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China Aluminum Cans Holdings Limited

中國鋁罐控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 6898)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of China Aluminum Cans Holdings Limited (the “Company”) is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2023 (the “Reporting Period”), together with the comparative figures for the year ended 31 December 2022.

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

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
REVENUE	5	235,507	210,514
Cost of sales		<u>(165,909)</u>	<u>(156,051)</u>
Gross profit		<u>69,598</u>	<u>54,463</u>
Other income and gains	5	10,093	12,234
Selling and distribution expenses		(4,935)	(6,986)
Administrative expenses		(25,645)	(21,927)
Research and development expenses	6	(10,323)	(11,023)
Impairment losses on financial assets, net	6	(317)	(192)
Other expenses		(8,668)	(3,438)
Finance costs	7	<u>(16)</u>	<u>(28)</u>
PROFIT BEFORE TAX	6	29,787	23,103
Income tax expenses	8	<u>(7,897)</u>	<u>(2,236)</u>
PROFIT FOR THE YEAR		<u><u>21,890</u></u>	<u><u>20,867</u></u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Fair value gain on treasury investments		728	—
Exchange differences on translation of foreign operations		<u>(10,780)</u>	<u>(28,900)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX		<u><u>11,838</u></u>	<u><u>(8,033)</u></u>

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

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Profit attributable to:			
Owners of the parent		21,461	20,513
Non-controlling interests		429	354
		<u>21,890</u>	<u>20,867</u>
Total comprehensive income attributable to:			
Owners of the parent		11,541	(7,985)
Non-controlling interests		297	(48)
		<u>11,838</u>	<u>(8,033)</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	10		
Basic		<u>HK2.4 cents</u>	<u>HK2.3 cents</u>
Diluted		<u>HK1.6 cents</u>	<u>HK1.5 cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	31 December 2023 HK\$'000	31 December 2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	182,141	208,561
Right-of-use assets		10,802	11,629
Deferred tax assets		2,597	2,059
Non-current prepayments		—	306
Long-term treasury investments		23,346	—
Total non-current assets		<u>218,886</u>	<u>222,555</u>
CURRENT ASSETS			
Inventories	11	26,012	25,577
Trade and bills receivables	12	30,501	31,952
Prepayments, deposits and other receivables		2,728	509
Short-term treasury investments		25,411	—
Cash and cash equivalents		39,500	112,790
Total current assets		<u>124,152</u>	<u>170,828</u>
CURRENT LIABILITIES			
Trade and bills payables	13	4,140	6,023
Other payables and accruals		14,659	15,963
Interest-bearing bank and other borrowings	15	63	250
Tax payable		—	1,015
Deferred income		252	262
Total current liabilities		<u>19,114</u>	<u>23,513</u>
NET CURRENT ASSETS		<u>105,038</u>	<u>147,315</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>323,924</u>	<u>369,870</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 31 December 2023

	Notes	31 December 2023 HK\$'000	31 December 2022 HK\$'000
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		126	263
Deferred tax liabilities		2,682	2,780
Deferred income		4,122	4,502
		<hr/>	<hr/>
Total non-current liabilities		6,930	7,545
		<hr/>	<hr/>
Net assets		316,994	362,325
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the parent			
Share capital		9,116	9,018
Equity component of convertible notes		216,826	271,826
Reserves		86,740	76,407
		<hr/>	<hr/>
		312,682	357,251
Non-controlling interests		4,312	5,074
		<hr/>	<hr/>
Total equity		316,994	362,325
		<hr/> <hr/>	<hr/> <hr/>

NOTES:

1. CORPORATE AND GROUP INFORMATION

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

During the year, the Group was involved in the manufacture and sale of aluminum aerosol cans.

In the opinion of the directors (the “Directors”), as at 31 December 2023, 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) *	Chinese Mainland	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 the laws of the People’s Republic of China (the “PRC”).

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 2023. 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, 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 derecognizes the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognizes the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognized in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

IFRS 17	Insurance Contracts
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The nature and the impact of the new and revised IFRS that are applicable to the Group are described below:

- (a) Amendments to IAS 1 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 Making Materiality Judgements provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.
- (b) 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. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

- (c) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in IAS 12 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 (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The adoption of amendments to IAS 12 did not have any material impact on the financial statements for the years ended 31 December 2023 and 2022.
- (d) Amendments to IAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

4. 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.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers:

	2023	2022
	HK\$'000	HK\$'000
Africa	2,156	2,468
America	15,014	17,130
Asia	7,538	7,519
Chinese Mainland	210,799	183,397
	<hr/>	<hr/>
Total revenue	235,507	210,514
	<hr/> <hr/>	<hr/> <hr/>

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	2023	2022
	HK\$'000	HK\$'000
Hong Kong	219	341
Chinese Mainland	192,724	220,155
	<hr/>	<hr/>
Total non-current assets	192,943	220,496
	<hr/> <hr/>	<hr/> <hr/>

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

Information about major customers

During the year ended 31 December 2023, revenue of approximately HK\$41,187,000 (2022: HK\$29,254,000) derived from a third party accounted for more than 10% of the total revenue, additionally, revenue of approximately HK\$20,323,000 (2022: HK\$22,671,000) derived from a related party accounted for less than 10% (2022: more than 10%) of the total revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	2023	2022
	HK\$'000	HK\$'000
Revenue from contracts with customers	<u>235,507</u>	<u>210,514</u>
Revenue from contracts with customers		
(a) Disaggregated revenue information		
Segments	2023	2022
	HK\$'000	HK\$'000
Type of goods		
Sale of industrial products	<u>235,507</u>	<u>210,514</u>
Geographical markets		
Africa	2,156	2,468
America	15,014	17,130
Asia	7,538	7,519
Chinese Mainland	<u>210,799</u>	<u>183,397</u>
Total revenue from contracts with customers	<u>235,507</u>	<u>210,514</u>
Timing of revenue recognition		
Goods transferred at a point in time	<u>235,507</u>	<u>210,514</u>

The following table shows the amount of revenue recognized in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognized from performance obligations satisfied in previous periods:

	2023	2022
	HK\$'000	HK\$'000
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
Sale of industrial products	<u>5,801</u>	<u>9,170</u>

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue (continued)

(b) Performance obligations

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 180 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:

	2023	2022
	HK\$'000	HK\$'000
Amounts expected to be recognized as revenue:		
Within one year	<u>6,071</u>	<u>5,801</u>

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

5. REVENUE, OTHER INCOME AND GAINS (continued)

Other income and gains

	2023 HK\$'000	2022 HK\$'000
Sale of scrap materials	5,374	5,494
Bank interest income	785	1,805
Government grants:		
— Related to assets*	256	279
— Related to income**	731	1,191
Tax preference***	961	—
Foreign exchange differences	—	1,030
Income from research and development design	352	374
Forfeiture of customers' deposit	236	1,859
Gain on derecognition of treasury investments	650	—
Others	748	202
	<u>10,093</u>	<u>12,234</u>
Total other income and gains	<u>10,093</u>	<u>12,234</u>

* The amount represents the subsidies for the aluminum aerosol cans production line technical renovation program received from the local government. Government grants received for which the related expenditure has not yet been undertaken are included in deferred income in the consolidated statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

** Various government grants of HK\$731,000 (2022: HK\$1,191,000) 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.

*** Since January 1, 2023, taxpayers in the advanced manufacturing industry are allowed to enjoy additional 5% of input VAT amount deductible from tax payable. Such additional VAT deduction was record as “Other income and gains”.

6. PROFIT BEFORE TAX

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

	Notes	2023 HK\$'000	2022 HK\$'000
Cost of inventories sold		165,909	156,051
Depreciation of property, plant and equipment	14	16,855	19,648
Depreciation of right-of-use assets		498	691
Auditor's remuneration		1,172	1,197
Research and development costs		10,323	11,023
Lease payments not included in the measurement of lease liabilities		207	18
Employee benefit expense (excluding directors' remuneration):			
Wages and salaries		30,409	27,833
Pension scheme contributions		2,245	4,893
		<u>32,654</u>	<u>32,726</u>
Foreign exchange differences, net*		780	(1,030)
Loss on disposal of items of property, plant and equipment**		82	3
Impairment losses on financial assets	12	317	192
Write-down of inventories to net realisable value**		72	179
Impairment losses on property, plant and equipment**		<u>6,480</u>	<u>2,103</u>

* Included in "Other expenses" (2022: Other income and gains) in the consolidated statement of profit or loss and other comprehensive income

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 HK\$'000	2022 HK\$'000
Interest on bank loans wholly repayable within five years	11	18
Interest on lease liabilities	<u>5</u>	<u>10</u>
Total	<u>16</u>	<u>28</u>

8. INCOME TAX

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 2023 (2022: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Group operating in Chinese Mainland 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 2023 and 2022.

	2023	2022
	HK\$’000	HK\$’000
Current – Chinese Mainland	8,594	2,000
Deferred	(697)	236
	<hr/>	<hr/>
Total tax charge for the year	<u>7,897</u>	<u>2,236</u>

8. INCOME TAX (continued)

A reconciliation of the tax expenses applicable to profit before tax using the statutory rate for the jurisdictions in which 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:

	2023		2022	
	HK\$'000	%	HK\$'000	%
Profit before tax	<u>29,787</u>		<u>23,103</u>	
Tax charged at the statutory tax rate	7,447	25.0	5,776	25.0
Entities subject to a preferential tax rate	(3,025)	(10.2)	(2,385)	(10.3)
Effect of withholding tax on undistributed profits of the PRC subsidiary	(84)	(0.3)	349	1.5
Super deduction of R&D	(1,503)	(5.0)	(1,590)	(6.9)
Withholding income tax expense for the current period	3,779	12.7	—	—
Expenses not deductible for tax	380	1.3	211	0.9
Tax losses not recognized	903	3.0	657	2.8
Adjustments in respect of current tax of previous periods	—	—	(782)	(3.4)
Tax charge at the Group's effective tax rate	<u>7,897</u>	<u>26.5</u>	<u>2,236</u>	<u>9.6</u>

9. DIVIDENDS

	Note	2023	2022
		HK\$'000	HK\$'000
Interim – HK0.29 cent (2022: HK0.29 cent) per ordinary share		2,760	2,615
Proposed final – HK0.4 cent (2022: HK0.38 cent) per ordinary share	(i)	<u>3,646</u>	<u>3,427</u>
Total		<u>6,406</u>	<u>6,042</u>

Note:

- (i) The proposed dividend on ordinary shares is subject to approval at the annual general meeting and was not recognized as a liability as at 31 December 2023.

10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 908,760,288 (2022: 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.

	2023 HK\$'000	2022 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	<u>21,461</u>	<u>20,513</u>

Number of shares

Shares

Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	908,760,288	901,785,000
Effect of dilution – weighted average number of ordinary shares:		
Convertible Notes	<u>394,228,072</u>	<u>494,228,072</u>
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	<u>1,302,988,360</u>	<u>1,396,013,072</u>

11. INVENTORIES

	2023 HK\$'000	2022 HK\$'000
Raw materials	3,942	13,954
Work in progress	11,131	4,322
Finished goods	<u>10,939</u>	<u>7,301</u>
Total	<u>26,012</u>	<u>25,577</u>

At 31 December 2023, the amount of inventories is net of a write-down of approximately HK\$ 3,689,000 (2022: HK\$3,978,000).

12. TRADE AND BILLS RECEIVABLES

	2023 HK\$'000	2022 HK\$'000
Trade receivables	29,517	31,696
Impairment	(781)	(1,871)
Net carrying amount	<u>28,736</u>	<u>29,825</u>
Bills receivable	<u>1,765</u>	<u>2,127</u>
Total	<u><u>30,501</u></u>	<u><u>31,952</u></u>

The Group requires most of its customers to make payments in advance, however, the Group generally grants credit terms from 30 to 180 days 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:

	2023 HK\$'000	2022 HK\$'000
Within 30 days	9,720	7,086
31 to 60 days	6,144	4,046
61 to 90 days	5,283	11,609
Over 90 days	7,589	7,084
Total	<u><u>28,736</u></u>	<u><u>29,825</u></u>

12. TRADE AND BILLS RECEIVABLES (continued)

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

	2023 HK\$'000	2022 HK\$'000
At beginning of year	1,871	2,238
Impairment losses, net (note 6)	317	192
Amount written off as uncollectible	(1,359)	(396)
Exchange realignment	(48)	(163)
	<u>781</u>	<u>1,871</u>
At end of year	<u>781</u>	<u>1,871</u>

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					Total
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	
As at 31 December 2023						
Related party:						
Expected credit loss rate	—	—	—	—	—	—
Gross carrying amount (HK\$'000)	1,018	954	1,644	2,196	5,392	11,204
Expected credit losses (HK\$'000)	—	—	—	—	—	—
Third party:						
Other receivables						
Expected credit loss rate	1.59%	2.53%	7.85%	40.24%	100.00%	4.26%
Gross carrying amount (HK\$'000)	8,843	5,325	3,949	1	195	18,313
Expected credit losses (HK\$'000)	141	135	310	—	195	781
Total expected credit losses (HK\$'000)	<u>141</u>	<u>135</u>	<u>310</u>	<u>—</u>	<u>195</u>	<u>781</u>

12. TRADE AND BILLS RECEIVABLES (continued)

	Ageing					Total
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	
As at 31 December 2022						
Related party:						
Expected credit loss rate	—	—	—	—	—	—
Gross carrying amount (HK\$'000)	931	1,677	5,731	4,233	2,719	15,291
Expected credit losses (HK\$'000)	—	—	—	—	—	—
Third party:						
Default receivables*						
Expected credit loss rate	—	—	—	—	100%	100%
Gross carrying amount (HK\$'000)	—	—	—	—	1,085	1,085
Expected credit losses (HK\$'000)	—	—	—	—	1,085	1,085
Other receivables						
Expected credit loss rate	2.27%	2.14%	2.00%	—	78.11%	5.13%
Gross carrying amount (HK\$'000)	6,298	2,421	5,998	—	603	15,320
Expected credit losses (HK\$'000)	143	52	120	—	471	786
Total expected credit losses (HK\$'000)	<u>143</u>	<u>52</u>	<u>120</u>	<u>—</u>	<u>1,556</u>	<u>1,871</u>

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

13. 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:

	2023 HK\$'000	2022 HK\$'000
Within 30 days	3,043	2,320
31 to 60 days	893	3,182
61 to 90 days	197	97
Over 90 days	7	424
	<u>4,140</u>	<u>6,023</u>

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

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2023						
At 1 January 2023:						
Cost	77,593	319,174	7,914	9,654	25,307	439,642
Accumulated depreciation	(33,690)	(187,244)	(4,774)	(5,373)	—	(231,081)
Net carrying amount	<u>43,903</u>	<u>131,930</u>	<u>3,140</u>	<u>4,281</u>	<u>25,307</u>	<u>208,561</u>
At 1 January 2023,						
net of accumulated depreciation	43,903	131,930	3,140	4,281	25,307	208,561
Additions	4,561	(3,327)	228	—	1,857	3,319
Disposals	—	(365)	(10)	(123)	—	(498)
Depreciation provided during the year	(4,216)	(11,717)	(196)	(726)	—	(16,855)
Impairment*	—	(600)	—	(932)	(4,948)	(6,480)
Transfers	—	3,825	—	—	(3,825)	—
Exchange realignment	(1,228)	(3,688)	(226)	(112)	(652)	(5,906)
At 31 December 2023,						
net of accumulated depreciation	<u>43,020</u>	<u>116,058</u>	<u>2,936</u>	<u>2,388</u>	<u>17,739</u>	<u>182,141</u>
At 31 December 2023:						
Cost	79,939	309,608	7,834	8,070	17,739	423,190
Accumulated depreciation	(36,919)	(193,550)	(4,898)	(5,682)	—	(241,049)
Net carrying amount	<u>43,020</u>	<u>116,058</u>	<u>2,936</u>	<u>2,388</u>	<u>17,739</u>	<u>182,141</u>

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2022						
At 1 January 2022:						
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	<u>23,484</u>	<u>159,699</u>	<u>3,044</u>	<u>5,515</u>	<u>45,730</u>	<u>237,472</u>
At 1 January 2022,						
net of accumulated depreciation	23,484	159,699	3,044	5,515	45,730	237,472
Additions	937	1,172	607	—	9,737	12,453
Disposals	—	(6)	(14)	(57)	—	(77)
Depreciation provided during the year	(3,515)	(15,069)	(267)	(797)	—	(19,648)
Impairment	—	(2,103)	—	—	—	(2,103)
Transfers	24,202	485	—	—	(24,687)	—
Exchange realignment	(1,205)	(12,248)	(230)	(380)	(5,473)	(19,536)
At 31 December 2022,						
net of accumulated depreciation	<u>43,903</u>	<u>131,930</u>	<u>3,140</u>	<u>4,281</u>	<u>25,307</u>	<u>208,561</u>
At 31 December 2022:						
Cost	77,593	319,174	7,914	9,654	25,307	439,642
Accumulated depreciation	(33,690)	(187,244)	(4,774)	(5,373)	—	(231,081)
Net carrying amount	<u>43,903</u>	<u>131,930</u>	<u>3,140</u>	<u>4,281</u>	<u>25,307</u>	<u>208,561</u>

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2023			2022		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
Current						
Lease liabilities	5.125%	2024	63	5.125%	2023	66
Bank loans – secured			—	LPR-0.45%	2023	184
			<u>63</u>			<u>250</u>
Non-current						
Lease liabilities	5.125%	2024	—	5.125%	2024	58
Long-term bank loans – secured	LPR+1.15%	2025	126	LPR+1.15%	2025	205
			<u>189</u>			<u>513</u>

Note:

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

	2023 HK\$'000	2022 HK\$'000
Bank loans repayable:		
Within one year or on demand	—	184
In the second year	126	—
In the third to fifth years, inclusive	—	205
	<u>126</u>	<u>389</u>
Other borrowings repayable:		
Within one year or on demand	63	66
In the second year	—	58
	<u>63</u>	<u>124</u>

15. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

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

	2023	2022
	HK\$'000	HK\$'000
Property, plant and equipment	36,847	42,430
Leasehold land	2,449	2,621
Total	<u>39,296</u>	<u>45,051</u>

	2023	2022
	HK\$'000	HK\$'000
Interest-bearing bank borrowings denominated in:		
— RMB	<u>126</u>	<u>389</u>

The Group has the following undrawn banking facilities:

	2023	2022
	HK\$'000	HK\$'000
Floating rate:		
— to expire within one year	<u>88,870</u>	<u>89,960</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is principally engaged in the manufacture and sale of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as 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.

OPERATING ENVIRONMENT AND PROSPECTS

In 2023, with the smooth transition of the epidemic prevention and control, China continued to promote tax cuts and fee reduction, improve business environment, promote the development of private economy and other measures to stimulate the vitality of market players. The economic recovery has shown a wave of development and a tortuous process. Coupled with the continuous promotion of the global plastic ban, downstream consumer demand in the metal packaging industry has gradually recovered. At the same time, due to the weakening of raw material price fluctuations caused by geopolitical wars and short-term supply constraints, the pressure on production costs of metal packaging companies has been gradually released, resulting in the simultaneous growth of the Group's operating income and net profit. However, the current insufficient domestic demand in China, operational difficulties of some enterprises, more hidden risks in key areas and the increasingly complex international environment have intensified the challenges that the Group will face. Therefore, stable development, risk prevention and vitality will remain the key to the Group's future work. The Group will continue to face (i) the fierce competition in the aluminium aerosol can market around the world, especially the intensified competition from small-scale manufacturers in the industry; and (ii) various policy risks in the PRC.

FINANCIAL REVIEW

Turnover

For the Reporting Period, the Group has recorded a total turnover of approximately HK\$235.5 million (2022: approximately HK\$210.5 million), representing a slight increase of approximately 11.9% as compared to the corresponding period of 2022. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 126.8 million (2022: approximately 105.1 million). Whereas, the revenue of the Group from the PRC markets was approximately HK\$210.8 million (2022: approximately HK\$183.4 million). The increase in revenue was primarily due to the increase of sales in aerosol cans as a result of the improved overall business environment due to the relaxation of COVID-19 control and prevention measures in the PRC.

Cost of Sales

For the Reporting Period, cost of sales of the Group amounted to approximately HK\$165.9 million (2022: approximately HK\$156.1 million), which represented approximately 70.5% (2022: approximately 74.1%) of the turnover in the Reporting Period. There was a decrease of approximately 3.7% in the percentage of cost of sales to turnover which was mainly attributable to the increase in sales volume and decrease in share proportion of fixed expenses

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\$10.1 million (2022: approximately HK\$12.2 million), representing a decrease of approximately 17.2% which was due to the net effects of (i) the decrease in bank interest income; (ii) the decrease in exchange gains; and (iii) the increase in government grants.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of transportation expenses, 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\$4.9 million (2022: approximately HK\$7.0 million), representing a decrease of approximately 30.0% as compared to the corresponding period of 2022. The decrease was primarily due to the decrease in general selling expenses as a result of strict cost control measures.

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\$25.6 million (2022: approximately HK\$21.9 million), representing a slight increase of approximately 17.0% as compared to the corresponding period of 2022. The increase was primarily due to the net effects of (i) the increase in repair and maintenance expenses; (ii) the increase in performance bonuses for staff; and (iii) the increase in income from operating resulting in the increase in taxes.

Net Profit

The Group's net profit amounted to approximately HK\$21.9 million for the Reporting Period (2022: approximately HK\$20.9 million), representing an increase of approximately 4.9% as compared to the corresponding period in 2022. Net profit margin for the Reporting Period was approximately 9.3% (2022: approximately 9.9%).

The increase in net profit was mainly due to the net effects of (i) the increase of sales in aerosol cans as a result of the improved overall business environment due to the relaxation of COVID-19 control and prevention measures in the PRC; (ii) the increase in gross profit margin due to the decrease in the cost of raw material and share proportion of fixed expenses; and (iii) the implementation of the strict cost control measures to reduce the general overhead.

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

Current Assets

As at 31 December 2023, the Group had current assets of approximately HK\$124.2 million (31 December 2022: approximately HK\$170.8 million). The Group's cash and cash equivalents amounted to HK\$39.5 million as at 31 December 2023 (31 December 2022: approximately HK\$112.8 million) which are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The current ratio of the Group was approximately 6.5 as at 31 December 2023 (31 December 2022: approximately 7.3).

Borrowing and the Pledge of Assets

As at 31 December 2023, the bank borrowings of the Group amounted to approximately HK\$0.13 million (31 December 2022: HK\$0.4 million), which were secured by our properties, plant and equipment and leasehold land. All borrowings are charged with reference to Loan Prime Rate of People's Bank of China. All borrowings are denominated in Renminbi.

As at 31 December 2023, the Group had available unutilized banking facilities of approximately HK\$89.0 million (31 December 2022: approximately HK\$90.0 million). Further details of the Group's bank borrowings are set out in note 15 to the consolidated financial statements.

Gearing Ratio

As a result of a decrease in cash and cash equivalents 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 -11% as at 31 December 2023 (31 December 2022: approximately -39%).

Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

Capital commitments

As at 31 December 2023, the Group's capital commitments of plant and machinery amounted to approximately HK\$0.53 million (31 December 2022: approximately HK\$2.4 million).

CAPITAL STRUCTURE

As at 31 December 2023, the total number of issued shares of the Company (the "Shares") was 911,607,000 (31 December 2022: 901,785,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 10% of the Group's revenue for the Reporting Period were denominated in the United States dollar ("US\$"). However, over 90% of the production costs were 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 2023, we did not enter into any foreign currency forward contracts or have any outstanding foreign currency forward contracts. The Group does not use any financial instruments for hedging purposes.

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 2023, we had conducted forward purchases with amounts of approximately RMB1.9 million consisting of 111 tonnes of aluminum ingots. As at 31 December 2023, we had no outstanding forward purchases of aluminum ingots.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2023, the Group had a workforce of 268 employees (31 December 2022: 244 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$32.9 million for the Reporting Period (2022: approximately HK\$30.7 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.

DIRECTORS' REMUNERATION POLICY

A directors' remuneration policy has been adopted. It aims to set out the Company's policy in respect of remuneration paid to executive Directors and non-executive Directors. The Directors' remuneration policy sets out the remuneration structure that allows the Company to attract, motivate and retain qualified Directors who can manage and lead the Company in achieving its strategic objective and contribute to the Company's performance and sustainable growth, and to provide Directors with a balanced and competitive remuneration. The remuneration policy is, therefore, aiming at being competitive but not excessive. To achieve this, remuneration package is determined with reference to a matrix of factors, including the individual performance, qualification and experience of Directors concerned and prevailing industry practice. It will be reviewed and, if necessary, updated from time to time to ensure its continued effectiveness.

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments (2022: 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 2022 (HK\$ million)	Actual amount utilized subsequent to 31 December 2022 and up to 31 December 2023 (HK\$ million)	Remaining unutilized balance as at 31 December 2023 (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 2024
Partially repay US\$ denominated bank loan	16.0	16.0	—	—	
General working capital purposes	4.0	4.0	—	—	
	<u>80.0</u>	<u>71.3</u>	<u>—</u>	<u>8.7</u>	

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Apart from strengthening the Group's current business, the Group will explore new business opportunities as and when appropriate, in order to enhance Shareholder's value.

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 31 December 2023 and up to the date of this announcement.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2023, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code as set out in Appendix C1 (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.

AUDIT COMMITTEE

The Audit Committee was established on 20 June 2013 with terms of reference (amended on 31 December 2015) in compliance with the CG Code to the Listing Rules for the purpose of making recommendations to the Board on the appointment and removal of the external auditors, reviewing the financial statements and related materials and providing advice in respect of the financial reporting process, and overseeing the risk management and internal control systems of the Group. The Audit Committee comprises three members, all being independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman), Dr. Lin Tat Pang and Ms. Guo Yang. The Group's accounting principles and practices, financial statements and related materials for the Reporting Period had been reviewed by the Audit Committee.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for FY2023 as set out in this preliminary announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the Group's consolidated financial informations for the year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") was established on 20 June 2013, with specific written terms of reference for making recommendations to the Board regarding the Group's policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in code provisions E.1.2(a) to (h) of the CG Code. The Remuneration Committee comprises a total of four members, being one executive Director, namely, Mr. Lin Wan Tsang, 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.

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) was established on 20 June 2013, with specific written terms of reference in compliance with the CG Code for reviewing the Board composition, developing the relevant procedures for nomination and appointment of Directors and assessing the independence of the independent non-executive Directors to ensure that the Board has a balance of expertise, skills and experience and formulating succession plans for executive Directors and senior executives. The Nomination Committee comprises a total of four members, being one executive Director, namely, Mr. Lin Wan Tsang, and three independent non-executive Directors, namely, Dr. Lin Tat Pang (Chairman), Ms. Guo Yang and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

RISK MANAGEMENT COMMITTEE

The risk management committee of the Company (the “Risk Management Committee”) was established on 24 June 2013, with specific written terms of reference for reviewing and approving the hedging policies as formulated by the hedging team of the Company (the “Hedging Team”) and report to the Board as to whether the hedging policies have been duly following by the Hedging Team. The Risk Management Committee is authorized to separate and independent direct access to and complete and open communication with the Group’s management to allow them to fulfill their duties. The Risk Management Committee comprises a total of two members, being two independent non-executive Directors, namely, Mr. Yip Wai Man Raymond (Chairman) and Dr. Lin Tat Pang. Accordingly, a majority of the members are independent non-executive Directors.

The Risk Management Committee has reviewed the hedging policies regarding its activities in forward purchases of aluminum ingots and entering into foreign currency forward contracts statements of the Group for the year ended 31 December 2023 and is of the opinion that the Group has complied with the hedging policy.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, (1) 100,000,000 new ordinary shares of the Company were issued pursuant to the exercise of the conversion rights attached to the convertible notes issued by the Company; and (2) 90,178,000 shares were repurchased and cancelled.

During the Reporting Period, the Company repurchased the shares on The Stock Exchange of Hong Kong Limited details as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$
June 2023	21,600,000	0.520	0.455	10,639,740
July 2023	58,838,000	0.610	0.430	33,230,790
August 2023	9,740,000	0.600	0.560	5,782,460
	<u>90,178,000</u>			<u>49,652,990</u>

Save as disclose herein neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company for the Reporting Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 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.

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HK0.4 cent per Share for the year ended 31 December 2023 (2022: HK0.38 cent per Share) to be payable to the shareholders of the Company whose names appear on the register of members of the Company as at 12 June 2024, subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on 27 May 2024. The final dividend will be payable on or around 8 July 2024.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 21 May 2024 to 27 May 2024, 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 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 20 May 2024.

The register of members of the Company will be closed from 7 June 2024 to 12 June 2024, 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 6 June 2024.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (<http://www.6898hk.com>). The annual report of the Company for the year ended 31 December 2023 will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
China Aluminum Cans Holdings Limited
中國鋁罐控股有限公司
Lin Wan Tsang
Chairman and executive Director

Hong Kong, 18 March 2024

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