中國鋁罐控股有限公司

China Aluminum Cans Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6898

Annual Report

2021

CONTENT

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Lin Wan Tsang *(Chairman)*
Mr. Dong Jiangxiong

Non-executive Director

Mr. Kwok Tak Wang

Independent Non-executive Directors

Dr. Lin Tat Pang
Ms. Guo Yang
Mr. Yip Wai Man Raymond

COMMITTEES OF THE BOARD

Audit Committee

Mr. Yip Wai Man Raymond *(Chairman)*
Dr. Lin Tat Pang
Ms. Guo Yang

Remuneration Committee

Ms. Guo Yang *(Chairlady)*
Mr. Lin Wan Tsang
Mr. Kwok Tak Wang
Dr. Lin Tat Pang
Mr. Yip Wai Man Raymond

Nomination Committee

Dr. Lin Tat Pang *(Chairman)*
Mr. Lin Wan Tsang
Mr. Kwok Tak Wang
Ms. Guo Yang
Mr. Yip Wai Man Raymond

Risk Management Committee

Mr. Yip Wai Man Raymond *(Chairman)*
Mr. Kwok Tak Wang
Dr. Lin Tat Pang

AUTHORIZED REPRESENTATIVES

Mr. Lin Wan Tsang
Ms. Ho Wing Yan *(ACG, HKACG (PE))*

COMPANY SECRETARY

Ms. Ho Wing Yan *(ACG, HKACG (PE))*

REGISTERED OFFICE

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTER OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

No. 5 Ya Bo Nan Road
National Health Technology Park of Zhongshan
Torch Development Zone
Zhongshan City
Guangdong Province
People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit G, 20/F., Golden Sun Centre
Nos. 59/67 Bonham Strand West
Sheung Wan
Hong Kong

AUDITOR

Ernst & Young
27/F., One Taikoo Place
979 King's Road
Quarry Bay
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China Limited
Bank of China Limited
Bangkok Bank (China) Company Limited

STOCK CODE

6898

WEBSITE FOR THE COMPANY

www.6898hk.com

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of China Aluminum Cans Holdings Limited (the "Company"), I am pleased to present to the shareholders of the Company (the "Shareholders") the annual report and audited consolidated financial statements of the Company together with its subsidiaries (collectively, the "Group") for the year ended 31 December 2021 (the "Reporting Period").

RESULTS

During the Reporting Period, the Group's total turnover was approximately HK$208.9 million, representing an increase by approximately 13.6% compared to that of last year (2020: approximately HK$183.9 million) while the Group's profit for the year amounted to approximately HK$18.4 million, decreased by approximately 16.6% compared to the prior year (2020: approximately HK$22.1 million).

DIVIDENDS

The Board has resolved to recommend a final dividend of HK0.31 cent per share of the Company (the "Share") for the Reporting Period (2020: HK0.66 cent per Share). During the Reporting Period, an interim dividend of HK0.14 cent per Share was declared.

OPERATING ENVIRONMENT AND PROSPECTS

As the global economy is continuously shrouded in the shadow of various difficulties, like, trade protectionism, outbreak of pneumonia caused by novel coronavirus ("COVID-19") and its variants, supply chain crisis and raw material prices skyrocket, there are high uncertainties and rapid changes in global economic development. The Group continues to face (i) severe world-wide competition in the aluminum aerosol cans markets, especially from the increase in competition from small-sized overseas aerosol can manufacturers and; (ii) the slowdown of growth in the consumable products and domestic demands in the People's Republic of China ("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.

GRATITUDE

On behalf of the Company, I would like to express my sincere gratitude to our valued Shareholders, customers, banks and to our management and employees for their continuous trust and support to the Group.

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, 22 March 2022

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 sanitizer products, 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.

FINANCIAL REVIEW

Turnover

For the Reporting Period, the Group has recorded a total turnover of approximately HK$208.9 million (2020: approximately HK$183.9 million), representing an increase of approximately 13.6% as compared to the corresponding period of 2020. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 113.4 million (2020: approximately 105.5 million). Whereas, the revenue of the Group from the PRC markets was approximately HK$185.5 million (2020: approximately HK$161.2 million). The increase in revenue was mainly due to (i) steady recovery of the market of fast moving consumption products in the PRC; and (ii) a short term lock-down in PRC was imposed in first half of 2020. As a result, the turnover for the PRC market is increasing.

Cost of Sales

For the Reporting Period, cost of sales of the Group amounted to approximately HK$152.3 million (2020: approximately HK$118.8 million), which represented approximately 72.9% (2020: approximately 64.6%) of the turnover in the Reporting Period. There was an increase of approximately 8.3% in the percentage of cost of sales to turnover which was mainly attributable to the increase in raw material prices, especially, aluminum ingots.

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 Reporting Period, other income and gains of the Group was approximately HK$10.5 million (2020: approximately HK$6.3 million), representing a significant increase of approximately 66.6% which was due to the net effects of (i) the significant increase in sale of scrap material income; (ii) the increase in income of R&D design; (iii) the decrease in government grants; and (iv) the increase in forfeiture of customers' deposit.

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$8.2 million (2020: approximately HK$7.3 million), representing an increase of approximately 12.6% as compared to the corresponding period of 2020. The increase was primarily due to (i) an increase in salaries and employee benefits expenses; (ii) an increase in transportation expenses; and (iii) an increase in general selling expenses as a result of increasing in revenue.

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$21.4 million (2020: approximately HK$20.7 million), representing an increase of approximately 3.6% as compared to the corresponding period of 2020. The increase was primarily due to the net effects of (i) the increase in professional fee and consulting fee of approximately HK$0.7 million; and (ii) the decrease in salaries of approximately HK$0.5 million.

Net Profit

The Group's net profit amounted to approximately HK$18.4 million for the Reporting Period (2020: approximately HK$22.1 million), representing a decrease of approximate 16.6% as compared to the corresponding period in 2020. Net profit margin for the Reporting Period was approximately 8.8% (2020: approximately 12.0%).

The decrease in net profit was mainly due to net effects of (i) the increase in sales and production scales; (ii) the increase in other income and gains; (iii) the increase in raw material prices, especially, aluminum ingots; and (iv) decrease in income tax expense.

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 2021, the Group had net current assets of approximately HK$130.1 million (31 December 2020: approximately HK$114.6 million). The Group's cash and cash equivalents and pledged bank deposits amounted to HK$95.4 million as at 31 December 2021 (31 December 2020: approximately HK$102.7 million) which are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The current ratio of the Group was approximately 7.1 as at 31 December 2021 (31 December 2020: approximately 4.2).

Borrowing and the Pledge of Assets

As at 31 December 2021, the bank borrowings of the Group amounted to approximately HK$0.3 million (31 December 2020: HK$11.9 million), 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 denominated in Renminbi and Hong Kong dollars.

As at 31 December 2021, the Group had available unutilized banking facilities of approximately HK$101.1 million (31 December 2020: approximately HK$172.7 million). Further details of the Group's bank borrowings are set out in note 24 to the consolidated financial statements.

Gearing Ratio

As a result of a decrease in cash and cash equivalents and pledged bank deposits and a decrease 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 2021 (31 December 2020: approximately -31%).

Contingent Liabilities

As at 31 December 2021, the Group had no significant contingent liabilities (31 December 2020: Nil).

Contractual Obligations

As at 31 December 2021, the Group's capital commitment of plant and machinery amounted to approximately HK$4.6 million (31 December 2020: approximately HK$5.0 million).

CAPITAL STRUCTURE

As at 31 December 2021, the total number of issued shares of the Company (the "Shares") was 901,785,000 (31 December 2020: 901,785,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 12.2% 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 2021, 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 2021, we had conducted forward purchases with amounts of approximately RMB14.3 million consisting of 780 tonnes of aluminum ingots. As at 31 December 2021, we had outstanding forward purchases with notional amounts of RMB1.2 million involved with 60 tons of aluminum ingots.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2021, the Group had a workforce of 245 employees (31 December 2020: 258 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK$35.6 million for the Reporting Period (2020: approximately HK$28.3 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 (2020: 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 up to 31 December 2020** (HK$ million)	**Actual amount utilized subsequent to 31 December 2020 and up to 31 December 2021** (HK$ million)	**Remaining unutilized balance as at 31 December 2021** (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	3.3	—	8.7	by 31 December 2022
Partially repay US$ denominated bank loan	16.0	16.0	—	—	
General working capital purposes	4.0	4.0	—	—	
	80.0	71.3	—	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.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 31 December 2021 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2021, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

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

Pursuant to code provision C.2.1 of the CG Code, the roles 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.

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.

CHAIRMAN AND CHIEF EXECUTIVE

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not segregate the roles of chairman and chief executive and Mr. Lin currently holds both positions, as explained in the paragraph headed "Corporate Governance Practices" in the Corporate Governance Report.

NON-EXECUTIVE DIRECTOR

The non-executive Director is expected to participate in the activities of the Board, particularly in the establishment of a selection process to ensure a mix of competent directors and officers; adoption of a system of internal checks and balances; scrutiny of the Company's performance in achieving agreed corporate goals and objectives; and ensuring that the exercise of Board authority is within the powers conferred on the Board under the memorandum and articles of association of the Company (the "Articles") and applicable laws, rules and regulations.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors are highly skilled professionals with a broad range of expertise and experience in the fields of accounting, finance, legal and business. Their skills, expertise and number in the Board ensure that strong independent views and judgment are brought in the Board's deliberations and that such views and judgment carry weight in the Board's decision-making process. Their presence and participation also enable the Board to maintain high standards of compliance in financial and other mandatory reporting requirements, and provide adequate checks and balances to safeguard the interests of the Shareholders and the Company.

Each of the independent non-executive Directors gives the Company an annual confirmation of his/her independence. The Company considers such Directors to be independent under the guidelines set out in Rule 3.13 of the Listing Rules.

THE BOARD

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 66 to 70.

Function of the Board

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors of the Board shall take decisions objectively in the interests of the Company.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective operation. All Directors have full and timely access to all the information of the Company as well as the services and advice from the senior management and company secretary of the Company (the "Company Secretary"). The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

Board Composition

Currently, the Board comprises two executive Directors, one non-executive Director and three independent non-executive Directors. The Company has complied with Rules 3.10 and 3.10A of the Listing Rules. During the Reporting Period, the number of independent non-executive Directors represents more than one-third of the Board. As such, there exists a strong independent element in the Board, which can effectively exercise independent judgment.

The Board comprises the following Directors:

Executive Directors

Mr. Lin Wan Tsang *(Chairman)*
Mr. Dong Jiangxiong

Non-executive Director

Mr. Kwok Tak Wang

Independent non-executive Directors

Dr. Lin Tat Pang
Ms. Guo Yang
Mr. Yip Wai Man Raymond

The brief biographical details of the existing Directors are set out in the paragraph headed "Biographical Details of Directors and Senior Management" on pages 50 to 52. There are no relationships (including financial, business, family or other material/relevant relationships) among the members of the Board.

Appointment and Re-election of Directors

All Directors are appointed for specific terms. Mr. Lin Wan Tsang has entered into a service agreement with the Company for a term of 3 years commencing from 12 July 2013 to 11 July 2016 and will continue thereafter. Mr. Dong Jiangxiong has entered into a service agreement with the Company for a term of 3 years commencing from 31 March 2016 to 30 March 2019 and will continue thereafter. Dr. Lin Tat Pang and Ms. Guo Yang have entered into a service agreement with the Company for a term of 1 year commencing from 20 June 2015 to 19 June 2016 and will continue thereafter. Mr. Kwok Tak Wang has entered into a service agreement with the Company for a term of 1 year commencing from 12 July 2015 to 11 July 2016 and will continue thereafter. Mr. Yip Wai Man Raymond has entered into a service agreement with the Company for a term of 1 year commencing from 27 May 2016 to 26 May 2017 and will continue thereafter.

The Company has adopted "Directors Nomination Procedures" as written guidelines in providing formal, considered and transparent procedures to the Board for evaluating and selecting candidates for directorships. An external recruitment agency may be engaged to carry out the recruitment and selection process as necessary. Besides, the procedures and process of appointment, re-election and removal of directors are laid down in the Articles. According to the Articles, all Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at the Company's annual general meeting (the "AGM"). Any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by the Shareholders at the first general meeting after his/her appointment and any new director appointed by the Board as an addition to the Board shall submit himself/herself for re-election by the Shareholders at the next AGM.

In accordance with the Articles, Mr. Kwok Tak Wang, Dr. Lin Tat Pang and Ms. Guo Yang shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM to be held on 12 May 2022. The Board and the nomination committee of the Company recommend their re-appointment. The Company's circular, sent together with this annual report, contains detailed information of the above three Directors as required by the Listing Rules.

Directors' Training

All Directors confirmed that they had complied with code provision C.1.4 of the CG Code during the Reporting Period. All Directors had participated in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

A record of the Directors' participation in various continuous professional development program is kept with the Company. The external course which the Directors had participated was about Guidance for Boards and Directors and updates on the Listing Rules. A summary of the Directors' participation in training and continuous professional development during the year ended 31 December 2021 according to the records provided by the Directors is as follows:

Names of Directors	Training organised by professional organizations	Reading materials updating on new rules and regulations
Executive Directors		
Mr. Lin Wan Tsang *(Chairman)*	✓	✓
Mr. Dong Jiangxiong	✓	✓
Non-executive Director		
Mr. Kwok Tak Wang	✓	✓
Independent Non-executive Directors		
Dr. Lin Tat Pang	✓	✓
Ms. Guo Yang	✓	✓
Mr. Yip Wai Man Raymond	✓	✓

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy. The Company seeks to achieve board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

During the Reporting Period, the Company has a solid slate of Directors with diverse perspectives and varied educational background and expertise made-up, from extensive knowledge of the manufacturing industry, experience in international trade, finance and corporate management, to professional qualifications in the legal and accounting fields. Each Director had accumulated experience in his/her respective field of expertise, all of whom are anchored by the common trait of having a natural aptitude and singular drive for the industry so as to bring sustainable growth to the Company.

NOMINATION POLICY

The Board has adopted the nomination policy (the "Nomination Policy") on 9 August 2018 which sets out the nomination criteria and procedures for the Company to select candidate(s) for possible inclusion in the Board. The Nomination Policy could assist the Company to achieve board diversity in the Company and enhance the effectiveness of the Board and its corporate governance standard.

When assessing the suitability of a candidate, factors such as the qualifications, skills, integrity and experience will be taken into consideration as a whole. In the case of independent non-executive Directors, they must further satisfy the independence criteria set out within Rule 3.13 of the Listing Rules. Since the selection of candidates should ensure that diversity remains a central feature of the Board, a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, or professional experience would be considered.

To nominate director candidates, candidates would be identified by various methods and evaluated based on the approved selection criteria. Shortlisted candidates would be interviewed and their profiles would be reviewed, before making recommendations to the Board on the selected candidates.

The Nomination Policy also includes the Board succession plan to assess whether vacancies on the Board would be created or expected due to the Directors' resignation, retirement, death and other circumstances and to identify candidates in advance if necessary. The Nomination Policy will be reviewed on a regular basis.

Board Meeting and Procedures

The Board may meet together for the despatch of business, adjourn and otherwise regulate its meetings and proceedings as it thinks fit and may determine the quorum necessary for the transaction of business. An AGM and an extraordinary general meeting called for the passing of a special resolution shall be called by at least 21 days' notice in writing, and a meeting of the Company other than an AGM or an extraordinary general meeting for the passing of a special resolution shall be called by at least 14 days' notice in writing. A meeting of the Board or any committee of the Board may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting.

When a Director and the enterprise(s) involved in a proposal of a Board meeting have connected relations, such Director shall not exercise his/her voting rights on such proposal nor shall he/she exercise any voting rights on behalf of other Directors.

Set out below are details of the attendance record of each Director at the Board and committee meetings of the Company held during the Reporting Period:

	Attendance/Number of Meetings Held					
Names of Directors	**Board Meeting**	**Audit Committee Meeting**	**Remuneration Committee**	**Nomination Committee**	**Risk Management Committee**	**General Meeting**
Executive Directors						
Mr. Lin Wan Tsang	* 4/4	—	1/1	1/1	—	1/1
Mr. Dong Jiangxiong	4/4	—	—	—	—	1/1
Non-executive Director						
Mr. Kwok Tak Wang	4/4	—	1/1	1/1	12/12	1/1
Independent non-executive Directors						
Dr. Lin Tat Pang	4/4	2/2	1/1	*1/1	12/12	1/1
Ms. Guo Yang	4/4	2/2	*1/1	1/1	—	1/1
Mr. Yip Wai Man Raymond	4/4	*2/2	1/1	1/1	* 12/12	1/1

Remark:

* *representing the chairperson of the Board or the committees*

The Board has established four committees, namely, the audit committee (the "Audit Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") and the risk management committee (the "Risk Management Committee"), for overseeing particular aspects of the Company's affairs. All committees have been established with defined written terms of reference, which were posted on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.6898hk.com). All committees should report to the Board on their decisions or recommendations made.

All committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

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 auditor, 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.

During the Reporting Period, the Audit Committee held two meetings for discussion on issues arising from the audit and financial reporting matters.

Full minutes of the Audit Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Audit Committee meetings are sent to all members of the Audit Committee for comments and approval and all decisions of the Audit Committee are reported to the Board subject to applicable restriction.

The terms of reference of the Audit Committee are available on the websites of the Stock Exchange and the Company.

The external auditor was invited to attend the Audit Committee meetings held during the year to discuss with the Audit Committee members on issues arising from the audit and financial reporting matters. The chairman of the Audit Committee provided the Board with a briefing on the significant issues after each Audit Committee meeting. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditor.

Remuneration Committee

The Remuneration Committee was established on 20 June 2013, with specific written terms of reference for making recommendations to the Board regarding the Group's policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in code provision E.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 (Chairlady), Dr. Lin Tat Pang and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

During the Reporting Period, the Remuneration Committee held one meeting to review and discuss the remuneration policy of the Group and the remuneration packages of the Directors.

Full minutes of the Remuneration Committee meeting are kept by the Company Secretary. Draft and final versions of the minutes of the Remuneration Committee meetings are sent to all members of the Remuneration Committee for comments and approval and all decisions of the Remuneration Committee are reported to the Board subject to applicable restriction.

The terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

The remuneration of the members of the senior management of the Group by band for the year ended 31 December 2021 is set out below:

Remuneration bands	Number of person(s)
Nil to HK$500,000	1
HK$500,001 to HK$1,000,000	1

Nomination Committee

The Board would follow a set of formal, considered and transparent procedures for the appointment of new directors to the Board. The appointment of a new director has been a collective decision of the Board, taking into consideration the candidate's qualification, expertise, experience, integrity and commitment to his/her responsibilities within the Group. In addition, all candidates to be selected and appointed as a director must be able to meet the standards set out in Rules 3.08 and 3.09 of the Listing Rules.

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 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.

During the Reporting Period, the Nomination Committee held one meeting to review the current Director's structure and to monitor the overall adequacy of the Board's composition.

Full minutes of the Nomination Committee meetings are kept by the Company Secretary. Draft and final versions of the minutes of the Nomination Committee meetings are sent to all members of the Nomination Committee for comments and approval and all decisions of the Nomination Committee are reported to the Board subject to applicable restriction.

The terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

Risk Management Committee

The Risk Management Committee was established on 24 June 2013, with specific written terms of reference for reviewing and approving the hedging policies as formulated by the hedging team of the Company (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.

During the Reporting Period, the Risk Management Committee held twelve meetings to review and approve the hedging policies which have been duly followed by the Hedging Team and reported to the Board.

Full minutes of the Risk Management Committee meeting are kept by the Company Secretary. Draft and final versions of the minutes of the Risk Management Committee meetings are sent to all members of the Risk Management Committee for comments and approval and all decisions of the Risk Management Committee are reported to the Board subject to applicable restriction.

The terms of reference of the Risk Management Committee are available on the websites of the Stock Exchange and the Company.

CORPORATE GOVERNANCE FUNCTION

The Board does not have a corporate governance committee. The functions that would be carried out by a corporate governance committee are performed by the Board as a whole and are as follows:

1. to develop and review the Company's policies and practices on corporate governance;

2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;

3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors; and

5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The corporate governance policy is formulated with an emphasis on the Board's quality, effective risk management and internal control, stringent disclosure practices and transparency and accountability to all Shareholders. The Board strives to comply with the code provisions and reviews its corporate governance policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of our operations with applicable laws and regulations.

EXTERNAL AUDITOR'S REMUNERATION

During the Reporting Period, the Company engaged Ernst & Young as its external auditor for financial reporting, while the Company engaged the external PRC local auditor for the subsidiaries statutory audit services.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor.

During the Reporting Period, the fees payable to Ernst & Young and PRC local auditor in respect of its statutory audit services, non-statutory audit services and non-audit services provided to the Company were as follows:

	2021 **HK$000**
Statutory audit services	**1,111**
Non-statutory audit services	**413**
Non-audit services*	**306**

* Significant non-audit service assignments include business consultation fee (approximately HK$199,000 was paid).

DELEGATION BY THE BOARD

In general, the Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group's strategic objectives. The Board delegates the implementation of strategies and day-to-day operation of the Group to the management.

COMPANY SECRETARY

The Company has engaged in a service contract with an external service provider, Ms. Ho Wing Yan ("Ms. Ho"), who was appointed as the Company Secretary. Mr. Lin Wan Tsang, the chairman of the Board and executive Director, is the primary corporate contact person of the Company with Ms. Ho.

Being the Company Secretary, Ms. Ho plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are followed. Ms. Ho is responsible for advising the Board on corporate governance matters and should also facilitate induction and professional development of the Directors.

During the Reporting Period, the Ms. Ho has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. An AGM of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an AGM, shall be called an extraordinary general meeting.

Shareholders to Convene an Extraordinary General Meeting

Pursuant to article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more Shareholders, at the date of deposit of the requisition, holding not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisition(s) himself (themselves) may do so in the same manner.

Putting Enquiries by Shareholders to the Board

Shareholders may send written enquiries to the Company for the attention of the Company Secretary at the Company's principal place of business in Hong Kong.

Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meetings

Shareholders are requested to follow article 64 of the Articles for including a resolution at an extraordinary general meeting. The requirements and procedures are set out above in the paragraph headed "Shareholders to convene an extraordinary general meeting".

Pursuant to article 113 of the Articles, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office of the Company or at the Hong Kong branch share registrar and transfer office of the Company no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.

The procedures for the Shareholders to propose a person for election as a Director are posted on the website of the Company. Shareholders may refer to the above procedures for putting forward any other proposals at general meetings.

SHAREHOLDERS' RIGHTS *(continued)*

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions to be set out in the notice of AGM will be voted by poll.

DIVIDEND POLICY

The Board has adopted the dividend policy (the "Dividend Policy") on 9 August 2018 which sets out the appropriate procedure on declaring and recommending the dividend payment of the Company. The Company takes priority to distributing dividends in cash and shares its profits with the shareholders of the Company. The dividend distribution decision of the Company will depend on, among others, the financial results, the current and future operations, liquidity and capital requirements, financial condition and other factors as the Board may deem relevant. The Board may also declare special dividends from time to time. The Dividend Policy will be reviewed on a regular basis.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to the Shareholders. Information of the Company is disseminated to the Shareholders in the following manner:

- Delivery of annual and interim results and reports to all Shareholders;
- Publication of announcements on the annual and interim results on the website of the Stock Exchange, and issue of other announcements and Shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and the Shareholders.

Constitutional Documents

There was no significant change in the constitutional documents of the Company during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

Maintaining sound and healthy risk management and internal control systems are the keys to fulfil the business objectives and long-term sustainable growth of the Group. The Board has recognized they are generally responsible for the assessment and determination on the nature and degree of risks which are acceptable by the Group for meeting its strategic objectives, ensuring the Group to establish and maintain proper and effective risk management and internal control systems. The Risk Management Committee assists the Board and the Audit Committee to review and control the major risks. The risk control team under the Risk Management Committee (the "Risk Control Team") comprises the management personnel from the departments of finance, sales and marketing, production and manufacturing and human resources, who are responsible for the identification and management of the risks involved in daily operations.

RISK GOVERNING STRUCTURE

RISK MANAGEMENT PROCEDURE

The Risk Control Team organizes the collection of the relevant information comprehensively, systematically and persistently by various business departments, and timely makes risk assessment in view of the current situation of the Group.

(I) Practices and procedures

The Risk Control Team calls for a quarterly regular thematic meeting. Based on the qualitative and quantitative approaches, it analyzes and ranks the identified risks according to the likelihood of their occurrence and degrees of impact so as to determine the key focus and priority risks to be handled. During risk identification, the Group will consider various internal factors such as the human resources and financial conditions of the Group together with the external factors such as the economy, technology and society. Based on the results of the risk analysis and taking the risk acceptability of the Group, it will formulate responsive strategies in terms of risk acceptance, risk allocation, risk mitigation and aversion and implement the risk management measures.

(II) Regular review

The Risk Control Team performs half-yearly checks and inspections on the implementation and effectiveness of the risk control efforts made by various business departments, makes assessments on the risk control solution plans of each business department, makes recommendations on adjustment and improvement, prepares the assessment and recommendation report and reports to the Risk Management Committee. Meanwhile, every year the Risk Control Team is required to present (i) an annual risk control report covering the fundamentals of risk control, conclusions based on prior-year risk solutions, results of the risk assessment and solutions for the year to the Risk Management Committee, and (ii) special report on material events covering, amongst others, risk analysis, risk solutions, the existing solving measures and response deadline for risk solutions, to the Risk Management Committee at the discretion of the Risk Control Team.

RISK CATEGORIES

The business development, financial conditions, operating results or prospect of the Group might be affected by risks and uncertainties, leading to a result probably deviated from the expected or past performance. Certain major risks which have impacts on the Group are listed below.

Strategic risks

The strategic risks encountered by the Group include, amongst others, those arising from the mismatch of departmental human resources allocation, division of roles and responsibilities, ineffective motivation mechanism for the management, accommodation of the core business of the Group with China's macro policies on the industry and environmental protection as well as whether a good relationship is maintained between the government and media respectively.

In view of the above risks, the Group has implemented appropriate departmental human resources allocation, definite division of roles and responsibilities and effective motivation and disciplinary mechanisms for the management. Leveraging the policy of China on promoting the development of metallic packaging, the Group has actively enhanced its innovation and competitiveness, maintained good relationship with the governments of various levels and implemented crisis communication mechanism.

Financial Risks

The financial risks encountered by the Group include, amongst others, those involved in fund misappropriation arising from poor management in fund activities, undisciplined operation arising from unsound or informal preparation, implementation and management of budgets, intended or unintended false information existed in financial statements, the compliance of those statements with accounting rules and standards, uncertainties in taxation management and tax payment, inadequate assessment of customers' credit.

In view of the above risks, the Group has strengthened the accounting system control on its working capital, prepared the overall annual budget, launch the accountability system for budget implementation, budget appraisal system, sales management system, review, approval and oversight system for tax payment. Meanwhile, the Group has determined its financing plans in connection with those from bankers, prepared monthly fund budget to spread the cash-flow risks.

Operating risks

The operating risks encountered by the Group include, amongst others, those arising from whether safety and environmental protection standards are met by the production of our products, management of human resources, sales, supply chains and information system, insufficient innovation, inspection and verification of technologies and products.

In view of the above risks, the Group has focused on the control and monitoring of dust, high temperature and chemical hazard, discharged sewage according to the total amount and concentration allowed under the pollutant discharge license, formulated the status-quo assessment on energy conservation and emission reduction as well as medium and long term planning, timely updated the staff handbook and implemented applicable labor laws and regulations, introduced advanced technologies and talents, solved the innovation problems through technological exchange and cooperation. Meanwhile, the Group strived to explore new customers and new sales channels, assess the suppliers regularly, inspect regularly and maintain the facilities of the information system and provide staff training.

Legal risks

The legal risks encountered by the Group include, amongst others, those arising from the physical or existing default operations, legal disputes, default behaviors, intellectual property and human rights protection.

In view of the above risks, the Group has implemented the measures such as the contract review and approval procedure with the routine support of our permanent legal advisor, regular third-party audit to monitor compliance so as to mitigate the impact of such risks on the Group.

ANNUAL CONFIRMATION

The Board has been continuing to monitor the risk management and internal control systems of the Group, and has made an annual review, through the Audit Committee, on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2021.

Meanwhile, the Company commissioned a third-party professional body to make an internal audit on the effectiveness of the design and the compliance regarding the implementation of the internal control systems relating to its risk management, control and governance practices. The Audit Committee under the Board has made an annual review on the effectiveness of the risk management and internal control systems for the year ended 31 December 2021, and reviewed the results of assessment on the internal control systems made by the third party. The Board considers the system of the Group is effective and adequate accordingly.

Any internal control system has its own restrictions; therefore, the internal control systems of the Group are established to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board approved and adopted an inside information policy and procedures for the handling and dissemination of inside information. The insider information policy provide the guidelines to the Directors, management and relevant staff (likely possessing the unpublished inside information) of the Group to ensure that the inside information of the Group is to be disseminated to the public in equal and timely manner in accordance with the applicable laws and regulations. The procedures include, among others, regularly remind the Directors, management and relevant staff about the compliance with the securities dealing restrictions as set out in the Model Code and the notification of the 60-day and 30-day blackout period applicable to the publication of the annual and interim results of the Company respectively.

All Directors and those employees who could have access to, and monitor, the information of the Group are responsible for making appropriate precautions to prevent abuse or misuse of such information. Employees of the Group are prohibited from using inside information for their own benefit.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Introduction

China Aluminum Cans Holdings Limited (the "Company" together with its subsidiaries, collectively, "we", "us", "our" or the "Group") is pleased to present our annual Environmental, Social and Governance Report (the "Report") for the year ended 31 December 2021 to provide an overview of the Group's management of significant issues affecting the operation, including environmental, social and governance ("ESG") issues.

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The management will regularly report the relevant state to the Board. The Group also conducted annual review on the effectiveness of the environmental, social and governance report for the year ended 31 December 2021.

REPORTING YEAR

The Report illustrated the Group's initiative and performance on the environmental and social aspects for the period from 1 January 2021 to 31 December 2021 (the "Reporting Period").

REPORTING SCOPE AND BOUNDARY

This Report covers all subsidiaries of the Group in the People's Republic of China (the "PRC") with core business that principally engaged in the manufacture and sale of monobloc aluminum aerosol cans. There was no significant change in the reporting scope during the Reporting Period.

The Group will continue in assessing the impacts of its business on the major ESG aspects and to include in the Report.

REPORTING BASIS AND PRINCIPLES

This Report was prepared in accordance to the Environmental, Social, and Governance Reporting Guide in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules") issued by the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and has complied with the "comply or explain" provisions set out in the Listing Rules. This Report was prepared and published in both Chinese and English. In the event of contradiction or inconsistency, the Chinese version shall prevail. For more information on our corporate governance, please refer to the "Corporate Governance Report" on pages 10 to 22 of the annual report of the Company for the year ended 31 December 2021.

The Report is based on the following reporting principles:

- Materiality

  The Group determines ESG-related issues through stakeholder participation and materiality assessment. For details, please refer to "Stakeholders Engagement and Materiality Assessment".

- Quantification

  The Group discloses measurable key performance indicators ("KPIs") from its historical data, to disclose the information on the standards, methods, assumptions or calculation tools used for disclosing quantitative data as well as the source of conversion factors used under viable conditions.

- Balance

  The Group worked, to the greatest extent, to prevent such selections, omissions or presentation formats that may inappropriately affect the decision-making or judgment by report readers in its disclosures.

- Consistency

  The Group is committed to adopting consistent disclosure and statistical methodologies for meaningful comparisons. When necessary, the Group will disclose any changes to the statistical methods or KPIs or any other relevant factors affecting meaningful comparison.

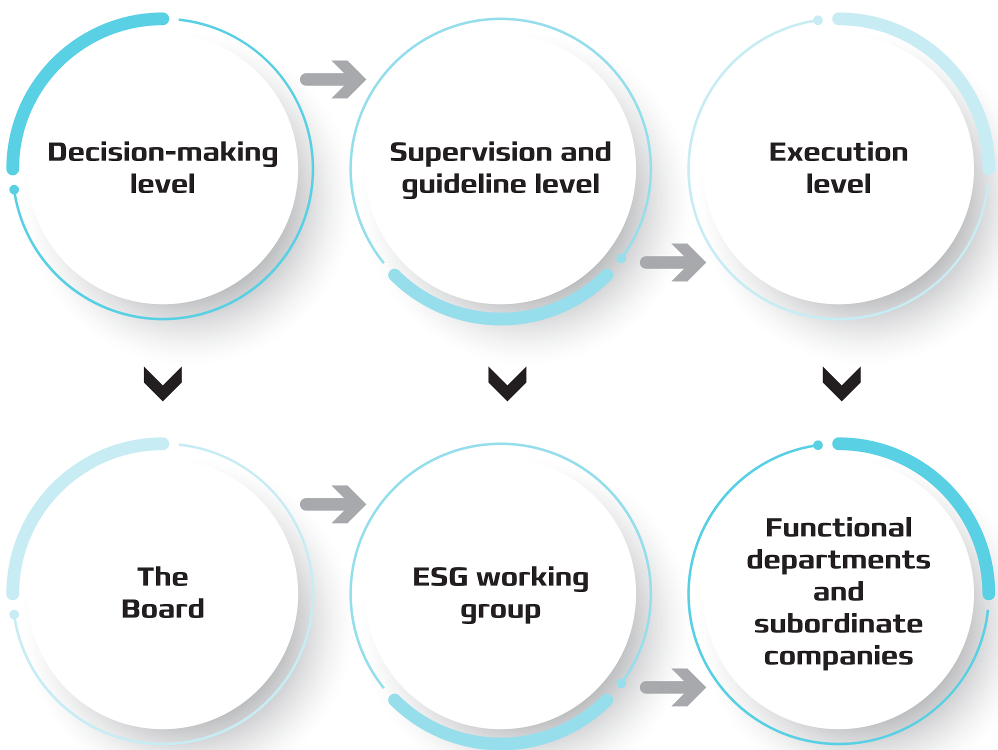
The information contained in the Report comes from the Group's official documents and statistics, and collated and synthesised from the monitoring, management and operations information provided by its subsidiaries according to the Group's relevant systems. The final chapter of the Report contains a complete content index for readers' quick reference.

CONTACT INFORMATION

The Group welcomes your feedback on the Report for our sustainability initiatives. Please contact us by email to esg@euroasia-p.com.

SUSTAINABILITY GOVERNANCE

The Group has established an ESG framework to promote and implement the Group's sustainability strategy. To ensure effective ESG management, our ESG governance structure, composed of the Board, ESG working group, respective functional departments and subordinate companies, was established to promote ESG management and disclosure. The Board, the ultimate decision-making body of the Group, is responsible for the Group's ESG governance. The Board steers the Group's sustainable development forward and bears the overall responsibility of its ESG efforts. In the future, the Board will continue to strengthen ESG risk management and improve ESG working mechanism and regulatory processes to enhance its ESG governance standard. The ESG working group, serving on the supervision and coordination level, is responsible for implementing ESG governance strategy, coordinating ESG matters, compiling ESG reports, and reporting relevant work progress to the Board on a regular basis. Each functional department and subordinate company, serving on the execution level, is responsible for rolling out initiatives set up by the ESG working group and reporting relevant work progress and data.



STAKEHOLDERS ENGAGEMENT

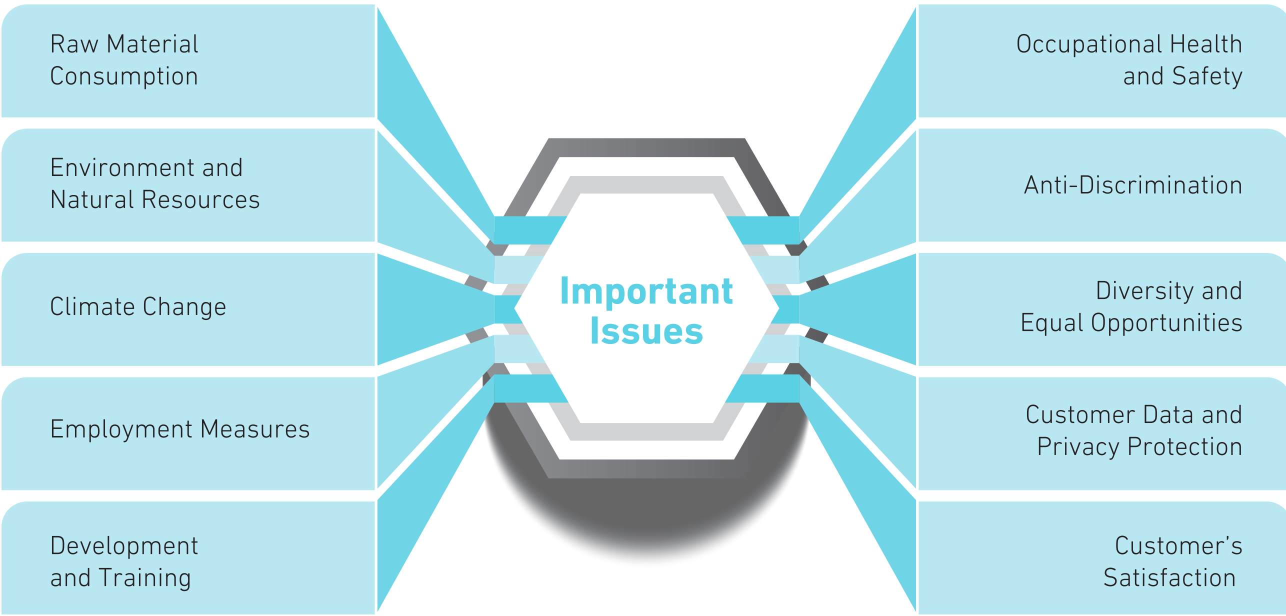
The Group values the engagement of its stakeholders, including staff, customers, suppliers and other stakeholders. All of them materially influence the success of our business or activities. We identified the key stakeholder of our business operations. We interact with our stakeholders regularly through various communication channels. The following table illustrates the issues of concern of our major stakeholders and the ways we communicate with stakeholders:

Stakeholders	Stakeholders' Concerns	Communication Channels	Engagement Details
Government	— To comply with the laws — Proper tax payment — Ensure production safety, environmental protection and social responsibility — Promote regional economic development and employment	— On-site inspections and checks — Research and discussion through work conferences, work reports preparation and submission for approval	— Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation, and actively undertook social responsibilities.
Shareholders and Investors	— Return on the investment — Stable operation — Low operating risk — Information disclosure and transparency — Protection of interests and fair treatment of shareholders — True, accurate and timely reporting	— Annual general meeting and other shareholder meetings — Interim reports, annual report, announcements — Company website — Meeting with investors — Roadshow — Site visit	— Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements/ circulars, interim report and annual report in the year; carried out different forms of investor activities with an aim to improve investors' recognition; held results briefing once; disclosed company contact details on website and in reports and ensured all communication channels available and effective.
Employees	— Safeguard the rights and interests of employees — Salary and welfare — Working environment — Career development opportunities — Self-actualization — Health and safety	— Labour union — Feedback box — Wechat of director — Policies and procedures — Training, seminars, briefing sessions — Team activities	— Provided a healthy and safe working environment; established a labour union; established policies and procedures according to local labour law; developed communication channel with management; developed a fair mechanism for promotion; cared for employees by helping those in need and organizing employee activities.
Customers	— Assurance on quality and quantity of product — Stable relationship — Group reputation and brand image — Market demand	— Assurance on quality and quantity of product — Stable relationship — Group reputation and brand image — Market demand	— Organised marketing activities, site visit and exhibition and carried out customer's satisfaction survey.

Stakeholders	Stakeholders' Concerns	Communication Channels	Engagement details
Suppliers/Partners	— Long-term partnership — Honest cooperation — Fair, open — Information resources sharing — Timely payment	— Strategic co-operation — Regular meeting — Tendering process	— Invited tenders publicly to select best suppliers and contractors, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors.
Peer and Industry associations	— Experience sharing — Cooperations — Fair competition	— Industry conference — Site visit	— Stuck to fair play, cooperated with peers to realize win-win, shared experiences and attended seminars of the industry so as to promote sustainable development of the industry.
Financial Institution	— Compliance with the law and regulations — Disclosure of information	— Consulting — Information disclosure — Reports	— Complied with regulatory requirements in a strict manner, disclosed and reported true information in a timely and accurate manner according to law.
Bank	— Timely repayment of loan — Honest cooperation — Stable operation	— Regular meeting — Site visit	— Paid interest according to instalment schedule, cooperated with bank for inspection and monitoring and regular submission of financial statements.
Public and communities	— Community involvement including local employment opportunity — Development of local economy — Environmental protection — Subsidy and assistance	— Volunteering — Charity and social investment — Annual report	— Gave priority to local people seeking jobs from the Company so as to promote community building and development; built roads, protected the communities' ecological environment, and provided timely compensation and assistance; provided volunteer service, kept communication channels open between the Company and the communities and villagers, co-sponsored community activities to promote the building up of harmonious communities.

MATERIALITY ASSESSMENT

The Group identifies issues for disclosure in the Report through internal and external materiality assessment. By considering the dependence and influence of the stakeholders on the Group and the availability of resources of the Group, the management has identified key stakeholders and conducted surveys with them. They have expressed their opinions and recommendations on issues related to the Group's operation via the surveys. After the consolidation of the internal assessment and survey results, the Group concluded the most important issues of this year:



ENVIRONMENTAL ASPECTS

ENVIRONMENTAL MANAGEMENT

ASPECT A1: EMISSIONS

Environmental protection is one of the major concerns of the Group. We pledge to protect the environment to which we place great emphasis on environmental protection in our operation while hoping to reduce our long-term negative impact on the environment through strict monitoring and control. In this regard, in addition to the Board which is responsible for preparing the environmental, social and governance report, all subordinate units of the Group also actively cooperate to provide advices and regularly collects data for reporting. Most of our emissions are derived from the emission incurred during the daily production of the Group. We will study and monitor the impact of our production on the environment by continuously monitoring and releasing the emission policy of the Group.

To demonstrate commitment to sustainable development and compliance with laws and regulations relating to environmental protection, the Group endeavors to minimise the environmental impact of the business activities and maintain green operations and green office practices. Our operation in the PRC is subject to PRC environmental laws and regulations including but not limited to PRC Environmental Protection Law* (《中華人民共和國環境保護法》), the PRC Law on Prevention and Control of Water Pollution* (《中華人民共和國水污染防治法》) and the Guangdong Province Work Programme on the Comprehensive Treatment and Emission Reduction on Volatile Organic Compounds (2018-2020)* (廣東省揮發性有機物 (VOCs) 整治與減排工作方案 (2018-2020年)). These laws and regulations govern a broad range of environmental matters, including air pollution, noise emissions, water, wastewater discharge and solid wastes such as scrap aluminum and various residues from production. We consider the protection of the environment to be important and have implemented measures in the operation of our Group's business to ensure its compliance with all applicable requirements under the PRC environmental laws and regulations.

Air Pollutions

The Group implemented pollutant emission reduction, and met the local discharge standards and therefore obtained environmental protection tax reduction, with the amount of environmental protection tax decreasing by 13.77% year-on-year. During the Reporting Period, there was no material breach of or non-compliance with the applicable laws and regulations related to environmental protection. On the other hand, in order to improve exhaust gas emission, the Group has included the vehicles compliant to the latest China VI Emission Standards. We have also switched to cleaner fuels (such as pipeline natural gas) to reduce air pollution.

* For identification purpose only

GHG Emissions

We have been committed to taking proactive initiatives to tackle with the climate change so as to reduce GHG emissions generated from operations. We have implemented the energy conservation measures described in the section headed "Use of Resources". In 2021, the Group's GHG emissions were mainly from Scope 2, representing 81.8% of the total emissions.

Waste Management

Our Group's business operation does not generate hazards that have any significant adverse effect on the environment and our Group's environmental protection measures are adequate to comply with all applicable current local and national PRC regulations. Because of the nature of the products which we manufacture, there is minimal waste discharge, noise, water or air pollution. Nevertheless, we are committed to reducing the environmental impact from our production processes and have taken various measures to achieve this objective. Waste water is processed by our own sewage treatment station to reach national safety standards for disposal. Our hazardous waste produced mainly consists of organic solvent used during the production process. Non-hazardous waste includes aluminum waste cans, household waste, packaging paper scraps and rags. They are separately stored and handled with the ledger for record. In addition, solid wastes such as scrap aluminum and various residues from production will be sold to scrap metal recycling companies for recycling. In terms of wastewater discharge, chemical oxygen demand of industry sewage is approximately 4 mg/L during the Reporting Period.

Other highlight of measures for reduction of emissions

Other highlight of measures for reduction of emissions	
Air pollutant and GHG	• Adopting low VOCs coating to reduce the emission of volatile organic gases. • Providing crew buses for collective transportation to reduce the use of limousine buses and private cars. • Continuously improving dust hazard control and introducing Handte Wet Scrubbers (Camfil APC, Germany) to improve intrinsic safety level. • Using clean energy such as electricity or pipeline natural gas for all furnaces in the production line. • Renovating exhaust gas and dust collecting channels in production workshops to reduce emission from the hazardous substances effectively. • The Group conducted coordination on the use of electricity and entered into electricity purchase contracts with clean energy sales companies in relation to the use of clean and green energy, with an aim to optimize relevant indicators. • Installing VOCs exhaust gas purification system in the production workshop.
Wastewater	• Continuously optimizing and upgrading sewage treatment. • The Group conducted the technical renovation on the washing process of aluminum cans to reduce the use of detergents and running water consumption. • The Group conducted sewage treatment and effectively neutralized alkaline water to about pH8.
Raw materials and wastes	• Encouraging staff to reduce waste. For example: reusing paper and approving documents via electronic approval system to reduce paper consumption. • Introducing smart equipment (smart examination, smart packaging and conveying system) in workshops to conserve raw materials for production and labor costs. • Our professional R&D team applied the technology of variable wall shaped aluminum cans to reduce the consumption of raw materials, which saved approximately 10% of raw materials and won the Zhongshan City Patent Gold Award* (中山市專利金獎) and Guangdong Independent and Innovative Products* (廣東省自主創新產品). • To minimize the impact of VOCs coatings on the environment and human body, the Group has partially adopted environmentally-friendly water-based coatings as the substitute for VOCs coatings such that the amount of coatings per can used is reduced. • The Group endeavored to mitigate the impact caused by wastes. All non-hazardous wastes were essentially recycled for use and were regularly delivered to recycling companies by categories for recycling. Hazardous wastes were labeled and placed at fixed location according to the required protection measures, and were regularly delivered to qualified recyclers for recycling. 。
Green production model	• Actively researching and developing environmentally-friendly formulations, such as tank oil of the water-based aluminum aerosol cans. • Promoting clean production and upgrading machinery. • Establishing quality management system to be recognised by world-renowned corporate customers. • The Group provided staff training on operation methods to enhance product qualification rate and control product damage, thereby reducing the volume of emissions.
Noise	• Eliminating old equipment in the production line and investing in equipment with insulating effect to reduce noises.

The Group will continue to implement the above-mentioned measures on environmental management while continuously improving the methods of effectively implementing and monitoring different measures.

In view of our continuous effort, we target to maintain zero substantial non-compliance case in relation to the emission of exhaust gases, GHG and waste in coming five years.

ASPECT A2: USE OF RESOURCES

The Group places high priority on the efficient use of resources. The major resources used by the Group are electricity and water. For usage of water, the Group did not encounter any problems in sourcing water that is fit for purpose. The Group strives to improve the efficient use of natural resources, such as minimising waste/emissions and implementing effective recycling program. Practical measures are implemented as follows.

- Switching off lights and turning off unnecessary energy-consuming devices when staff leaves the office.
- Adopting LED lighting in some production workshops and offices.
- Using frequency conversion air compressor and air compressor heat recovery during some of our productions to reduce energy consumption.
- Utilising materials that facilitate clean production environment to effectively reduce the consumption of detergents and running water.
- Bringing our own cups to avoid using paper cups.
- Improving product packaging forms to conserve the consumption of carton materials.

The Group strengthened the education and promotion on energy saving to enhance staff awareness of energy saving and green practices while reinforcing the supervision and control over the reasonable consumption of energy. Meanwhile, production equipment and utilities were well maintained in the ordinary course of business to avoid and minimize the occurrence of any "gas escape, water emitting, liquid dropping and leakage". Cooling systems were cleaned whereas air compressors were repaired and maintained on regular basis to enhance the efficiency of use of such equipment. Lighting devices, equipment and motor with high energy consumption were replaced and new energy saving appliances were installed. For ventilation facilities, we tried our utmost to use natural renewable resources.

In terms of water consumption, our water resources are mainly used in the production process and for the domestic use of our employees. All water is provided by a third-party water supplier, and there is no problem with suitable water sources. In 2021, we generated 23,861 metric tons of sewage during the production process. We will continuously improve the sewage treatment. The produced sewage will go through a series of sewage treatment procedures to ensure compliance with national and provincial discharge standards before discharge. In 2021, we have dealt with 23,861 metric tons of sewage.

The energy consumption of the Group mainly comes from production machinery and vehicles, which includes the consumption of electricity and natural gas.

Looking forward, the Group will continue to monitor the Group's use of resources so as to improve the data collection and monitoring. In view of our continuous effort, we target to maintain zero substantial non-compliance case in relation to the consumption of water and energy in coming five years.

ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in sections "Emissions" and "Use of Resource", the Group strives to minimise the impacts to the environment and natural resources.

ASPECT A4: CLIMATE CHANGE

The Group is committed to mitigating the climate change and enhancing its resilience to adapt to the increasing threat of climate-related consequences.

The processes used to identify, evaluate and manage significant risks (including significant climate-related issues) by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

As a result of above risk management process, physical risk and transitions risks arising from climate change may not bring significant impacts to the Group's business. As a supporter of the recommendations of the Taskforce on Climate-Related Financial Disclosure (TCFD), the Group has assessed the potential climate related risks and identified the rising mean temperature and increasing severity and likelihood of extreme weather events such as typhoons and rainstorms as major physical risks impacting our daily operation.

The Group's ESG working group is responsible for identifying and assessing any climate-related risks to which the Group's operations are exposed, and updating the Board with the latest news and developments on climate regulations and industry benchmark. In order to cope with climate-related risk, the Group implemented various emergency response mechanism and purchase adequate insurance against natural disasters, including fire or flood so as to cope with extreme weather. For details, please refer to section "Health and Safety".

In the future, we will continue to identify potential business activities impacting the environment and develop corresponding improvement measures, so as to further prevent the possible negative impacts of our operation on climate change.

SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

ASPECT B1: EMPLOYMENT

To remain competitive in the industry, the Group believes that a key to our success is our ability to recruit, retain, motivate and develop talented and experienced staff members. We endeavour to attract and retain appropriate and suitable personnel to serve our Group. We understand that a professional team is our most valuable resource, and a huge amount of talents is needed for business development. To stay competitive in the industry, we assess the available human resources on a continuous basis and will determine whether additional personnel are required to cope with the business development of our Group. The Group's personnel management system manual, which was formulated by human resources department, sets out our standards for employees to understand administrative rules, including compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, and other benefits and welfare.

The Group entered into separate labour contracts with each of our employees in accordance with the "Labour Law of the People's Republic of China" and other applicable labour laws of PRC, and strictly conform with relevant laws and regulations related to the employment. The package includes basic wages, over-time work allowances, bonuses, retirement benefits and other staff benefits. We determine our employees' remuneration package based on factors including qualifications, contributions and years of experience. The Group recruits employees from the open market through posting of advertisements online or internal referrals by our other employees. We believe that the above arrangement can maintain good relationship with our employee as we believe that our employees are valuable assets to our Group. Set out below are summaries in respect of the employment and labour practices:

Summaries regarding to the employment and labour practices	
Remuneration	• Offering employees with competitive salary and benefits in accordance with job requirements and individual performance. • Establishing performance appraisal and remuneration adjustment systems and improving the remuneration management system of the Company to further motivate our employees.
Holidays and benefits	• Our staff handbook stipulates a reasonable break time for employees. The normal working hours per week are no more than 40 hours except for special circumstances. Arrangement of working overtime is also being prescribed in the staff handbook to prevent overwork. • Employees are entitled to public holidays and statutory holidays, and paid annual leave will also be given to the long-term staff. • Based on the reward and punishment system, the year-end double pay will be granted according to the actual situation. • Implementing annual staff body check and occupational diseases examination to ensure the health of our employees.
Communication with employees	• Organizing an employee labor union to promote the prevention of possible forced labor; meanwhile, holding evening parties and birthday parties for employees and giving them holiday gifts. • Actively retaining talents and recommending outstanding employees through democratic election, and promoting positive communication among employees. • Setting a mechanism to urge employees to report any non-compliance.

During the Reporting Period, there was no workplace discrimination, harassment or other material non-compliance regarding employment brought against the Group or its employees, nor was there any employment of under-age employees or forced labour.

ASPECT B2: HEALTH AND SAFETY

The Group places emphasis on occupational health and work safety in our production plants. We are subject to PRC labour, safety and work-related laws and regulations including the Law on Production Safety of the PRC* (中華人民共和國安全生產法). Our Group has in place the Regulations on Safe Management* (安全管理規定) stipulating regulations and guidelines on safe management for various departments. Apart from regular in-house safety education and training for all of our personnel, we also arrange training jointly with the local fire authority for all our production staff and workers on production safety. Our Group has established the Production Safety Committee* (安全生產委員會) to ensure our Group's compliance with the safety laws and regulations in the PRC, provide safety training to our staff and workers, set up the safety guidelines and ensure these are properly implemented in our Group. Our specific safety policies include:

- Providing adequate and regularly tested safety devices and protective clothing, gear and equipment to employees to ensure their safety.
- Offering special training to certain employees with unique skill sets who are required to attain relevant certifications.
- Conducting regular health examinations on our employees as well as maintaining health records for them.

Regarding insurance, the Group had made social insurance and housing fund contributions for its employees in accordance with the requirements pursuant to the applicable laws and regulations. We have also maintained property insurance which covers against risks of loss or damage to our equipment and assets, including inventory and vehicles. The risks we have insured against include those caused by accidents or natural disasters, including fire or flood. Our specific safety guidelines in workplace include:

- Actively promoting the prevention and control of employee occupational diseases and hygiene by equipping safe production equipment, including but not limited to gloves, ear plugs, gas masks, safety goggles and protective shoes.
- Installing large ceiling fans in production workshops to improve the air ventilation, thus heightening the comfort level of the working environment.
- Formulating emergency response measures, such as responses to fire and explosions.
- Providing dormitory staff with night-time emergency vehicle service.
- Arranging regular first aid drills, fire drills and evacuation drills.
- Prohibiting smoking and drinking in production workshops.

During the Reporting Period, there were no material non-compliance cases noted in relation to health and safety laws and regulations.

ASPECT B3: DEVELOPMENT AND TRAINING

The Group recognises the importance of providing training for the development of our employees. To ensure the performance quality of our employees and their health and safety at work place and to familiarise our employees with our quality control systems, we formulate training and development system in our staff handbook, providing employees with opportunities to increase knowledge, improve technology and education, and integrate into a positive corporate culture. We offer relevant inhouse training to our staff. Apart from regular in-house safety education and training for all of our personnel, we also arrange training jointly with the local fire authority for all our production staff and workers on production safety. The following is the practical measures for development and training:

- We emphasize the basic training of employees, and provide employees with vocational English and management courses to enhance their overall competence and ability to move to a higher social class.

- We emphasize the systematic training of employees, and formulate specific training plans in respect of the functional needs of different employees. Unless there are reasonable objections, employees must accept the education and training arrangements above-mentioned.

- We emphasize the breadth of the training, which includes but not limited to on-board training, safety education training, pre-job training, on-the job training and fire safety escape training.

- We emphasize the depth of the training. The employees entering into training agreements with the Company will be regarded as technicians to be dispatched for more specialized technical training at home or aboard.

During the Reporting Period, a total of 249 employees of the Group participated in different types of trainings for a total of 1,843 hours.

ASPECT B4: LABOUR STANDARDS

The Group strictly complies with relevant labour laws and regulations in the PRC. The Group prohibits the use of child labour and forced labour that violate fundamental human rights and also poses threat to sustainable social and economic development. Employment contracts and other records, documenting all relevant details of the employees (including age) are properly maintained for verification by relevant statutory body upon request. In the recruitment processes, the Human Resources Department takes effective procedures to verify applicants' age and inspects their identification documents and valid proof of identity before hiring any of them. The Human Resources Department strictly complies with relevant labour laws and regulations in the PRC to implement recruitment. If the Group later discovers that an employee has provided false, forged or other untrue information and credentials, the employee may be immediately dismissed from his post and be ordered to go through the resignation procedures for follow-up processing.

During the Reporting Period, we did not identify any issue related to child labor or forced labor within the Group.

OPERATING PRACTICES

ASPECT B5: SUPPLY CHAIN MANAGEMENT

The Group works closely with its suppliers who are committed to high quality, environmental, health and safety standards. Our principal suppliers were mainly suppliers of aluminum slugs. To ensure the quality of our products, we formulated our own internal operating guidelines namely the Procedures for Controlling Procurement* (採購控制程序) and the Procedures for Procurement Management* (採購工作管理制度) setting out the selection criteria of our suppliers and the control procedures in our procurement of raw materials. Our procurement system was accredited by ISO 9001. Our suppliers are chosen and evaluated based on a number of criteria set out in the Procedures for Procurement Control* (採購控制程序) and the Supplier Appraisal and Evaluation Policy《供應商考核與評價制度》including quality and pricing of their products, and their reputation in the industry. Those suppliers which satisfy the evaluations by our procurement department are put into our list of approved suppliers. Our procurement department carries out annual review of our suppliers to ensure the quality of the products supplied to us meet the requirements of our Group.

When selecting aluminum ingot suppliers, our procurement department conducts background checks and assesses the creditworthiness of each potential supplier by making reference to their year of establishment, paid-up capital, financial position, shareholder list and background. Our procurement department will pass the proposed list of ingot suppliers to one of our Directors for his review and approval. Below are practical measures for supply chain management:

- Strictly controlling the standard of product quality and safety and conducting classification management for suppliers.
- Working with suppliers to control product hygiene and safety risks, while conducting regular inspections on suppliers' plants to enhance products' safety assurance capability.
- Adding online monitoring device of suppliers to reinforce the control over the production process.
- Striving to build the "green supply chain" to assist upstream suppliers in facilitating raw material production reform and promoting the recycling of packaging waste.

We have implemented policies and measures for effective supply chain management. Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period. During the Reporting Period, the number of new suppliers is 7, all are from the Mainland China.

ASPECT B6: PRODUCT RESPONSIBILITY

Quality Assurance

We continuously strive to provide high standard products to our customers, and place strong focus on quality control, which enable us to build up our reputation in the industry. In order to ensure the quality of our products, we place great emphasis on quality control in all aspects of our operation. We have formulated the relevant internal operating guidelines Aluminum Can (Aluminum Bottle) Quality Testing Procedures* (鋁罐(鋁瓶)質量檢驗規程) and the Product Inspection and Testing Control Procedures* (產品監控測量控制程序) to govern and regulate the quality control procedures and the standards required for sourcing of raw materials, production to packing of finished products before delivery. This set of operating guidelines was accredited by ISO 9001.

Our quality control personnel are responsible for the quality control of raw materials and finished products as well as the quality control during production. In addition, we have various testing equipment to facilitate our quality control measures, such as examining the evenness of coating materials of the aluminum aerosol cans as well as the internal pressure tolerance of the cans. We implement the following quality control measures:

- Quality control on suppliers and raw materials

  Raw materials are only sourced from the list of suppliers approved by our procurement department. Our quality control personnel perform random and sample checking of the raw materials upon receipt of the same.

  For aluminum slugs, we examine their sizes in terms of diameters and thickness and their hardness by various testing methods and equipment. Samples of aluminum slugs are also visually inspected to determine if there is any surface defect. Quality reports are required for each delivery of aluminum slugs certifying that the composition of aluminum in the aluminum slugs meets the standard requirements. For coating materials and printing ink, we examine their degree of adhesion

- Quality control during production

  We carry out quality control on our semi-finished products at various stages along our production lines to ensure their quality comply with all internal benchmarks. Thickness of the wall and base of sample aluminum aerosol cans are tested by various testing methods and equipment at different checkpoints along the production lines. Tests are conducted to ensure the evenness of coating materials on the internal and external walls of the aluminum aerosol cans.

- Testing before delivery

  We carry out quality control on our finished products by random sample testings. We use electronic pressure- testing machine to examine the internal pressure tolerance of our aluminum aerosol cans, and other testing equipment to examine the degree of adhesion of the printing ink and the sizes of the cans. Our Directors consider that the internal pressure tolerance of our aluminum aerosol cans, which is crucial to the safety of our products, is also one of the major quality requirements of our customers and complies with the national standard of GB/T25164-2010 in the PRC. We also examine the appearance and printing quality on the walls of sample aluminum aerosol cans by visual inspection and comparing to the same with the prototype colors.

Some of our customers visit our factory from time to time to review our production processes and the quality of products at different stages of the production. Furthermore, we submit samples to the Guangdong Province Technique Supervising Authority (廣東省技術監督局) for their sample testings on an annual basis to ensure our product quality is up to the stipulated standards. Below are the practical measures for product responsibility:

- Running stringent tests on product safety and stress resistance, including pressure burst test, and the stress resistance of the Company's products is far higher than national standards.

- Conducting detailed analysis in case of product defects to identify the cause, pro-actively explain to customers and reach a mutually satisfactory solution.

Product Returns, Consumer Feedback and Product Recall

The Group has arrangements for product return. We will implement product returns, recall product information and communicate with customers after collecting returns. Our quality control department will be responsible for analyzing and assessing the products returned and recalled. Products identified as unqualified after the full inspection will be crushed and processed, and then the returned products will be reworked. If the reason for non-conformity involves other batch numbers, the product of such batch should be recalled at the same time. The products recall shall extend to customers who are using the products and to those products that are already circulated in the market. In such cases, we shall contact and ensure that the recall is effective with the assistance of the customer.

We are open to opinions from all parties regarding consumer feedback. If a complaint is received, the sales department shall conduct a preliminary review, investigate all the background and information of the complaint as much as possible for a severity assessment. We will respond accordingly and take clear measures based on the review and investigation. If the complaint cannot be resolved immediately, an effective solution should be developed as soon as possible. For complaints that have occurred repeatedly, are serious in nature, have a significant impact, or are from important partners, the sales department shall verify and put forward handling opinions, submit the opinions to the person in charge of quality for review on behalf of the organization, and implement them after being approved by the general manager. While communicating with complainant and relevant personnel and tracking the follow-up progress, we will implement and record relevant handling measures until all reasonable internal and external handling methods have been used or until the complainant is satisfied in order to close the procedure.

During the Reporting Period, there are no disputes between our Group and our customers in respect of the quality of products produced by us and there were no cases of non-compliance against laws and regulations related to products responsibilities. We do not have any products sold or in ship that are subject to return for safety and health reasons.

Business Ethics

The Group understands that intellectual property can help promote innovation and technological development and is important to the progress of the industry and society. Therefore, we respect intellectual property rights to promote the positive development of society. We have developed appropriate practices and systems. For example, during the initial stage of a new project, our sales assistants will communicate with the client before finalizing the draft of any work that involves trademarks and special enforcement codes, and will inquire about relevant certificates involving intellectual property rights, patents or licenses, etc., based on the actual situation, so as to avoid unnecessary conflicts at a later stage.

In addition, we value the privacy and business security of our partners, employees and consumers. According to our technical and commercial confidentiality management system, all printed manuscripts of our clients are kept by a designated person, and the printed drawings will be sent to the customer for confirmation later, and the rest of the manuscripts are never allowed to go out. For employees in key positions, the Group has the right to require the relevant personnel to sign confidentiality agreements and commercial restriction agreements as binding. In the event of leakage, the Group has clear guidelines based on the seriousness of the consequences to warn, fine, dismiss or even pursue criminal responsibility for misbehaving personnel. Over the years, we have firmly believed that the proper handling of trade secrets can eliminate external false information, strengthen investors' confidence in the Group's operations, and gain the trust and respect of our customers and the market.

During the Reporting Period, the Group has no disputes in connection to intellectual property rights and privacy security with customers, and there has been no non-compliance with laws and regulations.

ASPECT B7: ANTI-CORRUPTION

The Group adheres to the values of incorrupt operation in the course of its operations, and adopts a zero-tolerance attitude towards any form of corruption or bribery. To ensure the workplace operates in a fair and transparent manner, the Group has formulated whistleblowing policy in the Group's staff handbook to avoid suspected corruption and provided channels such as by letter and meeting for employees to report suspected corruption. If there is any suspected case related to corruption, employees are encouraged to report it through the mentioned channels. All these practical actions enhance the sense of belonging and fair play among our various stakeholders.

The Group has been in strict compliance with law and regulation related to anti-corruption such as "Contract Law of the People's Republic of China" and "Law of the People's Republic of China Against Unfair Competition" and others. During the Reporting Period, there was no any legal case regarding corrupt practices brought against the Group or its employees. Below are the practical measures for anti-corruption:

- Promoting and facilitating anti-corruption through multiple aspects by coordinating education and training programs, setting up systems and rules, as well as carrying out petition supervision.

- Constantly promoting examples of anti-corruption and good deeds on the Company's publicity columns to further develop our employees' self-regard, personal integrity, and self-discipline.

- Banning all employees from involving in, assisting in and concealing any fraud, and terminating the labor relationship and reporting to the police if any employee is found to commit fraud.

During the Reporting Period, 490 employees have received an one-hour anti-corruption training, making the concept of anti-corruption deep into the whole company.

COMMUNITY

ASPECT B8: COMMUNITY INVESTMENT

As a socially responsible company, the Group is committed to understanding the needs of the communities in which we operate. The Group strives to develop long-term relationship with our stakeholders and seek to make contributions to programmes that have a positive impact on community development. Below are practical measures for community investment in past years:

- Actively participating in charity works, including Zhongshan Charity Parade Donation Campaign (中山慈善萬人行捐款活動) and staff voluntary blood donation. In order to encourage our employees to participate in community welfare activities, the Company grants paid holidays and bonuses.

- Continuously showing special caring effort for our employees on special circumstances such as marriage, funeral, injury and illness.

- Providing impoverished families with certain annual grants on annual and regular basis to support the elderly and the young and improve the quality of life of impoverished families.

- Providing breakfast for our employees in the Company's kitchen to resolve their breakfast issues.

- Organize all employees to step up production and guarantee the supply of medical supplies, obey the scheduling arrangements of the medical supplies guarantee team of the Joint Prevention and Control Mechanism of the State Council, and continue to supply disinfection supplies to surrounding provinces to combat the epidemic during the Novel Coronavirus Pneumonia Outbreak.

In 2020, we were honored to receive a letter of appreciation from the State Council, which was a commendation and recognition from the State for our effort and support spending during the Novel Coronavirus Pneumonia Outbreak. We promise that we will continue to do our best to repay the country and the people in the future.

Besides, the Group provided public welfare donations and practical support of anti-epidemic materials to hospitals and school-running groups in various regions. During the Reporting Period, Euro Asia Packaging (Guangdong) Co., Ltd., a subsidiary of the Group, have donated a batch of office equipment and disinfection supplies to a local school in Zhongshan in order to show the care to local community. During the Reporting Period, the Group has donated approximately RMB 60,000 to support the sustainable development of the community.

APPENDIX I OVERVIEW OF KEY PERFORMANCE INDICATORS

1. Environmental Aspects[1]

No. of KPIs	KPIs	Unit	2021	2020
A1.1 Emissions[2]	Sulphur Dioxide	kg	**0.83**	0.70
	Nitrogen Oxides	kg	**157.22**	134.51
	Particulate Matter	kg	**2.79**	3.20
A1.2 Greenhouse gas emissions[2]	Scope 1 Direct emissions	Tons of CO_2e	**1,711.20**	1,357.45
	Scope 2 Indirect emissions	Tons of CO_2e	**7,691.04**	7,138.18
	Total	Tons of CO_2e	**9,402.24**	8,495.63
	Intensity	Tons of CO_2e/ square meters	**0.11**	0.10
A1.3 Hazardous waste	Total hazardous waste	Tons	**2.60**	3.03
	Intensity	Tons/square meters	**0.000031**	0.000037
A1.4 Non-hazardous waste	Total non-hazardous waste	Tons	**431.21**	331.25
	Intensity	Tons/square meters	**0.0052**	0.0040
A2.1 Energy consumption[2]	Unleaded petrol	kWh	**110,468.29**	111,063.05
	Diesel	kWh	**20,669.25**	21,609.85
	Purchased electricity	kWh	**12,606,200.00**	11,700,020.00
	Natural gas	kWh	**8,749,548.67**	6,899,901.35
	Total	kWh	**21,486,886.21**	18,732,594.25
	Intensity	kWh/square meters	**259.09**	225.88
A2.2 Water consumption	Total water consumption	Tons	**66,619.00**	79,421.00
	Intensity	Tons/square meters	**0.80**	0.96
A2.5 Packaging materials	Pallets	Items	**821,764**	756,039
	Plastic	Tons	**22,454**	22.24
	Paper	Items	**287,564**	243,344

Note

1. Unless otherwise stated, the emission factors used in calculating the environmental KPIs in this ESG Report are based on the "How to prepare an ESG Report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the HKEx.

2. KPIs of 2020 are revised for comparative purpose.

2. Social Aspects

No. of KPIs	KPIs	Unit	2021	2020
B1.1 Total number of employees	**By gender**			
	Male	person	**150**	156
	Female	person	**84**	95
	By employment type			
	Full-time	person	**234**	251
	Part-time	person	**Nil**	Nil
	By age group			
	Below 30	person	**29**	33
	30-50	person	**172**	188
	Above 50	person	**33**	30
	By geographical region			
	Hong Kong	person	**1**	2
	Mainland	person	**233**	249
B1.2 Employee turnover rate	**Turnover rate by gender**	%	**51.7**	29.5
	Male	%	**28.7**	26.3
	Female	%	**92.9**	34.7
	Turnover rate by age group			
	Below 30	%	**100**	39.4
	30-50	%	**38.4**	28.2
	Above 50	%	**30.3**	26.7
	By geographical region			
	Hong Kong	%	**100**	Nil
	Mainland	%	**51.5**	29.5
B2.1 Number and rate of work-related fatalities	Number of work-related fatalities	person	**Nil**	Nil
	Rate of work-related fatalities	%	**Nil**	Nil

No. of KPIs	KPIs	Unit	2021	2020
B2.2 Number of working days lost due to work injury	Number of working days lost due to work injury	day	**122**	86
B3.1 Percentage of trained employees	Percentage of trained employees	%	**99.6**	98.8
	By gender			
	Male	%	**99.3**	98.1
	Female	%	**100**	100
	By rank			
	Management	%	**75**	40
	Manager	%	**100**	100
	General staff	%	**100**	100
B3.2 Average training hours completed per employee	**Average training hours completed per employee**	hour	**7.88**	1.82
	By gender			
	Male	hour	**7.45**	1.82
	Female	hour	**0.12**	1.83
	By rank			
	Management	hour	**2.00**	2.40
	Manager	hour	**4.19**	6.50
	General staff	hour	**8.26**	1.40
B5.1 Number of suppliers	**Number of suppliers by geographical region**			
	PRC	supplier	**21**	118
	Europe	supplier	**6**	5
	Total		**27**	123
B6.2 Number of complaints about products and services	Number of complaints about products and service received	case	**Nil**	Nil
B7.1 Legal cases in relation to corruption	Number of legal cases in relation to corruption filed and concluded	case	**Nil**	Nil
B8.2 Community investment	Total amount of donation	RMB	**59,018**	677,756.00
	Total number of hours for providing voluntary services	hour	**4**	18
	Total number of staff involved for providing voluntary services	person	**5**	54

APPENDIX II ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

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Aspect B5: Supply Chain Management		
	General Disclosure	B5: Supply Chain Management
KPI B5.1	Number of suppliers by region.	Appendix I Overview of Key Performance Indicators
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	B5: Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5: Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, how they are implemented and monitored.	B5: Supply Chain Management
Aspect B6: Product Responsibility		
	General Disclosure	B6: Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6: Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Appendix I Overview of Key Performance Indicators
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights.	B6: Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B6: Product Responsibility
KPI B6.5	Description of customer data protection and privacy policies, how they are implemented and monitored.	B6: Product Responsibility

Subject areas, aspects, general disclosures and KPIs		Section
Aspect B7: Anti-corruption		
	General Disclosure	B7: Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case.	Appendix I Overview of Key Performance Indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B7: Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7: Anti-corruption
Aspect B8: Community Investment		
	General Disclosure	B8: Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8: Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Appendix I Overview of Key Performance Indicators

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of Directors and senior management are set out below:

EXECUTIVE DIRECTORS

Mr. Lin Wan Tsang (連運增, "Mr. Lin"), aged 56, was appointed as an executive Director on 12 September 2012 and is the chairman of the Board. Mr. Lin is also a member of each of the nomination committee and the remuneration committee of the Company. Mr. Lin is the founder and general manager of the Group. He is responsible for formulating our corporate strategies and overseeing the overall business of the Group. Mr. Lin has over 26 years of experience in the aluminum packaging industry and has extensive experience in the aerosol manufacturing industry. Mr. Lin started his business in the production of aluminum aerosol cans when he established Chaoyang City Euro Asia Aluminum Cans Industrial Company Limited* (潮陽市歐亞鋁罐工業有限公司) in 1995. Leveraging upon his experience and business connection in the aluminum packaging industry for aerosols, he further expanded his business into the aerosol manufacturing and aerosol filling industries through the establishment of Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) ("Botny Chemical") in 2000 and Euro Asia Aerosol & Household Products Manufacture Co., Ltd. (廣州歐亞氣霧劑與日化用品製造有限公司) ("Euro Asia Aerosol") in 2006.

Mr. Lin is currently:

- A standing member of the third session of the Chinese People's Political Consultative Conference Guangzhou Municipal Committee of Conghua District;
- The honorary vice-president of the China Packaging Federation (中國包裝聯合會) ("CPF");
- A deputy officer of the Aerosol Committee (氣霧劑專業委員會) of CPF;
- A deputy officer of the Metal Container Association (金屬容器委員會) of CPF;
- An honorary citizen of Guangzhou City;
- An honorary citizen of Chaoyang District of Shantou City;
- The president of the Hong Kong Conghua Fraternity Association;
- The vice-chairman of the China Auto Fitting Industry Federation;
- A member of the second session of the board of directors of Beijing AiEr Foundation;
- The vice-president of the World Chinese Volunteer Federation* (世界華人志願者聯合會);
- A director of the China Hong Kong Economic Trading International Association;
- The only member of the International Organization of Aluminum Aerosol Container Manufacturers (AEROBAL) in the Greater China area;
- A part-time adviser of master's students at the Hunan University of Technology;
- A visiting professor at the China Academy of Management Science Institute of Industry Development; and
- A health promotion ambassador (健康宣傳大使) of the Healthy China Campaign* (健康中國行動) by the First Health News* (第一健康報道).

Mr. Lin was the vice-president of the Guangdong Provincial Association of Standardization* (廣東省標準化協會) and the vice-president of the Zhongshan Packaging and Printing Industry Association* (中山市印刷包裝行業協會).

Mr. Dong Jiangxiong (董江雄, "Mr. Dong"), aged 70, was appointed as the executive Director on 31 March 2016. Mr. Dong obtained his Bachelor's degree in Precision Instrument from Tsinghua University* (清華大學). He obtained the Qualification of Patent Attorney* (專利代理人) in 1985 and the Lawyer's License* in the PRC in 1988. He has over 30 years of experience in advising on intellectual properties matters such as patents, trademarks and copyrights. Mr. Dong has extensive experience in advising corporations in the PRC and overseas on intellectual properties matters.

* For identification purpose only

NON-EXECUTIVE DIRECTOR

Mr. Kwok Tak Wang (郭德宏, "Mr. Kwok"), aged 58, was appointed as a non-executive Director on 28 March 2013 and was a director of Euro Asia Packaging (Guangdong) Co. Ltd.* (廣東歐亞包裝有限公司) (an indirect wholly-owned subsidiary of the Company) from July 2008 to October 2011 and from October 2012 to January 2013. Mr. Kwok is also a member of each of the remuneration committee, the nomination committee and the risk management committee of the Company. Mr. Kwok obtained a Master's degree in Business Administration from University of Chicago in 1997 and obtained a Master's degree in Computer Engineering from University of Southern California in 1992. He graduated from University of Wisconsin-Madison with a Bachelor's degree in Electrical Engineering in 1990.

Mr. Kwok is experienced in financial management and investment. Prior to joining our Group, he served as the managing director in JRE Asia Capital (Hong Kong) Limited from 2010 to 2012. He also served as the managing director in Credit Suisse Capital Advisors (Hong Kong) Limited from 2008 to 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lin Tat Pang (連達鵬, "Dr. Lin"), aged 65, was appointed as an independent non-executive Director on 20 June 2013. Dr. Lin is also the chairman of the nomination committee and a member of each of the audit committee, the remuneration committee and the risk management committee of the Company. Dr. Lin obtained his Doctor of Law, Master of Law and Bachelor of Law from Peking University* (北京大學) in 2009, 1998 and 1992 respectively. He also completed his Postgraduate Certificate in Hong Kong Law in City University of Hong Kong (previously known as City Polytechnic of Hong Kong) in 1993. Dr. Lin is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Chartered Association of Certified Accountants, United Kingdom. He is also a member of the Chartered Institute of Arbitrators, United Kingdom.

Dr. Lin has over 40 years of experience in accounting, finance and public offerings. He worked for Hong Kong Exchanges and Clearing Limited and the Stock Exchange between 1992 and March 2013, and his last position was senior consultant to the Listing, Listing & Regulatory Affairs Division of Hong Kong Exchanges and Clearing Limited. Dr. Lin has also been appointed as an independent non-executive director of HNA Technology Investments Holdings Limited (a company listed on the Stock Exchange, stock code: 2086) since December 2017 and he currently serves as a member of the nomination committee, and the chairman of each of the audit committee and remuneration committee.

Dr. Lin does not have any relationship with any Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Group.

Ms. Guo Yang (郭楊, "Ms. Guo"), aged 60, was appointed as an independent non-executive Director on 20 June 2013. Ms. Guo is also the chairman of the remuneration committee and a member of each of the audit committee and the nomination committee of the Company. Ms. Guo completed a professional course in economics management from Correspondence College of Party School of Central Committee of the Communist Party of China* (中共中央黨校函授學院) in 2001 and a professional course in industrial enterprise management from Beijing Open University (北京廣播電視大學) in 1986.

Ms. Guo has over 20 years of experience in the packaging industry. She has been the deputy secretary-general of the Aerosol Packaging Committee (氣霧劑專業委員會) of CPF since July 2011. During the period from January 1988 to July 2011, she worked in the following positions in CPF: the principal staff member of the Secretariat, the vice-chairman of the Office of Finance, the minister and the vice-minister of the Industry Department, the secretary-general of the Aerosol Packaging Committee (氣霧劑專業委員會) and the Aseptic Packaging Committee (無菌包裝委員會) as well as the deputy secretary general of the Circular Economic Committee (循環經濟委員會). She also served as the manager of the Management Department of Concept Figure (Beijing) International Exhibition Company Limited* (觀圖(北京)國際展覽有限責任公司), the officer of the Federation of China Packaging Entrepreneurs* (中國包裝企業家聯合會).

Ms. Guo does not have any relationship with any Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Group.

* For identification purpose only

Mr. Yip Wai Man Raymond (葉偉文, "Mr. Yip"), aged 51, was appointed as an independent non-executive Director on 27 May 2016. Mr. Yip is also the chairman of the audit committee, the chairman of the risk management committee and a member of each of the nomination committee and the remuneration committee of the Company. Mr. Yip obtained a Bachelor of Commerce from the Memorial University of Newfoundland in May 1994. He has been admitted by the Council of The University of New South Wales and the Senate of The University of Sydney with a degree of Master of Business Administration in October 2004. Mr. Yip became a member of the Institute of Chartered Accountants in Australia in January 2001, a certified general accountant of the Certified General Accountants' Association of Canada in September 1996 and an associate of the Hong Kong Society of Accountants in February 2002.

Mr. Yip has obtained over 18 years of experience in financial management. He worked for Ernst & Young from July 1996 to September 2001. Mr. Yip was employed by Fittec Electronics Co., Ltd. as a financial controller between February 2002 and December 2004. He worked for Funmobile Limited from February 2005 to September 2011 with last position of chief financial officer.

Mr. Yip had been a director of GPRO Technologies Berhad (now known as G Nepture Berhad), shares of which are listed on the ACE Market (GNB (0045)), Malaysia between November 2011 and March 2014 and a director of Industronics Berhad, shares of which are listed on the Main Market of Bursa Malaysia Securities Berhad (Itronic (9393)), Malaysia between January 2013 and February 2014.

Mr. Yip does not have any relationship with any Directors, senior management, substantial Shareholders (as defined in the Listing Rules), or controlling Shareholders (as defined in the Listing Rules) of the Group.

SENIOR MANAGEMENT

Mr. Lee Kam Fai (李錦輝, "Mr. Lee"), aged 36, has been the chief financial officer of the Group since January 2016. Mr. Lee is responsible for the overall management of the Group's finance and accounting, taxation, treasury and investor relations. Mr. Lee was appointed as the company secretary of Precious Dragon Technology Holdings Limited since August 2018. He graduated from The Hong Kong Polytechnic University with a bachelor's degree of business administration (Honors) in Accounting and Finance and is a member of the Hong Kong Institute of Certified Public Accountants. He has extensive experience on the accounting and auditing profession. Prior to joining the Group, he worked as a financial controller in European Asia Industrial Limited and had extensive working experience in an international accounting firm.

Mr. Zhang Yao Ping (章耀平, "Mr. Zhang"), aged 51, has joined the Group since November 2009. He has been the assistant to the general manager and is responsible for overseeing the administration and human resources management of the Group. Mr. Zhang is qualified as a professor of engineering (教授級高級工程師). He obtained a Bachelor's degree in Chemical Safety Engineering from Wuhan Institute of Iron and Steel* (武漢鋼鐵學院) in July 1993. Mr. Zhang has registered to the HKQAA Hong Kong Registration under Hong Kong Quality Assurance Agency as a Registered Senior Standardization Engineer (Professor Grade) in October 2021.

Prior to joining the Group, Mr. Zhang served as a deputy general manager of Zhongshan Lok Ko Party Time Company Limited* (中山樂高派對用品有限公司) in March 2008. He also served as a deputy general manager from June 2007 to May 2008, executive deputy general manager from January 2006 to May 2007 and assistant to chairman from November 2005 to June 2006 of Xiangxue Pharmaceutical Co., Ltd. (廣州市香雪製藥股份有限公司), and deputy officer of the general manager's office from March 2002 to December 2005 and deputy chief engineer from September 1995 to March 2002 of Aestar Fine Chemical Inc. Ltd. (中山市凱達精細化工股份有限公司).

Mr. Zhang was the deputy secretary-general of the Aerosol Packaging Committee (氣霧劑專業委員會) of China Packaging Federation from November 2002 to December 2010. Mr. Zhang is currently a member of each of the National Technical Committee of Standardization for Packaging* (全國包裝標準化技術委員會), National Technical Committee of Standardization for Food Contact Materials* (全國食品直接接觸材料及製品標準化技術委員會) and Guangdong Provincial Technical Committee of Standardization for Work Safety* (廣東省安全生產標準化技術委員會), respectively. Mr. Zhang has been a deputy officer of the Expert Committee (專家委員會) of China Packaging Federation since December 2021 and was appointed as an expert of the fourth session of the Emergency Management Expert Committee of Guangdong Province (廣東省應急管理專家委員會) under the Department of Emergency Management of Guangdong Province (廣東省應急管理廳) in January 2022.

*	For identification purpose only

DIRECTORS' REPORT

The Directors are pleased to present to the Shareholders this annual report and the audited consolidated financial statements for the Reporting Period.

GROUP REORGANIZATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 September 2012. On 15 March 2013, the Company became the holding company of the current subsidiary companies within the Group, which had undergone reorganization to rationalize its structure in preparation for the listing of the Shares on the Stock Exchange. On 12 July 2013, the Shares were listed on the Main Board of the Stock Exchange (the "Listing Date").

During the Reporting Period, there was no group reorganization.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are set out in note 1 to the financial statements.

BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and "Financial Summary" on pages 4 to 49 and pages 136 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 71 to 135.

The Board has resolved to recommend a final dividend of HK0.31 cent per Share for the Reporting Period (2020: HK0.66 cent per Share) which will be subject to the approval of the Shareholders at the forthcoming AGM. The final dividend will be payable on or around 15 June 2022. During the Reporting Period, an interim dividend of HK0.14 cent per Share was declared.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 May 2022 to 12 May 2022, 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 5 May 2022.

The register of members of the Company will be closed from 23 May 2022 to 25 May 2022, 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 20 May 2022.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on pages 136 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 16 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 28 to the financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to the existing Shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

RESERVES

The movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserve available for distribution to owners was approximately HK$610.6 million (2020: approximately HK$617.8 million). This includes the Company's share premium and is available for distribution provided that immediately following the date on which the dividend is proposed, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

PENSION SCHEME

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for those Hong Kong employees who are eligible to participate in the MPF Scheme, under which contributions are made based on a percentage of the employees' basic salaries. The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme (the "Central Pension Scheme", together with the MPF Scheme, the "Defined Contribution Schemes") operated by the local municipal government, under which these subsidiaries are required to contribute a certain percentage, which was pre-determined by the local municipal government, of the sum of basic salary and allowance of employees to the Central Pension Scheme. The contributions made by the Group for the Defined Contribution Schemes are charged to the statement of profit or loss as they become payable in accordance with the relevant rules of the respective scheme.

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2020 and 31 December 2021, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2020 and 31 December 2021.

For each of the two years ended 31 December 2020 and 31 December 2021, the Group did not have any defined benefit plan.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognizes the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the Reporting Period under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner.

Our major suppliers are generally manufacturers for the production of aluminum slugs, paints, coating materials, solvents, packaging materials and other chemicals, and had business relationship with the Group for over five years on average. Our largest supplier is headquartered in Guangdong of PRC and operated as wholesaler of aluminum ingot. The credit period from the major suppliers is 0 to 90 days. The payables were usually settled within the credit period. Details of the trade and bills payables of the Group as at 31 December 2021 are set out in note 22 to the financial statements. Up to the date of this report, approximately 100% of the trade and bills payable to the major suppliers has been settled.

The Company's principal activities are manufacturing of aluminum cans, which rely on, among other things, sufficient supply of the aluminum ingots and packaging materials. The Company is subject to price fluctuation in raw materials prices and could face shortage in supply of raw materials. To mitigate the risk, the Company has estimated certain periods of the material usages and maintained the safety raw material inventory level. The Company has also developed business relationships with more suppliers for specific raw materials in order to diversify the risk of relying on single supplier.

During the Reporting Period, the Group did not have any significant disputes with our major suppliers.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analyze on customers' feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

Our major customers include consumer brand manufacturers of personal care products, automotive care products and aerosol filling companies. The years of business relationship with the Group ranged from 3 to 11 years and the credit terms granted to the major customers ranged from 30 to 45 days. Details of the trade and bills receivables of the Group as at 31 December 2021 are set out in note 19 to the financial statements. Up to the date of this report, approximately 100% of the trade and bills receivables from the major customers has been settled.

Most of the Group's revenue was generated from customers in the PRC. Should there be any material adverse change in the political, economic, legal or social conditions in the PRC and the Group is unable to divert sales to other markets outside of the PRC, the turnover, profitability and prospects may be adversely affected. In order to mitigate such risk, the Group will put efforts to expand overseas market and increase the proportion of overseas sales. During the year ended 31 December 2021, we have export sales to America and Asia countries other than the PRC, etc. The Group will also continue to review competitive edges of the Group in the industry and market trend.

During the Reporting Period, the Group has not experienced any major disruption of business due to material delay or default of payment by our customers due to their financial difficulties. We did not have any material dispute with our customers.

MAJOR SUPPLIERS AND CUSTOMERS

For the Reporting Period, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 43.5% (2020: approximately 22.7%) and 62.5% (2020: approximately 54.6%) of the Group's total purchases respectively.

For the Reporting Period, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 13.1% (2020: approximately 18.0%) and 36.6% (2020: approximately 35.9%) of the Group's total turnover respectively.

At all-time during the Reporting Period, none of the Directors or any of their close associates or any Shareholders who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital had an interest in any of the five largest suppliers or customers.

DIRECTORS

The Directors in office during the Reporting Period and up to the date of this report are:

Executive Directors

Mr. Lin Wan Tsang *(Chairman)*
Mr. Dong Jiangxiong

Non-executive Director

Mr. Kwok Tak Wang

Independent non-executive Directors

Dr. Lin Tat Pang
Ms. Guo Yang
Mr. Yip Wai Man Raymond

Mr. Kwok Tak Wang, Dr. Lin Tat Pang and Ms. Guo Yang will retire in accordance with article 108(a) of the Articles at the Company's forthcoming AGM and being eligible, offer themselves for re-election.

Every Director shall retire from office once every three years and for this purpose, at each AGM one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest one-third (1/3) but not less than one-third (1/3) shall retire from office by rotation. The Directors to retire in every year will be those who have been longest in office since their last election but as between persons who became Directors on the same day those to retire shall (unless they otherwise agree between themselves) be determined by lot. Subject to the Articles, a retiring Director shall be eligible for re-election at the meeting at which he retires. For avoidance of doubt, each Director shall retire at least once every three (3) years.

No Director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Group within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out on pages 50 to 52 of this annual report.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or existed during the year.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2021, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(i) Long position in Shares and underlying Shares of the shares options granted under the Pre-IPO Share Option Scheme

	Number of Ordinary Shares		Interests in underlying Shares		
Names of Directors	**Beneficial owner**	**Interests in a controlled corporation**	**Share options** (Note 1)	**Total**	**Approximate percentage of the total issued Shares** (Note 2)
Mr. Lin Wan Tsang ("Mr. Lin")	392,546,000	268,000,000 (Note 3)	—	660,546,000	73.25%
Mr. Kwok Tak Wang	1,200,000	—	800,000	2,000,000	0.22%

Notes:

(1) These share options represent the awarded shares granted to the Directors under the Pre-IPO Share Option Scheme. Details of the Pre-IPO Share Option Scheme have been disclosed in the above section headed "Pre-IPO Share Option Scheme".

(2) These percentages have been complied based on the total number of issued Shares (i.e. 901,785,000 Shares) as at 31 December 2021.

(3) These Shares are held by Wellmass International Limited ("Wellmass"), which is wholly and beneficially owned by Mr. Lin.

(ii) Long positions in the underlying Shares of the convertible notes of the Company:

Name of the holder of the convertible notes	Principal amount of the convertible notes	Number of the total underlying Shares	Approximate percentage of the total issued Shares (Note 1)
Mr. Lin (Note 2)	271,825,440	494,228,072	54.81%

Notes:

1. These percentages have been complied based on the total number of issued Shares (i.e. 901,785,000 Shares) as at 31 December 2021.

2. These convertible notes were issued by the Company on 8 July 2015 as part of the consideration to the acquisition of Topspan Holdings Limited and its subsidiaries on 20 May 2015. They are unlisted, interest-free and convertible into the Shares at the conversion price of HK$0.55 per Share.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at 31 December 2021, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code .

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2021, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(i) Long Position in the Shares

Name of Shareholder	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares (Note 1)
Wellmass (Note 2)	Beneficial owner	268,000,000	29.72%

Notes:

(1) These percentages have been complied based on the total number of issued Shares (i.e. 901,785,000 Shares) as at 31 December 2021.

(2) Wellmass is a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Lin.

Save as disclosed above, as at 31 December 2021, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, no transactions, arrangements or contracts of significance to which the Company, its parent company, its subsidiaries or fellow subsidiaries were a party and in which a Director or his connected entities had a material interest, either directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of independence, and the Company considers that each of them to be independent and has met the guidelines set out in Rule 3.13 of the Listing Rules.

INDEMNITY OF DIRECTORS

The Articles provide that the Directors shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses. The Company has taken out insurance against the liabilities and costs associated with defending any proceedings which may be brought against the Directors.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at 31 December 2021, the Directors were not aware of any business or interest of the Directors and their respective close associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above and "Pre-IPO Share Option Scheme" below, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective close associates nor was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors, or their respective close associates to acquire such rights in any other body corporate.

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to rule 13.51B(1) of the Listing Rules, the change in information of the Director is set out below:

The Director's fee for an executive Director, Mr. Dong Jiangxiong, has been adjusted to HK$210,000 per annum with effect from 1 April 2022.

Save as disclosed herein, there has been no change to the information of the Directors pursuant to Rule 13.51B(1) of the Listing Rules.

EQUITY-LINKED AGREEMENTS

Details of equity-linked agreements entered during the Reporting Period or subsisting at the end of the Reporting Period are set out below:

CONVERTIBLE NOTES

On 20 May 2015, the Group acquired 100% interest in the Topspan Holdings Limited and its subsidiaries from Mr. Lin Wan Tsang. The acquisition was made as part of the Group's strategy to allow the Group to capture downstream profit margins by gaining access to the downstream distribution channels. The purchase consideration aggregated to HK$900,000,000, of which HK$780,000,000 were settled by the issue of convertible notes by the Company. On 8 July 2015, the Company issued the HK$780,000,000 convertible notes (the "Convertible Notes").

As a result of the spin-off and separate listing of the shares of Precious Dragon Technology Holdings Limited ("Precious Dragon") on the Main Board of the Stock Exchange by way of introduction implemented by means of a distribution in specie (the "Distribution") of the entire issued share capital of Precious Dragon owned by the Company to the Shareholders, the conversion price of the Convertible Notes was adjusted from HK$1.08 per Share to HK$0.46 per Share, with effect from 15 June 2019, the day following the record date for the Distribution. On 24 March 2020, the Company and Mr. Lin Wan Tsang, the holder of the Convertible Notes, entered into the deed of amendment (the "Deed of Amendment") to (i) extend the maturity date of the Convertible Notes by five years from 20 May 2020 to 20 May 2025; and (ii) revise upwards the conversion price of the Convertible Notes from HK$0.46 per Share to HK$0.55 per Share (collectively, the "Amendments to the terms and conditions of the Convertible Notes").

Mr. Lin Wan Tsang is an executive Director, the chairman of the Board and the controlling Shareholder, hence, is a connected person of the Company under the Listing Rules. Accordingly, the Amendments to the terms and conditions of the Convertible Notes effected by the Deed of Amendment had constituted a connected transaction for the Company under the Listing Rules.

The Deed of Amendment was approved by the Shareholders other than Mr. Lin Wan Tsang and his associates at the AGM held on 15 May 2020 and the Amendments to the terms and conditions of the Convertible Notes was approved by the Stock Exchange subsequently.

Assuming that there is no change in share capital of the Company since 31 December 2021 and the conversion rights attached to the Convertible Notes are exercised in full, the number of issued Shares will be increased by 494,228,072, representing approximately 54.81% of the issued share capital of the Company as at 31 December 2021 (i.e. 901,785,000 Shares) and approximately 35.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (i.e. 1,396,013,072 Shares).

Dilution effect of the conversion of Convertible Notes

Set out below is the dilution effect on equity interest of the substantial Shareholders upon the fully conversion of the outstanding Convertible Notes by Mr. Lin Wan Tsang, the chairman of the Board and the controlling Shareholder.

Substantial Shareholders	As at 31 December 2021		Upon full conversion of Convertible Notes as at 31 December 2021	
	Number of Shares	Approximately % of issued Shares	Number of Shares	Approximately % of issued Shares
Mr. Lin Wan Tsang	392,546,000	43.53	886,774,072	63.52
Wellmass International Limited	268,000,000	29.72	268,000,000	19.20

The outstanding Convertible Notes would not be converted fully as it would result in the number of Shares which are in the hands of the public falling below 25% of the Company's issued Shares.

Dilution impact on earnings per Share

As calculated based on profit attributable to owners of the Company of approximately HK$18.1 million for the year ended 31 December 2021, basic and diluted earnings per Share amounted to HK2.0 cents and HK1.3 cents, respectively.

The Company cannot redeem the Convertible Notes or part thereof at any time on or before the maturity date.

Based on the implied internal rate of returns of the Convertible Notes, the Share prices at the future dates at which it would be equally financially advantageous for the securities holders to convert were as follows:

Date	31 December 2021 (HK$ per Share)	**31 December 2022 (HK$ per Share)**
Share prices	0.55	**0.55**

Details of the Convertible Notes are set out in note 25 to the financial statements.

PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

The Company conditionally adopted the Pre-IPO Share Option Scheme on 20 June 2013, which became effective on the Listing Date and options in respect of 17,490,000 Shares under the Pre-IPO Share Option Scheme had been granted on 21 June 2013. The Company also conditionally adopted a share option scheme on 20 June 2013 (the "Share Option Scheme"), which became effective on the Listing Date and no option had been granted by the Company up to the date of this report.

Pre-IPO Share Option Scheme

The Group adopted the Pre-IPO Share Option Scheme on 20 June 2013 so as to recognize and motivate the contributions that certain executive and non-executive Directors, members of the senior management and other employees (the "Grantees") have made or may make to the Group.

Initially, options to subscribe for an aggregate of 17,490,000 Shares had been granted to the Grantees. The total number of securities available for issue under the Pre-IPO Share Option Scheme is 800,000 Shares, representing approximately 0.09% of the issued Shares as at the date of this annual report. No further options will be issued by the Company pursuant to the Pre-IPO Share Option Scheme. The exercise price per Share is HK$0.70, which is equivalent to 70% of the offering price per Share. All options granted under the Pre-IPO Share Option scheme on or before 20 June 2013 may be exercised in the following manner:

Exercise Period	Maximum percentage of options exercisable
Commencing on the first anniversary date of the Listing Date upon fulfillment of certain conditions and ending on the 10th anniversary date of the offer date (the "Expiration Date") (both dates inclusive)	30% of the total number of options granted to each of the Grantees
Commencing on the second anniversary date of the Listing Date upon fulfillment of certain conditions and ending on the Expiration Date (both dates inclusive)	30% of the total number of options granted to each of the Grantees
Commencing on the third anniversary date of the Listing Date upon fulfillment of certain conditions and ending on the Expiration Date (both dates inclusive)	40% of the total number of options granted to each of the Grantees

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the Listing Date subject to the provisions of early termination thereof. Each of the Grantees is required to pay HK$1.00 on acceptance of the options granted under the Pre-IPO Share Option Scheme.

Set out below is further information on the outstanding options granted under the Pre-IPO Share Option Scheme as at 31 December 2021:

	Number of share options							
Names of the Grantees	Outstanding as at 1 January 2021	Granted during the year	Exercised during the year	Lapsed during the year	Cancelled during the year	Outstanding as at 31 December 2021	Exercise price per Share HK$	Weighted average closing price of the Share before the date(s) of which shares options were exercised HK$
Director								
Kwok Tak Wang	800,000	–	–	–	–	800,000	0.7	–
Total	800,000	–	–	–	–	800,000		

Save as disclosed, no share options were granted, exercised, lapsed and cancelled under the Pre-IPO Share Option Scheme.

Share Option Scheme

The Company adopted the Share Option Scheme on 20 June 2013, which became effective on the Listing Date.

The Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that eligible participants have made or may make to the Group. The eligible participants include employees (whether full-time or part-time), directors of the Company or any subsidiary or any entity in which the Group holds at least 20% of its issued share capital (the "Invested Entity"), suppliers, customers, technological service providers, Shareholders, consultants, joint venture or other business partners to any member of the Group or any Invested Entity. The eligible participants shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of Shares in respect of which options may be granted under the Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the shares in issue as at the Listing Date (i.e. 40,000,000 Shares) unless approved by the Shareholders. No option shall be granted to any eligible participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant under the Share Option Scheme and the Pre-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as at the date of such grant. Any grant of further options above this limit shall be subject to the approval of the Shareholders at general meeting.

The exercise price for any share option under the Share Option Scheme shall be a price determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date of the relevant option; (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the offer date of the relevant option; and (iii) the nominal value of a Share on the offer date.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof. A remittance of HK$1 is payable on acceptance of the grant of an option.

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. The remaining life of the Share Option Scheme is two years. No share option has been granted under the Share Option Scheme and the total number of securities available for issue under the Share Option Scheme is 40,000,000 Shares, representing approximately 4.44% of the issued Shares as at the date of this report.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 33 to the financial statements constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

For the Reporting Period, the Group entered into various transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules. All the continuing connected transactions during the Reporting Period that need to be disclosed herein are in compliance with the Listing Rules. The actual monetary value of the continuing connected transactions of the Group for the Reporting Period is set out below:

Connected Person	Nature of Transactions	Time Periods	Actual monetary value for the year ended 31 December 2021 HK$'000
Precious Dragon and its subsidiaries (collectively, "Precious Dragon Group")			
Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Ltd.* (廣州歐亞氣霧劑與日化用品製造有限公司, "Guangzhou Euro Asia")	Sales of products	1 January 2021 - 31 December 2021	21,982
Guangzhou Botny Chemical Co., Ltd* (廣州保賜利化工有限公司, "Guangzhou Botny")	Sales of products	1 January 2021 - 31 December 2021	932
			22,914

* *For identification purpose only*

Further information on the transaction with Precious Dragon Group is provided as follows:

Precious Dragon Group is including, but not limited to Guangzhou Euro Asia and Guangzhou Botny.

On 17 April 2019, Hong Kong Aluminum Cans Limited ("Hong Kong Aluminum Cans", a wholly-owned subsidiary of the Company) and Precious Dragon entered into the master supply agreement (the "Master Supply Agreement"), pursuant to which the Group shall supply to Precious Dragon Group certain monobloc aluminum aerosol cans from 21 June 2019 to 31 December 2021. The selling price was determined with reference to the costs of products (including with the logistic costs, taxes, insurance and other relevant costs) plus a profit margin, selling price offered to independent customers and of the same or comparable products in the market.

As set out in the announcement of the Company dated 17 April 2019 and the circular of the Company dated 9 May 2019, the annual caps under the Master Supply Agreement for the period from 21 June 2019 to 31 December 2019 and the two financial years ending 31 December 2020 and 31 December 2021 were HK$25.1 million, HK$39.2 million and HK$47 million, respectively.

The Company spun-off and separately listed the shares of Precious Dragon on the Main Board of the Stock Exchange on 21 June 2019. After the completion of the spin-off of Precious Dragon, Mr. Lin is also a controlling shareholder of Precious Dragon, and therefore Precious Dragon is a connected person of the Company. The Master Supply Agreement constitutes a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules for the Annual Caps exceeds 5%, the Master Supply Agreement is subject to the reporting, announcement, annual review, circular and independent shareholders' approval requirements.

The Company's auditor was engaged to report on the non-exempt continuing connected transactions (the "Transactions") and has issued a letter to the Board setting out the confirmation required under Rule 14A.56 of the Listing Rules and a copy of which has been provided by the Company to the Stock Exchange.

All independent non-executive Directors had reviewed the Transactions and confirmed that the Transactions for the Reporting Period were:

(i) in the ordinary and usual course of the Company's business;

(ii) on normal commercial terms or better to the Company; and

(iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PUBLIC FLOAT

From information publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

FUTURE PROSPECTS AND DEVELOPMENT

Our management believes 2022 will be a difficult year for the Group due to (i) the uncertainty in the global economic environment; (ii) the soft landing of growth in consumable products and domestic demands in high-end personal care products in the PRC; (iii) raw material prices skyrocket; (iv) the volatile fluctuation of RMB against USD; and (v) the increasing competition from small-sized overseas aerosol can manufacturers.

Whatever the market fluctuations may bring, our Group remains optimistic about the outlook of the worldwide and domestic aerosol can manufacturing industry. Our Group will focus on developing sustainable manufacturing business while reinforcing its capabilities and strengths to provide our customers with stable, sustainable and more comprehensive service.

AUDITOR

Ernst & Young, the auditor of the Company, will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer itself for re-appointment. A resolution will be submitted to the AGM to be held on 12 May 2022 to seek Shareholders' approval on the appointment of Ernst & Young as the Company's auditor until the conclusion of the next AGM and to authorize the Board to fix its remuneration.

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, 22 March 2022

INDEPENDENT AUDITOR'S REPORT

To the shareholders of China Aluminum Cans Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Aluminum Cans Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 71 to 135, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
Inventory provisions	
As at 31 December 2021, the carrying amount of inventories amounted to HK$32.61 million, after considering allowance for inventory obsolescence of HK$4.70 million. The inventories were valued at the lower of cost or net realisable value. Management periodically performed stock take to identify damaged and obsolete inventories. The determination of the net realisable value reflects management's best estimate of the likely sales prices and the physical condition of inventories, based on the category and ageing of the inventories. Significant judgements and estimates were required in determining of the net realisable value, including the likely sales prices for different categories of inventories. These judgements and estimates have a material impact on the calculation of net realisable value. As a result, this matter was considered as a key audit matter. Details of the inventory provisions are disclosed in note 6 "significant accounting judgements and estimates", note 9 "profit before tax" and note 18" inventories" to the consolidated financial statements.	We evaluated management's process of identifying damaged, slow-moving and obsolete inventories and calculating the provisions. We tested the ageing analysis of inventories, on a sample basis, by checking to the invoices and other relevant supporting documents. We tested, on a sample basis, the estimated selling price of significant inventory items to the actual selling price subsequent to the year end or latest sales data and compared the estimated selling price of selected inventory items against their costs. We assessed the methodology and assumptions used in the calculation of the net realisable value of the inventories; and recalculated the amount of write-down in inventories. We observed the condition of inventories in stock-take to inspect obsolete and damaged inventories.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is M.L. Chau.

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place
979 King's Road Quarry Bay, Hong Kong
22 March 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
REVENUE	8	**208,900**	183,924
Cost of sales		**(152,285)**	(118,817)
Gross profit		**56,615**	65,107
Other income and gains	8	**10,501**	6,305
Selling and distribution expenses		**(8,230)**	(7,306)
Administrative expenses		**(21,432)**	(20,678)
Research and development expenses	9	**(11,445)**	(10,451)
Impairment losses on financial assets, net	9	**(1,051)**	(529)
Other expenses		**(3,961)**	(3,554)
Finance costs	10	**(99)**	(158)
PROFIT BEFORE TAX	9	**20,898**	28,736
Income tax expenses	13	**(2,479)**	(6,663)
PROFIT FOR THE YEAR		**18,419**	22,073
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**10,918**	18,820
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**29,337**	40,893
Profit attributable to:			
Owners of the parent		**18,096**	21,669
Non-controlling interests		**323**	404
		18,419	22,073
Total comprehensive income attributable to:			
Owners of the parent		**28,862**	40,216
Non-controlling interests		**475**	677
		29,337	40,893
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	15		
Basic		**HK2.0 cents**	HK2.4 cents
Diluted		**HK1.3 cents**	HK1.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	31 December 2021 HK$'000	31 December 2020 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**237,472**	227,449
Right-of-use assets	17	**13,205**	13,526
Deferred tax assets	27	**2,030**	1,033
Non-current prepayments	20	**754**	3,036
Total non-current assets		**253,461**	245,044
CURRENT ASSETS			
Inventories	18	**32,610**	30,640
Trade and bills receivables	19	**21,644**	15,523
Prepayments, deposits and other receivables	20	**1,812**	1,962
Pledged deposits	21	**—**	150
Cash and cash equivalents	21	**95,377**	102,523
Total current assets		**151,443**	150,798
CURRENT LIABILITIES			
Trade and bills payables	22	**3,579**	3,789
Other payables and accruals	23	**17,159**	19,985
Interest-bearing bank and other borrowings	24	**265**	12,096
Tax payable		**40**	—
Deferred income	26	**283**	289
Total current liabilities		**21,326**	36,159
NET CURRENT ASSETS		**130,117**	114,639
TOTAL ASSETS LESS CURRENT LIABILITIES		**383,578**	359,683
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	24	**282**	258
Deferred tax liabilities	27	**2,356**	2,038
Deferred income	26	**5,171**	3,739
Total non-current liabilities		**7,809**	6,035
Net assets		**375,769**	353,648

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2021

	Notes	31 December 2021 HK$'000	31 December 2020 HK$'000
EQUITY			
Equity attributable to owners of the parent			
Share capital	28	**9,018**	9,018
Equity component of convertible notes	25	**271,826**	271,826
Reserves	30	**89,803**	68,157
		370,647	349,001
Non-controlling interests		**5,122**	4,647
Total equity		**375,769**	353,648

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Lin Wan Tsang
Director

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Lin Tat Pang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent											
	Share capital HK$'000 (note 28)	Share premium account HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Share option reserve HK$'000	Equity component of convertible notes HK$'000 (note 25)	Reserve funds HK$'000 (note 30)	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2021	9,018	617,815	111,196	(900,000)	1,986	271,826	45,979	3,967	187,214	349,001	4,647	353,648
Profit for the year	—	—	—	—	—	—	—	—	18,096	18,096	323	18,419
Other comprehensive income for the year:												
Exchange differences related to foreign operations	—	—	—	—	—	—	—	10,766	—	10,766	152	10,918
Total comprehensive income for the year	—	—	—	—	—	—	—	10,766	18,096	28,862	475	29,337
Transfer from retained profits	—	—	—	—	—	—	2,321	—	(2,321)	—	—	
Dividends paid	—	(7,216)	—	—	—	—	—	—	—	(7,216)	—	(7,216)
At 31 December 2021	9,018	610,599#	111,196#	(900,000)#	1,986#	271,826	48,300#	14,733#	202,989#	370,647	5,122	375,769

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2021

	Attributable to owners of the parent											
	Share capital HK$'000 (note 28)	Share premium account HK$'000	Contributed surplus HK$'000	Merger reserve HK$'000	Share option reserve HK$'000	Equity component of convertible notes HK$'000 (note 25)	Reserve funds HK$'000 (note 30)	Exchange fluctuation reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2020	9,342	641,155	111,196	(900,000)	1,986	271,826	43,070	(14,580)	150,201	314,196	4,739	318,935
Profit for the year	—	—	—	—	—	—	—	—	21,669	21,669	404	22,073
Other comprehensive income for the year:												
Exchange differences related to foreign operations	—	—	—	—	—	—	—	18,547	—	18,547	273	18,820
Total comprehensive income for the year	—	—	—	—	—	—	—	18,547	21,669	40,216	677	40,893
Shares repurchased and cancelled	(324)	(17,929)	—	—	—	—	—	—	18,253	—	—	—
Transfer from retained profits	—	—	—	—	—	—	2,909	—	(2,909)	—	—	—
Dividends paid	—	(5,411)	—	—	—	—	—	—	—	(5,411)	(769)	(6,180)
At 31 December 2020	9,018	617,815#	111,196#	(900,000)#	1,986#	271,826	45,979#	3,967#	187,214#	349,001	4,647	353,648

Notes:

These reserve accounts comprise the consolidated reserves of HK$89,803,000 (2020: HK$68,157,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Notes	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**20,898**	28,736
Adjustments for:			
Finance costs	10	**99**	158
Bank interest income	8	**(821)**	(694)
Loss on disposal of property, plant and equipment	9	**154**	14
Depreciation of items of property, plant and equipment	16	**19,885**	19,838
Depreciation of right-of-use assets	17	**746**	702
Write-down of inventories to net realisable value	9	**1,230**	960
Impairment losses on financial assets	9, 19	**1,051**	529
Impairment losses on property, plant and equipment	9	**1,166**	—
		44,408	50,243
(Increase)/decrease in inventories		**(3,327)**	449
(Increase)/decrease in trade and bills receivables		**(598)**	6,520
Decrease in prepayments, deposits and other receivables		**144**	3,923
(Increase)/decrease in amounts due from related parties		**(6,109)**	271
Decrease in trade and bills payables		**(210)**	(515)
Decrease in deposits received, other payables and accruals		**(2,826)**	(3,533)
Increase in amounts due to related parties		**—**	13
Decrease in an amount due to a director		**—**	(39)
Increase in deferred income		**1,426**	2,040
Cash generated from operations		**32,908**	59,372
Withholding tax paid		**—**	(2,772)
PRC corporate income tax paid		**(3,453)**	(3,851)
Net cash flows from operating activities		**29,455**	52,749

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2021

	Note	2021 HK$'000	2020 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(22,769)**	(12,500)
Proceeds from disposal of items of property, plant and equipment		**733**	—
Decrease/(increase) in restricted short-term deposits		**150**	(150)
Interest received from the bank		**821**	694
Net cash flows used in investing activities		**(21,065)**	(11,956)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**282**	11,850
Repayment of bank loans		**(11,850)**	—
Interest paid		**(99)**	(158)
Dividends paid to owners of the parent		**(7,216)**	(5,411)
Dividends paid to non-controlling interests		**—**	(769)
Principal portion of lease payments		**(251)**	(259)
Net cash flows (used in)/from financing activities		**(19,134)**	5,253
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(10,744)**	46,046
Exchange realignment		**3,598**	4,779
Cash and cash equivalents at beginning of year		**102,523**	51,698
CASH AND CASH EQUIVALENTS AT END OF YEAR	21	**95,377**	102,523
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	21	**95,377**	102,523
Pledged bank deposits		**—**	150
Cash and cash equivalents as stated in the consolidated statement of cash flows		**95,377**	102,673

NOTES TO FINANCIAL STATEMENTS

31 December 2021

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 manufacture and sale of aluminum aerosol cans.

In the opinion of the directors (the "Directors"), as at 31 December 2021, 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 2021. 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 following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform - Phase 2*

The nature and the impact of and the revised IFRS is described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The amendments did not have any impact on the financial position and performance of the Group.

4. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 3	*Reference to the Conceptual Framework*[1]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 17	*Insurance Contracts*[2]
Amendments to IFRS 17	*Insurance Contracts*[2, 5]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*[2,4]
Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*[2]
Amendments to IAS 8	*Definition of Accounting Estimates*[2]
Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*[2]
Amendments to IAS 16	*Property, Plant and Equipment: Proceeds before Intended Use*[1]
Amendments to IAS 37	*Onerous Contracts - Cost of Fulfilling a Contract*[1]
Annual Improvements to IFRS standards 2018-2020	*Amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41*[1]

1 Effective for annual periods beginning on or after 1 January 2022

2 Effective for annual periods beginning on or after 1 January 2023

3 No mandatory effective date yet determined but available for adoption

4 As a consequence of the amendments to IAS 1, International Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised in October 2020 to align the corresponding wording with no change in conclusion

5 As a consequence of the amendments to IFRS 17 issued in October 2020, IFRS 4 was amended to extend the temporary exemption that permits insurers to apply IAS 39 rather than IFRS 9 for annual periods beginning before 1 January 2023

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 3 are intended to replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements with a reference to the Conceptual Framework for Financial Reporting* issued in March 2018 without significantly changing its requirements. The amendments also add to IFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying IFRS 3 should refer to IAS 37 or IFRIC-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group expects to adopt the amendments prospectively from 1 January 2022. Since the amendments apply prospectively to business combinations for which the acquisition date is on or after the date of first application, the Group will not be affected by these amendments on the date of transition.

Amendments to IAS 1 *Classification of Liabilities as Current or Non-current clarify* the requirements for classifying liabilities as current or non-current. The amendments specify that if an entity's right to defer settlement of a liability is subject to the entity complying with specified conditions, the entity has a right to defer settlement of the liability at the end of the reporting period if it complies with those conditions at that date. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. The amendments are effective for annual periods beginning on or after 1 January 2023 and shall be applied retrospectively. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

4. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Amendments to IAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to IFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently assessing the impact of the amendments on the Group's accounting policy disclosures.

Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 12 narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items, in profit or loss. The amendments are effective for annual periods beginning on or after 1 January 2022 and shall be applied retrospectively only to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

4. ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

Annual Improvements to IFRS Standards 2018-2020 sets out amendments to IFRS 1, IFRS 9, Illustrative Examples accompanying IFRS 16, and IAS 41. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 9 Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022. Earlier application is permitted. The amendment is not expected to have a significant impact on the Group's financial statements.

- *IFRS 16 Leases*: removes the illustration of payments from the lessor relating to leasehold improvements in Illustrative Example 13 accompanying IFRS 16. This removes potential confusion regarding the treatment of lease incentives when applying IFRS 16.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, contract assets, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the Group (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation *(continued)*

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of that asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	4.5%
Plant and machinery	4.5%-9%
Office and other equipment	18%
Motor vehicles	18%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents plant and machinery under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	50 years
Buildings	1.5 to 2 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases is recognised as an expense on a straight-line basis over the lease term.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach *(continued)*

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2: Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3: Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, an amount due to the ultimate holding company, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the jurisdictions in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

Sale of industrial products

Revenue from the sale of industrial products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Income from research and development (R&D) design is recognised when the relevant R&D service has been rendered at a point in time.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Other employee benefits

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation differences on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

The functional currencies of certain overseas subsidiaries are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Tax

Determining income tax provisions requires the Group to make judgements on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions in accordance with prevailing tax regulations and makes tax provisions accordingly.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilised. This requires significant judgement on the tax treatments of certain transactions and also assessment on the probability that adequate future taxable profits will be available for the deferred tax assets to be recovered.

Deferred tax liabilities are recognised for a withholding tax levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends to be declared.

6. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Useful lives and residual values of property, plant and equipment

In determining the useful life and residual value of an item of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances. The carrying amounts of property, plant and equipment at 31 December 2021 and 2020 were HK$237,472,000 and HK$227,449,000, respectively. Further details are given in note 16.

Write-down of inventories to net realisable value

A write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the required write-down involves management's judgement and estimates on market conditions. Where the actual outcome or expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down/write-back of inventories in the period in which the estimate has been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on the invoice date for groupings of various customer segments with similar loss patterns (i.e., ageing of the balances and recent historical payment patterns).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecasted economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates will be adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

7. OPERATING SEGMENT INFORMATION

The Group is principally engaged in manufacture and sale of aluminum aerosol cans.

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

	2021 HK$'000	2020 HK$'000
Africa	**1,234**	1,512
America	**11,455**	13,143
Asia	**10,676**	8,119
Mainland China	**185,535**	161,150
	208,900	183,924

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	2021 HK$'000	2020 HK$'000
Hong Kong	**342**	468
Mainland China	**251,089**	243,543
	251,431	244,011

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 2021, revenue of approximately HK$21,982,000 derived from a related party and revenue of approximately HK$27,360,000 derived from a third party accounted for more than 10% of the total revenue separately.

8. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	2021 HK$'000	2020 HK$'000
Revenue from contracts with customers	**208,900**	183,924

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	2021 HK$'000	2020 HK$'000
Type of goods		
Sale of industrial products	**208,900**	183,924
Geographical markets		
Africa	**1,234**	1,512
America	**11,455**	13,143
Asia	**10,676**	8,119
Mainland China	**185,535**	161,150
Total revenue from contracts with customers	**208,900**	183,924
Timing of revenue recognition		
Goods transferred at a point in time	**208,900**	183,924

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:

	2021 HK$'000	2020 HK$'000
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
Sale of industrial products	**11,458**	14,257

8. REVENUE, OTHER INCOME AND GAINS *(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:

	2021 HK$'000	2020 HK$'000
Amounts expected to be recognised as revenue:		
Within one year	**9,170**	11,458

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

Other income and gains

	2021 HK$'000	2020 HK$'000
Sale of scrap materials	**6,097**	3,798
Bank interest income	**821**	694
Government grants:		
– Related to assets*	**289**	225
– Related to income**	**404**	1,197
Income from research and development design	**447**	261
Forfeiture of customers' deposit	**2,119**	—
Others	**324**	130
	10,501	6,305

* 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$404,000 (2020: HK$1,197,000) represent cash receipts from and subsidies provided by the local government authorities to the Group as an encouragement for its technological innovation and an reward for a high technology enterprise. There are no unfulfilled conditions or contingencies relating to these grants.

9. PROFIT BEFORE TAX

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

	Notes	2021 HK$'000	2020 HK$'000
Cost of inventories sold		**152,285**	118,817
Depreciation of property, plant and equipment		**19,885**	19,838
Depreciation of right-of-use assets	17	**746**	702
Auditor's remuneration		**1,523**	1,350
Research and development costs		**11,445**	10,451
Lease payments not included in the measurement of lease liabilities	17	**17**	303
Employee benefit expense (excluding directors' remuneration (note 11)):			
Wages and salaries		**32,313**	24,967
Pension scheme contributions		**5,075**	573
		37,388	25,540
Exchange losses, net*		**438**	1,143
Loss on disposal of items of property, plant and equipment*		**154**	14
Impairment losses on financial assets		**1,051**	529
Write-down of inventories to net realisable value*		**1,230**	960
Impairment losses on property, plant and equipment		**1,166**	—

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

10. FINANCE COSTS

An analysis of finance costs is as follows:

	2021 HK$'000	2020 HK$'000
Interest on bank loans wholly repayable within five years	**74**	146
Interest on lease liabilities (note 17)	**25**	12
	99	158

11. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383 (1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2021 HK$'000	2020 HK$'000
Fees	**2,866**	2,905
Other emoluments:		
Salaries, allowances and benefits in kind	**410**	383
Pension scheme contributions	**18**	18
Performance related bonuses	**—**	—
	428	401
Total	**3,294**	3,306

(a) Independent non-executive directors and a non-executive director

The fees paid to independent non-executive directors and a non-executive director during the year were as follows:

	2021 HK$'000	2020 HK$'000
Independent non-executive directors:		
Mr. Yip Wai Man	**210**	191
Dr. Lin Tat Pang	**210**	191
Ms. Guo Yang	**210**	191
Mr. Chung Yi To*	**—**	95
	630	668
Non-executive director:		
Mr. Kwok Tak Wang	**416**	416
	1,046	1,084

* On 30 June 2020, Mr. Chung Yi To resigned as an independent non-executive director of the Company.

There were no other emoluments payable to the independent non-executive directors during the year (2020: Nil).

11. DIRECTORS' REMUNERATION *(continued)*

(b) Executive directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Performance related bonuses HK$'000	Total remuneration HK$'000
2021					
Executive directors:					
Mr. Lin Wan Tsang	**1,417**	**410**	**18**	**—**	**1,845**
Mr. Dong Jiangxiong	**403**	**—**	**—**	**—**	**403**
	1,820	**410**	**18**	**—**	**2,248**

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Performance related bonuses HK$'000	Total remuneration HK$'000
2020					
Executive directors:					
Mr. Lin Wan Tsang	1,418	383	18	—	1,819
Mr. Dong Jiangxiong	403	—	—	—	403
	1,821	383	18	—	2,222

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: Nil).

No emoluments were paid by the Group to the directors or past directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2021 (2020: Nil).

12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors (2020: three), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the two (2020: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2021 HK$'000	2020 HK$'000
Salaries, allowances and benefits in kind	1,824	1,795
Pension scheme contributions	93	51
Performance related bonuses	702	623
	2,619	2,469

The number of these non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	2021	2020
Nil to HK$1,000,000	1	1
HK$1,000,001 to HK$1,500,000	—	—
HK$1,500,001 to HK$2,000,000	1	1
	2	2

During the year and in prior years, there were no non-director highest paid employees who were granted share options in 2013 in respect of their services to the Group. The fair value of these options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant, and the amount included in the financial statements for the year is included in the above non-director, highest paid employees' remuneration disclosures.

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2021 (2020: Nil).

13. 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 was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year 2021 (2020: 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 2021 and 2020.

	2021 **HK$'000**	2020 HK$'000
Current – Mainland China	**3,109**	4,329
Current – Hong Kong*	**—**	2,495
Deferred	**(630)**	(161)
Total tax charge for the year	**2,479**	6,663

* Current – Hong Kong represents the effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries.

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:

	2021 **HK$'000**	**%**	2020 HK$'000	%
Profit before tax	**20,898**		28,736	
Tax at the statutory tax rate	**5,225**	**25.0**	7,184	25.0
Entities subject to a preferential tax rate	**(2,164)**	**(10.4)**	(2,955)	(10.3)
Effect of withholding tax on undistributed profits of the PRC subsidiary	**318**	**1.5**	31	0.1
Super deduction of R&D	**(1,717)**	**(8.2)**	(1,176)	(4.1)
Expenses not deductible for tax	**128**	**0.6**	2,778	9.7
Tax losses not recognised	**504**	**2.4**	816	2.8
Adjustments in respect of current tax of previous periods	**185**	**0.9**	(15)	(0.1)
Tax charge at the Group's effective tax rate	**2,479**	**11.9**	6,663	23.2

14. DIVIDENDS

	Note	2021 HK$'000	2020 HK$'000
Interim – HK0.14 cent (2020: HK0.23 cent) per ordinary share		**1,262**	2,074
Proposed final – HK0.31 cent (2020: HK0.66 cent) per ordinary share	(i)	**2,795**	5,952
		4,057	8,026

Note:

(i) 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 2021.

15. 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 (2020: 901,785,000) 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.

	2021 HK$'000	2020 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	**18,096**	21,669

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	**901,785,000**	901,785,000
Effect of dilution – weighted average number of ordinary shares: Convertible Notes	**494,228,072**	494,228,072
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	**1,396,013,072**	1,396,013,072

16. 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 2021						
At 1 January 2021:						
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	25,835	164,181	3,365	5,629	28,439	227,449
At 1 January 2021, net of accumulated depreciation	25,835	164,181	3,365	5,629	28,439	227,449
Additions	—	664	115	569	23,704	25,052
Disposals	—	(777)	(16)	(16)	—	(809)
Depreciation provided during the year	(3,108)	(15,437)	(519)	(821)	—	(19,885)
Impairment	—	(1,166)	—	—	—	(1,166)
Transfers	—	7,312	—	—	(7,312)	—
Exchange realignment	757	4,922	99	154	899	6,831
At 31 December 2021, net of accumulated depreciation	23,484	159,699	3,044	5,515	45,730	237,472
At 31 December 2021:						
Cost	56,581	346,330	7,998	10,804	45,730	467,443
Accumulated depreciation	(33,097)	(186,631)	(4,954)	(5,289)	—	(229,971)
Net carrying amount	23,484	159,699	3,044	5,515	45,730	237,472
31 December 2020						
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	21,417	158,536	3,657	5,762	35,037	224,409
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	25,835	164,181	3,365	5,629	28,439	227,449
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	25,835	164,181	3,365	5,629	28,439	227,449

16. PROPERTY, PLANT AND EQUIPMENT *(continued)*

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$3,085,000 as at 31 December 2021 (2020: HK$19,977,000) (note 24).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with a carrying value of HK$48,148,000 as at 31 December 2021 (2020: HK$59,986,000) (note 24).

17. LEASES

The Group as a lessee

The Group has lease contracts for various items used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1.5 and 2.5 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Leasehold land HK$'000	Buildings HK$'000	Total HK$'000
As at 1 January 2021	13,022	504	13,526
Depreciation charge	(487)	(259)	(746)
Exchange realignment	412	13	425
As at 31 December 2021	12,947	258	13,205

Certain of the Group's interest-bearing bank borrowings were secured by the Group's leasehold land with a carrying value of HK$2,946,000 as at 31 December 2021 (2020: HK$13,022,000) (note 24).

The Group's leasehold land is held under a medium-term lease and is situated in Mainland China.

17. LEASES *(continued)*

The Group as a lessee *(continued)*

(b) Lease liabilities

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	2021 HK$'000	2020 HK$'000
Carrying amount at 1 January	**504**	260
Accretion of interest recognised during the year	**25**	12
Payments	**(276)**	(271)
New Leases	**—**	504
Exchange realignment	**12**	(1)
Carrying amount at 31 December	**265**	504
Analysed into:		
Current portion	**265**	246
Non-current portion	**—**	258

The maturity analysis of lease liabilities is disclosed in note 24 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2021 HK$'000	2020 HK$'000
Interest on lease liabilities	**25**	12
Depreciation charge of right-of-use assets	**746**	702
Expense relating to short-term leases (included in administrative expenses)	**17**	303
Total amount recognised in profit or loss	**788**	1,017

18. INVENTORIES

	2021 HK$'000	2020 HK$'000
Raw materials	**15,321**	16,151
Work in progress	**5,301**	1,615
Finished goods	**11,988**	12,874
	32,610	30,640

At 31 December 2021, the amount of inventories is net of a write-down of approximately HK$4,698,000 (2020: HK$3,341,000).

19. TRADE AND BILLS RECEIVABLES

	2021 HK$'000	2020 HK$'000
Trade receivables	**21,306**	13,919
Impairment	**(2,238)**	(1,646)
Trade receivables, net	**19,068**	12,273
Bills receivable	**2,576**	3,250
	21,644	15,523

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:

	2021 HK$'000	2020 HK$'000
Within 30 days	**9,067**	7,181
31 to 60 days	**6,041**	2,056
61 to 90 days	**2,774**	126
Over 90 days	**1,186**	2,910
	19,068	12,273

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

	2021 HK$'000	2020 HK$'000
At beginning of year	**1,646**	1,180
Impairment losses, net (note 9)	**1,051**	529
Amount written off as uncollectible	**(528)**	—
Exchange realignment	**69**	(63)
At end of year	**2,238**	1,646

19. 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., by product type, customer type and rating, ageing of the balances and recent historical payment patterns). For certain trade receivables for which the counterparty failed to make demanded repayments, the Group has made a 100% provision ("Default receivables"). Except for default receivables, the Group used the calculation which 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
As at 31 December 2021					
Related party:					
Expected credit loss rate	—	—	—	—	—
Gross carrying amount (HK$'000)	1,370	2,626	2,774	705	7,475
Expected credit losses (HK$'000)	—	—	—	—	—
Third party:					
Default receivables*					
Expected credit loss rate	—	—	—	100%	100%
Gross carrying amount (HK$'000)	—	—	—	1,309	1,309
Expected credit losses (HK$'000)	—	—	—	1,309	1,309
Other receivables					
Expected credit loss rate	2.81%	2.65%	—	56.01%	7.42%
Gross carrying amount (HK$'000)	7,921	3,507	—	1,094	12,522
Expected credit losses (HK$'000)	223	93	—	613	929
Total expected credit losses (HK$'000)	223	93	—	1,922	2,238

* Due to the significant increase in credit risk of certain customers, the Group has made a 100% provision.

19. TRADE AND BILLS RECEIVABLES *(continued)*

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

	Ageing				
	1 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Total
As at 31 December 2020					
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

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 HK$'000	2020 HK$'000
Non-current prepayments	**754**	3,036
Current assets		
Prepayments	**1,165**	759
Deposits and other receivables	**642**	1,192
Due from a director	**5**	11
	1,812	1,962

21. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

	2021 HK$'000	2020 HK$'000
Cash and bank balances	**95,377**	102,673
Less: Deposits pledged for acceptance bills	**—**	(150)
Cash and cash equivalents	**95,377**	102,523
Cash and bank balances denominated in		
– Renminbi ("RMB")	**59,142**	54,581
– United States dollar ("US$")	**34,907**	46,536
– Hong Kong dollar ("HK$")	**1,328**	1,556
	95,377	102,673

The RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Pledged bank deposits represent balances pledged to banks for the Group's acceptance bills.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

22. 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:

	2021 HK$'000	2020 HK$'000
Within 30 days	**2,315**	2,600
31 to 60 days	**317**	607
61 to 90 days	**549**	379
Over 90 days	**398**	203
	3,579	3,789

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.

23. OTHER PAYABLES AND ACCRUALS

	Notes	2021 HK$'000	2020 HK$'000
Salary and welfare payables	(a)	**3,859**	4,583
Contract liabilities	(b)	**9,170**	11,458
Other payables and accruals	(c)	**4,117**	3,931
Due to a related party	33 (2)	**13**	13
		17,159	19,985

Notes:

(a) The salary and welfare payables are non-interest-bearing and are payable on demand.

(b) 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 year:

	2021 HK$'000	2020 HK$'000
Short-term advances received from customers	**9,170**	11,458

(c) The other payables and accruals are non-interest-bearing and are due to mature within one year.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2021			2020		
	Contractual interest rate	Maturity	HK$'000	Contractual interest rate	Maturity	HK$'000
Current						
Lease liabilities (note 17(b))	2.563%~5.125%	2022	265	2.563%~5.125%	2021	246
Bank loans – secured	—	—	—	PBOC base rate -0.01%	2021	11,850
			265			12,096
Non-current						
Lease liabilities (notes 17(b))	—	—	—	2.563%~5.125%	2022	258
Long-term bank loans – secured	LPR+1.15%	2025	282	—	—	—
			547			12,354

Note:

"LPR" stands for the Loan Prime Rate designated by the People's Bank of China (中國人民銀行).

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

	2021 HK$'000	2020 HK$'000
Bank loans repayable:		
Within one year or on demand	—	11,850
In the third to fifth years, inclusive	282	—
	282	11,850
Other borrowings repayable:		
Within one year or on demand	265	246
In the second year	—	258
	265	504

24. 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:

	Notes	2021 HK$'000	2020 HK$'000
Property, plant and equipment	16	**51,233**	79,963
Leasehold land	17	**2,946**	13,022
		54,179	92,985

	2021 HK$'000	2020 HK$'000
Interest-bearing bank borrowings denominated in:		
– RMB	**282**	11,850

The Group has the following undrawn banking facilities:

	2021 HK$'000	2020 HK$'000
Floating rate		
– to expire within one year	**81,814**	172,696
– to expire after one year	**19,331**	—
	101,145	172,696

25. CONVERTIBLE NOTES

On 20 May 2015, the Group acquired a 100% interest in the Topspan Group from Mr. Lin Wan Tsang, the controlling shareholder of the Company. The Topspan Group is engaged in the content filling of aerosol cans, and the production and sale of aerosol and non-aerosol products. The acquisition was made as part of the Group's strategy to allow the Group to capture downstream profit margins by gaining access to the downstream distribution channels. The purchase consideration amounted to HK$900,000,000, of which HK$780,000,000 was settled by the issue of convertible notes by the Company (the "Convertible Notes"). On 8 July 2015, the Company issued the Convertible Notes of HK$780,000,000.

The key terms of the Convertible Notes are as follows:

Principal amount: HK$780,000,000

Interest: the Convertible Notes shall not bear any interest.

Term: A fixed term of five years from the issue. Any principal amount of the Convertible Notes which have not been redeemed or converted by the maturity date will be converted into ordinary shares on the maturity date.

Conversion: The note holder may, at any time during the conversion period, convert the whole or part of the principal amount of the Convertible Notes into ordinary shares at the conversion price.

Redemption: The issuer cannot redeem the Convertible Notes or a part thereof at any time on or before the maturity date.

Conversion price: HK$1.08 per share, subject to adjustments as follows:

Adjustment events: (1) consolidation or subdivision of shares; (2) capitalisation of profits or reserves; (3) capital distribution; (4) an offer of new shares for subscription by way of rights, or a grant of options or warrants to subscribe for new shares, at a price which is less than 90% of the market price per share; (5) issue of shares being made wholly for cash of securities convertible into or exchangeable for or carrying rights of subscription for new shares, if, in any case, the total effective consideration per share receivable is less than 90% of the market price, or the conversion, exchange or subscription rights of any such issue are altered, so that the said total effective consideration receivable is less than 90% of such market price; and (6) issue of shares being made wholly for cash or for an acquisition of assets at a price less than 90% of the market price per share. As the Convertible Notes are not redeemable and carry no interest, they contain no contractual obligation and they will be settled by the exchange of a fixed amount of another financial asset for a fixed number of the Company's own equity instruments. In this case, the Convertible Notes are classified as equity.

Adjustment to the conversion price and the maturity date of the Convertible Notes

On 21 June 2019, the Company completed the distribution of Precious Dragon Group to its shareholders. Pursuant to the terms of the Convertible Notes, if the Company make any capital distribution to shareholders, the conversion price of the Convertible Notes in force prior to such capital distribution will be adjusted. The adjusted conversion price, HK$0.46 per conversion share, took effect on 15 June 2019.

On 24 March 2020, the Company and Mr. Lin enter into the proposed amendments (the "Amendment") to:

(i) extend the maturity date of the Convertible Notes by five years from 20 May 2020 to 20 May 2025; and

(ii) revise upwards the conversion price of the Convertible Notes from HK$0.46 per conversion Share to HK$0.55 per conversion share.

Save for the amendments above, other terms of the Convertible Note remain unchanged. The Amendment were approved upon passing of the ordinary resolution by the independent shareholders at the annual general meeting on 15 May 2020.

26. DEFERRED INCOME

	2021 HK$'000	2020 HK$'000
At 1 January	**4,028**	1,988
Grants recognised	**1,611**	2,205
Amortised as income	**(336)**	(278)
Exchange realignment	**151**	113
At 31 December	**5,454**	4,028
Current portion	**(283)**	(289)
Non-current portion	**5,171**	3,739

27. DEFERRED TAX

Deferred tax assets

Deferred tax assets have been recognised in respect of temporary differences between the carrying amounts and tax bases of government grants and provisions.

The movements in deferred tax assets are as follows:

	Government grants HK$'000	Provisions HK$'000	Total HK$'000
At 1 January 2020	298	495	793
(Charged)/credited to profit or loss	(30)	222	192
Exchange realignment	18	30	48
At 31 December 2020 and 1 January 2021	**286**	**747**	**1,033**
Credited to profit or loss (note 13)	**515**	**433**	**948**
Exchange realignment	**17**	**32**	**49**
At 31 December 2021	**818**	**1,212**	**2,030**

The Group has tax losses arising in Hong Kong of HK$42,615,000 (2020: HK$37,845,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

27. DEFERRED TAX *(continued)*

Deferred tax liabilities

The movements in deferred tax liabilities are as follows:

	Withholding taxes HK$'000
At 1 January 2020	2,069
Charged to profit or loss	(31)
At 31 December 2020 and 1 January 2021	2,038
Charged to profit or loss (note 13)	318
At 31 December 2021	**2,356**

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2021, the Group has not recognised deferred tax liabilities of HK$5,497,000 (2020: HK$4,756,000) in respect of the temporary differences relating to the unremitted profits of the Group's subsidiaries established in Mainland China amounting to HK$109,949,000 (2020: HK$95,123,000), that would be payable on the distribution of these profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

28. SHARE CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 1 January 2020 to 31 December 2021.

	Note	Number of ordinary shares of HK$0.01	Nominal value of ordinary shares HK$
Authorised and issued:			
At 1 January 2020		901,785,000	9,341,790
Shares cancelled	(i)	—	(323,940)
At 31 December 2020 and 31 December 2021		**901,785,000**	**9,017,850**

Note:

(i) In December of 2019, 32,394,000 ordinary shares were repurchased but not yet cancelled by the Company. In February 2020, the purchased shares were cancelled.

29. SHARE OPTION SCHEME

The Company adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme"), approved by the written resolutions of the shareholders passed on 20 June 2013 (the "Resolutions").

Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognise and motivate the contributions that certain executive and non-executive directors, members of senior management and other employees have made or may make to the Group. The principal terms of the Pre-IPO Share Option Scheme, approved by the Resolutions, are substantially the same as the terms of the Share Option Scheme, except that:

(a) the subscription price per share under the Pre-IPO Share Option Scheme is HK$0.7;

(b) the total number of shares which may be issued upon the exercise of all share options granted under the Pre-IPO Share Option Scheme is 17,490,000, representing approximately 4.19% of the total issued share capital of the Company immediately after the completion of Initial Public Offering and the capitalisation issue (assuming that the over-allotment option is not exercised);

(c) save for the share options which have been granted, no further share options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

All the share options under the Pre-IPO Share Option Scheme were granted on 20 June 2013 at a consideration of HK$1 paid by each participant.

29. SHARE OPTION SCHEME *(continued)*

Pre-IPO Share Option Scheme *(continued)*

The share options granted under the Pre-IPO Share Option Scheme are subject to the following vesting and exercise periods:

(1) 30% of the share options shall become vested and exercisable on the 1st anniversary date of the Listing Date (the "1st Vesting Date"), and the exercise period in respect thereof shall commence on the 1st Vesting Date and end on the day immediately before the 10th anniversary date of the offer date (the "Expiration Date") (both dates inclusive).

(2) 30% of the share options shall become vested and exercisable on the 2nd anniversary date of the Listing Date (the "2nd Vesting Date"), and the exercise period in respect thereof shall commence on the 2nd Vesting Date and end on the Expiration Date (both dates inclusive).

(3) 40% of the share options shall become vested and exercisable on the 3rd anniversary date of the Listing Date (the "3rd Vesting Date"), and the exercise period in respect thereof shall commence on the 3rd Vesting Date and end on the Expiration Date (both dates inclusive).

Share options under the Pre-IPO Share Option Scheme do not confer rights on the holders to dividends or to vote at shareholders' meetings.

A summary of share option movements during the year is presented below:

	Year ended 31 December 2021	
	Weighted average exercise price HK$ per share	Number of share options
At beginning of year	0.7	800,000
Forfeited during the year	—	—
At end of year	0.7	800,000

The fair value of the share options under the Pre-IPO Share Option Scheme granted was estimated at approximately HK$8,787,000, of which the Group reversed share option expenses of nil during the year ended 31 December 2021 (31 December 2020: Nil).

29. SHARE OPTION SCHEME *(continued)*

Pre-IPO Share Option Scheme *(continued)*

The fair value of the share options under the Pre-IPO Share Option Scheme granted was estimated as at the date of grant, using a binomial option pricing model, taking into account the terms and conditions upon which the share options were granted. The following table lists the inputs to the model used:

	First batch	Second batch	Third batch
Dividend yield	—	—	—
Expected volatility	44.81%	44.81%	44.81%
Risk-free interest rate	1.883%	1.883%	1.883%
Expected life of options (year)	10	10	10
Weighted average share price (HK$ per share)	0.7	0.7	0.7

The expected life of the share options is not necessarily indicative of the exercise patterns that may occur. The expected volatility may not necessarily reflect the actual outcome.

No other feature of the share options granted was incorporated into the measurement of fair value.

No share options were exercised during the year. As at 31 December 2021, the Company had 800,000 share options outstanding under the Pre-IPO Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 800,000 additional ordinary shares of the Company and additional share capital of HK $8,000 and share premium of HK$792,000 (before share issue expenses).

At the date of approval of these financial statements, the Company had 800,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 0.09% of the Company's shares in issue as at that date.

29. SHARE OPTION SCHEME *(continued)*

Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme") for the purposes of: (a) motivating the eligible participants to optimise their performance and efficiency for the benefit of the Group; and (b) attracting and retaining or otherwise maintaining ongoing business relationships with the eligible participants whose contributions are, will be or expected to be beneficial to the Group.

The board of directors (the "Board") may, at its discretion, grant options to the following eligible participants ("Eligible Participants"):

(i) any eligible employee, where "eligible employee" means the employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any subsidiary or any entity in which the Group holds at least 20% of its issued share capital ("Invested Entity");

(ii) any non-executive director (including independent non-executive directors) of the Company, any subsidiary or any Invested Entity;

(iii) any supplier of goods or services to any member of the Group or any Invested Entity;

(iv) any customer of any member of the Group or any Invested Entity;

(v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and

(viii) any other group or class of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

For the purposes of the Share Option Scheme, share options may be granted to any company wholly owned by one or more Eligible Participants.

The Share Option Scheme became effective on 20 June 2013 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares to be issued upon exercise of all outstanding share options granted and yet to be exercised under the Share Option Scheme shall not, in aggregate, exceed 10% of the total number of shares in issue on the Listing Date, i.e., 40,000,000 shares, and 30% of the shares of the Company in issue from time to time. The maximum number of shares issuable under share options to any Eligible Participant in the Share Option Scheme within any 12-month period up to and including the date of the grant is limited to 1% in aggregate of the shares of the Company in issue at the date of the grant. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

29. SHARE OPTION SCHEME *(continued)*

Share Option Scheme *(continued)*

Share options granted to a director, chief executive or a substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors, excluding the independent non-executive director who is or whose associates are the grantees. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their respective associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the closing price of the Company's shares at the date of grant) in excess of HK$5,000,000, within any 12-month period and including the date of the grant, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Board, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options.

The exercise price in respect of any particular option shall be such price as the Board may, in its absolute discretion, determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the exercise price shall be at least the highest of: (a) the closing price of a share as stated in the Stock Exchange's daily quotation sheet on the offer date, which must be a business day; (b) the average of the closing prices of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and (c) the nominal value of a share.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 31 December 2021 and the date of approval of these financial statements, no share option was granted and outstanding under the Share Option Scheme.

30. RESERVES

(i) The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on pages 74 to 75 of the financial statements.

(ii) In accordance with PRC Company Law, the PRC subsidiary of the Group is required to allocate 10% of its profit after tax to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of the registered capital of the PRC subsidiary. Subject to certain restrictions set out in PRC Company Law, part of the SSR may be converted to increase paid-up capital/issued capital of the PRC subsidiary, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital. The SSR of the PRC subsidiary attributable to the parent amounted to HK$48,300,000 and HK$45,979,000 as at 31 December 2021 and 2020, respectively.

31. COMMITMENTS

The Group had the following capital commitments as at 31 December 2021 and 2020:

	2021 HK$'000	2020 HK$'000
Contracted, but not provided for:		
Plant and machinery	**4,583**	5,048

32. CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 31 December 2021 and 2020.

33. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

(1) Recurring transactions

	Notes	2021 HK$'000	2020 HK$'000
Sales of products to:			
Guangzhou Botny Chemical Co., Ltd. ("Botny Chemical") (廣州保賜利化工有限公司)	(i)	**932**	3,165
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)	(i)	**21,982**	33,132
Total		**22,914**	36,297
Purchases of products from:			
Botny Chemical	(i), (iii)	**1**	1
Euro Asia Aerosol	(i), (iii)	**13**	392
Total		**14**	393

Lease rental expenses charged by:

	Notes	2021 HK$'000	2020 HK$'000
Mr. Lin Wan Tsang*	(ii), (iii)	**65**	73

* Director of the Company

Notes:

(i) Botny Chemical and Euro Asia Aerosol are related companies controlled by the ultimate shareholder of the Company. The sales and purchases between the companies were made on prices and conditions as mutually agreed.

(ii) The lease rental expenses charged by Mr. Lin Wan Tsang were determined based on the underlying contracts as agreed between the Group and Mr. Lin Wan Tsang.

(iii) These continuing connected transactions fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and therefore are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contemplated under the Listing Rules.

33. RELATED PARTY TRANSACTIONS *(continued)*

(2) Balances with related parties and a director

	2021 HK$'000	2020 HK$'000
Due from:		
Botny Chemical**	—	86
Euro Asia Aerosol**	7,475	1,272
Mr. Lin Wan Tsang*	5	11
	7,480	1,369

* Included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position

** Included in "Trade and bills receivables" in the consolidated statement of financial position

The amounts due from Botny Chemical and Euro Asia Aerosol were trade in nature. The amount due from Mr. Lin Wan Tsang was non-trade in nature.

	2021 HK$'000	2020 HK$'000
Due to:		
Euro Asia Japan*	13	13

* Included in "Other payables and accruals" in the consolidated statement of financial position

The amounts due to Euro Asia Japan were trade in nature.

(3) Compensation of key management personnel of the Group, including directors' remuneration as detailed in note 11 above, is as follows:

	2021 HK$'000	2020 HK$'000
Fees	2,866	2,905
Salaries, allowances and benefits in kind	2,419	2,372
Pension scheme contributions	147	79
Performance related bonuses	740	645
Total compensation paid to key management personnel	6,172	6,001

The related party transactions in respect of item (1) above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

34. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

	2021		2020	
Financial assets	**Financial assets at amortised cost HK$'000**	**Total HK$'000**	Financial assets at amortised cost HK$'000	Total HK$'000
Trade and bills receivables	**21,644**	**21,644**	15,523	15,523
Due from a director	**5**	**5**	11	11
Financial assets included in prepayments, deposits and other receivables	**642**	**642**	1,192	1,192
Pledged bank deposits	**—**	**—**	150	150
Cash and cash equivalents	**95,377**	**95,377**	102,523	102,523
	117,668	**117,668**	119,399	119,399

	2021		2020	
Financial liabilities	**Financial liabilities at amortised cost HK$'000**	**Total HK$'000**	Financial liabilities at amortised cost HK$'000	Total HK$'000
Trade and bills payables	**3,579**	**3,579**	3,789	3,789
Due to a related party	**13**	**13**	13	13
Financial liabilities included in other payables and accruals	**4,117**	**4,117**	3,931	3,931
Interest-bearing bank and other borrowings	**547**	**547**	12,354	12,354
	8,256	**8,256**	20,087	20,087

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 31 December 2021 and 2020, the fair values of the Group's financial assets and financial liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, pledged bank deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables, trade and bills payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the audit committee. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings, amounts due from a director, amounts due to a related party, cash and cash equivalents and pledged bank deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade receivables, bills receivables, other receivables, trade payables, and other payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates.

The contractual interest rates and terms of repayment of the interest-bearing bank borrowings of the Group are set out in note 24 above.

The following table demonstrates the sensitivity to a reasonably possible change in the PBOC base rate, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings) during the year.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
As at 31 December 2021		
PBOC base rate	**25**	**1**
PBOC base rate	**(25)**	**(1)**
As at 31 December 2020		
PBOC base rate	25	20
PBOC base rate	(25)	(20)

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales in currencies other than the units' functional currencies. Approximately 13% and 18% of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, while approximately 99% and 99% of inventory costs were denominated in the units' functional currencies for the years ended 31 December 2021 and 2020, respectively.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

The following table demonstrates the sensitivity at the end of each reporting period to a reasonably possible change in the US$ exchange rate and HK$ exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK$'000	Increase/ (decrease) in equity HK$'000
As at 31 December 2021			
If RMB weakens against US$	**5**	**1,806**	**1,470**
If RMB strengthens against US$	**(5)**	**(1,806)**	**(1,470)**
If RMB weakens against HK$	**5**	**—**	**(18,656)**
If RMB strengthens against HK$	**(5)**	**—**	**18,656**
As at 31 December 2020			
If RMB weakens against US$	5	4,930	4,191
If RMB strengthens against US$	(5)	(4,930)	(4,191)
If RMB weakens against HK$	5	—	(16,923)
If RMB strengthens against HK$	(5)	—	16,923

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are net carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2021

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade and bills receivables*	—	—	—	23,882	23,882
Financial assets included in prepayments, deposits and other receivables					
– Normal**	642	—	—	—	642
– Doubtful**	—	—	—	—	—
Due from a director	5	—	—	—	5
Cash and cash equivalents					
– Not yet past due	95,377	—	—	—	95,377
	96,024	—	—	23,882	119,906

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Maximum exposure and year-end staging *(continued)*

As at 31 December 2020

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade and bills receivables*	—	—	—	17,169	17,169
Financial assets included in prepayments, deposits and other receivables					
– Normal**	1,192	—	—	—	1,192
– Doubtful**	—	—	—	—	—
Due from a director	11	—	—	—	11
Pledged bank deposits					
– Not yet past due	150	—	—	—	150
Cash and cash equivalents					
– Not yet past due	102,523	—	—	—	102,523
	103,876	—	—	17,169	121,045

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the financial statements.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 19 to the financial statements.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer, by geographical region and by industry sector. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are widely dispersed.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through capital contribution and financial support from related parties and bank borrowings.

The maturity profile of financial liabilities as at 31 December 2021 and 2020, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2021			
	On demand HK$'000	Less than 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Trade and bills payables	398	3,181	—	3,579
Financial liabilities included in other payables and accruals	—	4,117	—	4,117
Due to a related party	—	13	—	13
Interest-bearing bank and other borrowings	—	265	334	599
	398	7,576	334	8,308

	As at 31 December 2020			
	On demand HK$'000	Less than 1 year HK$'000	Over 1 year HK$'000	Total HK$'000
Trade and bills payables	203	3,586	—	3,789
Financial liabilities included in other payables and accruals	—	3,931	—	3,931
Due to a related party	—	13	—	13
Interest-bearing bank and other borrowings	—	12,096	258	12,354
	203	19,626	258	20,087

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated as interest-bearing bank and other borrowings, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to a related party and a director less cash and cash equivalents and pledged bank deposits. Capital represents equity attributable to owners of the parent. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios at the end of the reporting periods are as follows:

	2021 HK$'000	2020 HK$'000
Interest-bearing bank and other borrowings	**547**	12,354
Trade and bills payables	**3,579**	3,789
Financial liabilities included in other payables and accruals	**4,117**	3,931
Due to a related party	**13**	13
Less: Cash and cash equivalents and pledged bank deposits	**(95,377)**	(102,673)
Net debt	**(87,121)**	(82,586)
Equity attributable to owners of the parent	**370,647**	349,001
Capital and net debt	**283,526**	266,415
Gearing ratio	**(31%)**	(31%)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2021 HK$'000	31 December 2020 HK$'000
CURRENT ASSETS		
Amounts due from subsidiaries	912,829	912,829
Cash and cash equivalents	544	456
Total current assets	913,373	913,285
CURRENT LIABILITIES		
Accruals	27,576	17,972
Total current liabilities	27,576	17,972
NET CURRENT ASSETS	885,797	895,313
Net assets	885,797	895,313
EQUITY		
Issued capital	9,018	9,018
Reserves (note)	604,953	614,469
Equity component of Convertible Notes (note)	271,826	271,826
Total equity	885,797	895,313

Lin Wan Tsang
Director

Lin Tat Pang
Director

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Share option reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Equity component of Convertible Notes HK$'000	Total HK$'000
As at 1 January 2021	**610,581**	**1,986**	**1,902**	**271,826**	**886,295**
Total comprehensive income for the year	**—**	**—**	**(2,300)**	**—**	**(2,300)**
Dividend paid	**(7,216)**	**—**	**—**	**—**	**(7,216)**
As at 31 December 2021	**603,365**	**1,986**	**(398)**	**271,826**	**876,779**

	Share premium account HK$'000	Share option reserve HK$'000	(Accumulated losses)/ retained profits HK$'000	Equity component of Convertible Notes HK$'000	Total HK$'000
As at 1 January 2020	633,921	1,986	(17,403)	271,826	890,330
Total comprehensive income for the year	—	—	1,052	—	1,052
Shares cancelled	(17,929)	—	18,253	—	324
Dividend paid	(5,411)	—	—	—	(5,411)
As at 31 December 2020	610,581	1,986	1,902	271,826	886,295

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 March 2022.

FINANCIAL SUMMARY

A summary of the results and the assets, liabilities and non-controlling interests of the Group for the last five financial years is as follows.

RESULTS

	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000 (Restated)*
Revenue	**208,900**	183,924	205,962	861,549	756,057
Profit before tax	**20,898**	28,736	32,178	110,480	86,729
Income tax expenses	**(2,479)**	(6,663)	(7,564)	(25,058)	(13,500)
Profit for the year	**18,419**	22,073	24,614	85,422	73,229
Profit for the year from a discontinued operation	**—**	—	15,569	—	—
	18,419	22,073	40,183	85,422	73,229
Profit attributable to:					
Owners of the Company	**18,096**	21,669	39,182	79,473	70,987
Non-controlling interests	**323**	404	1,001	5,949	2,242
	18,419	22,073	40,183	85,422	73,229

ASSETS AND LIABILITIES

	2021 HK$'000	2020 HK$'000	2019 HK$'000	2018 HK$'000	2017 HK$'000 (Restated)*
Total assets	**404,904**	395,842	351,271	814,766	792,416
Total liabilities	**29,135**	42,194	32,336	217,301	145,340
	375,769	353,648	318,935	597,465	647,076
Equity					
Equity attributable to owners of the Company	**370,647**	349,001	314,196	584,651	639,043
Non-controlling interests	**5,122**	4,647	4,739	12,814	8,033
	375,769	353,648	318,935	597,465	647,076

Note:

* The summary of the consolidated results of the Group for the year ended 31 December 2017 and assets and liabilities as at 31 December 2017 have been restated to include the effect of the acquisition of 70% equity interests in Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd., which was completed on 29 March 2018, in according to the accounting standards.