneration	1,350	1,505
Research and development costs	10,451	13,324
Lease payments not included in the measurement of lease liabilities	303	525
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	24,967	28,781
Pension scheme contributions	573	2,955
	<u>25,540</u>	<u>31,736</u>
Exchange losses, net*	1,143	1,007
Loss on disposal of items of property, plant and equipment*	14	1,057
Impairment losses on financial assets	529	436
Write-down of inventories to net realisable value*	<u>960</u>	<u>644</u>

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

## 7. FINANCE COSTS FROM CONTINUING OPERATIONS

	2020 HK\$'000	2019 HK\$'000
Interest on bank loans wholly repayable within five years	146	95
Interest on lease liabilities	12	25
	<u>158</u>	<u>120</u>

## 8. INCOME TAX EXPENSES FROM CONTINUING OPERATIONS

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, 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 was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year 2020 (2019: 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 subsidiary, Euro Asia Packaging, since it was recognised as a high technology enterprise and was entitled to a preferential tax rate of 15% for the years of 2020 and 2019.

	<b>2020</b>	2019
	<b>HK\$'000</b>	HK\$'000
Current – Mainland China	<b>4,329</b>	4,975
Current – Hong Kong	<b>2,495</b>	2,276
Deferred	<b>(161)</b>	313
Total tax charge for the year from continuing operations	<b><u>6,663</u></b>	<u>7,564</u>

## 8. INCOME TAX EXPENSES FROM CONTINUING OPERATIONS (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 expense at the effective tax rates, and a reconciliation of the applicable tax rates to the effective tax rates, are as follows:

	2020 HK\$'000	%	2019 HK\$'000	%
Profit before tax	<u>28,736</u>		<u>32,178</u>	
Tax at the statutory tax rate	7,184	25.0	8,045	25.0
Entities subject to a preferential tax rate	(2,955)	(10.3)	(3,315)	(10.3)
Effect of withholding tax on undistributed profits of the PRC subsidiary	31	0.1	365	1.1
Super deduction of R&D	(1,176)	(4.1)	(1,499)	(4.7)
Expenses not deductible for tax	2,778	9.7	2,570	8.0
Tax losses not recognized	816	2.8	1,209	3.8
Adjustments in respect of current tax of previous periods	<u>(15)</u>	<u>(0.1)</u>	<u>189</u>	<u>0.6</u>
Tax charge at the Group's effective tax rate	<u>6,663</u>	<u>23.2</u>	<u>7,564</u>	<u>23.5</u>

## 9. DISCONTINUED OPERATION

In 2018, the Company proposed to spin-off and separately list the shares of the aerosol and non-aerosol products business of the Group under Precious Dragon Technology Holdings Limited (the "Precious Dragon", together with its subsidiaries, the "Precious Dragon Group") on the Main Board (the "Main Board") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

On 28 September 2018, Precious Dragon submitted an application to the Stock Exchange for the listing by way of introduction of, and permission to deal in the shares of Precious Dragon on the Main Board of the Stock Exchange.

On 14 June 2019, the Company's Board of Directors declared a conditional distribution in specie of all the issued share capital of the Precious Dragon Group to the Company's qualifying shareholders (note 10). On 21 June 2019, the shares of the Precious Dragon Group were listed on the Stock Exchange and the Precious Dragon Group ceased to be a subsidiary of the Company thereafter.

## 9. DISCONTINUED OPERATION (continued)

The consolidated results of the Precious Dragon Group for the period from 1 January 2019 to 21 June 2019 are presented below as a discontinued operation:

	For the period from 1 January 2019 to 21 June 2019 HK\$'000
REVENUE	256,991
Cost of sales	(180,082)
Gross profit	76,909
Other income and gains	5,518
Selling and distribution expenses	(23,670)
Administrative expenses	(21,610)
Research and development expenses	(8,722)
Other expenses	(3,249)
Finance costs	(1,686)
Profit before tax from the discontinued operation	23,490
Income tax expense	(7,921)
Profit for the period from the discontinued operation	15,569
Profit attributable to:	
Owners of the parent	15,043
Non-controlling interests	526
	15,569

The net cash flows generated from the disposal of Precious Dragon Group are as follows:

	21 June 2019 HK\$'000
Cash and bank balances disposed of	(133,744)



## 9. DISCONTINUED OPERATION (continued)

The net cash flows incurred by the Precious Dragon Group are as follows:

	For the period from 1 January 2019 to 21 June 2019 HK\$'000
Operating activities	2,018
Investing activities	(4,119)
Financing activities	<u>(7,578)</u>
Net cash (outflow)	<u><u>(9,679)</u></u>
Earnings per share:	
Basic, from the discontinued operation	<u><u>HK1.6 cents</u></u>
Diluted, from the discontinued operation	<u><u>HK1.3 cents</u></u>

The calculations of basic and diluted earnings per share from the discontinued operation are based on:

	For the period from 1 January 2019 to 21 June 2019 HK\$'000
Profit attributable to ordinary equity holders of the parent from the discontinued operation	15,043
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	936,094,419
Weighted average number of ordinary shares used in the diluted earnings per share calculation	<u><u>1,187,784,641</u></u>

## 10. DIVIDENDS

	Notes	2020 HK\$'000	2019 HK\$'000
Distribution of the Precious Dragon Group Interim – HK0.23 cent (2019: HK0.42 cent) per ordinary share	(i)	— 2,074	259,300 3,940
Proposed final – HK0.66 cent (2019: HK0.37 cent) per ordinary share	(ii)	5,952	3,456
		<u>8,026</u>	<u>266,696</u>

Notes:

- (i) As mentioned in note 9, the entire issued share capital of the Precious Dragon Group was spun-off via a distribution in specie completed on 21 June 2019. The net assets attributable to the Precious Dragon Group, subject to the distribution to the Company's shareholders, amounted to approximately HK\$ 259,300,000.
- (ii) The proposed dividend on ordinary shares is subject to approval at the annual general meeting and was not recognised as a liability as at 31 December 2020.

## 11. 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 901,785,000 (2019: 936,094,419) 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.

	2020 HK\$'000	2019 HK\$'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>21,669</u>	<u>39,182</u>

# **11. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (continued)**

	Number of shares	
<b>Shares</b>		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	<b>901,785,000</b>	936,094,419
Effect of dilution – weighted average number of ordinary shares:		
Convertible Notes	<u><b>494,228,072</b></u>	<u>251,690,222</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u><b>1,396,013,072</b></u>	<u>1,187,784,641</u>

# **12. INVENTORIES**

	2020 HK\$'000	2019 HK\$'000
Raw materials	<b>16,151</b>	16,834
Work in progress	<b>1,615</b>	625
Finished goods	<u><b>12,874</b></u>	<u>14,590</u>
	<u><b>30,640</b></u>	<u>32,049</u>

At 31 December 2020, the inventories are net of a write-down of approximately HK\$3,341,000 (2019: HK\$2,190,000).

### 13. TRADE AND BILLS RECEIVABLES

	2020 HK\$'000	2019 HK\$'000
Trade receivables	13,919	21,384
Impairment	(1,646)	(1,180)
	<hr/>	<hr/>
Trade receivables, net	12,273	20,204
Bills receivable	3,250	2,640
	<hr/>	<hr/>
	<b>15,523</b>	<b>22,844</b>
	<hr/>	<hr/>

The Group requires most of its customers to make payments 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 ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 HK\$'000	2019 HK\$'000
Within 30 days	7,181	7,559
31 to 60 days	2,056	3,207
61 to 90 days	126	792
Over 90 days	2,910	8,646
	<hr/>	<hr/>
	<b>12,273</b>	<b>20,204</b>
	<hr/>	<hr/>

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 HK\$'000	2019 HK\$'000
At beginning of year	1,180	5,930
Impairment losses	529	2,095
Distribution of the Precious Dragon Group	—	(6,765)
Exchange realignment	(63)	(80)
	<hr/>	<hr/>
At end of year	<b>1,646</b>	<b>1,180</b>
	<hr/>	<hr/>

### 13. TRADE AND BILLS RECEIVABLES (continued)

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The provision rates are based on the invoice date for groupings of various customer segments with similar loss patterns (i.e., customer type and rating, ageing of the balances and recent historical payment patterns). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Ageing				
	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
<b>As at 31 December 2020</b>					
<u>Aluminum aerosol cans</u>					
Related party:					
Expected credit loss rate	—	—	—	—	—
Gross carrying amount (HK\$'000)	1,357	—	—	—	1,357
Expected credit losses (HK\$'000)	—	—	—	—	—
Third party:					
Expected credit loss rate	3.54%	3.51%	5.96%	31.68%	13.10%
Gross carrying amount (HK\$'000)	6,034	2,132	137	4,259	12,562
Expected credit losses (HK\$'000)	214	75	8	1,349	1,646
Total expected credit losses (HK\$'000)	214	75	8	1,349	1,646

### 13. TRADE AND BILLS RECEIVABLES (continued)

	Ageing				
	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
As at 31 December 2019					
<u>Aluminum aerosol cans</u>					
Related party:					
Expected credit loss rate	—	—	—	—	—
Gross carrying amount (HK\$'000)	1,534	95	—	—	1,629
Expected credit losses (HK\$'000)	—	—	—	—	—
Third party:					
Expected credit loss rate	2.00%	2.00%	2.00%	10.40%	5.97%
Gross carrying amount (HK\$'000)	6,430	3,179	808	9,338	19,755
Expected credit losses (HK\$'000)	129	64	16	971	1,180
Total expected credit losses (HK\$'000)	129	64	16	971	1,180

### 14. TRADE AND BILLS PAYABLES

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

	2020 HK\$'000	2019 HK\$'000
Within 30 days	2,600	2,946
31 to 60 days	607	273
61 to 90 days	379	166
Over 90 days	203	919
	<u>3,789</u>	<u>4,304</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 90 days.

## 15. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
<b>31 December 2020</b>						
At 1 January 2020:						
Cost	46,202	299,284	7,301	9,430	35,037	397,254
Accumulated depreciation	(24,785)	(140,748)	(3,644)	(3,668)	—	(172,845)
Net carrying amount	<u>21,417</u>	<u>158,536</u>	<u>3,657</u>	<u>5,762</u>	<u>35,037</u>	<u>224,409</u>
At 1 January 2020,						
net of accumulated depreciation	21,417	158,536	3,657	5,762	35,037	224,409
Additions	5,534	13,011	128	205	5,677	24,555
Disposals	—	—	(16)	—	—	(16)
Depreciation provided during the year	(2,522)	(16,104)	(574)	(638)	—	(19,838)
Transfers	5,525	8,932	—	—	(14,457)	—
Exchange realignment	(4,119)	(194)	170	300	2,182	(1,661)
At 31 December 2020,						
net of accumulated depreciation	<u>25,835</u>	<u>164,181</u>	<u>3,365</u>	<u>5,629</u>	<u>28,439</u>	<u>227,449</u>
At 31 December 2020:						
Cost	54,853	330,690	7,802	10,123	28,439	431,907
Accumulated depreciation	(29,018)	(166,509)	(4,437)	(4,494)	—	(204,458)
Net carrying amount	<u>25,835</u>	<u>164,181</u>	<u>3,365</u>	<u>5,629</u>	<u>28,439</u>	<u>227,449</u>

# 15. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2019						
At 1 January 2019:						
Cost	150,992	345,136	25,635	25,441	11,587	558,791
Accumulated depreciation	(66,782)	(154,007)	(13,232)	(7,805)	—	(241,826)
Net carrying amount	<u>84,210</u>	<u>191,129</u>	<u>12,403</u>	<u>17,636</u>	<u>11,587</u>	<u>316,965</u>
At 1 January 2019,						
net of accumulated depreciation	84,210	191,129	12,403	17,636	11,587	316,965
Additions	993	2,950	664	3,880	29,566	38,053
Distribution of the Precious						
Dragon Group	(56,332)	(16,139)	(6,945)	(12,663)	(4,370)	(96,449)
Disposals	(313)	(145)	(402)	(1,032)	—	(1,892)
Depreciation provided during						
the year	(6,855)	(18,157)	(2,043)	(2,020)	—	(29,075)
Transfers	—	1,648	—	—	(1,648)	—
Exchange realignment	(286)	(2,750)	(20)	(39)	(98)	(3,193)
At 31 December 2019,						
net of accumulated depreciation	<u>21,417</u>	<u>158,536</u>	<u>3,657</u>	<u>5,762</u>	<u>35,037</u>	<u>224,409</u>
At 31 December 2019:						
Cost	46,202	299,284	7,301	9,430	35,037	397,254
Accumulated depreciation	(24,785)	(140,748)	(3,644)	(3,668)	—	(172,845)
Net carrying amount	<u>21,417</u>	<u>158,536</u>	<u>3,657</u>	<u>5,762</u>	<u>35,037</u>	<u>224,409</u>

The Group's buildings are located in Mainland China.

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with a carrying value of HK\$19,977,000 as at 31 December 2020 (2019: HK\$3,815,000) (note 16).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with a carrying value of HK\$59,986,000 as at 31 December 2020 (2019: HK\$53,994,000) (note 16).



## 16. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2020			2019		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
<b>Current</b>						
Lease liabilities	2.563%~5.125%	2021	246	2.563%~5.125%	2020	260
	PBOC base rate					
Bank loans-secured	-0.01%	2021	11,850			—
			<u>12,096</u>			<u>260</u>
<b>Non-current</b>						
Lease liabilities	2.563%~5.125%	2022	258			—
			<u>12,354</u>			<u>260</u>

Note:

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

	2020 HK\$'000	2019 HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<u>11,850</u>	<u>—</u>
Other borrowings repayable:		
Within one year or on demand	246	260
In the second year	<u>258</u>	<u>—</u>
	<u>504</u>	<u>260</u>

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

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

	Note	2020 HK\$'000	2019 HK\$'000
Property, plant and equipment	15	79,963	57,809
Leasehold land		13,022	2,886
		<u>92,985</u>	<u>60,695</u>

	2020 HK\$'000	2019 HK\$'000
Interest-bearing bank borrowings denominated in:		
– RMB	<u>11,850</u>	<u>—</u>

The Group has the following undrawn banking facilities:

	2020 HK\$'000	2019 HK\$'000
Floating rate		
– to expire within one year	<u>172,696</u>	<u>98,087</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS OVERVIEW**

The Group is principally engaged in 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. 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 247 mm with various features and shapes for our customers' selection.

### **OPERATING ENVIRONMENT AND PROSPECTS**

As the global economy is shrouded in shadow of the political issues, like, trade protectionism and outbreak of pneumonia caused by novel coronavirus ("COVID-19"), there are high uncertainties and rapid changes in global economic development. Despite 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 can manufacturers, the economic foundation of the consumable products and domestic demands in the People's Republic of China ("PRC") market keep stable in the long run.

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 automation system to enhance our product quality, production capacity and efficiency in order to cope with the recent development trends in the market.

### **FINANCIAL REVIEW**

#### **Turnover**

For the Reporting Period, the Group has recorded a total turnover of approximately HK\$183.9 million (2019: approximately HK\$206.0 million), representing a decrease of approximately 10.7% as compared to the corresponding period of 2019. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 105.5 million (2019: approximately 123.2 million). Whereas, the revenue of the Group from the PRC markets was approximately HK\$161.2 million (2019: approximately HK\$187.3 million). The decrease in revenue was primarily due to the PRC economy is shrouded in the shadow of the outbreak of pneumonia caused by COVID-19, there are huge uncertainties and changes in the PRC economic development, which significant affected the demands in consuming products. As a result, the turnover of the PRC market are decreasing.

## **Cost of Sales**

For the Reporting Period, cost of sales of the Group amounted to approximately HK\$118.8 million (2019: approximately HK\$134.3 million), which represented approximately 64.6% (2019: approximately 65.2%) of the turnover in the Reporting Period. There was a decrease of approximately 0.6% in the percentage of cost of sales to turnover which was mainly attributable to the net effects of (i) the decrease in unit raw materials costs in certain products; (ii) the increase in unit production overhead costs because of decreasing in production scales, which shared a higher fixed overhead costs per unit; and (iii) implementation of cost control policy to reduce waste and scrap.

## **Other Income and Gains**

Other income and gains mainly consist of sales of scrap materials, government grants, bank interest income and income from provision of research and development services. During the period, other income and gains of the Group was approximately HK\$6.3 million (2019: approximately HK\$12.4 million), representing a significant decrease of approximately 49.2%, which was mainly due to (i) the significant decrease in sales of scrap material of approximately HK\$4.3 million; and (ii) the decrease in government grants of approximately HK\$1.2 million. The significant decrease in sales of scrap material was mainly due to the positive effect of implementation of cost control policy to reduce waste and scrap.

## **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\$7.3 million (2019: approximately HK\$9.7 million), representing a decrease of approximately 24.7% as compared to the corresponding period of 2019. The decrease was primarily due to (i) the decrease in transportation expenses of approximately HK\$0.5 million; (ii) the decrease in salaries of approximately HK\$0.8 million; (iii) the decrease in business entertainment of approximately HK\$0.5 million; and (iv) the decrease in general loss result from implementation of cost control.

## **Administrative Expenses**

Administrative expenses mainly represent the salaries and benefits of the administrative and management staff, professional consulting fees, depreciation and other miscellaneous administrative expenses. For the Reporting Period, administrative expenses were approximately HK\$20.7 million (2019: approximately HK\$24.4 million), representing a decrease of approximately 15.2% as compared to the corresponding period of 2019. The decrease in administrative expenses was primarily due to (i) the decrease in travelling expenses of approximately HK\$1.1 million; (ii) the decrease in professional fee and consulting fee of approximately HK\$0.6 million; (iii) the decrease in business entertainment of approximately HK\$1.1 million; and (iv) the decrease in salaries of approximately HK\$0.7 million.

## **Net Profit**

The Group's net profit from continuing operations amounted to approximately HK\$22.1 million for the Reporting Period (2019: approximately HK\$24.6 million), representing a decrease of approximately 10.2% as compared to the corresponding period in 2019. Net profit margin for the Reporting Period was approximately 12.0% (2019: approximately 12.0%).

The decrease in net profit was mainly due to net effects of (i) the decrease in sales and production scales; (ii) the decrease in other income and gains; and (iii) the decrease in selling and administrative expenses due to cost control.

## **TREASURY POLICY**

The Group adopts treasury policy that aims to better control its treasury operations and lower borrowing cost. As such, the Group endeavours to maintain an adequate level of cash and cash equivalents to address short term funding needs. The Board would also consider various funding sources depending on the Group's funding needs to ensure that the financial resources have been used in the most cost-effective and efficient way to meet the Group's financial obligations. The Board reviews and evaluates the Group's treasury policy from time to time to ensure its adequacy and effectiveness.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Net Current Assets**

As at 31 December 2020, the Group had net current assets of approximately HK\$114.6 million (31 December 2019: approximately HK\$84.0 million). The Group's cash and cash equivalents and pledged bank deposits amounted to HK\$102.7 million as at 31 December 2020 (31 December 2019: approximately HK\$51.7 million) which are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The current ratio of the Group was approximately 4.2 as at 31 December 2020 (31 December 2019: approximately 3.9).

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

As at 31 December 2020, the bank borrowings of the Group amounted to approximately HK\$11.9 million (31 December 2019: Nil), which were secured by our properties, plant and equipment and land use rights. All borrowings are charged with reference to bank's preferential floating rates of People's Bank of China. All borrowings are mainly denominated in Renminbi and Hong Kong dollars.

As at 31 December 2020, the Group had available unutilized banking facilities of approximately HK\$172.7 million (31 December 2019: approximately HK\$98.1 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 an increase in cash and cash equivalents and pledged bank deposits and an increase in total borrowings of the Group, the gearing ratio which is calculated by dividing net debt by total equity and net debt, amounted to approximately -31% as at 31 December 2020 (31 December 2019: approximately -15%).

## **Contingent Liabilities**

As at 31 December 2020, the Group had no significant contingent liabilities (31 December 2019: Nil).

## **Contractual Obligations**

As at 31 December 2020, the Group's capital commitment of plant and machinery amounted to approximately HK\$5.0 million (31 December 2019: approximately HK\$1.7 million).

## **CAPITAL STRUCTURE**

As at 31 December 2020, the total number of issued shares of the Company (the "Shares") was 901,785,000 (31 December 2019: 934,179,000).

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

Approximately 12.4% of the Group's revenue for the Reporting Period were denominated in the United States dollar ("US\$"). However, over 90.0% of the production costs were denominated 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 2020, 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 2020, we had conducted forward purchases with amounts of approximately RMB14.2 million consisting of 1,235 tonnes of aluminum ingots. As at 31 December 2020, we did not have any outstanding forward purchases.

## **EMPLOYEES AND EMOLUMENTS POLICY**

As at 31 December 2020, the Group had a workforce of 258 employees (31 December 2019: 277 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$28.3 million for the Reporting Period (2019: approximately HK\$32.9 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 to attract and retain eligible employees of the Group. Share options would be granted to respective employees with outstanding performance and contributions to 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 Reporting Period.

## **SIGNIFICANT INVESTMENTS**

During the Reporting Period, the Group did not have any significant investments (2019: 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 the 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:

Business objectives as stated in the prospectus	Actual net proceeds (HK\$ million)	Actual amount utilized subsequent to 31 December 2019 and up to 31 December 2020 (HK\$ million)			Remaining unutilized balance as at 31 December 2020 (HK\$ million)	Expected timeline for unutilized net proceeds
		Actual amount utilized up to 31 December 2019 (HK\$ million)	31 December 2019 (HK\$ million)	31 December 2020 (HK\$ million)		
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	48.0	—	—	—	
Establish a new research and development laboratory	12.0	3.3	—	8.7	by 31 December 2022	
Partially repay US\$ denominated bank loan	16.0	16.0	—	—	—	
General working capital purposes	4.0	4.0	—	—	—	
	<u>80.0</u>	<u>71.3</u>	<u>—</u>	<u>8.7</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 year ended 31 December 2020, the Group had no material acquisitions or disposals 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 code provision A.2.1 of the CG Code.

Pursuant to code provision A.2.1 of the CG Code, 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 three 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 three members, all being independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman), Dr. Lin Tat Pang 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. The financial results of the Group for the Reporting Period have also been audited by Ernst & Young, the external auditor of the Group.

## **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 code provisions B.1.2(a) to (h) of the CG Code. The Remuneration Committee comprises a total of five members, being one executive Director, namely, Mr. Lin Wan Tsang, one non-executive Director, namely, Mr. Kwok Tak Wang, and three independent non-executive Directors, namely, Ms. Guo Yang (Chairman), Dr. Lin Tat Pang 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 five members, being one executive Director, namely, Mr. Lin Wan Tsang, one non-executive Director, namely, Mr. Kwok Tak Wang, and three independent non-executive Directors, namely, Dr. Lin Tat Pang (Chairman), 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 (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 three members, being one non-executive Director, namely, Mr. Kwok Tak Wang, and two independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman) and Dr. Lin Tat Pang. Accordingly, a majority of the members are independent non-executive Directors.

The Risk Management Committee has reviewed the hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts statements of the Group for the year ended 31 December 2020 and is of the opinion that the Group has complied with the hedging policy.

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

32,394,000 Shares were repurchased in December 2019 and were cancelled during the Reporting Period.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company 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 31 December 2020 and up to the date of this announcement.

## **FINAL DIVIDEND**

The Board recommends the payment of a final dividend of HK0.66 cent per share for the year ended 31 December 2020 (2019: HK0.37 cent per share) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 26 May 2021, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on 12 May 2021. The final dividend will be payable on or around 15 June 2021.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from 7 May 2021 to 12 May 2021, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 6 May 2021.

The register of members of the Company will be closed from 24 May 2021 to 26 May 2021, 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 21 May 2021.

## **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 2020 will be dispatched to the Shareholders 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, 23 March 2021

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