



Annual Report 2014

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

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Lin Wan Tsang (*Chairman*)
Mr. Chamlong Wachakorn
Ms. Ko Sau Mee

Non-executive Director

Mr. Kwok Tak Wang

Independent Non-executive Directors

Mr. Chung Yi To
Ms. Guo Yang
Mr. Leung Man Fai
Dr. Lin Tat Pang

COMMITTEES OF THE BOARD

Audit Committee

Mr. Leung Man Fai (*Chairman*)
Mr. Chung Yi To
Ms. Guo Yang
Dr. Lin Tat Pang

Remuneration Committee

Mr. Leung Man Fai (*Chairman*)
Mr. Chung Yi To
Ms. Guo Yang
Mr. Kwok Tak Wang
Dr. Lin Tat Pang
Mr. Lin Wan Tsang

Nomination Committee

Dr. Lin Tat Pang (*Chairman*)
Mr. Chung Yi To
Ms. Guo Yang
Mr. Kwok Tak Wang
Mr. Leung Man Fai
Mr. Lin Wan Tsang

Risk Management Committee

Mr. Chung Yi To (*Chairman*)
Mr. Kwok Tak Wang
Mr. Leung Man Fai
Dr. Lin Tat Pang

AUTHORIZED REPRESENTATIVES

Mr. Lam Chi Ming, Francis
Mr. Lin Wan Tsang

COMPANY SECRETARY

Mr. Lam Chi Ming, Francis

REGISTERED OFFICE

Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HEADQUARTER OF BUSINESS IN THE PRC

No. 5 Ya Bo Nan Road
National Health Technology Park of Zhongshan
Torch Development Zone
Zhongshan City
Guangdong Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

Corporate Information

AUDITORS

Ernst & Young
22/F, CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

HONG KONG LEGAL ADVISER

Hastings & Co.
5th Floor, Gloucester Tower
The Landmark
11 Pedder Street
Central
Hong Kong

COMPLIANCE ADVISER

Guosen Securities (HK) Capital Co., Ltd
42/F, Two International Finance Centre
8 Finance Street
Central
Hong Kong

CAYMAN ISLANDS PRINCIPAL REGISTRAR AND TRANSFER OFFICER

Appleby Trust (Cayman) Ltd.
Clifton House
75 Fort Street
P.O. Box 1350
Grand Cayman
KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai
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.euroasia-p.com

Chairman's Statement

On behalf of the board (the "Board") of directors of the Company (the "Directors"), I am pleased to present to the shareholders the annual report and audited consolidated financial statements of China Aluminum Cans Holdings Limited (the "Company", together with its subsidiaries, the "Group") for the year ended 31 December 2014 (the "Reporting Period").

RESULTS

During the Reporting Period, the Group's total turnover was approximately HK\$239.4 million, representing a decrease of approximately 8.0% compared to that of last year (2013: HK\$260.3 million) while the Group's profit for the year amounted to approximately HK\$28.7 million, decreased by approximately 24.7% compared to the prior year (2013: HK\$38.1 million).

DIVIDEND

The Board is recommending a final dividend of HK2.2 cents per share for the Reporting Period.

OUTLOOK

Year 2014 was challenging and full of dynamics. The Group had faced with severe world-wide competition in the aluminium aerosol cans markets, especially the increase of competition from small-sized overseas aerosol can manufacturers, the soft landing of the PRC economy and the slowdown of growth in the consumable products and domestic demands in high end personal care products in PRC. These were the factors that affected the domestic and overseas performance and the profit of the Group.

Despite these negative factors which seemed to have pressure on the Group's performance during the Reporting Period, on one hand, the Company will continue to deploy resources on the development and expansion of its existing principal business in the manufacturing of monobloc aluminum aerosol cans, which are generally used in the packaging of high end personal care products and pharmaceutical products, by our planned expansion in production capacity. On the other hand, in order to improve the profitability of the Group in the near future, the Group decided to implement a vertical integration strategy by capturing downstream profit margins and gaining access to the downstream distribution channels.

Therefore, on 3 October 2014, our wholly-owned subsidiary has entered into an acquisition agreement to acquire Topspan Holdings Limited and its subsidiaries, which are engaged in content filling of aerosol cans and production and sale of aerosol and non-aerosol products, including high-end car care service products. This acquisition had been approved by the independent shareholders of the Company on 16 December 2014. We believe such acquisition will improve the profitability of the Group and enhance the market share of the Group in the aluminum aerosol cans market which will eventually benefit our valued shareholders of the Company.

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 our Group.

By order of the Board
Lin Wan Tsang
Chairman

Hong Kong, 26 March 2015

Management Discussion and Analysis

BUSINESS OVERVIEW

During the year ended 31 December 2014, our Group continued to engage principally in the manufacturing of monobloc aluminum aerosol cans, which were generally used in the packaging of fast-moving personal care products, including: body deodorant, hair styling products, shaving cream, and pharmaceutical products, including: pain relieving spray, spray dressing and antiseptic spray. Our products are mainly sold in the PRC and the overseas market, such as Africa and Middle East. For the Reporting Period, the revenue of the Group generated from the PRC, Africa and the Middle East amounted to approximately HK\$132.2 million, HK\$33.1 million and HK\$48.9 million, representing approximately 55.2%, 13.8% and 20.4% of the total revenue of the Group respectively.

The Group's total revenue had decreased moderately by 8.0% during the Reporting Period as compared to that of the prior year, which was caused by the severe competition from smaller-sized overseas aerosol cans manufacturers and the soft landing of the PRC economy and the slowdown of growth in the domestic consumption on high-end personal care and cosmetic products.

We will continue to strengthen our production capacity and tighten the cost control in the raw materials and final products in order to enhance our market leading position, capture more market shares and improve the profitability as well. Currently, the Group has a wide range of extrusion dies available to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 240 mm with various features and shapes which can be fit for different customers' requirements.

In view of the recent uncertain global economy, the Group has adopted a vertical integration strategy by an acquisition which aims to capture downstream profit margins by gaining access to the downstream distribution channels and plans to maximize future revenue contribution to the Group. Details of the acquisition are disclosed in the paragraph headed "Very Substantial Acquisition and Connected Transaction" below.

FINANCIAL REVIEW

Revenue

For the Reporting Period, the total revenue of the Group was approximately HK\$239.4 million (2013: HK\$260.3 million), representing a decrease of approximately 8.0% as compared to the corresponding period of 2013. During the Reporting Period, the Group sold 82.0 million cans (2013: 96.1 million cans) to PRC customers with revenue of HK\$132.2 million (2013: HK\$147.6 million). Whereas, the revenue of the Group from overseas markets was HK\$107.2 million (2013: HK\$112.7 million) for the sale of 83.0 million cans (2013: 84.5 million cans). The decrease in total revenue was primarily due to the the severe competition from smaller-sized overseas aerosol cans manufacturers and the soft landing of the PRC economy and the slowdown of growth in the domestic consumption on high-end personal care and cosmetic products.

Cost of Sales

Cost of sales of the Group for the Reporting Period was approximately HK\$158.1 million (2013: HK\$163.5 million), representing a decrease of approximately 3.3% as compared to the corresponding period of 2013. Such change was mainly due to the decrease in sales volume for reasons mentioned above. Furthermore, the average purchase price of aluminum ingots had decreased by approximately 7.4% from 2013 to 2014.

Management Discussion and Analysis

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 was approximately HK\$9.9 million (2013: HK\$9.5 million), representing an increase of approximately 4.2% as compared to the corresponding period of 2013. The increase was primarily due to the increase in transportation expenses resulted from the rising cost of labor in the PRC.

Administrative Expenses

Administrative expenses mainly represented the salaries and benefits of the administrative and management staff, research and development expenses, professional consulting fees, depreciation, share option expense and other miscellaneous administrative expenses. For the Reporting Period, administrative expenses was approximately HK\$39.2 million (2013: HK\$32.0 million, excluding the listing expenses), representing an increase of approximately 22.5% as compared to the corresponding period of 2013. The increase in administrative expenses was due to (i) increase in staff cost of approximately HK\$2.5 million; (ii) increase in professional and consulting fee of approximately HK\$3.0 million, mostly in relation to the acquisition as detailed in the paragraph headed "Very Substantial Acquisition and Connected Transaction" below; and (iii) increase in research and development expenses of approximately HK\$2.0 million.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

As at 31 December 2014, the Group had net current assets of approximately HK\$119.1 million (2013: HK\$109.6 million). The Group's cash and cash equivalents amounted to HK\$93.6 million as at 31 December 2014 (2013: HK\$107.4 million). The current ratio of the Group was approximately 2.3 as at 31 December 2014 (2013: 2.1).

Borrowing and the Pledge of Assets

The total bank borrowings of the Group, which were secured by our properties, plant and equipment, land use rights and pledged bank deposits, amounted to approximately HK\$74.1 million (denominated in RMB, US\$ and HK\$) as at 31 December 2014 (2013: HK\$107.3 million) with maturity dates from 2015 to 2018. All of the bank borrowing are charged with reference to bank's preferential floating rates.

Gearing Ratio

As a result of the decrease in total borrowing of the Group, the gearing ratio, which is calculated by dividing total borrowings by total equity, decreased to approximately 22.8% as at 31 December 2014 (2013: 35.4%). Further details of the Group's bank borrowings are set out in note 27 of the notes to this report.

Contingent Liabilities

As at 31 December 2014, the Group had no significant contingent liabilities.

Contractual Obligations

As at 31 December 2014, the Group's operating lease and capital commitment amounted to HK\$0.4 million (2013: HK\$0.5 million) and HK\$889.0 million (2013: HK\$4,000), respectively. Capital commitment of HK\$880.0 million is in relation to the acquisition as disclosed under the paragraph headed "Very Substantial Acquisition and Connected Transaction" below.

Management Discussion and Analysis

Foreign Exchange Exposure and Exchange Rate Risk

Approximately 44.8% of the Group's revenue for the Reporting Period were denominated in US\$. However, over 90% of the production costs were settled in RMB. Therefore there is a currency mismatch between US\$ revenue and RMB production costs, which give 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.

We have entered into foreign currency forward contracts with state-owned banks in the PRC to hedge the foreign exchange risks arising out of the currency mismatch between the US\$ sales proceeds from our export sales and our predominantly RMB based operations in the PRC. As a result of the appreciation of RMB against US\$, we managed to account for approximately HK\$0.7 million of realised gains on the forward contracts for the Reporting Period.

As at 31 December 2014, we had outstanding foreign currency forward contracts with notional amounts of US\$8.0 million. A fair value loss on the outstanding foreign currency forward contracts of approximately HK\$1.0 million had been recognized for the year ended 31 December 2014.

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 a widely used metal commodity, 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.

As at 31 December 2014, we had no outstanding forward purchases of aluminum ingots.

VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION

On 3 October 2014, 13 March 2015 and 16 March 2015, Euro Asia Investments Global Limited, a wholly-owned subsidiary of the Company, entered into the acquisition agreement, the first supplemental agreement and the second supplemental agreement (collectively, the "Acquisition Agreements") with Mr. Lin Wan Tsang ("Mr. Lin"), the Chairman and controlling shareholder of the Company, to acquire the entire issued share capital of Topspan Holdings Limited (the "Target Company") at an aggregate consideration of HK\$900 million, of which HK\$120 million would be paid by cash and HK\$780 million would be paid by the issuance of convertible note to Mr. Lin upon completion (the "Acquisition"). The Target Company and its subsidiaries, collectively known as the Target Group, are principally engaged in the content filling of aerosol cans and production and sale of aerosol and non-aerosol products. One of the primary focuses of the Target Group is to develop high-end car care service products. The Acquisition had been approved by the independent shareholders of the Company on 16 December 2014. The completion of the Acquisition would be subject to the satisfaction of certain conditions precedent as set out in the Acquisition Agreements.

Management Discussion and Analysis

With the Acquisition, our Group would be able to supply aluminum aerosol cans directly for the packaging of such high-end car care service products and the products of the Group would be able to enter into the consumer markets under the Group's brand name. Profitability of the aerosol cans of the Group would be guaranteed and further enhance the profitability of the Group with the sound track record of the Target Group. The Directors are of the view that the Acquisition would maximize the future revenue contribution to the Group by vertically integrating with the Target Group.

The Acquisition constituted a very substantial acquisition and a connected transaction pursuant to Rule 14.06(5) and Rule 14A.25 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rule") respectively. Details of the Acquisition, the terms of the Acquisition Agreements and the approval of the independent shareholders on the Acquisition were disclosed in the Company's announcements dated 6 October 2014, 28 November 2014, 16 December 2014, 13 March 2015 and 16 March 2015 and the Company's circular dated 28 November 2014 respectively.

CAPITAL

During the year ended 31 December 2014, the authorized capital of the Company has been increased from HK\$7,800,000 to HK\$15,000,000 by increasing 720,000,000 shares of HK\$0.01 each.

As at 31 December 2014, the total number of issued shares of the Company was 404,865,000 shares (2013: 400,000,000 shares).

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2014, the Group had employed a total of 427 employees (2013: 416 employees). The staff costs, including directors' emoluments but excluding any contributions to pension scheme, were approximately HK\$31.4 million for the Reporting Period (2013: HK\$24.5 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance and share options are granted to attract and retain eligible employees of the Group.

The emoluments of Directors have been determined with reference to the skills, knowledge, contribution in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the year.

SIGNIFICANT INVESTMENTS

During the year ended 31 December 2014, the Group did not have any significant investments.

Management Discussion and Analysis

USE OF PROCEEDS

Our business objectives and planned use of proceeds as stated in the prospectus dated 28 June 2013 (the "Prospectus") were based on the best estimation of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was based on the actual market development. The net proceeds from the public offer and placing of our shares (the "Share Offer") were approximately HK\$80 million. Up to 31 December 2014, the net proceeds from the Share Offer had been applied as follows:

Business objectives as stated in the prospectus	Amount utilized		Balance as at 31 December 2014 HK\$ million
	Actual net proceeds HK\$ million	up to 31 December 2014 HK\$ million	
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	21.4	26.6
Establish a new research and development laboratory	12.0	–	12.0
Partially repay US\$ denominated bank loan	16.0	16.0	–
General working capital purposes	4.0	4.0	–
	80.0	41.4	38.6

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

On 3 October 2014, 13 March 2015 and 16 March 2015, the Company's wholly-owned subsidiary has entered into the Acquisition Agreements with Mr. Lin to acquire a group of companies at an aggregate consideration of HK\$900 million, of which HK\$120 million would be paid by cash (among which, HK\$20 million was paid in October 2014 and the balance of HK\$100 million shall be paid by way of cash proceed from a share placement) and HK\$780 million would be paid by the issuance of convertible note on the completion. The Acquisition had been approved by the independent shareholders of the Company on 16 December 2014 and subject to the satisfaction of certain conditions precedent, the Company shall pay the aforesaid balance of HK\$100 million after the completion of the share placement and on or before the completion of the Acquisition. Details of the Acquisition were disclosed under the paragraph headed "Very Substantial Acquisition and Connected Transaction" of this report and were also disclosed in the Company's announcements dated 6 October 2014, 28 November 2014, 16 December 2014, 13 March 2015 and 16 March 2015 and the Company's circular dated 28 November 2014 respectively.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2014, the Group had a very substantial acquisition and a connected transaction. Details of which were disclosed under the paragraph headed "Very Substantial Acquisition and Connected Transaction" above. Save for the above disclosed, the Company did not have any material acquisitions and disposals of subsidiaries and associated companies.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2014 except CG Code provision A.2.1.

Pursuant to CG Code provision A.2.1, the role(s) of chairman and chief executive should be separate and should not be performed by the same individual. As the duties of chairman and chief executive of the Company are performed by Mr. Lin, the Company has deviated from the CG Code. The Board believes that it is necessary to vest the roles of chairman and chief executive in the same person due to its unique role, Mr. Lin’s experience and established market reputation in the industry, and the importance of Mr. Lin in the strategic development of the Company. The dual role arrangement provides strong and consistent market leadership and is critical for efficient business planning and decision making of the Company. As all major decisions are made in consultation with the members of the Board, and there are four independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules. Specific enquiries have been made with all the Directors and they have confirmed that they have complied with the Model Code throughout the period from the Listing Date to 31 December 2014.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

CG Code provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company does not segregate the roles of chairman and chief executive officer 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 to 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 shareholders of the Company and the Company.

Each independent non-executive Director gives the Company an annual confirmation of his 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 year ended 31 December 2014. 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 auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 36 to 37.

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 company secretary and senior management. 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 three executive Directors, one non-executive Director and four independent non-executive Directors. The Company has complied with rules 3.10 and 3.10A of the Listing Rules. From the Listing Date to 31 December 2014, 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. Chamlong Wachakorn

Ms. Ko Sau Mee

Non-executive Director

Mr. Kwok Tak Wang

Independent non-executive Directors

Mr. Chung Yi To

Ms. Guo Yang

Mr. Leung Man Fai

Dr. Lin Tat Pang

The brief biographic details of and relationship between the existing Directors are set out in the paragraph headed “Biographical Details of Directors and Senior Management” on pages 19 to 23. Ms. Ko Sau Mee is the spouse of Mr. Lin Wan Tsang. Save as disclosed above, there are no other relationship (including financial, business, family or other material/relevant relationship(s)) among members of the Board.

Appointment, Re-Election and Removal of Directors

All Directors are appointed for a specific term. Each of the executive Directors, non-executive Director and independent non-executive Directors (other than Mr. Chung Yi To) of the Company is under a service contract with the Company commencing from 20 June 2013 and Mr. Chung Yi To has entered into a service contract with the Company on 24 June 2013.

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 (“AGM”). Any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by 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 shareholders at the next AGM.

In accordance with the Articles, Mr. Kwok Tak Wang, Chung Yi To and Ms. Guo Yang shall retire and, being eligible, offer themselves for re-election at the forthcoming 2015 AGM. The Board and the Nomination Committee 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 CG Code provision A.6.5 during the year ended 31 December 2014, 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. The Company has arranged an in-house training on the Listing Rules in the form of a seminar during the Reporting Period conducted by the legal adviser as to Hong Kong Laws and relevant training material has been distributed to the Directors. The training covered topics including the CG Code, listed company regulations and disclosure obligations in Hong Kong, discloseable transactions and connected transactions etc.

Corporate Governance Report

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 for over 10 years, 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.

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.

Corporate Governance Report

Set out below are details of the attendance record of each Director at the Board, committee and general meetings of the Company held during the year ended 31 December 2014:

Name of Directors	Attendance/Number of Meetings Held					
	Regular Board Meeting	Audit Committee Meeting	Nomination Committee	Remuneration Committee	Risk Management Committee	General Meeting
Executive Directors						
Mr. Lin Wan Tsang	* 10/10	–	1/1	1/1	–	2/2
Mr. Chamlong Wachakorn	10/10	–	–	–	–	2/2
Ms. Ko Sau Mee	10/10	–	–	–	–	2/2
Non-executive Director						
Mr. Kwok Tak Wang	10/10	–	1/1	1/1	10/12	2/2
Independent non-executive Directors						
Ms. Guo Yang	10/10	3/3	1/1	1/1	–	2/2
Mr. Chung Yi To	10/10	2/3	1/1	1/1	* 11/12	2/2
Mr. Leung Man Fai	10/10	* 3/3	1/1	* 1/1	12/12	2/2
Dr. Lin Tat Pang	10/10	3/3	* 1/1	1/1	12/12	2/2

Remark:

* representing chairman of the board or the committees

The Board has established four committees, namely, the audit committee (“Audit Committee”), the remuneration committee (“Remuneration Committee”), the nomination committee (“Nomination Committee”) and the risk management committee (“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 Stock Exchange (www.hkex.com.hk) and the Company website (www.euroasia-p.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 in compliance with the CG Code 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 internal control procedures of the Group. The Audit Committee comprises four members, all being independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Ms. Guo Yang. The Group’s accounting principles and practices, financial statements and related materials for the period had been reviewed by the Committee.

During the year ended 31 December 2014, the Audit Committee has held three meetings for discussion on issues arising from the audit and financial reporting matters.

Corporate Governance Report

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 website of the Company and the website of the Stock Exchange.

The external auditors were 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 auditors.

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 the independent non-executive Directors to ensure that the Board has a balance of expertise, skills and experience and formulating succession plans for executive directors and senior executives. The Nomination Committee comprises a total of six members, being one executive Director, namely, Mr. Lin Wan Tsang, one non-executive Director, namely, Mr. Kwok Tak Wang, and four independent non-executive Directors, namely, Dr. Lin Tat Pang (Chairman), Mr. Chung Yi To, Mr. Leung Man Fai and Ms. Guo Yang. Accordingly, a majority of the members are independent non-executive Directors.

During the year ended 31 December 2014, the Nomination Committee has held one meeting. 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 website of the Company and the website of the Stock Exchange.

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 CG Code provision B.1.29(a) to (h). The Remuneration Committee comprises a total of six members, being one executive Director, namely, Mr. Lin Wan Tsang, one non-executive Director, namely, Mr. Kwok Tak Wang, and four independent non-executive Directors, namely, Mr. Leung Man Fai (Chairman), Dr. Lin Tat Pang, Mr. Chung Yi To and Ms. Guo Yang. Accordingly, a majority of the members are independent non-executive Directors.

During the year ended 31 December 2014, the Remuneration Committee has 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 website of the Company and the website of the Stock Exchange.

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 ("Hedging Team") and report to the Board as to whether the hedging policies have been duly following by the Hedging Team. The Risk Management Committee is authorized to separate and independent direct access to and complete and open communication with the Group's management to allow them to fulfill their duties. The Risk Management Committee comprises a total of four members, being one non-executive Director, namely, Mr. Kwok Tak Wang, and three independent non-executive Directors, namely, Mr. Chung Yi To (Chairman), Mr. Leung Man Fai and Dr. Lin Tat Pang. Accordingly, a majority of the members are independent non-executive Directors.

During the year ended 31 December 2014, the Risk Management Committee has held twelve meetings to review and approved the hedging policies have been duly following by the Hedging Team and report 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 website of the Company and the website of the Stock Exchange.

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;
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 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 internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. 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.

Corporate Governance Report

EXTERNAL AUDITOR'S REMUNERATION

The Company engaged Ernst & Young as its external auditor for the year ended 31 December 2014. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

During the year ended 31 December 2014, the fee payable to Ernst & Young in respect of its statutory audit services provided to the Company was RMB1.18 million. (2013: RMB1.18 million)

INTERNAL CONTROL

During the year under review, Ernst & Yong has been appointed as the Company's internal auditor for the purpose of reviewing the effectiveness of the Company's material internal controls. On-going assessment on internal control have been conducted by Ernst & Yong periodically to determine the Company's risk management, control and governance practices as designed and represented by management. The management of the Company will communicate with the independent internal auditor regularly for all findings and recommendations, appropriate changes will be made to respond to the circumstances. The internal control system is designed to provide reasonable, not absolute, assurance that the business objectives of the Company will be met and to manage the Company's risks within an acceptable risk profile. Internal control plays an important role in the prevention and detection of fraud or material misstatement of management for reliable management and financial information and records. Internal audits are implemented to provide the Board with reasonable assurance that the processes of the Company operate as designed and the internal control systems of the Group are sound and effective.

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

Mr. Lam Chi Ming, the company secretary appointed by the Board and an employee of the Company, in the opinion of the Board, possesses the necessary qualification and experience, and is capable of performing of the functions of the company secretary. During the year ended 31 December 2014, Mr. Lam has taken 15 hours of professional training. The Company will provide fund for Mr. Lam to take not less than 15 hours of appropriate professional training in each financial year as required 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 of the Company holding, at the date of deposit of the requisition, 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 of the Company 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.

Corporate Governance Report

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

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.

INVESTOR RELATIONS

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its 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 Stock Exchange website, 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 shareholders.

Constitutional Documents

There was no significant change in the constitutional documents of the Company during the year ended 31 December 2014.

Biographical Details of Directors and Senior Management

Biographies of Directors and senior management team are set out below:

EXECUTIVE DIRECTORS

Mr. Lin Wan Tsang (連運增), aged 49, was appointed as the chairman and executive Director on 12 September 2012. Mr. Lin is the founder and general manager of our Group. He is responsible for formulating our corporate strategies and overseeing the overall business of our Group. Mr. Lin has over 18 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 and 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 the vice-president of Guangdong Provincial Association of Standardization* (廣東省標準化協會), a standing member of China Packaging Federation (中國包裝聯合會) (“CPF”) and the All-China Environment Federation* (中華環保聯合會), and a visiting professor of Zhongshan Torch Polytechnic (中山火炬職業技術學院).

Mr. Lin was appointed as a member of the Conghua City Chinese People’s Political Consultative Conference National Committee* (從化市政協委員會) in 2011, vice-principal of the Metal Containers Committee (金屬容器委員會) of CPF for the period from 2011 to 2016, vice-president of Zhongshan City Printing and Packaging Association* (中山市印刷包裝行業協會) for the period from 2011 to 2014, and the deputy director of the Aerosol Packaging Committee (氣霧劑專業委員會) of CPF for the period from 2008 to 2013. He was awarded as honorary citizen of Conghua City, Guangdong Province in 2010.

Ms. Ko Sau Mee (高秀嫻), aged 48, was appointed as the executive Director on 28 March 2013. Ms. Ko is the founder and she is responsible for formulating corporate strategies and overseeing the overall business of our Group. Ms. Ko has over 10 years of experience in the aluminum packaging industry. She together with Mr. Lin established Euro Asia Packaging (Guangdong) Co., Ltd. (“Euro Asia Packaging”) in 2002 to engage in the manufacture and sale of aluminum aerosol cans and Botny Chemical in 2000 to engage in the production and sale of aerosol.

Mr. Chamlong Wachakorn (陳景輝), aged 71, was appointed as the executive Director on 28 March 2013 and is a Director of Euro Asia Packaging since June 2012, an indirect wholly owned subsidiary of the Company. He is responsible for the formulation and development of business strategies for our Group.

He has been the vice-president of Guangzhou Conghua City Resident Enterprises Association* (廣州從化市民營企業協會), vice-president of the 4th session of the Jiangpo Sub-council of the Conghua City Federation of Commerce and Industry* (從化市工商業聯合會江埔分會第四屆商會), vice-president of the 14th session of the executive committee of the General Chamber of Commerce of Conghua City* (從化市總商會十四屆執行委員會), vice-president of the Conghua City Sub-council of the China Council for the Promotion of International Trade* (中國國際貿易促進委員會從化市支會), vice-president of China Chamber of International Commerce Conghua Chamber of Commerce* (中國國際商會從化商會) and a member of the Conghua City Chinese People’s Political Consultative Conference National Committee* (從化市政協委員會).

Biographical Details of Directors and Senior Management

NON-EXECUTIVE DIRECTOR

Mr. Kwok Tak Wang (郭德宏), aged 51, was appointed as a non-executive Director on 28 March 2013 and was a director of Euro Asia Packaging from July 2008 to October 2011 and from October 2012 to January 2013 an indirect wholly owned subsidiary 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), aged 58, was appointed as an independent non-executive Director on 20 June 2013. 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 30 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. He has served as an adjunct professor at Huazhong University of Science & Technology* (華中科技大學) since December 2011.

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.

Mr. Chung Yi To (鍾詒杜), aged 48, was appointed as an independent non-executive Director on 24 June 2013. He has over 20 years of experience in finance, particularly in the derivatives, futures and commodities sectors. Mr. Chung worked as a responsible officer under the SFO for Peace Town Financial Services Limited in respect of Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 5 (advising on futures contracts) regulated activities from 24 Oct 2014 to 5 March 2015. He served as an assistant manager of the China Offshore Interest Rate Derivatives department in Tullett Prebon (Hong Kong) Limited, a financial services firm, from October 2012 to April 2013. Between November 2006 and November 2011, he served as the senior vice president of foreign exchange and listed derivatives sales in MF Global Holdings HK Limited, where he managed a team that provided 24-hour coverage in global listed futures such as fixed income and commodities in the energy and metal markets. He was the licensed responsible officer under the SFO for MF Global Hong Kong Limited in respect of Type 1 and Type 2 regulated activities for the period from April 2007 to November 2011; and Type 4 and Type 5 regulated activities for the period from July 2011 to November 2011. For the purpose of full disclosure under Rule 13.51(2) of the Listing Rules, MF Global Holdings HK Limited was ordered to conduct a creditors' voluntary liquidation pursuant to the court order dated 4 October 2012. The liquidation of MF Global Holdings HK Limited was, in any circumstances, not caused by or related to Mr. Chung.

During July 2005 to November 2006, Mr. Chung worked for Credit Suisse (Hong Kong) Limited, and his last position was the vice president of the fixed income division. From May 2004 to July 2005, he worked for HSBC Futures, Singapore Pte Ltd, (Hong Kong branch) and was responsible for marketing commodities futures, and his last position was the associate director. From February 1998 to April 2004, he was employed by ABN AMRO Bank N.V. and his last position was the assistant vice president, sales of ABN AMRO Asia Futures Limited in ABN AMRO Clearing and Execution Services.

Mr. Chung 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.

Biographical Details of Directors and Senior Management

Mr. Leung Man Fai (梁文輝), aged 50, was appointed as an independent non-executive Director on 20 June 2013. Mr. Leung is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. Mr. Leung received a Bachelor of Arts degree in Accountancy from the City University of Hong Kong in 1991.

Mr. Leung has over 20 years of experience in accounting and finance. He is currently the chief financial officer and the company secretary of Da Ming International Holdings Limited (stock code: 1090), a company listed on the Main Board. Before joining Da Ming International Holdings Limited, Mr. Leung served as the financial controller and the company secretary of a private company from October 2003 to October 2006. From January 1996 to January 2003, he served various roles including financial controller, company secretary and finance manager in several listed companies within ITC Corporation Limited (stock code: 372). He also worked as a senior accountant in Hopewell Holdings Limited (stock code: 54) from November 1992 to January 1996.

Mr. Leung 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 (郭揚), aged 53, was appointed as an independent non-executive Director on 20 June 2013. 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.

SENIOR MANAGEMENT

Ms. He Wan Zhu (賀琬株), aged 44, has been the chief financial officer of our Group since February 2013. She is responsible for the accounting and treasury matters of our Group. Ms. He has extensive experience in the accounting and auditing profession. She was awarded as a certified public accountant and registered tax agent in the PRC and obtained a Bachelor's degree in Accounting from Renmin University of China (中國人民大學) in July 1998. Prior to joining our Group, she served as the department deputy manager of Shenzhen Pengcheng Certified Public Accountants Co., Ltd. (深圳市鵬城會計師事務所有限公司) from March 2005 to February 2012.

Mr. Lam Chi Ming, Francis (林志明), aged 56, was appointed as our company secretary on 20 June 2013. Mr. Lam has over 20 years of experience in the field of financial and general management. Mr. Lam is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam obtained a Bachelor's degree of Arts in Economics and Social Studies from the University of Manchester in July 1982.

Biographical Details of Directors and Senior Management

Prior to joining our Group, he was the general manager and director of Solartech International Holdings Limited (stock code: 1166) from April 2009 to December 2009, the financial controller of China Flavors and Fragrances Company Limited (stock code: 3318) from March 2004 to February 2009, the financial controller, qualified accountant, company secretary and authorized representative of Kinetana Hong Kong Herbal Pharmaceutical Limited from July 2001 to September 2002. Mr. Lam worked for Pam and Frank Industrial Co. Ltd (stock code: 0431, now renamed as Greater China Holdings Limited) between October 1991 and November 2000 and his last position was senior vice president.

Mr. Luo Yong Qiang (駱永強), aged 43, has joined our Group since 2011. He is the deputy general manager of our Group and is responsible for the overall management of the production, quality control, research and development as well as engineering departments. Mr. Luo was qualified as Guangdong Provincial Certified Junior Safety Management Personnel* (廣東省註冊初級安全管理人員) and Guangdong City Certified Fire Safety Management Personnel* (廣州市註冊消防安全管理人員). He took a two-year college course in Business Administration (Market Positioning) from The Open University of China* (中央廣播電視大學) in January 2010.

Mr. Luo has extensive working experience in production, production safety management, project planning, quality management system and human resources management. He participated in the planning and construction of large-scale aerosol-filling factories. From September 2000 to March 2011, he was the production director at Botny Chemical.

Mr. Lu Feng (路楓), aged 58, has been the secretary of the Board and deputy general manager of our Group since March 2008. Mr. Lu is responsible for our Group's overall capital management and maintaining public relation with various local government bodies and financial institutions. Mr. Lu has more than 20 years of experience in business management and the securities industry. Mr. Lu obtained the Certificate of Completion of Training for Senior Management of Listed Companies* (上市公司高級管理人員培訓結業證書) issued by the Shenzhen Stock Exchange in 2011, the Secretary for Board of Directors Qualification Certificate issued by the Shenzhen Stock Exchange* (深圳證券交易所董事會秘書資格證書) in September 2009 and the Practitioner Qualification Certificate issued by the Securities Association of China* (中國證券業協會證券從業資格證書) in 2001. He was qualified as a hull engineer* (船體工程師資格) in 1992.

Prior to joining our Group, he served as the assistant to the general manager and manager of the assets management department of Zhongshan City National Health Technology Park (中山市國家健康科技產業基地) in Guangdong Province from January 2007 to February 2008. He also served as the general manager of the sales department and director of the Research Institute of Zhongshan Securities Company Limited* (中山證券有限責任公司研究所) from April 1996 to May 2005.

Ms. Xu Wei (徐蔚), aged 47, has joined our Group since 2004. She is the deputy general manager and is responsible for the sales and marketing for overseas markets of our Group. She obtained a Bachelor's degree in Arts from Shenzhen University (深圳大學) in July 1989.

Mr. Zuo Jie Hao (左結豪), aged 65, has joined our Group since June 2002. He is the deputy general manager and is responsible for the sales and marketing for the PRC market of our Group. Before he joined our Group, Mr. Zuo worked as the senior sales manager of Cebal Zhongshan Co. Ltd* (西博爾(中山)有限公司).

Mr. Zhang Yao Ping (章耀平), aged 44, has joined our 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 our Group. Mr. Zhang is qualified as a senior chemical engineer* (化工高級工程師). 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.

Biographical Details of Directors and **Senior Management**

Prior to joining our 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 CPF from November 2002 to December 2010. He was also a member of the National Technical Committee on Packaging of Standardization Administration of China* (全國包裝標準化技術委員會) and Guangdong Provincial Technical Committee on Packaging of Standardization Administration of China* (廣東省包裝標準化技術委員會委員).

The Directors are pleased to present to the Shareholders this annual report and the audited consolidated financial statements for the year ended 31 December 2014.

GROUP REORGANIZATION

Our 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 of the Company were listed on the Main Board of the Stock Exchange.

During the year ended 31 December 2014, 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 19 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2014 and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 38 to 98.

The Board have recommended a final dividend of HK2.2 cents per share for the year ended 31 December 2014 (2013: HK3 cents per share) which will be subject to the approval of the Company's Shareholders at the forthcoming AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 6 May 2015 to 11 May 2015, both days inclusive, during which period no transfers of shares shall be effected. In order to qualify for attending the forthcoming AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 5 May 2015.

The register of members of the Company will be closed from 20 May 2015 to 22 May 2015, 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 19 May 2015.

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 page 99 to 100 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 17 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 31 to the consolidated 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 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 Company's listed securities for the year ended 31 December 2014.

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 2014, the Company's reserves available for distribution as calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately HK\$56.6 million. This includes the Company's Share premium account of approximately HK\$72.2 million as at 31 December 2014, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

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 56.7% (2013: 52.1%) and 83.3% (2013: 79.2%) of the Group's total purchases respectively.

For the year ended 31 December 2014, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 10.1% (2013: 15.5%) and 35.2% (2013: 43.7%) of the Group's total turnover respectively.

At all-time during the year ended 31 December 2014, none of the Directors or any of their associates or any shareholders of the Company 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 at the date of this report are:

Executive Directors

Mr. Lin Wan Tsang (*Chairman*)

Mr. Chamlong Wachakorn

Ms. Ko Sau Mee

Non-executive Director

Mr. Kwok Tak Wang

Independent non-executive Directors

Mr. Chung Yi To

Ms. Guo Yang

Mr. Leung Man Fai

Dr. Lin Tat Pang

Mr. Kwok Tak Wang, Mr. Chung Yi To 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.

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 19 to 23 of this Annual Report.

DIRECTORS' SERVICE CONTRACT

Each of the executive Directors has respectively entered into a service contract commencing from 12 July 2013 (the "Listing Date") with the Company for a term of three years unless terminated by not less than three months' notice in writing served by either party on the other.

Each of the non-executive Director and the independent non-executive Director has entered into a service contract with the Company for a term of two years commencing from (i) the Listing Date (in relation to the contract with the non-executive Director); and (ii) the date of the respective contracts (in relation to the contracts with the independent non-executive Directors) unless terminated by not less than one month's notice in writing served by either party on the other.

Other than disclosed above, none of the Directors of the Company has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Report

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

As at 31 December 2014, interests or short positions in the shares of the Company (the "Shares"), underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 the Shares

Name of Director	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of our Company
Mr. Lin	Interest in a controlled corporation (Note)	300,000,000	75%
Ms. Ko Sau Mee ("Mrs. Lin")	Interest in a controlled corporation (Note)	300,000,000	75%
Mr. Chamlong Wachakorn	Beneficial owner	1,050,000	0.26%
Mr. Kwok Tak Wang	Beneficial owner	600,000	0.15%

Note: Wellmass International Limited ("Wellmass") is 100% beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in the shares of Wellmass held by Mr. Lin. Accordingly, each of Mr. Lin and Mrs. Lin is deemed to be interested in the Shares held by Wellmass under the SFO.

(ii) Long position in Wellmass, an associated corporation of our Company

Name of Director	Capacity/Nature of interest	Approximate percentage of the issued share capital of our Company
Mr. Lin	Beneficial owner	100%
Mrs. Lin	Family interest (Note)	100%

Note: Wellmass is 100% beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in the Wellmass shares held by Mr. Lin.

(iii) Long positions in underlying shares of share options of the Company

Name of Director	Company/ Name of associated corporations	Capacity/ Nature of interest	Number of ordinary Shares	Approximate percentage of the shareholding
Mr. Chamlong Wachakorn	The Company	Beneficial owner (Note)	2,450,000	0.605%
Mr. Kwok Tak Wang	The Company	Beneficial owner (Note)	1,400,000	0.346%

Note: These represent the Shares to be issued and allotted by the Company upon exercise of the options granted under the Pre-IPO Share Option Scheme.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective associates had registered any interests or short positions in any shares and underlying shares in, and debentures of, the Company or any associated corporations as at 31 December 2014, 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 2014, 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	Capacity/Nature of interest	Number of Shares held	Approximate percentage of the issued share capital of our Company
Wellmass	Beneficial owner (Note)	300,000,000	75%

Note: Wellmass is 100% beneficially owned by Mr. Lin. As Mrs. Lin is the spouse of Mr. Lin, Mrs. Lin is deemed to be interested in the shares of Wellmass held by Mr. Lin. Accordingly, each of Mr. Lin and Mrs. Lin is deemed to be interested in the Shares held by Wellmass under the SFO.

Save as disclosed above, as at 31 December 2014, 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 of the Company that was required to be recorded pursuant to section 336 of the SFO.

Directors' Report

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this report, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest subsisted at the end of the Reporting Period or at any time during the Reporting Period.

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 "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 associates nor was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective associates to acquire such rights in any other body corporate.

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at 31 December 2014, the Directors were not aware of any business or interest of the Directors and their respective 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.

Each of Mr. Lin, Mrs. Lin and Wellmass (together the "Controlling Shareholders"), had entered into a non-competition deed dated 27 June 2013 (the "Non-competition Deed") in favour of the Company (for itself and on behalf of all members of the Group), pursuant to which, each of the Controlling Shareholders would not, and would procure his/her/its associates not to (other than through the Group or in respect of each covenantor (together with his/her/its associates), as a holder of not more than 5% of the issued shares or stock of any class or debentures of any company listed on any recognized stock exchange) directly or indirectly carry on, engage or otherwise be interested (in each case whether as shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which may be in competition with the business carried on by the Group from time to time, except where the Company's approval is obtained.

In order to ensure the Controlling Shareholders have complied with the Deed of Non-competition, each of the Controlling Shareholders has provided to the Company a written confirmation (i) in respect of his/her/its compliance with the Non-competition Deed for the Reporting Period; (ii) no personal interests were ever declared by any Controlling Shareholders who are also Directors at the Directors' meetings; and (iii) stating that they have not entered into any business which may be in competition with the business carried on by the Group from time to time. As there was no change in terms of the undertaking since the Company's listing on the Stock Exchange, the independent non-executive Directors of the Company are of the view that the Controlling Shareholders have complied with the Non-competition Deed and no matters are required to bring to the attention of the public.

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.

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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. All Directors of the Company have confirmed that, following specific enquiry by the Company, they have complied with the required standard set out in the Model Code during the year ended 31 December 2014.

PRE-IPO SHARE OPTION SCHEME

The Group adopted a Pre-IPO share option scheme on 20 June 2013 (the "Pre-IPO Share Option Scheme") 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 our Group.

Initially, options to subscribe for an aggregate of 17,490,000 Shares had been granted to certain executive and non-executive Directors, members of the senior management and other employees of our Group, representing approximately 4.37% of the total issued share capital of the Company 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 certain 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 certain 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 third anniversary date of the Listing Date upon certain fulfillment of certain conditions and ending on the 10th anniversary date of the offer date (the Expiration Date") (both dates inclusive)	40% of the total number of options granted to each of the Grantees

Each of the Grantees is required to pay HK\$1.00 on acceptance of the options granted under the Pre-IPO Share Option Scheme.

Directors' Report

Set out below is further information on the outstanding options granted under the Pre-IPO Share Option Scheme as at 31 December 2014:

Name of grantees	Number of share options				Subscription price per Share HK\$	Weighted average closing price of the Company before the details on which options were exercised HK\$
	Outstanding as at 1 January 2014	Forfeited during the year	Exercised during the year	Outstanding as at 31 December 2014		
Directors						
Chamlong Wachakorn	3,500,000	–	1,050,000	2,450,000	0.7	1.84
Kwok Tak Wang	2,000,000	–	600,000	1,400,000	0.7	1.84
Sub-total	5,500,000	–	1,650,000	3,850,000		
Senior Management						
Luo Yong Qiang	1,000,000	–	300,000	700,000	0.7	1.38
Lu Feng	1,000,000	–	300,000	700,000	0.7	1.38
He Wan Zhu	1,000,000	–	300,000	700,000	0.7	1.38
Xu Wei	1,000,000	–	300,000	700,000	0.7	1.38
Zuo Jie Hao	1,000,000	–	300,000	700,000	0.7	1.38
Zhang Yao Ping	1,000,000	–	200,000	800,000	0.7	1.61
Sub-total	6,000,000	–	1,700,000	4,300,000		
Others						
Employees	5,990,000	660,000	1,515,000	3,815,000	0.7	1.48
Total	17,490,000	660,000	4,865,000	11,965,000		

During the year ended 31 December 2014, there were 4,865,000 options granted under the Pre-IPO Share Option Scheme were exercised and 660,000 options were cancelled/lapsed.

During the year ended 31 December 2014, there were 2 employees who were granted share options under the Pre-IPO Share Option Scheme ceased to be employed by the Group as such no share options granted were lapsed.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Share Option Scheme") on 20 June 2013 for the purpose of giving certain Eligible Persons (as defined below) an opportunity to have a personal stake in the Company and motivating them to optimize their future performance and efficiency to the Group and/or rewarding them for their past contributions, and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group. "Eligible Persons" refer to (i) any Eligible Employees. "Eligible Employees" means employees (whether full time or part time, including any executive Director but excluding any non-executive Director) of our Company, any subsidiary or any entity in which our Group holds at least 20% of its issued share capital ("Invested Entity"); (ii) any non-executive Directors (including independent non-executive Directors) of our Company, any subsidiary or any Invested Entity; (iii) any supplier of goods or services to any member of our Group or any Invested Entity; (iv) any customer of any member of our Group or any Invested Entity; (v) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity; (vi) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our 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 our Group or any Invested Entity; and (viii) any other group or classes 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 our Group.

An offer for the grant of options must be accepted within 21 days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to the Company on acceptance of the offer for the grant of an option is HK\$1.00. The subscription price of a Share in respect of any particular option granted under the Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least 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) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the offer date of the relevant option; and (iii) the nominal value of a Share on the offer date.

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the shares in issue at the date of granting. The Company may at any time refresh such limit, subject to the shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the Shares in issue from time to time. The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including exercised, cancelled and outstanding 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.

An option may be exercised in accordance with the terms of the Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof. As at the date of this annual report, the total number of securities available for issue under the Share Option Scheme was 40,000,000 Shares, which represented 9.88% of the issued share capital of the Company.

During the year ended 31 December 2014, there was no share option granted, exercised, cancelled or lapsed under the Share Option Scheme.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 37 to the consolidated financial statements constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

In year 2014, the Group entered into various transactions which constituted continuing connected transactions under Chapter 14A of the Listing Rules and are continuing after the Listing. All the continuing connected transactions during the year 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 Transaction	Actual monetary value for the year ended 31 December 2014
		HK\$'000
1. Euro Asia Aerosol	Sales of aluminum aerosol cans to Euro Asia Aerosol ("Transaction 1")	313
2. Botny Chemical	Sales of aluminum aerosol cans to Botny Chemical ("Transaction 2")	3,660
3. Mr. Lin	Operating lease rental expense charged by Mr. Lin ("Transaction 3")	96

Further information on transactions 1, 2 and 3 are provided as follows:

Transaction 1: Euro Asia Aerosol is a wholly-owned subsidiary of European Asia Industrial Limited ("European Asia Industrial"), which is in turn wholly owned by Mr. Lin, and is engaged in the content filling of aerosol cans.

On 20 June 2013, Euro Asia Packaging, a non-wholly owned subsidiary of the Company, and Euro Asia Aerosol entered into a master agreement (the "Euro Asia Aerosol Agreement"), pursuant to which the Company had agreed to sell aluminum aerosol cans to Euro Asia Aerosol at a price to be determined from time to time with reference to the product types and specification, sales volume and selling price offered to independent third parties, commencing from the Listing Date to 31 December 2015, provided that either party may terminate the Euro Asia Aerosol Agreement by giving not less than three months' prior written notice to the other party.

Transaction 2: Botny Chemical is a wholly-owned subsidiary of European Asia Industrial, which is in turn wholly owned by Mr. Lin, and is engaged in the content filling of aerosol cans and production and sale of aerosol products.

On 20 June 2013, Euro Asia Packaging and Botny Chemical entered into a master agreement (the "Botny Chemical Agreement"), pursuant to which the Company had agreed to sell aluminum aerosol cans to Botny Chemical at a price to be determined from time to time with reference to the product types and specification, sales volume and selling price offered to independent third parties, commencing from the Listing Date to 31 December 2015, provided that either party may terminate the Botny Chemical Agreement by giving not less than three months' prior written notice to the other party.

Transaction 3: On 31 December 2012, a lease agreement (the "Lease Agreement") was entered into between Mr. Lin (as landlord) and the Group (as tenant) in respect of the property situated at Unit G, 20/F, Golden Sun Centre, Nos. 59/67 Bonham Strand West, Hong Kong (the "Property").

The Property is leased for a term commencing on 1 January 2013 and ending on 31 December 2015 (both days inclusive) at a monthly rental of HK\$8,000 (exclusive of rates, government rent, management fees and other utilities outgoings which are payable by the tenant) and payable in advance. Under the Lease Agreement, a deposit of HK\$8,000 had been paid by the tenant to the landlord. The Property has a gross floor area of approximately 40.41 sq.m., and is currently used as the office to deal with bank remittances made by overseas customers for our export sales. The rental under the Lease Agreement was determined by making reference to the market rates of neighboring properties.

As the relevant applicable percentage ratios with respect to the transactions contemplated under the Lease Agreement on an annual basis is less than 5% and the annual consideration is less than HK\$1 million, the entering into of the Lease Agreement constitutes an exempt continuing connected transaction under Rule 14A.33 of the Listing Rules, and is exempt from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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 of the Company had reviewed the Transactions and confirmed that:

The Transactions for the year ended 31 December 2014 were entered into:

- (i) in the ordinary and usual course of the Company's business;
- (ii) on terms no less favourable to the Company than terms available from independent third parties; 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 its shareholders as a whole.

FUTURE PROSPECT AND DEVELOPMENT

Our management believes 2015 will be a difficult year for the Group due to (i) uncertainty in the global economic environment; (ii) the slowdown of growth in consumable products and domestic demands in high end personal care products in PRC; and (iii) increasing competition from small-sized overseas aerosol can manufacturers.

In view of such difficult time, the Group plans to increase future revenue through a vertical integration strategy. On 3 October 2014, the Group entered into an Acquisition Agreement with Mr. Lin to acquire Topspan Holdings Limited and its subsidiaries which are engaged in the content filling of aerosol cans and production and sale of aerosol and non-aerosol products, including high-end car care service products. For further information, please refer to the paragraph headed "Very Substantial Acquisition and Connected Transactions". The Board will consider any potential investment opportunities which may benefit its shareholders as and when these opportunities arise.

Directors' Report

AUDITORS

Ernst & Young, the auditors of the Company, will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer themselves for re-appointment. A resolution will be submitted to the AGM to be held on 11 May 2015 to seek Shareholders' approval on the appointment of Ernst & Young as the Company's auditors until the conclusion of the next AGM and to authorize the Board to fix their remuneration.

By order of the Board

Lin Wan Tsang

Chairman

Hong Kong, 26 March 2015

Independent Auditor's Report



**Building a better
working world**

To the shareholders of China Aluminum Cans Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Aluminum Cans Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 38 to 98, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board 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.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent **Auditor's Report**

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young

Certified Public Accountants
22/F, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong
26 March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
REVENUE	8	239,384	260,311
Cost of sales		(158,113)	(163,543)
Gross profit		81,271	96,768
Other income and gains	8	6,831	11,699
Selling and distribution expenses		(9,946)	(9,456)
Administrative expenses		(39,184)	(42,746)
Other expenses		(2,050)	(1,693)
Finance costs	10	(2,897)	(5,936)
PROFIT BEFORE TAX	9	34,025	48,636
Income tax expense	13	(5,369)	(10,581)
PROFIT FOR THE YEAR		28,656	38,055
OTHER COMPREHENSIVE INCOME			
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		(1,341)	5,729
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		(1,341)	5,729
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		27,315	43,784
Profit attributable to:			
Owners of the parent		28,086	37,343
Non-controlling interests		570	712
		28,656	38,055
Total comprehensive income attributable to:			
Owners of the parent		26,727	42,922
Non-controlling interests		588	862
		27,315	43,784
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic	16	HK7.0 cents	HK10.8 cents
Diluted		HK6.9 cents	HK10.7 cents
Final dividends		8,900	12,000

Details of the dividends paid and proposed during the year are disclosed in note 15 to the financial statements

Consolidated Statement of Financial Position

31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	17	210,585	222,923
Prepaid land lease payments	18	16,409	16,969
Non-current deposits	23	3,525	–
Deferred tax assets	30	670	564
Total non-current assets		231,189	240,456
CURRENT ASSETS			
Inventories	20	27,263	27,276
Trade and bills receivables	21	57,674	53,888
Derivative financial instruments	22	–	231
Prepayments, deposits and other receivables	23	9,355	15,943
Prepayment for acquisition	37(4)	20,000	–
Pledged deposits	24	1,580	2,871
Cash and cash equivalents	24	93,611	107,372
Total current assets		209,483	207,581
CURRENT LIABILITIES			
Trade payables	25	10,417	7,505
Derivative financial instruments	22	744	–
Other payables and accruals	26	20,871	18,681
Interest-bearing bank and other borrowings	27	53,317	64,899
Tax payable		4,743	6,634
Deferred income	29	323	273
Total current liabilities		90,415	97,992
NET CURRENT ASSETS		119,068	109,589
TOTAL ASSETS LESS CURRENT LIABILITIES		350,257	350,045
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	27	20,784	42,384
Deferred income	29	3,398	3,483
Deferred tax liabilities	30	890	1,235
Total non-current liabilities		25,072	47,102
Net assets		325,185	302,943

Consolidated Statement of Financial Position

31 December 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	31	4,049	4,000
Reserves	33	308,210	283,315
Proposed final dividend	15	8,900	12,000
		321,159	299,315
Non-controlling interests		4,026	3,628
Total equity		325,185	302,943

Lin Wan Tsang
Director

Ko Sau Mee
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Attributable to owners of the parent										
	Issued capital	Share premium account	Contributed surplus	Share option reserve	Reserve funds	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Non-controlling interests	Total equity
	HK\$'000 (note 31)	HK\$'000	HK\$'000	HK\$'000 (note 32)	HK\$'000 (note 33(ii))	HK\$'000	HK\$'000	HK\$'000 (note 15)	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	4,000	76,254	111,196	2,811	21,623	24,111	47,320	12,000	299,315	3,628	302,943
Profit for the year	-	-	-	-	-	-	28,086	-	28,086	570	28,656
Other comprehensive income for the year											
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,359)	-	-	(1,359)	18	(1,341)
Total comprehensive income for the year	-	-	-	-	-	(1,359)	28,086	-	26,727	588	27,315
Transfer of share option reserve upon the forfeiture or expiry of share options	-	-	-	(7)	-	-	7	-	-	-	-
Exercise of share options	49	4,816	-	(1,460)	-	-	-	-	3,405	-	3,405
Transfer from retained profits	-	-	-	-	3,835	-	(3,835)	-	-	-	-
Equity-settled share option arrangements	-	-	-	3,712	-	-	-	-	3,712	-	3,712
Final 2013 dividend declared	-	-	-	-	-	-	-	(12,000)	(12,000)	(190)	(12,190)
Proposed final 2014 dividend	-	(8,900)	-	-	-	-	-	8,900	-	-	-
At 31 December 2014	4,049	72,170 [#]	111,196 [#]	5,056 [#]	25,458 [#]	22,752 [#]	71,578 [#]	8,900	321,159	4,026	325,185
At 1 January 2013	-	-	111,196	-	16,570	18,532	15,030	-	161,328	2,241	163,569
Profit for the year	-	-	-	-	-	-	37,343	-	37,343	712	38,055
Other comprehensive income for the year:											
Exchange differences on translation of foreign operations	-	-	-	-	-	5,579	-	-	5,579	150	5,729
Total comprehensive income for the year	-	-	-	-	-	5,579	37,343	-	42,922	862	43,784
Issue of shares	1,000	99,000	-	-	-	-	-	-	100,000	-	100,000
Capitalisation issue	3,000	(3,000)	-	-	-	-	-	-	-	-	-
Share issue expenses	-	(7,746)	-	-	-	-	-	-	(7,746)	-	(7,746)
Transfer from retained profits	-	-	-	-	5,053	-	(5,053)	-	-	-	-
Capital injection	-	-	-	-	-	-	-	-	-	525	525
Equity-settled share option arrangements	-	-	-	2,811	-	-	-	-	2,811	-	2,811
Proposed final 2013 dividend	-	(12,000)	-	-	-	-	-	12,000	-	-	-
At 31 December 2013	4,000	76,254 [#]	111,196 [#]	2,811 [#]	21,623 [#]	24,111 [#]	47,320 [#]	12,000	299,315	3,628	302,943

Note:

[#] These reserve accounts comprise the consolidated reserves of HK\$308,210,000 (2013: HK\$283,315,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		34,025	48,636
Adjustments for:			
Finance costs	10	2,897	5,936
Bank interest income	8	(864)	(51)
Gain on disposal of items of property, plant and equipment	9	(231)	(760)
Government grants credited to other income	8	(852)	(2,355)
Fair value gains, net:			
Derivative instruments — transactions not qualifying as hedges	9	975	(227)
Equity settled share option expense	32	3,712	2,811
Depreciation	17	18,621	17,447
Amortisation of prepaid land lease payments	18	501	497
Listing expenses		—	10,702
		58,784	82,636
Decrease/(increase) in inventories		13	(2,355)
Increase in trade and bills receivable		(3,786)	(14,747)
Increase in prepayments, deposits and other receivables		(21,232)	(2,966)
Increase in trade payables		2,912	2,661
Increase/(decrease) in other payables and accruals		2,356	(2,536)
Release of pledge deposit		1,291	—
Receipt of government grants		576	2,086
Cash received from operations		40,914	64,779
PRC tax paid		(7,670)	(8,867)
Net cash flows from operating activities		33,244	55,912

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(11,135)	(24,037)
Interest received		864	51
Receipt of government grants		252	–
Decrease in pledged deposits		–	109
Proceeds/(expenditure) from disposal of items of property, plant and equipment		8,801	(569)
Net cash flows used in investing activities		(1,218)	(24,446)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		49,966	70,703
Repayment of bank loans		(83,148)	(75,005)
Capital element of finance lease rental payments		–	(110)
Interest paid		(3,184)	(5,629)
Dividends paid		(12,000)	–
Payment of listing expenses		–	(16,737)
Issue of new shares by exercise of share options		3,405	–
Issue of shares		–	100,000
Net cash flows from/(used in) financing activities		(44,961)	73,222
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
Exchange realignment		(826)	304
Cash and cash equivalents at beginning of year		107,372	2,380
CASH AND CASH EQUIVALENTS AT END OF YEAR	<i>24</i>	93,611	107,372

Statement of Financial Position

31 December 2014

	Notes	2014 HK\$'000	2013 HK\$'000
NON-CURRENT ASSETS			
Investments in a subsidiaries	19	–	–
Total non-current assets		–	–
CURRENT ASSETS			
Prepayments and other receivables	23	20,035	70
Amounts due from subsidiaries	19	52,727	77,249
Cash and cash equivalents	24	2,590	298
Total current assets		75,352	77,617
CURRENT LIABILITIES			
Accruals		(789)	(5)
NET CURRENT ASSETS		74,563	77,612
Net assets		74,563	77,612
EQUITY			
Issued capital	31	4,049	4,000
Reserves	33	61,614	61,612
Proposed final dividend	15	8,900	12,000
Total equity		74,563	77,612

Notes to the Consolidated Financial Statements

31 December 2014

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 12 September 2012. The Company's registered office address is Clifton House, 75 Fort Street, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 July 2013 (the "Listing Date").

The principal activity of the Company is investment holding. The principal activities of the subsidiaries (the Company and its subsidiaries are collectively referred to as the "Group") comprise the manufacture and sale of aluminum aerosol cans. There has been no significant change in the Group's principal activities during the year.

In the opinion of the directors (the "Directors"), as at the date of this report, the immediate holding company and ultimate holding company of the Company is Wellmass International Limited, a company incorporated in the British Virgin Islands ("BVI").

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 ("IAS") and Interpretations, issued by the International Accounting Standards Board (the "IASB"). These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in Sections 76 to 87 of Schedule 11 to that Ordinance.

The financial statements have been prepared under the historical cost convention, except for derivative financial instruments, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2014. 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 in the accounting policy for subsidiaries below. 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.

Notes to the Consolidated Financial Statements

31 December 2014

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

Amendments to IFRS 10, IFRS 12 and IAS 27 (2011)	<i>Investment Entities</i>
Amendments to IAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to IAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to IAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRIC-Int 21	<i>Levies</i>
Amendment to IFRS 2 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to IFRS 3 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to IFRS 13 included in <i>Annual Improvements 2010–2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to IFRS 1 included in <i>Annual Improvements 2011–2013 Cycle</i>	<i>Meaning of Effective IFRSs</i>

¹ Effective from 1 July 2014

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

Notes to the Consolidated Financial Statements

31 December 2014

4. NEW AND REVISED IFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

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

IFRS 9	<i>Financial Instruments</i> ⁴
Amendment to IFRS 10 and IAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to IFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ²
IFRS 14	<i>Regulatory Deferral Accounts</i> ⁵
IFRS 15	<i>Revenue from Contracts with Customers</i> ³
Amendments to IAS 16 and IAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ²
Amendments to IAS 16 and IAS 41	<i>Agriculture: Bearer Plants</i> ²
Amendments to IAS 19	<i>Defined Benefit Plans: Employee Contributions</i> ¹
Amendments to IAS 27	<i>Equity Method in Separate Financial Statements</i> ²
<i>Annual Improvements to IFRSs 2010–2012 Cycle</i>	Amendments to a number of IFRSs ¹
<i>Annual Improvements to IFRSs 2011–2013 Cycle</i>	Amendments to a number of IFRSs ¹
<i>Annual Improvements to IFRSs 2012–2014 Cycle</i>	Amendments to a number of IFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the Hong Kong Companies Ordinance (Cap. 622) will affect the presentation and disclosure of certain information in the consolidated financial statements for the year ending 31 December 2015. The Group is in the process of making an assessment of the impact of these changes.

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application, but is not yet in a position to state whether these new and revised IFRSs will have a significant impact on the Group's results of operations and financial position.

Notes to the Consolidated Financial Statements

31 December 2014

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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 results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Notes to the Consolidated Financial Statements

31 December 2014

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

Fair value measurement *(Continued)*

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, 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.

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 of the 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, however 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.

Notes to the Consolidated Financial Statements

31 December 2014

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); or
 - (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).

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.

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.

Notes to the Consolidated Financial Statements

31 December 2014

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

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

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%

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 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

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Asset held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the consolidated statement of comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over lease terms.

Notes to the Consolidated Financial Statements

31 December 2014

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded 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 fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive changes in fair value presented as other income and gains and negative net changes in fair value presented as other expense in the consolidated statement of comprehensive income. These net fair value changes not include any interest earned on these financial assets, which are recognised in accordance with the policy set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, these assets are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the consolidated statement of comprehensive income. The loss arising from impairment is recognised in the consolidated statement of comprehensive income in finance costs for loans and in other expenses for receivables.

Notes to the Consolidated Financial Statements

31 December 2014

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 assets. 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 assesses at the end of each of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

Notes to the Consolidated Financial Statements

31 December 2014

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

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and loans and borrowings, as appropriate.

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

The Group's financial liabilities include trade payables, other payables and accruals, interest-bearing and other bank borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of purchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held for trading are recognised in the consolidated statement of comprehensive income. The net fair value gain or loss recognised in the consolidated statement of comprehensive income does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

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 profit or loss when the liabilities are derecognised as well as through the effective interest rate method 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 profit or loss.

Notes to the Consolidated Financial Statements

31 December 2014

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

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 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, and only if, there is currently an 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.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts to hedge its foreign currency risk. These derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The derivative instruments entered into by the Group do not qualify for hedge accounting, and changes in the fair value of these derivative instruments are recognised in the consolidated statement of profit or loss and other comprehensive income.

Current versus non-current classification

Derivative instruments that are not designated as effective hedging instruments are classified as current or non-current or separated into current and non-current portions based on an assessment of the facts and circumstances (i.e., the underlying contracted cash flows).

- Where the Group expects to hold a derivative as an economic hedge (and does not apply hedge accounting) for a period beyond 12 months after the end of the reporting period, the derivative is classified as non-current (or separated into current and non-current portions) consistently with the classification of the underlying item.
- Embedded derivatives that are not closely related to the host contract are classified consistently with the cash flows of the host contract.
- Derivative instruments that are designated as, and are effective hedging instruments, are classified consistently with the classification of the underlying hedged item. The derivative instruments are separated into current portions and non-current portions only if a reliable allocation can be made.

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.

Notes to the Consolidated Financial Statements

31 December 2014

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

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 which are readily convertible into known amounts of cash and which 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 statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

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 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 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, where 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.

Notes to the Consolidated Financial Statements

31 December 2014

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

Income tax (Continued)

Deferred tax assets are recognised for all deductible temporary differences, 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, 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.

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 a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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, 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 profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) interest income, 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 to the net carrying amount of the financial asset.

Notes to the Consolidated Financial Statements

31 December 2014

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

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 32 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefit expense. 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 profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not 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.

Notes to the Consolidated Financial Statements

31 December 2014

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

Employee retirement 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 the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the central 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 employees who are eligible to participate in the MPF Scheme in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF 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

Dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Foreign currencies

The financial statements are presented in HK\$, which the Company adopted as the presentation currency of the Group. 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 retranslated 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 consolidated statement of profit or loss and other comprehensive income.

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).

Notes to the Consolidated Financial Statements

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

Foreign currencies *(Continued)*

These financial statements are presented in Hong Kong dollars, which is the Company's functional and presentation 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 the 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 difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries, joint ventures and associates 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 the presentation currency of the Company 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 weighted average exchange rates for the year.

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 consolidated statement of comprehensive income.

6. SIGNIFICANT ACCOUNTING JUDGEMENT 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.

Judgement

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

Notes to the Consolidated Financial Statements

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6. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

Judgement (Continued)

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 profit 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 liability is recognised for withholding tax levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends declared.

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, expected usage of the asset, 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 2014 and 2013 were HK\$210,585,000 and HK\$222,923,000, respectively. Further details are given in note 17.

Impairment of non-financial assets (other than goodwill)

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Group makes an estimate of the recoverable amount of the asset. This requires an estimation of the value in use of the cash-generating unit to which the asset is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. A change in the estimated future cash flows and/or the discount rate applied will result in an adjustment to the estimated impairment provision previously made.

Notes to the Consolidated Financial Statements

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7. SEGMENT INFORMATION

For management purposes, the Group operates in one business unit based on its products, and has one reportable operating segment as follows:

The aluminum aerosol cans segment principally engages in the manufacture and sale of aluminum aerosol cans mainly for packaging household chemical products such as medicines, personal care products, air fresheners, insecticides and other chemical products.

No operating segments have been aggregated to form the above reportable operating segment.

Geographical information

(a) Revenue from external customers

	2014 HK\$'000	2013 HK\$'000
Mainland China	132,223	147,622
United Arab Emirates	44,101	51,036
Nigeria	24,713	31,600
Other overseas countries	38,347	30,053
	239,384	260,311

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2014 HK\$'000	2013 HK\$'000
Mainland China	229,518	238,671
Hong Kong	1,001	1,221
	230,519	239,892

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

Information about a major customer

Revenue of approximately HK\$24,115,000 (2013: HK\$40,246,000) was derived from sales to a single customer of the Group, including sales to a group of entities which are known to be under common control with that customer.

Notes to the Consolidated Financial Statements

31 December 2014

8. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold after allowances for returns and trade discounts, for the year.

An analysis of revenue, other income and gains is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Revenue		
Sale of goods	239,384	260,311
Other income and gains		
Sale of scrap materials	4,126	5,331
Bank interest income	864	51
Government grants:		
— Related to assets* (Note 29)	276	269
— Related to income**	576	2,086
Fair value gains, net:		
Derivative instruments — transactions not qualifying as hedges	—	227
Exchange gains	724	2,689
Others	265	1,046
	6,831	11,699

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

** Various government grants represent cash payments and subsidies by the local government authorities to the Group as an encouragement to its technological innovation and overseas sales. There are no unfulfilled conditions or contingencies relating to these grants.

Notes to the Consolidated Financial Statements

31 December 2014

9. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2014 HK\$'000	2013 HK\$'000
Cost of inventories sold		158,113	163,543
Depreciation	17	18,621	17,447
Amortisation of prepaid land lease payments	18	501	497
Auditors' remuneration		1,707	1,478
Research and development costs		12,390	10,385
Minimum lease payments under operating leases		306	332
Employee benefit expense (including directors' and chief executive's remuneration (Note 11)):			
Wages and salaries		31,374	24,487
Pension scheme contributions		2,732	2,483
Equity-settled share-option expenses		3,712	2,811
		37,818	29,781
Donation*		–	1,000
Fair value loss/(gain), net:			
Derivative instruments — transactions not qualifying as hedges**	8	975	(227)
Exchange loss/(gain), net**	8	186	(2,689)
Gain on disposal of items of property, plant and equipment***		(231)	(778)

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

** Included in "Other income and gains" in the consolidated statement of profit or loss and other comprehensive income in 2013 and included in "other expenses" in the consolidated statement of profit or loss and other comprehensive income in 2014.

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

Notes to the Consolidated Financial Statements

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10. FINANCE COSTS

	Group	
	2014	2013
	HK\$'000	HK\$'000
Interest on bank loans wholly repayable within five years	2,922	6,690
Interest on finance lease	32	19
Less: Interest capitalised	(57)	(773)
	2,897	5,936

11. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Fees	960	487
Other emoluments:		
Salaries, allowances and benefits in kind	1,569	564
Equity-settled share option expenses	1,243	891
Pension scheme contributions	32	15
	2,844	1,470
Total	3,804	1,957

(a) Independent Non-Executive Directors

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

	2014	2013
	HK\$'000	HK\$'000
Mr. Leung Man Fai	150	80
Dr. Lin Tat Pang	150	80
Ms. Guo Yang	150	80
Mr. Chung Yi To	150	78
	600	318

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

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11. DIRECTORS' REMUNERATION (Continued)

(b) Executive directors and a Non-Executive Director

	Fees HK\$'000	Equity- settled share option expenses HK\$'000	Salaries, allowances and benefits in kind HK\$'000	MPF scheme contributions HK\$'000	Total remuneration HK\$'000
2014					
Executive directors:					
Mr. Lin Wan Tsang	–	–	968	17	985
Ms. Ko Sau Mee	–	–	300	15	315
Mr. Chamlong Wackakorn	–	791	301	–	1,092
Non-executive director:					
Mr. Kwok Tak Wang	360	452	–	–	812
	360	1,243	1,569	32	3,204
2013					
Executive directors:					
Mr. Lin Wan Tsang	–	–	282	6	288
Ms. Ko Sau Mee	–	–	141	6	147
Mr. Chamlong Wackakorn	–	567	141	3	711
Non-executive director:					
Mr. Kwok Tak Wang	169	324	–	–	493
	169	891	564	15	1,639

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

Notes to the Consolidated Financial Statements

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12. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included a director (2013: a director), details of whose remuneration are set out in note 11 above. Details of the remuneration for the year of the remaining four (2013: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Group	
	2014	2013
	HK\$'000	HK\$'000
Salaries, allowances and benefits in kind	2,189	1,058
Equity-settled share option expenses	904	648
Pension scheme contributions	133	52
	3,226	1,758

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

	2014	2013
Nil to HK\$500,000	3	4

In 2013, share options were granted to four non-director highest paid employee in respect of their services to the Group, further details of which are included in the disclosures in note 32 to the financial statements. The fair value of these options, which has been recognised in the 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 current year is included in the above non-director highest paid employees' remuneration disclosures.

13. INCOME TAX EXPENSE

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.

During the year, no Hong Kong profits tax has been provided as there was no assessable profit arising in Hong Kong. The Company and its subsidiary incorporated in the BVI are exempted from taxation.

Pursuant to the PRC Income Tax Law and the respective regulations, the company which operate in Mainland China is subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's principal operating subsidiary, Euro Asia Packaging (Guangdong) Co., Ltd. ("Euro Asia Packaging") (廣東歐亞包裝有限公司), since it was recognised as a High and New Technology Enterprise and was entitled to a preferential tax rate of 15% for the year (2013: 15%).

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13. INCOME TAX EXPENSE (Continued)

	2014 HK\$'000	2013 HK\$'000
Group:		
Current — Mainland China	5,779	9,307
Deferred	(410)	1,274
Total tax charge for the year	5,369	10,581

A reconciliation of the income tax expense applicable to profit before tax using the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

Group	2014		2013	
	HK\$'000	%	HK\$'000	%
Profit before tax	34,025		48,636	
Tax at the statutory tax rate	8,506	25	12,159	25
Entities subject to lower statutory income tax rates	(3,890)	(11)	(5,010)	(10)
Effect of withholding tax on distributable profits of the PRC subsidiary	(310)	(1)	1,200	3
Expenses not deductible for tax	2,359	7	1,671	3
Adjustment in respect of current tax of previous periods	(2,600)	(8)	–	–
Tax losses not recognised	1,304	4	561	1
Tax charge at the Group's effective tax rate	5,369	16	10,581	22

14. PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a profit of HK\$1,834,000 (2013: a loss of HK\$17,453,000) which has been dealt with in the financial statements of the Company (note 33).

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15. DIVIDENDS

	2014 HK\$'000	2013 HK\$'000
Proposed final — HK2.2 cents per ordinary share (2013: HK3 cents per ordinary share)	8,900	12,000

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

16. 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 400,856,904 (2013: 347,123,288) in issue during the year, as adjusted to reflect the shares issue during the year.

The calculation of the diluted earnings per share amount is based on the consolidated 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 of all dilutive potential ordinary shares into ordinary shares.

	2014 HK\$'000	2013 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	28,086	37,343

	Number of shares	
Shares		
Weighted average number of ordinary shares in issue used in the basic earnings per share calculation	400,856,904	347,123,288
Effect of dilution — weighted average number of ordinary shares: Share options	8,109,755	2,788,816
Adjusted weighted average number of ordinary shares in issue used in the diluted earnings per share calculation	408,966,659	349,912,104

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17. PROPERTY, PLANT AND EQUIPMENT

Group	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 2014						
At 1 January 2014:						
Cost	52,343	220,849	3,963	6,188	16,140	299,483
Accumulated depreciation	(15,574)	(55,500)	(2,149)	(3,337)	–	(76,560)
Net carrying amount	36,769	165,349	1,814	2,851	16,140	222,923
At 1 January 2014, net of accumulated depreciation						
Additions	38	871	527	2,024	4,271	7,731
Disposals	–	(491)	(135)	(124)	–	(750)
Depreciation provided during the year (note 9)	(2,327)	(15,349)	(405)	(540)	–	(18,621)
Transfers	–	15,785	–	–	(15,785)	–
Exchange realignment	(123)	(242)	(169)	(109)	(55)	(698)
At 31 December 2014, net of accumulated depreciation	34,357	165,923	1,632	4,102	4,571	210,585
At 31 December 2014:						
Cost	52,206	236,430	4,407	8,130	4,571	305,744
Accumulated depreciation	(17,849)	(70,507)	(2,775)	(4,028)	–	(95,159)
Net carrying amount	34,357	165,923	1,632	4,102	4,571	210,585

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17. PROPERTY, PLANT AND EQUIPMENT (Continued)

Group	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 2013						
At 1 January 2013:						
Cost	49,256	202,521	3,083	4,039	601	259,500
Accumulated depreciation	(12,418)	(41,005)	(1,726)	(2,716)	–	(57,865)
Net carrying amount	36,838	161,516	1,357	1,323	601	201,635
At 1 January 2013, net of						
accumulated depreciation	36,838	161,516	1,357	1,323	601	201,635
Additions	1,522	305	858	2,011	33,473	38,169
Disposals	–	(5,937)	(18)	–	–	(5,955)
Depreciation provided during the year (note 9)	(2,726)	(13,511)	(682)	(528)	–	(17,447)
Transfers	–	18,189	–	–	(18,189)	–
Exchange realignment	1,135	4,787	299	45	255	6,521
At 31 December 2013, net of accumulated depreciation	36,769	165,349	1,814	2,851	16,140	222,923
At 31 December 2013:						
Cost	52,343	220,849	3,963	6,188	16,140	299,483
Accumulated depreciation	(15,574)	(55,500)	(2,149)	(3,337)	–	(76,560)
Net carrying amount	36,769	165,349	1,814	2,851	16,140	222,923

The Group's buildings are located in Mainland China.

The net book value of the Group's fixed assets held under finance leases included in the total amount of plant and machinery amounted to HK\$1,196,000 as at 31 December 2014 (2013: HK\$1,196,000).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's buildings with a carrying value of HK\$25,352,000 as at 31 December 2014 (2013: HK\$27,140,000) (note 27).

Certain of the Group's interest-bearing bank borrowings were secured by the Group's plant and machinery with a carrying value of HK\$99,407,000 as at 31 December 2014 (2013: HK\$108,413,000) (note 27).

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18. PREPAID LAND LEASE PAYMENTS

	Group	
	2014	2013
	HK\$'000	HK\$'000
Carrying amount at 1 January	17,474	17,434
Recognised during the year (note 9)	(501)	(497)
Exchange realignment	(61)	537
Carrying amount at 31 December	16,912	17,474
Current portion included in prepayments, deposits and other receivables	(503)	(505)
Non-current portion	16,409	16,969

Certain of the Group's interest-bearing bank borrowings were secured by the Group's prepaid land lease payments with a carrying value of HK\$16,912,000 as at 31 December 2014 (2013: HK\$17,474,000) (note 27).

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

19. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	2013
	HK\$'000	HK\$'000
Unlisted, at cost	–	–

The cost of investment in a subsidiary was amounted to HK\$8 as at 31 December 2014 (2013: HK\$8).

The amounts due from subsidiaries included in the Company's current assets of HK\$52,727,000 (2013: HK\$77,249,000) are unsecured, interest-free and are repayable on demand.

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19. INVESTMENTS IN SUBSIDIARIES (Continued)

Particulars of all subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Euro Asia Investments Global Limited	BVI 3 October 2012	US\$1	100	–	Investment holding
Hong Kong Aluminum Cans Limited	Hong Kong 6 September 2012	HK\$1	–	100	Investment holding
Euro Asia Packaging (Hong Kong) Co., Limited	Hong Kong 12 November 2013	HK\$1,000,000	–	100	Sale of aluminum aerosol cans
Euro Asia Packaging*	Mainland China 27 June 2002	RMB125,000,000	–	98.6	Manufacture and sale of aluminum aerosol cans
European Asia Group Company Limited (歐亞行集團有限公司)	Hong Kong 2 April 2005	HK\$1,500,000	–	98.6	Sale of aluminum aerosol cans

* Non-wholly-owned foreign enterprise under PRC law.

20. INVENTORIES

	Group	
	2014 HK\$'000	2013 HK\$'000
Raw materials	15,055	14,922
Finished goods	12,208	12,354
	27,263	27,276

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21. TRADE AND BILLS RECEIVABLES

	Group	
	2014	2013
	HK\$'000	HK\$'000
Trade receivables	41,279	33,590
Bills receivables	16,395	20,298
	57,674	53,888

The Group requires most of its customers to make payment in advance, however, the Group grants certain credit periods to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate.

The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing, and the carrying amounts of the trade and bills receivable approximate to their fair values.

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

	Group	
	2014	2013
	HK\$'000	HK\$'000
Within 30 days	17,478	17,223
31 to 60 days	14,803	10,135
61 to 90 days	2,922	2,020
Over 90 days	6,076	4,212
	41,279	33,590

Notes to the Consolidated Financial Statements

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21. TRADE AND BILLS RECEIVABLE (Continued)

An aged analysis of the trade receivables, based on the credit term, that are not individually nor collectively considered to be impaired, is as follows:

Group	Total HK\$'000	Neither past due nor impaired HK\$'000	Past due but not impaired	
			< 60 days HK\$'000	Over 60 days HK\$'000
31 December 2014	41,279	32,281	2,922	6,076
31 December 2013	33,590	27,358	2,020	4,212

The trade receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

The trade receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Included in the trade receivables were amounts of HK\$1,056,000 and HK\$2,616,000 as at 31 December 2013 and 2014 due from related parties, which are controlled by the Company's ultimate controlling shareholder, have credit term of 60 days.

22. DERIVATIVE FINANCIAL INSTRUMENTS

	Group 2014		Group 2013	
	Assets HK\$'000	Liabilities HK\$'000	Assets HK\$'000	Liabilities HK\$'000
Forward currency contracts	–	744	231	–

The Group has entered into various contracts to manage its exchange rate exposure which did not meet the criteria for hedge accounting. Fair value loss of HK\$975,000 (2013: Fair value gain of HK\$231,000) were recognised in the consolidated statement of profit or loss and other comprehensive income during the year.

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23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Non-current deposits	3,525	–	–	–
Current assets				
Prepayments	7,395	5,069	20,035	70
Tax recoverable	1,411	2,202	–	–
Deposits and other receivables	549	8,672	–	–
	9,355	15,943	20,035	70

24. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Group		Company	
	2014 HK\$'000	2013 HK\$'000	2014 HK\$'000	2013 HK\$'000
Cash and bank balances	95,191	110,243	2,590	298
Less: Pledged deposits				
Pledged for bank loans	(1,580)	(2,871)	–	–
Cash and cash equivalents	93,611	107,372	2,590	298
Cash and bank balances denominated in				
— Renminbi (“RMB”)	47,411	56,081	–	–
— United States dollars (“US\$”)	40,504	6,475	68	61
— HK\$	5,696	44,816	2,522	237
— Other currencies	–	–	–	–
Cash and cash equivalents	93,611	107,372	2,590	298

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’ authorisation to conduct foreign exchange business.

Pledged bank deposits represent balances pledged to banks for the Group’s bank borrowings and letters of credit.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

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25. TRADE PAYABLES

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

	Group	
	2014	2013
	HK\$'000	HK\$'000
Within 30 days	7,160	6,303
31 to 60 days	2,318	45
61 to 90 days	777	1,027
Over 90 days	162	130
	10,417	7,505

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days. The carrying amounts of the trade payables approximate to their fair values.

26. OTHER PAYABLES AND ACCRUALS

	Group	
	2014	2013
	HK\$'000	HK\$'000
Deposits received from customers	13,356	11,593
Salary and welfare payables	3,430	3,183
Tax payables other than current income tax liabilities	719	1,033
Other payables and accruals	3,366	2,872
	20,871	18,681

The salary and welfare payables are non-interest-bearing and are payable on demand. The other payables and accruals are non-interest-bearing and are due to mature within one year.

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	2014			2013		
	Contractual interest rate (%)	Maturity	HK\$'000	Contractual interest rate (%)	Maturity	HK\$'000
Current						
Finance lease payables (note 28)	4.11%	2015	234	4.11%	2014	226
Interest-bearing bank loans — secured	LIBOR	2015	31,026	SIBOR	2014	31,018
Interest-bearing bank loans — secured	2.00%	2015	19,004			
Current portion of long term bank loans — secured	LIBOR	2015	3,053	SIBOR+2.5%/ PBOC base rate/ PBOC base rate*1.05/ PBOC base rate*1.1	2014	33,655
			<u>53,317</u>			<u>64,899</u>
Non-current						
Finance lease payables (note 28)	4.11%	2016–2018	618	4.11%	2015–2018	852
Long term interest-bearing bank loans — secured	PBOC base rate*1.05	2016	17,113	PBOC base rate	2015–2016	20,812
Long term interest-bearing bank loans — secured	LIBOR	2016	3,053	SIBOR+2.5%	2015–2016	6,207
Long term interest-bearing bank loans — secured	-	-	-	PBOC base rate*1.1	2015–2016	862
Long term interest-bearing bank loans — secured	-	-	-	PBOC base rate*1.05	2015	4,006
Long term interest-bearing bank loans — secured	-	-	-	PBOC base rate	2015–2017	9,645
			<u>20,784</u>			<u>42,384</u>
			<u>74,101</u>			<u>107,283</u>

Notes:

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

“SIBOR” stands for Singapore Interbank Offered Rate.

“LIBOR” stands for London Interbank Offered Rate.

Notes to the Consolidated Financial Statements

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

	Group	
	2014	2013
	HK\$'000	HK\$'000
Repayable:		
Within one year or on demand	53,317	64,899
In the second year	20,407	22,039
In the third to fifth years, inclusive	377	20,345
	74,101	107,283

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

		Group	
	Notes	2014	2013
		HK\$'000	HK\$'000
Property, plant and equipment	17	124,759	135,553
Prepaid land lease payments	18	16,912	17,474
Pledged deposits	24	1,580	2,871
		143,251	155,898

The Group's banking loans amounting to nil as at 31 December 2014 (2013: HK\$87,126,000) were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group (note 37).

	Group	
	2014	2013
	HK\$'000	HK\$'000
Interest-bearing bank and other borrowings denominated in		
— RMB	17,113	63,163
— US\$	56,136	43,042
— HK\$	852	1,078
	74,101	107,283

Notes to the Consolidated Financial Statements

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27. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

The Group has the following undrawn banking facilities:

	Group	
	2014 HK\$'000	2013 HK\$'000
Floating rate		
— expiring within one year	23,999	39,938
— expiring over one year	13,287	43,735
	37,286	83,673

The Group's banking facilities amounting to nil as at 31 December 2014 (2013: HK\$136,484,000) were guaranteed by Mr. Lin Wan Tsang, the ultimate controlling shareholder of the Group (note 37).

28. OBLIGATIONS UNDER FINANCE LEASES

The Group leases certain of its motor vehicle for its business operation. The lease is classified as a finance lease and has a remaining lease term of 4.5 years.

Group	Minimum lease payments 2014 HK\$'000	Minimum lease payments 2013 HK\$'000	Present value of minimum lease payments 2014 HK\$'000	Present value of minimum lease payments 2013 HK\$'000
Amounts payable:				
Within one year	258	258	253	253
In the second year	258	258	245	245
In the third to fifth years, inclusive	387	644	353	580
Total minimum finance lease payments	903	1,160	851	1,078
Future finance charges	(51)	(82)		
Total net finance lease payables	852	1,078		
Portion classified as current liabilities (note 27)	(234)	(226)		
Non-current portion (note 27)	618	852		

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29. DEFERRED INCOME

	Group	
	2014 HK\$'000	2013 HK\$'000
At 1 January	3,756	3,908
Grants recognised	252	–
Amortised as income (<i>note 8</i>)	(276)	(269)
Exchange realignment	(11)	117
At 31 December	3,721	3,756
Current portion	(323)	(273)
Non-current portion	3,398	3,483

30. 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 derivatives.

The movements in deferred tax assets are as follows:

Group	Government grants HK\$'000	Derivatives HK\$'000	Total HK\$'000
At 1 January 2013	586	–	586
Charged to the consolidated statement of comprehensive income (<i>note 13</i>)	(40)	–	(40)
Exchange realignment	18	–	18
At 31 December 2013 and 1 January 2014	564	–	564
Charged to the consolidated statement of comprehensive income (<i>note 13</i>)	(47)	112	65
Exchange realignment	41	–	41
At 31 December 2014	558	112	670

The Group has tax losses arising in Hong Kong of HK\$7,903,000 (2013: HK\$3,401,000) 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.

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30. DEFERRED TAX (Continued)

Deferred tax liabilities

The movements in deferred tax liabilities are as follows:

Group	Withholding taxes HK\$'000	Fair value gains HK\$'000	Total HK\$'000
At 1 January 2013	–	–	–
Charged to the consolidated statement of comprehensive income (note 13)	1,200	34	1,234
Exchange realignment	–	1	1
At 31 December 2013 and 1 January 2014	1,200	35	1,235
Charged to the consolidated statement of comprehensive income (note 13)	(310)	(35)	(345)
At 31 December 2014	890	–	890

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. For the Group, the applicable rate is 10%. 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.

Prior to the completion of the Reorganisation, European Asia Industrial Limited is the holding company of Euro Asia Packaging and is therefore liable to withholding tax on dividends distributed by Euro Asia Packaging. For all the profits distributed to European Asia Industrial Limited before the completion of the Reorganisation, no deferred tax liability has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiary established in Mainland China, as Euro Asia Packaging has withheld and paid the withholding tax for dividends remitted to European Asia Industrial Limited.

At 31 December 2014, the Group has not recognised deferred tax liabilities of HK\$8,421,000 (2013: HK\$5,988,000) in respect of temporary differences relating to the unremitted profits of the Group's subsidiary established in the PRC, amounting to HK\$84,214,000 (2013: HK\$59,884,000), 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.

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31. ISSUED CAPITAL

The following changes in the Company's authorised and issued share capital took place during the period from 12 September 2012 (date of incorporation) to 31 December 2014.

	<i>Notes</i>	Number of ordinary shares of HK\$0.01	Nominal value of ordinary shares HK\$
Authorised:			
On incorporation	(a)	39,000,000	390,000
Increase in authorised share capital on 20 June 2013	(b)	741,000,000	7,410,000
Increase in authorised share capital on 16 December 2014	(c)	720,000,000	7,200,000
As at 31 December 2013, 1 January 2014 and 31 December 2014		1,500,000,000	15,000,000
Issued and fully paid:			
On incorporation	(a)	1	–
Capitalisation Issue credited as fully paid conditional on the share premium account of the Company, being credited as a result of the issuance of new shares to the public			
Issuance of new shares on 12 July 2013	(d)	299,999,999	3,000,000
	(e)	100,000,000	1,000,000
As at 31 December 2013 and 1 January 2014		400,000,000	4,000,000
Share option exercised		4,865,000	48,650
At 31 December 2014		404,865,000	4,048,650

- (a) The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 12 September 2012 with an authorised share capital of HK\$390,000 divided into 39,000,000 shares of HK\$0.01 each, of which 1 share was issued and allotted fully paid to Reid Services Limited at par, and was transferred to Wellmass International Limited on 21 September 2012 at par.
- (b) Pursuant to the written resolutions of the sole shareholder passed on 20 June 2013, the authorised share capital of the Company was increased from HK\$390,000 to HK\$7,800,000 by the creation of 741,000,000 additional shares of HK\$0.01 each.
- (c) Pursuant to the resolutions of the extraordinary general meeting held on 16 December 2014, the authorised share capital of the Company was increased from HK\$7,800,000 to HK\$15,000,000 by the creation of 720,000,000 additional shares of HK\$0.01 each.
- (d) Pursuant to the written resolutions of the sole shareholder passed on 20 June 2013, conditional on the share premium account of the Company being credited as a result of the Share Offer as defined in the Prospectus dated 28 June 2013, upon the recommendation of the Directors, the sum of HK\$2,999,999.99, being part of the amount which would then be standing to the credit of the share premium account of the Company be capitalised and applied in paying up in full 299,999,999 shares to be allotted credited as fully paid at par to Wellmass International Limited (the "Capitalisation Issue").
- (e) In connection with the Company's initial public offering, 100,000,000 shares of HK\$0.01 each were issued at a price of HK\$1.00 per share for a total cash consideration, before expenses, of approximately HK\$100,000,000. Dealings in these shares on the Hong Kong Stock Exchange commenced on 13 July 2012.

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32. SHARE OPTION SCHEMES

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 the 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 shares, representing approximately 4.19% of the total issued share capital of the Company immediately after the completion of IPO and the capitalisation issue (assuming that the over-allotment option is not exercised); and
- (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.

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

- (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.

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32. SHARE OPTION SCHEMES (Continued)

Pre-IPO Share Option Scheme (Continued)

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

	Year ended 31 December 2014	
	Weighted average exercise price HK\$ per share	Number of share options
At beginning of year	0.7	17,490,000
Forfeited during the year	0.7	(660,000)
Exercised during the year	0.7	(4,865,000)
At the end of year	0.7	11,965,000

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 recognised a share option expense of HK\$3,712,000 during the year ended 31 December 2014 (2013: HK\$2,811,000).

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.

4,865,000 share options were exercised during the year. As at 31 December 2014, the Company had 11,965,000 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 11,965,000 additional ordinary shares of the Company and additional share capital of HK\$119,650 and share premium of HK\$11,845,350.

At the date of approval of these financial statements, the Company had 11,965,000 share options outstanding under the Pre-IPO Share Option Scheme, which represented approximately 2.96% of the Company's shares in issue as at that date.

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32. SHARE OPTION SCHEMES *(Continued)*

Share Option Scheme

The Company operates a share option scheme (the "Share Option Scheme") to the purpose of: (a) motivate the Eligible Participants to optimise their performance and efficiency for the benefit of the Group; and (b) attract and retain or otherwise maintain ongoing business relationships with the Eligible Participants whose contributions are, will or expected to be beneficial to the Group.

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

- (i) any Eligible Employees. "Eligible Employees" means employees (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 Directors (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;
- (viii) any other group or classes 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; and
- (ix) 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 and any other share options granted and yet to be exercised under any other scheme of the Company 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.

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32. SHARE OPTION SCHEMES *(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 or whose associates are the grantee. 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 up to 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 2014 and the date of approval of these financial statements, no share option was granted and outstanding under the Share Option Scheme.

33. RESERVES

Group

- (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 page 41 of the financial statements.
- (ii) In accordance with the 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 the 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 was HK\$21,623,000 and HK\$25,457,000 as at 31 December 2013 and 2014, respectively.

Notes to the Consolidated Financial Statements

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33. RESERVES (Continued) Company

	Share premium account HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Proposed final dividend HK\$'000	Total HK\$'000
As at 31 December 2013 and 1 January 2014	76,254	2,811	(17,453)	12,000	73,612
Total comprehensive income for the year	–	–	1,834	–	1,834
Transfer of share option reserve upon the forfeiture and expiry of share options	–	(7)	7	–	–
Exercise of share options	4,816	(1,460)	–	–	3,356
Equity-settled share option arrangements	–	3,712	–	–	3,712
Final 2013 dividend declared	–	–	–	(12,000)	(12,000)
Proposed final 2014 dividend	(8,900)	–	–	8,900	–
As at 31 December 2014	72,170	5,056	(15,612)	8,900	70,514
As at 12 September 2012 (date of incorporation) and 31 December 2012 and 1 January 2013	–	–	–	–	–
Total comprehensive loss for the year	–	–	(17,453)	–	(17,453)
Issue of shares for IPO	99,000	–	–	–	99,000
Capitalisation issue	(3,000)	–	–	–	(3,000)
Share issue expenses	(7,746)	–	–	–	(7,746)
Equity-settled share option arrangements	–	2,811	–	–	2,811
Proposed final 2013 dividend	(12,000)	–	–	12,000	–
As at 31 December 2013	76,254	2,811	(17,453)	12,000	73,612

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34. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its staff quarters and office premises under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2014 HK\$'000	2013 HK\$'000
Within one year	264	282
In the second to third years, inclusive	104	242
	368	524

35. COMMITMENTS

The Group had the following capital commitments as at 31 December 2014:

	2014 HK\$'000	2013 HK\$'000
Contracted, but not provided for:		
Plant and machinery	8,994	4
Acquisition of equity interest in an entity (* and Note 41)	880,000	–
	888,994	4

- * On 3 October 2014, Euro Asia Investments Global Limited ("Euro Asia"), a subsidiary of the Group entered into a sale and purchase agreement (the "Agreement") with Mr. Lin Wan Tsang (the "Vendor"), an executive Director, the chairman and a controlling shareholder of the Company, pursuant to which the Group agreed to acquire 100% equity interest in Topspan Holdings Limited at a consideration of HK\$900 million (the "Acquisition"). As set out in the Agreement, the consideration of the Acquisition will be satisfied by HK\$120 million in cash and HK\$780 million by the issuance of convertible note. The Acquisition constituted a very substantial acquisition and connected transaction as set out in the Listing Rules. Details of which had been included in the circular issued by the Company on 28 November 2014.

There are a few conditions to be satisfied before the Acquisition is completed. Up to the date of this report, the completion of the Acquisition has not taken place. The Group had paid a deposit of HK\$20 million to the Vendor which is in accordance with the payment terms as set out in the Agreement. The outstanding consideration of the Acquisition as at 31 December 2014 amounted to HK\$880 million.

36. CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 31 December 2014 and 2013.

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37. RELATED PARTY TRANSACTIONS AND BALANCES

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	2014 HK\$'000	2013 HK\$'000
Sales of products to:			
Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) ("Botny Chemical")	(i)&(ii)	3,660	3,882
Euro Asia Aerosol and 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")	(i)&(ii)	313	1,658
		3,973	5,540

	Notes	2014 HK\$'000	2013 HK\$'000
Operating lease rental expenses charged by:			
Mr. Lin Wan Tsang*	(iii)	96	96

* The director and ultimate controlling shareholder of the Company

- (i) Botny Chemical and Euro Asia Aerosol are companies which are owned and controlled by Mr. Lin Wan Tsang.
- (ii) The sales to Botny Chemical and Euro Asia Aerosol were made at prices and on conditions as mutually agreed.
- (iii) The operating 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.

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37. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(2) Non-recurring transactions

	2014 HK\$'000	2013 HK\$'000
Bank loans guaranteed by: Mr. Lin Wan Tsang	–	87,126

Mr. Lin Wan Tsang has guaranteed certain banking facilities to the Group of nil as at 31 December 2014 (2013: HK\$136,484,000), as further detailed in note 27 to the financial statements.

(3) Commitments with related parties

On 31 December 2012, a subsidiary of the Group entered into a three-year agreement ending 31 December 2015 with Mr. Lin Wan Tsang to rent an office for the Group's operation in Hong Kong. The Group expects an annual rental of HK\$96,000 for the year ending 31 December 2015.

(4) Outstanding balances with related parties

	Group	
	2014 HK\$'000	2013 HK\$'000
Current:		
Controlling shareholder	20,000	–
Fellow subsidiaries (Note 21)	2,616	1,056
	22,616	1,056

The balances with fellow subsidiaries are mainly trading balances which are unsecured, interest-free and have no fixed terms of repayment. The balance with controlling shareholder is the prepayment for the acquisition under common control.

(5) Compensation of key management personnel of the Group, including directors' remuneration as detailed in note 11 above.

	2014 HK\$'000	2013 HK\$'000
Fees	960	487
Salaries, allowances and benefits in kind	3,135	1,698
Equity-settled share option expenses	2,599	1,863
Pension scheme contributions	193	105
Total compensation paid to key management personnel	6,887	4,153

The related party transactions in respect of items 1 and 2 above also constitute connected transactions as defined in Chapter 14A of the Listing Rules.

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38. 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:

Group	2014			2013		
	Loans and receivables	Financial assets at fair value through profit or loss	Total	Loans and receivables	Financial assets at fair value through profit or loss	Total
Financial assets	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade and bills receivables	57,674	-	57,674	53,888	-	53,888
Financial assets included deposits and other receivables	549	-	549	8,672	-	8,672
Derivative financial instruments	-	-	-	-	231	231
Pledged deposits	1,580	-	1,580	2,871	-	2,871
Cash and cash equivalents	93,611	-	93,611	107,372	-	107,372
	153,414	-	153,414	172,803	231	173,034

Financial assets — loans and receivables	Company	
	2014	2013
	HK\$'000	HK\$'000
Amounts due from subsidiaries	52,727	77,249
Cash and cash equivalents	2,590	298
	55,317	77,547

Financial liabilities at amortised cost	Group	
	2014	2013
	HK\$'000	HK\$'000
Trade payables	10,417	7,505
Financial liabilities included in other payables and accruals	416	982
Interest-bearing bank and other borrowings	74,101	107,283
	84,934	115,770

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39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 31 December 2014 and 31 December 2013, 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 receivable, derivative financial instruments, financial assets included in prepayments, deposits and other receivables, trade 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 the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group enters into derivative financial instruments with a bank, a financial institution with AAA credit ratings. Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of forward currency contracts are the same as their fair values.

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Liabilities measured at fair value:

As at 31 December 2014

Group	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Derivative financial instruments	–	744	–	744

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other borrowings and amounts due from a related party, and cash and cash equivalents. 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 receivable, other receivables, trade payables, and other payables, which arise directly from its operations.

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage the currency risks arising from the Group's operations.

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.

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 and other borrowings of the Group are set out in note 27 above.

The following table demonstrates the sensitivity to a reasonably possible change in PBOC base rate, LIBOR and SIBOR, 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 2014		
PBOC base rate	0.25%	(43)
LIBOR	0.25%	(93)
PBOC base rate	-0.25%	43
LIBOR	-0.25%	93
As at 31 December 2013		
PBOC base rate	0.25%	(158)
SIBOR	0.25%	(108)
PBOC base rate	-0.25%	158
SIBOR	-0.25%	108

Foreign currency risk

The Group has transactional currency exposures. These exposures arise from sales in currencies other than the units' functional currencies. Approximately 45% and 43% of the Group's sales were denominated in currencies other than the functional currency of the operating units making the sale, whilst approximately 81% and 79% of inventory costs were denominated in the units' functional currencies for the years ended 31 December 2014 and 2013, respectively. The Group uses forward currency contracts to manage currency risk.

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40. 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 US\$ rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity* HK\$'000
As at 31 December 2014			
If RMB weakens against US\$	5	1,013	861
If RMB strengthens against US\$	(5)	(1,013)	(861)
If RMB weakens against HK\$	5	–	(14,742)
If RMB strengthens against HK\$	(5)	–	14,742
As at 31 December 2013			
If RMB weakens against US\$	5	(1,598)	–
If RMB strengthens against US\$	(5)	1,598	–
If RMB weakens against HK\$	5	–	(14,113)
If RMB strengthens against HK\$	(5)	–	14,113

* Excluding retained profits

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.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, pledged deposits, and financial assets included in prepayments, deposits and other receivables arise from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

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/counterparty, by geographical region and by industry sector. The Group had certain concentrations of credit risk as 23% and 30% of the Group's trade and bills receivable were due from the Group's certain customers with the top five balances as at 31 December 2014 and 2013, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the financial statements.

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40. 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 2014 and 2013, based on the contractual undiscounted payments, was as follows:

	As at 31 December 2014			
	On demand HK\$'000	Less than 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000
Trade payables	–	10,417	–	10,417
Financial liabilities included in other payables and accruals	–	3,366	–	3,366
Interest-bearing bank and other borrowings	–	53,939	22,664	76,603
	–	67,722	22,664	90,386

	As at 31 December 2013			
	On demand HK\$'000	Less than 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000
Trade payables	–	7,505	–	7,505
Financial liabilities included in other payables and accruals	–	2,872	–	2,872
Interest-bearing bank and other borrowings	–	69,861	45,365	115,226
	–	80,238	45,365	125,603

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 2014 and 2013.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Capital management *(Continued)*

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 borrowings, trade payables, financial liabilities included in other payables and accruals and an amount due to a non-controlling shareholder less cash and cash equivalents and pledged 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 each reporting period are as follows:

	Group	
	2014 HK\$'000	2013 HK\$'000
Interest-bearing bank borrowings	74,101	107,283
Trade payables	10,417	7,505
Financial liabilities included in other payables and accruals	6,796	6,055
Less: Cash and cash equivalents and pledged deposits	(95,191)	(110,243)
Net debt	(3,877)	10,600
Equity attributable to owners of the company	321,159	299,315
Capital and net debt	317,282	309,915
Gearing ratio	-1%	3%

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41. EVENT AFTER THE REPORTING PERIOD

With respect to the Acquisition as disclosed in note 35 to the financial statements, subsequent to the reporting date, on 13 March 2015, Euro Asia and the Vendor entered into a supplemental agreement to the Agreement (the "First Supplemental Agreement") whereby the parties agreed that the completion of the Acquisition shall be conditional on the Company having raised funds of not less than HK\$120 million through placing of new Shares (the "Placing Shares") under the Specific Mandate at a price per share of not less than the higher of (a) HK\$1.08; or (b) the average market price of the Shares of the Company as quoted on the Stock Exchange for the last ten consecutive trading days immediately before the signing of the placing agreement and the funds raised shall be paid in and towards the satisfaction of Group's payment obligation under the Agreement.

The Parties further agree that the said condition precedent shall be fulfilled on or before 30 September 2015 (the "Placing Completion Date" and "Long Stop Date") (or such other date as the parties may agree) and that the above condition can be waived by agreement by the parties in writing.

On 16 March 2015, the Parties entered into a second supplemental agreement to the Agreement (the "Second Supplemental Agreement") whereby the parties agreed to amend the Placing Completion Date and the Long Stop Date to the effect that the placing of new shares of the Company under specific mandate and all other conditions precedent under the Agreement shall be completed, fulfilled or waived within three months after approval is obtained from the Independent Shareholders regarding, inter alia, the First Supplemental Agreement and Second Supplemental Agreement at an extraordinary general meeting (or such other date as the parties may agree).

Other than the aforesaid amendment to the Placing Completion Date and the Long Stop Date, all other terms and conditions of the Acquisition Agreement and the Supplemental Agreement shall remain unchanged and in full force and effect.

42. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 26 March 2015.

Financial Summary

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

RESULTS

	Year ended 31 December				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Revenue	239,384	260,311	273,923	237,124	198,264
Profit before tax	34,025	48,636	49,297	36,177	32,951
Income tax expense	(5,369)	(10,581)	(8,433)	(6,114)	(5,733)
Profit for the year	28,656	38,055	40,864	30,063	27,218
Profit attributable to:					
Owners of the Company	28,086	37,343	38,273	25,129	22,232
Non-controlling interests	570	712	2,591	4,934	4,986
	28,656	38,055	40,864	30,063	27,218

ASSETS AND LIABILITIES

	As at 31 December				
	2014 HK\$'000	2013 HK\$'000	2012 HK\$'000	2011 HK\$'000	2010 HK\$'000
Total assets	440,672	448,037	310,002	353,017	326,143
Total liabilities	115,487	145,094	146,433	181,071	169,641
	325,185	302,943	163,569	171,946	156,502
Equity					
Equity attributable to owners of the Company	321,159	299,315	161,328	150,281	127,835
Non-controlling interests	4,026	3,628	2,241	21,665	28,667
	325,185	302,943	163,569	171,946	156,502

Notes:

The summary of the consolidated results of the Group for each of the three years ended 31 December 2012 and the assets and liabilities as at 31 December 2010, 2011 and 2012 have been extracted from the Prospectus. Such summary was prepared as if the current structure of the Group had been in existence throughout these financial years.