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 2018

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 2018 (the "Reporting Period"), together with the comparative figures for the year ended 31 December 2017. 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

Year ended 31 December 2018

	Notes	2018 HK$'000	2017 HK$'000 (Restated)
REVENUE	5	**861,549**	756,057
Cost of sales		**(594,416)**	(527,095)
Gross profit		**267,133**	228,962
Other income and gains	5	**20,414**	13,139
Selling and distribution expenses		**(57,198)**	(58,503)
Administrative expenses		**(71,494)**	(52,413)
Research and development expenses		**(34,839)**	(29,848)
Other expenses		**(11,322)**	(14,102)
Finance costs	7	**(2,214)**	(506)
PROFIT BEFORE TAX	6	**110,480**	86,729
Income tax expenses	8	**(25,058)**	(13,500)
PROFIT FOR THE YEAR		**85,422**	73,229
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**(34,739)**	42,375
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**50,683**	115,604
Profit attributable to:			
Owners of the parent		**79,473**	70,987
Non-controlling interests		**5,949**	2,242
		85,422	73,229
Total comprehensive income attributable to:			
Owners of the parent		**45,725**	112,308
Non-controlling interests		**4,958**	3,296
		50,683	115,604
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		**HK8.5 cents**	HK9.8 cents
Diluted		**HK6.7 cents**	HK6.0 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	**31 December 2018 HK$'000**	31 December 2017 HK$'000 (Restated)	1 January 2017 HK$'000 (Restated)
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	**316,965**	330,944	326,966
Prepaid land lease payments		**69,603**	75,443	72,007
Deferred tax assets		**2,478**	2,016	1,565
Non-current prepayments		**16,617**	4,678	4,483
Total non-current assets		**405,663**	413,081	405,021
CURRENT ASSETS				
Inventories	*11*	**88,773**	95,099	72,752
Trade and bills receivables	*12*	**69,737**	70,825	60,351
Prepayments, deposits and other receivables		**17,514**	40,300	43,001
Pledged bank deposits		**4,930**	8,178	8,232
Cash and cash equivalents		**228,149**	164,933	126,202
Total current assets		**409,103**	379,335	310,538
CURRENT LIABILITIES				
Trade and bills payables	*13*	**57,338**	64,395	64,390
Other payables and accruals		**37,132**	46,784	44,141
Contract liabilities	*5(iii)*	**27,291**	23,107	24,297
Interest-bearing bank borrowings	*15*	**8,392**	3,730	16,814
Tax payable		**2,712**	1,793	5,964
Deferred income		**986**	594	285
Total current liabilities		**133,851**	140,403	155,891
NET CURRENT ASSETS		**275,252**	238,932	154,647
TOTAL ASSETS LESS CURRENT LIABILITIES		**680,915**	652,013	559,668

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

31 December 2018

	Notes	**31 December 2018** *HK$'000*	31 December 2017 *HK$'000* *(Restated)*	1 January 2017 *HK$'000* *(Restated)*
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*15*	**75,000**	—	5,084
Deferred tax liabilities		**4,379**	2,213	897
Deferred income		**4,071**	2,724	2,423
Total non-current liabilities		**83,450**	4,937	8,404
Net assets		**597,465**	647,076	551,264
EQUITY				
Equity attributable to owners of the parent				
Share capital		**9,342**	9,342	5,982
Equity component of convertible notes		**276,146**	276,146	636,360
Reserves		**299,163**	353,555	(105,350)
		584,651	639,043	536,992
Non-controlling interests		**12,814**	8,033	14,272
Total equity		**597,465**	647,076	551,264

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 changes 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
Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd. ("Euro Asia Aerosol") (廣州歐亞氣霧劑與日化用品製造有限公司)	Mainland China 17 April 2006	US$3,000,000	—	70	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)

Information about subsidiaries (continued)

Company name	Place and date of incorporation/ registration and place of business	Issued capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
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
Topspan 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
Precious Dragon Technology Holdings Limited (“Precious Dragon”) (保寶龍科技控股有限公司)	Cayman Islands 4 May 2018	US$1	—	100	Investment holding

2. BUSINESS COMBINATION UNDER COMMON CONTROL AND BASIS OF PREPARATION

On 30 November 2017, China Medical Beauty Bio-Technology Company Limited, a 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, the chairman and a controlling shareholder of the Company. Pursuant to the Acquisition, European Asia Industrial Limited agreed to sell the 70% issued share capital of Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd. (“Euro Asia Aerosol”) for a consideration of HK$90,000,000 in cash (the “Acquisition”). 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 was completed on 29 March 2018.

The directors consider such Acquisition should be treated as business combination under common control as China Medical Beauty Bio-Technology Company Limited and European Asia Industrial Limited were both ultimately controlled by Mr. Lin Wan Tsang before and after the Acquisition, and that control was not transitory.

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

The consolidated financial statements have been prepared using the pooling of interest method with restatement of the comparatives as if the acquisition had been completed since the beginning of the financial periods presented.

The consolidated statements of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the years ended 31 December 2017 and 2018 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of Mr. Lin Wan Tsang, the controlling shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2017 and 31 December 2018 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the controlling shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisition.

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 2018. 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.

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

Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with Customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014-2016 Cycle	Amendments to IFRS 1 and IAS 28

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 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 and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank borrowings, amounts 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.

As a result of the Acquisition under common control, the Group changed the structure of its internal organisation in a manner that caused the composition of its reportable segments to change. Based on the new internal organisation incorporating the new business, the Group has two reportable operating segments and the corresponding items of segment information for the year ended 31 December 2017 have been restated.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2018	Aluminum aerosol cans *HK$'000*	Aerosol and non-aerosol products *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to customers	**250,685**	**610,864**	**861,549**
Intersegment sales	**25,703**	**—**	**25,703**
Total	**276,388**	**610,864**	**887,252**
Reconciliation:			
Elimination of intersegment sales			**(25,703)**
Revenue			**861,549**
Segment results	**54,182**	**64,750**	**118,932**
Reconciliation:			
Interest income			**606**
Corporate and other unallocated expenses			**(6,844)**
Finance costs			**(2,214)**
Profit before tax			**110,480**
Segment assets	**323,583**	**273,238**	**596,821**
Reconciliation:			
Elimination of intersegment receivables			**(15,133)**
Corporate and other unallocated assets			**233,078**
Total assets			**814,766**
Segment liabilities	**32,084**	**117,224**	**149,308**
Reconciliation:			
Elimination of intersegment payables			**(15,399)**
Corporate and other unallocated liabilities			**83,392**
Total liabilities			**217,301**
Other segment information:			
Depreciation and amortisation	**23,833**	**16,119**	**39,952**
Capital expenditure	**24,770**	**27,811**	**52,581**
Impairment losses of trade receivables recognised in the consolidated statement of profit or loss and other comprehensive income	**655**	**770**	**1,425**
Write-down of inventories to net realisable value recognised in the consolidated statement of profit or loss and other comprehensive income	**(401)**	**1,213**	**812**

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017 (Restated)	Aluminum aerosol cans *HK$'000*	Aerosol and non-aerosol products *HK$'000*	Total *HK$'000*
Segment revenue:			
Sales to customers	237,676	518,381	756,057
Intersegment sales	13,543	—	13,543
Total	251,219	518,381	769,600
Reconciliation:			
Elimination of intersegment sales			(13,543)
Revenue			756,057
Segment results	38,104	51,097	89,201
Reconciliation:			
Interest income			231
Corporate and other unallocated expenses			(2,197)
Finance costs			(506)
Profit before tax			86,729
Segment assets	367,124	297,630	664,754
Reconciliation:			
Elimination of intersegment receivables			(47,728)
Corporate and other unallocated assets			175,390
Total assets			792,416
Segment liabilities	54,808	127,062	181,870
Reconciliation:			
Elimination of intersegment payables			(47,594)
Corporate and other unallocated liabilities			11,064
Total liabilities			145,340
Other segment information:			
Depreciation and amortisation	23,566	14,800	38,366
Capital expenditure	7,601	11,674	19,275
Impairment losses of trade receivables recognised in the consolidated statement of profit or loss and other comprehensive income	74	960	1,034
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)

Geographical information

(a) Revenue from external customers

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Mainland China	**627,731**	599,387
Africa	**5,027**	12,802
America	**68,190**	8,715
Asia	**58,338**	31,766
Middle East	**9,488**	16,889
Japan	**88,851**	82,742
Others	**3,924**	3,756
	861,549	756,057

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Japan	**49**	66
Hong Kong	**5,168**	342
Mainland China	**397,968**	410,657
	403,185	411,065

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

Information about major customers

No revenue from sales to any customer amounted to 10% or more of the Group's revenue during the year.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue as follows:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Revenue from contracts with customers		
Sale of goods	**861,549**	756,057

(i) Disaggregated revenue information

For the year ended 31 December 2018	**Total**
	HK$'000
Type of goods	
Sale of industrial products	**861,549**
Timing of revenue recognition	
Goods transferred at a point in time	**861,549**

(ii) 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.

(iii) Contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying goods are yet to be provided. The Group recognised the following revenue-related contract liabilities at the end of the years:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Current	**27,291**	23,107

5. REVENUE, OTHER INCOME AND GAINS (continued)

Other income and gains

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Sales of scrap materials	**808**	3,160
Bank interest income	**606**	231
Government grants:		
— Related to assets*	**255**	256
— Related to income**	**4,904**	2,133
Foreign exchange differences, net	**6,052**	—
Income from research and development design	**4,913**	4,294
Income from disposal of property, plant and equipment	**114**	1
Service income	**1,498**	812
Others	**1,264**	2,252
	20,414	13,139

* 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$4,904,000 (2017: HK$2,133,000) represent cash receipts from 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):

	Note	**2018** **HK$'000**	2017 *HK$'000* *(Restated)*
Cost of inventories sold		**594,416**	527,095
Depreciation	*14*	**37,965**	36,434
Amortisation of prepaid land lease payments		**1,987**	1,932
Auditor's remuneration		**3,751**	3,287
Research and development costs		**34,839**	29,848
Minimum lease payments under operating leases		**1,361**	1,598
Employee benefit expense (including directors' and chief executive's remuneration):			
Wages and salaries		**76,578**	69,376
Pension scheme contributions		**6,194**	6,602
		82,772	75,978
Exchange losses/(gains), net **		**(6,052)**	7,261
Loss on disposal of items of property, plant and equipment *		**332**	1,817
Impairment of trade receivables*		**1,425**	1,034
Write-down of inventories to net realisable value*		**812**	690

* 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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Interest on bank loans wholly repayable within five years	**2,213**	497
Interest on a finance lease*	**1**	9
	2,214	506

* The motor vehicle which is classified as a finance lease has no remaining lease terms and no future finance charges.

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 2018 (2017: 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 were entitled to a preferential tax rate of 15% for the years 2018 and 2017.

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Current — Mainland China	**20,536**	12,694
Current — Hong Kong	**2,947**	(190)
Deferred	**1,575**	996
Total tax charge for the year	**25,058**	13,500

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:

	2018		2017	
	HK$'000	*%*	*HK$'000*	*%*
			(Restated)	
Profit before tax	**110,480**		86,729	
Tax at the statutory tax rate	**29,097**	**26.3**	21,651	25.0
Entities subject to a preferential tax rate	**(10,814)**	**(9.8)**	(8,250)	(9.5)
Effect of withholding tax on the distributable profits of the PRC subsidiaries	**2,166**	**2.0**	1,316	1.5
Super deduction of R&D	**(1,421)**	**(1.3)**	(826)	(1.0)
Expenses not deductible for tax	**3,182**	**2.9**	1,124	1.3
Income not subject to tax	**(1,129)**	**(1.0)**	(20)	-
Tax losses not recognised	**3,881**	**3.5**	1,513	1.7
Adjustments in respect of current tax of previous years	**96**	**0.1**	(3,008)	(3.5)
Tax charge at the Group's effective tax rate	**25,058**	**22.7**	13,500	15.6

9. DIVIDEND

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Proposed dividend on ordinary shares:		
Final cash dividend for 2018: HK2.18 cents per share (2017: HK1.07 cents per share)	**20,353**	9,998

The proposed dividend on ordinary shares is subject to approval at the general meeting and is not recognised as a liability as at 31 December 2018.

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 934,179,000 (2017: 727,437,416) 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.

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	**79,473**	70,987
	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**934,179,000**	727,437,416
Effect of dilution — weighted average number of ordinary shares:		
Share options	**291,314**	1,273,060
Convertible Notes	**255,690,222**	460,532,217
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**1,190,160,536**	1,189,242,693

11. INVENTORIES

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Raw materials	**37,012**	46,371
Work in progress	**4,720**	5,140
Finished goods	**47,041**	43,588
	88,773	95,099

12. TRADE AND BILLS RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Trade receivables	**66,040**	63,985
Impairment	**(5,930)**	(5,230)
Trade receivables, net	**60,110**	58,755
Bills receivable	**9,627**	12,070
	69,737	70,825

The Group requires most of its customers to make payments in advance, however, the Group grants certain credit periods to those customers with good payments 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:

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Within 30 days	**24,184**	32,573
31 to 60 days	**17,434**	11,914
61 to 90 days	**3,907**	2,398
Over 90 days	**14,585**	11,870
	60,110	58,755

12. TRADE AND BILLS RECEIVABLES (continued)

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
At beginning of year	**5,230**	3,862
Impairment losses	**1,425**	1,034
Exchange realignment	**(725)**	334
At end of year	**5,930**	5,230

Impairment under IFRS 9 for the year ended 31 December 2018

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 days past due for groupings of various customer segments with similar loss patterns (i.e., product type, customer type and rating, ageing of the balance 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 forecast 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:

		Past due			
	Current	**31 to 60 days**	**61 to 90 days**	**Over 90 days**	**Total**
As at 31 December 2018					
<u>Aluminum aerosol cans</u>					
Expected credit loss rate	—	—	—	7.28%	3.34%
Gross carrying amount (HK$'000)	6,333	3,707	2,607	10,738	23,385
Expected credit losses (HK$'000)	—	—	—	782	782
<u>Aerosol and non-aerosol products</u>					
Expected credit loss rate	—	—	—	52.66%	12.07%
Gross carrying amount (HK$'000)	17,851	13,727	1,300	9,777	42,655
Expected credit losses (HK$'000)	—	—	—	5,148	5,148
Total expected credit losses (HK$'000)					5,930

12. TRADE AND BILLS RECEIVABLES (continued)

The ageing analysis of the trade receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under IAS 39 is as follows:

			Past due but not impaired	
	Total	**Neither past due nor impaired**	**Less than 90 days**	**Over 90 days**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
31 December 2017 (restated)	58,755	44,487	2,398	11,870

The trade receivables that were neither past due nor impaired related 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 related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under IAS39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

13. TRADE AND BILLS PAYABLES

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

	2018	2017
	HK$'000	*HK$'000*
		(Restated)
Within 30 days	**35,791**	38,481
31 to 60 days	**10,770**	12,890
61 to 90 days	**9,844**	10,979
Over 90 days	**933**	2,045
	57,338	64,395

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 *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 2018						
At 1 January 2018:						
Cost	**155,590**	**349,889**	**21,689**	**15,121**	**8,069**	**550,358**
Accumulated depreciation	**(58,238)**	**(139,512)**	**(12,606)**	**(9,058)**	**—**	**(219,414)**
Net carrying amount	**97,352**	**210,377**	**9,083**	**6,063**	**8,069**	**330,944**
At 1 January 2018, net of accumulated depreciation	**97,352**	**210,377**	**9,083**	**6,063**	**8,069**	**330,944**
Additions	**3,316**	**12,657**	**5,118**	**13,593**	**5,597**	**40,281**
Disposals	**—**	**(121)**	**(18)**	**(626)**	**—**	**(765)**
Depreciation provided during the year (note 6)	**(12,069)**	**(23,374)**	**(1,390)**	**(1,132)**	**—**	**(37,965)**
Transfers	**19**	**1,613**	**26**	**—**	**(1,658)**	**—**
Exchange realignment	**(4,408)**	**(10,023)**	**(416)**	**(262)**	**(421)**	**(15,530)**
At 31 December 2018, net of accumulated depreciation	**84,210**	**191,129**	**12,403**	**17,636**	**11,587**	**316,965**
At 31 December 2018:						
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	**84,210**	**191,129**	**12,403**	**17,636**	**11,587**	**316,965**

14. 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 2017 (Restated)						
At 1 January 2017:						
Cost	142,323	322,847	19,305	14,528	3,402	502,405
Accumulated depreciation	(44,203)	(113,643)	(9,695)	(7,898)	—	(175,439)
Net carrying amount	98,120	209,204	9,610	6,630	3,402	326,966
At 1 January 2017, net of accumulated depreciation	98,120	209,204	9,610	6,630	3,402	326,966
Additions	2,886	6,479	1,291	275	7,530	18,461
Disposals	—	(1,756)	(129)	(3)	—	(1,888)
Depreciation provided during the year (note 6)	(11,253)	(21,914)	(2,064)	(1,203)	—	(36,434)
Transfers	—	3,120	—	—	(3,120)	—
Exchange realignment	7,599	15,244	375	364	257	23,839
At 31 December 2017, net of accumulated depreciation	97,352	210,377	9,083	6,063	8,069	330,944
At 31 December 2017:						
Cost	155,590	349,889	21,689	15,121	8,069	550,358
Accumulated depreciation	(58,238)	(139,512)	(12,606)	(9,058)	—	(219,414)
Net carrying amount	97,352	210,377	9,083	6,063	8,069	330,944

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$56,763,000 as at 31 December 2018 (2017: HK$56,007,000) (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$58,342,000 as at 31 December 2018 (2017: HK$69,410,000) (note 15).

15. INTEREST-BEARING BANK BORROWINGS

	2018			2017		
	Contractual interest rate	**Maturity**	***HK$'000***	Contractual interest rate	Maturity	*HK$'000* *(Restated)*
Current						
Finance lease payables			**—**	4.11%	2018	128
Current portion of long term interest-bearing bank loans — secured	**PBOC base rate *1.20**	**2019**	**8,392**	PBOC base rate +1.14%	2018	3,602
			8,392			3,730
Non-current						
Long term interest-bearing bank loans — secured	**Hong Kong interbank rate +1.70%**	**2020-2021**	**75,000**			—
			75,000			—
			83,392			3,730

Notes:

Hong Kong Interbank Rate stands for the three-month Hong Kong Interbank Offered Rate in Hong Kong Interbank Hong Kong Dollar Market at or about 11 am (Hong Kong time).

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

	2018	2017
	HK$'000	*HK$'000* *(Restated)*
Repayable:		
Within one year or on demand	**8,392**	3,730
In the second year	**30,000**	—
In the third year	**45,000**	—
	83,392	3,730

15. INTEREST-BEARING BANK BORROWINGS (continued)

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

	Note	**2018** **HK$'000**	2017 *HK$'000* *(Restated)*
Property, plant and equipment	*14*	**115,105**	125,417
Prepaid land lease payments		**58,348**	63,123
Prepayments, deposits and other receivables		**1,877**	1,980
		175,330	190,520

	2018 **HK$'000**	2017 *HK$'000* *(Restated)*
Interest-bearing bank borrowings denominated in		
— RMB	**8,392**	3,602
— HK$	**75,000**	128
	83,392	3,730

The Group has the following undrawn banking facilities:

	2018 **HK$'000**	2017 *HK$'000* *(Restated)*
Floating rate		
— to expire within one year	**182,362**	190,174

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 and personal care 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, sticker remover, skin care products, sunscreens, facial products, fragrance and hair treatments products.

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 an increase of approximately 14.0% as compared to the corrseponding period in 2017. For the Reporting Period, revenue derived from the sale of aluminum aerosol cans was approximately HK$250.7 million (2017: approximately HK$237.7 million) and the sale of aerosol and non-aerosol products was approximately HK$610.9 million (2017: approximately HK$518.4 million), representing approximately 29.1% and 70.9% of the Group's revenue, respectively.

OPERATING ENVIRONMENT AND PROSPECTS

The Group continues to face severe competition in the aluminum aerosol cans markets, especially from the increase in competition from small-sized aerosol cans manufacturers in the People's Republic of China (the "PRC"), vigorous competition of car care products sector and the soft landing of growth in the consumable products and domestic demands in high-end personal care products in 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 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

Aluminum aerosol cans segment

For the Reporting Period, the Group's aluminum aerosol cans segment has recorded a turnover of approximately HK$250.7 million (2017: approximately HK$237.7 million), representing an increase of approximately 5.5% as compared to the corresponding period of 2017. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 150.1 million (2017: approximately 157.8 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$610.9 million (2017: approximately HK$518.4 million), representing an increase of approximately 17.8% as compared to the corresponding period of 2017.

PRC and oversea customers

Our PRC customers and overseas customers contributed approximately HK$627.7 million (2017: approximately HK$599.4 million) and HK$233.8 million (2017: approximately HK$156.7 million) to the total revenue of the Group during the Reporting Period, respectively. There was a significant increase of approximately 49.2% in sales from our overseas customers which is primarily due to strengthen the sales strategies for expending overseas markets, increase export sales of personal care products, and weaken Renminbi ("RMB") which has positive impact on export sales.

Cost of Sales

For the Reporting Period, cost of sales of the Group amounted to approximately HK$594.4 million (2017: approximately HK$527.1 million), which represented approximately 69.0% (2017: approximately 69.7%) of the turnover in the Reporting Period. There was an increase of approximately 12.8% in cost of sales which was mainly attributable to the net effects of (i) an increase in global aluminum price and international crude oil price; (ii) an increase in 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; (iii) increase in sales which drived the increase in cost of sales; (iv) enhancement of the production management to lower the production overhead; and (v) depreciation of RMB contributed the lower cost of purchase of export sales.

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$57.2 million (2017: approximately HK$58.5 million), representing a decrease of approximately

2.2% as compared to the corresponding period of 2017. The decrease was primarily due to the net effects of (i) a decrease in advertising and marketing expenses, which amounted to approximately HK$5.4 million (2017: approximately HK$6.3 million), for promotion events and brand building activities, including sponsorship of singing concert and online promotion; (ii) an increase in salaries and staff benefit, which amounted to approximately of HK$12.7 million (2017: approximately HK$10.9 million), due to increase in headcounts and higher commission paid which was in line with increase of sales; and (iii) a decrease in transportation expenses, which amounted to approximately HK$25.8 million (2017: approximately HK$29.7 million), mainly due to lower services cost offerred from vendor.

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$71.5 million (2017: approximately HK$52.4 million), representing a significant increase of approximately 36.5% as compared to the corresponding period of 2017. The increase in administrative expenses was primarily due to (i) an increase of bank charge, which amounted to approximately HK$2.2 million (2017: approximately HK$0.4 million), due to arrangement of facility for acquiring 廣州歐亞氣霧劑與日化用品製造有限公司 (Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Limited*) (the "Acquisition"); (ii) professional fee and consulting fee incurred of the Acquisition which was completed in March 2018; and (iii) listing expenses of approximately HK$ 14.1 million incurred for the spin-off application which was commenced in 2018.

Net Profit

The Group's net profit amounted to approximately HK$85.4 million for the Reporting Period (2017: approximately HK$73.2 million), representing an increase by approximately 16.7% as compared to the corresponding period in 2017. Net profit margin for the Reporting Period was approximately 9.9% (2017: approximately 9.7%), representing an increase of approximately 0.2% as compared to the corresponding period of 2017. The increase in net profit was primarily due to enhance our production efficiency and implement more effective marketing strategies to drive the increase of sales which was partially offset by significantly increase in listing expenses and professional fee for the Acquisition.

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 2018, the Group had net current assets of approximately HK$275.3 million (31 December 2017: approximately HK$238.9 million). The Group's cash and cash equivalents and pledged deposits amounted to HK$233.1 million as at 31 December 2018 (31 December 2017: approximately HK$173.1 million) which are mainly denominated in Renminbi, United States dollars, Japanese yen, Hong Kong dollars and Euros. The current ratio of the Group was approximately 3.1 as at 31 December 2018 (31 December 2017: approximately 2.7).

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$83.4 million as at 31 December 2018 with maturity in 2021 (31 December 2017: approximately HK$3.7 million). All borrowings are charged with reference to bank's preferential floating rates of People's Bank of China and Hong Kong Interbank Offered Rate ("HIBOR"). All borrowings are mainly denominated in Renminbi and Hong Kong dollars.

As at 31 December 2018, we had available unutilized banking facilities of approximately HK$182.4 million (31 December 2017: approximately HK$190.2 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 an increase in cash and cash equivalents and pledged deposits and an increase in total borrowings of the Group, the gearing ratio which is calculated by dividing net debt by total equity, amounted to approximately -14% as at 31 December 2018 (31 December 2017: -14%).

Contingent Liabilities

As at 31 December 2018, the Group had no significant contingent liabilities (31 December 2017: Nil).

Contractual Obligations

As at 31 December 2018, the Group's operating lease and capital commitment amounted to HK$1.1 million (31 December 2017: approximately HK$1.5 million) and HK$20.6 million (31 December 2017: approximately HK$94.3 million), respectively. The capital commitments included commitment of plant and machinery and future capital contributions. As at 31 December 2018, the Group had commitment of plant and machinery of approximately HK$20.6 million (31 December 2017: approximately HK$4.3 million). As at 31 December 2018, the Group had no future capital contributions (31 December 2017: approximately HK$90.0 million).

CAPITAL STRUCTURE

As at 31 December 2018, the total number of issued shares of the Company (the "Shares") was 934,179,000 (31 December 2017: 934,179,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 27.1% of the Group's revenue for the Reporting Period were denominated in the United States dollar ("US$"). However, over 90.0% of the production costs were conducted in RMB. Therefore, there is a currency mismatch between US$ 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 2018, 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 2018, we had conducted forward purchases with amounts of approximately RMB28.4 million consisting of 2,300 tonnes of aluminum ingots. As at 31 December 2018, we had outstanding forward purchases with notional amounts of approximately RMB14.7 million involved with 1,200 tonnes of aluminum ingots.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2018, the Group had a workforce of 810 employees (31 December 2017: 889 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK$76.6 million for the Reporting Period (2017: approximately HK$69.4 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. 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 (2017: 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:

Business objectives as stated in the prospectus	Actual net proceeds *(HK$ million)*	Actual amount utilized up to 31 December 2017 *(HK$ million)*	Actual amount utilized subsequent to 31 December 2017 and up to 31 December 2018 *(HK$ million)*	Remaining unutilized balance as at 31 December 2018 *(HK$ million)*	Expected timeline for unutilized net proceeds
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	3.1	0.2	8.7	by 31 December 2020
Partially repay US$ denominated bank loan	16.0	16.0	—	—	
General working capital purposes	4.0	4.0	—	—	
	80.0	71.1	0.2	8.7	

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 Wan Tsang ("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, including skin care products, sunscreens, facial products, fragrance and hair treatments 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. On 29 March 2018, all of the conditions precedent under the Sales and Purchase Agreement have been fulfilled and the completion took place in accordance with the terms and conditions of the Sales and Purchase Agreement. Details of the Acquisition were set out in the announcements of the Company dated 30 November 2017, 15 December 2017 and 2 February 2018.

On 30 July 2018, 廣東歐亞包裝有限公司 (Euro Asia Packaging (Guangdong) Co., Ltd), an indirect non-wholly owned subsidiary of the Company, entered into an asset acquisition agreement (the "Agreement") with a reputable packaging corporation, Technopack s.r.l.. Pursuant to the Agreement, the Group acquired a brand new automated production line for the production of aluminum cans with digital printing technology at the consideration of EUR$5,969,100 (equivalent to approximately HK$54.7 million) in cash. The Agreement was mutually terminated with effect on 15 January 2019. Details of the asset acquisition were set out in the announcements of the Company dated 30 July 2018 and 15 January 2019.

On 28 September 2018, the Company proposed to carry out a spin-off and separate listing of the shares of Precious Dragon Technology Holdings Limited ("Precious Dragon", together with its subsidiaries, the "Precious Dragon Group") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Spin-off"). The Spin-off was proposed by way of introduction, to be implemented by means of a distribution in specie of the entire issued share capital of Precious Dragon owned by the Company to the shareholders of the Company (the "Shareholders").

Precious Dragon Group is principally engaged in the design, development, manufacture and sale of a wide range of automotive beauty and maintenance products, personal care products and other products including household products, which are in the form of aerosol and non-aerosol products. Details of the Spin-off were set out in the announcements of the Company dated 28 September 2018.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (continued)

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 (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. 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 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 2018 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 2018, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during 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

On 15 January 2019, 廣東歐亞包裝有限公司 (Euro Asia Packaging (Guangdong) Co., Ltd.*), a non-wholly owned subsidiary of the Company and Technopack s.r.l. entered into a termination contract agreement, pursuant to which both parties mutually agreed on termination of the acquisition agreement dated 30 July 2018 in connection with the acquisition of the brand new automated production line for the production of aluminum aerosol cans, with effect on 15 January 2019. Details are set out in the paragraph headed "Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures".

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK2.18 cents per share for the year ended 31 December 2018 (2017: HK1.07 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 16 May 2019, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on 6 May 2019. The final dividend will be payable on or around 30 May 2019.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 29 April 2019 to 6 May 2019, 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 26 April 2019.

The register of members of the Company will be closed from 14 May 2019 to 16 May 2019, 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 10 May 2019.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (http://www.6898hk.com). The annual report of the Company for the year ended 31 December 2018 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, 28 February 2019

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*