

中國鋁罐控股有限公司

China Aluminum Cans Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6898



ANNUAL REPORT

2024



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Dr. Lin Tat Pang
Ms. Luo Mei Kai
Mr. Yip Wai Man Raymond

COMMITTEES OF THE BOARD

Audit Committee

Mr. Yip Wai Man Raymond (*Chairman*)
Dr. Lin Tat Pang
Ms. Luo Mei Kai

Remuneration Committee

Ms. Luo Mei Kai (*Chairlady*)
Mr. Lin Wan Tsang
Dr. Lin Tat Pang
Mr. Yip Wai Man Raymond

Nomination Committee

Dr. Lin Tat Pang (*Chairman*)
Mr. Lin Wan Tsang
Ms. Luo Mei Kai
Mr. Yip Wai Man Raymond

Risk Management Committee

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

AUTHORIZED REPRESENTATIVES

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

COMPANY SECRETARY

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

REGISTERED OFFICE

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

HEADQUARTER OF BUSINESS IN THE PEOPLE'S REPUBLIC OF CHINA

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

AUDITOR

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

CORPORATE INFORMATION**CAYMAN ISLANDS PRINCIPAL REGISTRAR
AND TRANSFER OFFICE**

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

**HONG KONG BRANCH SHARE REGISTRAR
AND TRANSFER OFFICE**

Tricor Investor Services Limited
17/F., Far East Finance Centre
16 Harcourt Road
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 (the "Directors") of China Aluminum Cans Holdings Limited (the "Company"), I am pleased to present to the shareholders of the Company (the "Shareholders") the annual report and audited consolidated financial statements of the Company together with its subsidiaries (collectively, the "Group") for the year ended 31 December 2024 (the "Reporting Period").

RESULTS

During the Reporting Period, the Group's total turnover was approximately HK\$227.8 million, representing a slight decrease by approximately 3.3% compared to that of last year (2023: approximately HK\$235.5 million) while the Group's profit for the year amounted to approximately HK\$18.7 million, decreased by approximately 14.5% compared to the prior year (2023: approximately HK\$21.9 million).

DIVIDENDS

The Board has resolved to recommend a final dividend of HK0.28 cent per share of the Company (the "Share") for the Reporting Period (2023: HK0.4 cent per Share). During the Reporting Period, an interim dividend of HK0.28 cent per Share was declared.

OPERATING ENVIRONMENT AND PROSPECTS

In 2024, the global economy continues to face many challenges, and the complexity and uncertainty of the external environment continues to increase. From an international perspective, the significant increase in geopolitical risks, the slow growth of the global economy and the continuing high inflationary pressure, together with the intensifying commodity price volatility, have created uncertainty over the prospects of global economic recovery. From a domestic perspective, the lack of effective demand and the downturn in consumer confidence have become a prominent problem, resulting in a slight decrease in the Group's revenue in 2024. In addition, the insufficient domestic demand in the PRC, operational difficulties of some enterprises and the increasing complexity of the international environment have brought new challenges to the Group. Therefore, stable development, risk prevention as well as exploration and innovation remain the key to the Group's future work. The Group will continue to face (i) the fierce competition in the aluminium aerosol can market around the world, especially the intensified competition from small-scale manufacturers in the industry; (ii) continued downgrade and weakened consumer demand; and (iii) various policy risks in the PRC.

CHAIRMAN'S STATEMENT

Facing the complex domestic and international situation, the Group will continue to (i) focus on the construction of R&D capabilities while maintaining the diversification of the Group's products, actively cultivate or introduce excellent R&D talents, and further enhance R&D and innovation capabilities, so as to build a moat for the long-term healthy development of the Group; (ii) adhere to the development model of "mutual reliance with core customers", increase service efforts for customers, continuously maintain and consolidate the cooperation relationship with core customers, and enhance customer stickiness; At the same time, we will continue to improve and expand our production layout and enhance our ability to develop new customers; (iii) further increase the production capacity of equipment, reduce production costs, optimise production process, improve production efficiency, and continuously optimise the production capacity layout; and (iv) adhere to the development concept of "patent-based technology, patent standardisation and standardisation industrialization", actively lead or participate in the formulation and revision of various national standards, industry standards, group standards and international standards, and enhance the Group's industry influence.

GRATITUDE

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

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

Hong Kong, 21 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The Group is principally engaged in the manufacture and sale of monobloc aluminum aerosol cans, which are generally used in the packaging of fast-moving personal care products such as sanitizer products, body deodorant, hair styling products and shaving cream, as well as pharmaceutical products such as pain relieving spray, spray dressing and antiseptic spray. The Group has a wide range of extrusion dies available to produce more than 50 models of aluminum aerosol cans of base diameters from 22 mm to 66 mm and heights from 58 mm to 247 mm with various features and shapes for our customers' selection.

OPERATING ENVIRONMENT AND PROSPECTS

In 2024, the global economy continues to face many challenges, and the complexity and uncertainty of the external environment continues to increase. From an international perspective, the significant increase in geopolitical risks, the slow growth of the global economy and the continuing high inflationary pressure, together with the intensifying commodity price volatility, have created uncertainty over the prospects of global economic recovery. From a domestic perspective, the lack of effective demand and the downturn in consumer confidence have become a prominent problem, resulting in a slight decrease in the Group's revenue in 2024. In addition, the insufficient domestic demand in the PRC, operational difficulties of some enterprises and the increasing complexity of the international environment have brought new challenges to the Group. Therefore, stable development, risk prevention as well as exploration and innovation remain the key to the Group's future work. The Group will continue to face (i) the fierce competition in the aluminium aerosol can market around the world, especially the intensified competition from small-scale manufacturers in the industry; (ii) continued downgrade and weakened consumer demand; and (iii) various policy risks in the PRC.

FINANCIAL REVIEW

Turnover

For the Reporting Period, the Group has recorded a total turnover of approximately HK\$ 227.8 million (2023: approximately HK\$235.5 million), representing a slight decrease of approximately 3.3% as compared to the corresponding period of 2023. The number of aluminum aerosol cans sold by the Group for the Reporting Period was approximately 127.2 million (2023: approximately 126.8 million). Whereas, the revenue of the Group from the PRC markets was approximately HK\$ 201.9 million (2023: approximately HK\$210.8 million). The decrease in revenue was primarily due to the change in the domestic market conditions in the PRC, the conservative consumption behavior arising from the downturn in consumer confidence, and the overall market activity further dampened by the weakness in domestic demand, which ultimately led to the decrease in revenue of the Group during the Reporting Period.

Cost of Sales

For the Reporting Period, cost of sales of the Group amounted to approximately HK\$166.3 million (2023: approximately HK\$165.9 million), which represented approximately 73.0% (2023: approximately 70.4%) of the turnover in the Reporting Period. There was an increase of approximately 2.6% in the percentage of cost of sales to turnover which was mainly attributable to the decrease in sales revenue and the increase in the price of aluminum ingots, the raw material.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Gains

Other income and gains mainly consist of sales of scrap materials, government grants, bank interest income and income from provision of research and development services. During the Reporting Period, other income and gains of the Group was approximately HK\$11.1 million (2023: approximately HK\$10.1 million), representing an increase of approximately 10.1 % which was due to the net effects of (i) the increase in scrap material income; (ii) the increase in investment gains; and (iii) the decrease in government grants.

Selling and Distribution Expenses

Selling and distribution expenses mainly consist of transportation expenses, salaries, performance bonuses and employee benefits expenses for the sales and marketing staff, business travel and entertainment expenses, and advertisement and promotion costs. For the Reporting Period, selling and distribution expenses were approximately HK\$4.4 million (2023: approximately HK\$4.9 million), representing a decrease of approximately 10.7% as compared to the corresponding period of 2023. The decrease was primarily due to the decrease in general selling expenses as a result of strict cost control measures.

Administrative Expenses

Administrative expenses mainly represent the salaries and benefits of the administrative and management staff, professional consulting fees, depreciation and other miscellaneous administrative expenses. For the Reporting Period, administrative expenses were approximately HK\$25.6 million (2023: approximately HK\$25.6 million), which were basically unchanged as compared to the corresponding period of 2023.

Net Profit

The Group's net profit amounted to approximately HK\$18.7 million for the Reporting Period (2023: approximately HK\$21.9 million), representing a decrease of approximately 14.5% as compared to the corresponding period in 2023. Net profit margin for the Reporting Period was approximately 8.2% (2023: approximately 9.3%).

The decrease in net profit was mainly due to the net effects of (i) the decrease in sales revenue due to the insufficient effective demand in the domestic market of the PRC; (ii) the decrease in gross profit margin due to the increase in the cost of aluminum ingots, the raw material; and (iii) the implementation of the strict cost control measures to reduce the general overhead.

TREASURY POLICY

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

LIQUIDITY AND CAPITAL RESOURCES

Current Assets

As at 31 December 2024, the Group had current assets of approximately HK\$109.4 million (31 December 2023: approximately HK\$124.2 million). The Group's cash and cash equivalents amounted to HK\$30.6 million as at 31 December 2024 (31 December 2023: approximately HK\$39.5 million) which are mainly denominated in Renminbi, United States dollars and Hong Kong dollars. The current ratio of the Group was approximately 5.4 as at 31 December 2024 (31 December 2023: approximately 6.5).

MANAGEMENT DISCUSSION AND ANALYSIS

Borrowing and the Pledge of Assets

As at 31 December 2024, the bank borrowings of the Group amounted to approximately HK\$0.05 million (31 December 2023: HK\$0.13 million), which were secured by our properties, plant and equipment and leasehold land. All borrowings are charged with reference to Loan Prime Rate of People's Bank of China. All borrowings are denominated in Renminbi.

As at 31 December 2024, the Group had available unutilized banking facilities of approximately HK\$125.6 million (31 December 2023: approximately HK\$89.0 million). Further details of the Group's bank borrowings are set out in note 23 to the consolidated financial statements.

Gearing Ratio

As a result of a decrease in cash and cash equivalents and a decrease in total borrowings of the Group, the gearing ratio which is calculated by dividing net debt by total equity and net debt, amounted to approximately -9% as at 31 December 2024 (31 December 2023: approximately -11%).

Contingent Liabilities

As at 31 December 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

Capital commitments

As at 31 December 2024, the Group's capital commitments of plant and machinery amounted to approximately HK\$0.55 million (31 December 2023: approximately HK\$0.53 million).

CAPITAL STRUCTURE

As at 31 December 2024, the total number of issued shares of the Company (the "Shares") was 956,675,000 (31 December 2023: 911,607,000).

FOREIGN EXCHANGE EXPOSURE AND EXCHANGE RATE RISK

Approximately 10% of the Group's revenue for the Reporting Period were denominated in the United States dollar ("US\$"). However, over 90% of the production costs were denominated in RMB. Therefore, there is a currency mismatch between US\$ revenue and RMB production costs, which gives rise to exposure to foreign exchange risk. Furthermore, there is a time lag between invoicing and final settlement from customers of export sales. The Group is exposed to foreign exchange risks if the foreign exchange rate at which the US\$ sales proceeds received from export sales is different from the rate at which the Group used to book the US\$ sales transactions at the time of sales.

During the year ended 31 December 2024, we did not enter into any foreign currency forward contracts or have any outstanding foreign currency forward contracts. The Group does not use any financial instruments for hedging purposes.

MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD PURCHASE OF ALUMINUM INGOTS

The major raw materials for manufacturing of aluminum aerosol cans are aluminum slugs which are processed from aluminum ingots. Aluminum ingots are widely used metal commodities, as such the price of aluminum ingots fluctuates depending on the market supply and demand conditions.

In order to avoid our business from being negatively impacted by substantial increases in the cost of aluminum ingots, it has been our practice to hedge part of our monthly estimated requirement of aluminum ingots through forward purchases and cover the remainder through purchases in the spot market. This practice enables us to average down our actual cost of aluminum ingots for production in the event of a significant increase in the spot price of aluminum ingots after our forward purchases.

During the year ended 31 December 2024, we had not conducted any forward purchase of aluminum ingots. As at 31 December 2024, we had no outstanding forward purchases of aluminum ingots.

EMPLOYEES AND EMOLUMENTS POLICY

As at 31 December 2024, the Group had a workforce of 269 employees (31 December 2023: 268 employees). The staff costs, including directors' emoluments but excluding any contributions to the pension scheme, were approximately HK\$34.3 million for the Reporting Period (2023: approximately HK\$32.9 million). Remuneration is determined with reference to market terms and the performance, qualification and experience of an individual employee. In addition to a basic salary, year-end bonuses are offered to those staff with outstanding performance to attract and retain eligible employees of the Group. Share options would be granted to respective employees with outstanding performance and contributions to the Group. The emoluments of the Directors have been determined with reference to the skills, knowledge, contribution in the Company's affairs and the performance of each Director, and to the profitability of the Company and prevailing market conditions during the Reporting Period.

DIRECTORS' REMUNERATION POLICY

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

SIGNIFICANT INVESTMENTS

During the Reporting Period, the Group did not have any significant investments (2023: Nil).

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 the Shares (the "Share Offer") were approximately HK\$80.0 million. During the Reporting Period, the net proceeds from the Share Offer had been applied as follows:

Business objectives as stated in the Prospectus	Actual net proceeds (HK\$ million)	Actual amount utilized up to 31 December 2023 (HK\$ million)	Actual amount utilized subsequent to 31 December 2023 and up to 31 December 2024 (HK\$ million)	Remaining unutilized balance as at 31 December 2024 (HK\$ million)	Expected timeline for unutilized net proceeds
Partially fund the expansion of our production capacity, including the upgrade of our existing production lines and the acquisition of a brand new production line for aluminum aerosol cans	48.0	48.0	—	—	
Establish a new research and development laboratory	12.0	3.3	—	8.7	by 31 December 2026
Partially repay US\$ denominated bank loan	16.0	16.0	—	—	
General working capital purposes	4.0	4.0	—	—	
	80.0	71.3	—	8.7	

The Board will further extend the expected timeline for the use of unutilized proceeds to 31 December 2026. As the aluminium cans industry has accelerated its transformation into a low-carbon and light-weight industry in recent years, our product lines have been tilting from the original pharmaceutical industry to the cosmetic industry. The original laboratory design plan was required to incorporate the research and development needs of new materials, and the technical verification and plan adjustment took more time than expected.

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

EVENTS AFTER THE REPORTING PERIOD

There were no significant events after 31 December 2024 and up to the date of this report.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the year ended 31 December 2024, the Group had no material acquisitions or disposals of subsidiaries, associates or joint ventures.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Company has adopted and complied with the code provisions set out in the Corporate Governance Code as set out in Appendix C1 (the “CG Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the Reporting Period except code provision C.2.1 of the CG Code.

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

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding the Directors’ securities transactions. Specific enquiries have been made with all the Directors and they have confirmed that they have complied with the Model Code throughout the Reporting Period.

CHAIRMAN AND CHIEF EXECUTIVE

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

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

CORPORATE GOVERNANCE REPORT

THE BOARD

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Reporting Period. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 69 to 73.

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

Board Composition

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

The Board comprises the following Directors:

Executive Directors

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

Independent non-executive Directors

Dr. Lin Tat Pang
Ms. Luo Mei Kai (appointed on 1 January 2025)
Mr. Yip Wai Man Raymond
Ms. Guo Yang (resigned on 1 January 2025)

The brief biographical details of the existing Directors are set out in the paragraph headed "Biographical Details of Directors and Senior Management" on pages 52 to 54. There are no relationships (including financial, business, family or other material/relevant relationships) among the members of the Board.

CORPORATE GOVERNANCE REPORT

Appointment and Re-election of Directors

All Directors are appointed for specific terms. Mr. Lin Wan Tsang has entered into a service agreement with the Company for a term of 3 years commencing from 12 July 2013 to 11 July 2016 and will continue thereafter. Mr. Dong Jiangxiong has entered into a service agreement with the Company for a term of 3 years commencing from 31 March 2016 to 30 March 2019 and will continue thereafter. Dr. Lin Tat Pang has entered into a service agreement with the Company for a term of 1 year commencing from 20 June 2015 to 19 June 2016 and will continue thereafter. Ms. Luo Mei Kai has entered into a service agreement with the Company for a term of 1 year commencing from 1 January 2025 to 31 December 2025 and will continue thereafter. Mr. Yip Wai Man Raymond has entered into a service agreement with the Company for a term of 1 year commencing from 27 May 2016 to 26 May 2017 and will continue thereafter.

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

In accordance with the Articles, Mr. Dong Jiangxiong, Mr. Yip Wai Man Raymond and Ms. Luo Mei Kai shall retire and, being eligible, offer themselves for re-election at the forthcoming AGM to be held on 21 May 2025. The Board and the nomination committee of the Company recommend their re-appointment. The Company's circular, sent together with this annual report, contains detailed information of the above three Directors as required by the Listing Rules.

Directors' Training

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

A record of the Directors' participation in various continuous professional development program is kept with the Company. The external course which the Directors had participated was about Guidance for Boards and Directors and updates on the Listing Rules. A summary of the Directors' participation in training and continuous professional development during the year ended 31 December 2024 according to the records provided by the Directors is as follows:

Names of Directors	Training organised by professional organizations	Reading materials updating on new rules and regulations
Executive Directors		
Mr. Lin Wan Tsang (<i>Chairman</i>)	✓	✓
Mr. Dong Jiangxiong	✓	✓
Independent Non-executive Directors		
Dr. Lin Tat Pang	✓	✓
Ms. Luo Mei Kai* (appointed on 1 January 2025)	✓	✓
Mr. Yip Wai Man Raymond	✓	✓
Ms. Guo Yang (resigned on 1 January 2025)	✓	✓

* As at the date of her appointment, the Director has obtained the legal advice from a firm of solicitors qualified to advise on Hong Kong law as regards the requirements under the Listing Rules that are applicable to her as the Director and any possible consequences of making a false declaration or giving false information to the Stock Exchange. And the Director confirmed that she has understood her obligations as the Director.

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, 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.

In respect of the gender diversity of the Board, as at the date of this report, 4 Directors are male and 1 Director is female. The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, and sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. It is expected that the ratio of female Directors will reach not less than 20% in the following years. The Company will achieve this goal through active nomination of suitable candidates with no gender limitation to be newly appointed Directors in the next few years.

Moreover, the current gender ratio of the company workforce (including senior management) is 168 males per 101 females, which compared with 168 males per 101 females of past year. The Company has already achieved gender diversity and will continue focusing on the area because workforce gender diversity is associated with resources that can provide a sustained competitive advantage to the company, which include market insight, creativity and innovation, and improved problem-solving. Men's and women's different experiences may provide insights into the different needs of male and female customers. Further, men and women may have different cognitive abilities, such as men's proficiency in mathematics and women's proficiency in verbal and interpersonal skills. Therefore, a mix of cognitive abilities in a gender diverse team may enhance the team's overall creativity and innovation as proved by research. Moreover, a gender diverse team produces high quality decisions. Although there may be some mitigating circumstances where gender diversity can be very hard to achieve (for instance, male workers are more commonly seen regarding physical labour and female workers are more often seen during psychological consultation), the Company will keep focusing on the workforce gender diversity to maintain its current strength as well as to further improve its competitiveness in the future.

MECHANISMS TO ENSURE INDEPENDENT VIEWS

The Company makes certain that the Board has access to independent views and input through the mechanisms listed below:

1. The Nomination Committee should review the Board composition and the independence of the independent non-executive Directors annually, in particular the portion of the independent non-executive Directors and the independence of the independent non-executive Director who has served for more than nine years.
2. A written confirmation was received by the Company under Rule 3.13 of the Listing Rules from each of the independent non-executive Directors in relation to his/her independence to the Company. The Company considers all its independent non-executive Directors to be independent.

CORPORATE GOVERNANCE REPORT

3. In view of good corporate governance practices and to avoid conflict of interests, the Directors who are also Directors and/or senior management of the Company's controlling shareholders and/or certain subsidiaries of the controlling shareholders, would abstain from voting in the relevant Board resolutions on the transactions with the controlling shareholders and/or its associates.
4. The chairman of the Board shall meet with independent non-executive Directors at least once annually.
5. All members of the Board can seek independent professional advice when necessary to perform their responsibilities in accordance with the Company's policy. The mechanisms to ensure independent views are reviewed by the Nomination Committee for ensuring independent views and input are available to the Board on an annual basis, whether in terms of proportion, recruitment and independence of independent non-executive Directors, and their contribution and access to external independent professional advice.

NOMINATION POLICY

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

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

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

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

CORPORATE GOVERNANCE REPORT

Board Meeting and Procedures

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

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

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

Names of Directors	Attendance/Number of Meetings Held					General Meeting
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Risk Management Committee Meeting	
Executive Directors						
Mr. Lin Wan Tsang	4/4	—	1/1	1/1	—	1/1
Mr. Dong Jiangxiong	4/4	—	—	—	—	1/1
Independent non-executive Directors						
Dr. Lin Tat Pang	4/4	2/2	1/1	*1/1	12/12	1/1
Ms. Luo Mei Kai (appointed on 1 January 2025)	0/0	0/0	0/0	0/0	—	0/0
Mr. Yip Wai Man Raymond	4/4	*2/2	1/1	1/1	* 12/12	1/1
Ms. Guo Yang (resigned on 1 January 2025)	4/4	2/2	*1/1	1/1	—	1/1

Remark:

* representing the chairperson of the Board or the committees

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

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

CORPORATE GOVERNANCE REPORT

Audit Committee

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

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

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

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

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

Remuneration Committee

The Remuneration Committee was established on 20 June 2013, with specific written terms of reference for making recommendations to the Board regarding the Group's policy and structure for all remuneration of Directors and senior management and approving the remuneration package of the individual executive Directors, the specific duties set out in code provisions E.1.2(a) to (i) of the CG Code. The Remuneration Committee comprises a total of four members, being one executive Director, namely, Mr. Lin Wan Tsang, and three independent non-executive Directors, namely, Ms. Luo Mei Kai (Chairlady), Dr. Lin Tat Pang and Mr. Yip Wai Man Raymond. Accordingly, a majority of the members are independent non-executive Directors.

During the Reporting Period, the Remuneration Committee held one meeting to review and discuss the remuneration policy of the Group and the remuneration packages of the Directors and reviewed and approved matters relating to share schemes under Chapter 17 of the Listing Rules.

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

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

The remuneration of the members of the senior management of the Group by band for the year ended 31 December 2024 is set out below:

Remuneration bands	Number of person(s)
Nil to HK\$250,000	1
HK\$250,001 to HK\$500,000	1

CORPORATE GOVERNANCE REPORT

Nomination Committee

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

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

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

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

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

Risk Management Committee

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

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

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

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE FUNCTION

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

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Company and Directors; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

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

EXTERNAL AUDITOR'S REMUNERATION

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

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

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

	2024 HK\$000
Statutory audit services	657
Non-statutory audit services	570
Non-audit services*	79

* Significant non-audit service assignments include business consultation fee (approximately HK\$78,510 was paid).

DELEGATION BY THE BOARD

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

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

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

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

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

SHAREHOLDERS' RIGHTS

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

Shareholders to Convene an Extraordinary General Meeting

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

Putting Enquiries by Shareholders to the Board

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

Procedures for Putting Forward Proposals by Shareholders at Shareholders' Meetings

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

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

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

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS *(continued)*

Voting by Poll

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

DIVIDEND POLICY

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

INVESTOR RELATIONS

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

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

Shareholders' Communication Policy

Purpose

The Company recognises the importance of providing current and relevant information to its shareholders (the "Shareholders"). This shareholders' communication policy (the "Shareholders' Communication Policy") aims to set out the provisions with the objective to ensure that the Shareholders and potential investors are provided with equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company.

General Policy

The Board shall maintain an on-going dialogue with Shareholders and will regularly review the Shareholders' Communication Policy to ensure its effectiveness.

Information is communicated to the Shareholders as well as the stakeholders through periodic disclosure through the Company's financial reports (interim and annual reports), annual general meetings and other general meetings that may be convened, as well as by making available all the disclosures submitted to the Stock Exchange and other corporate publications on the website of the Stock Exchange and corporate communications, on the website of the Stock Exchange at www.hkex.com.hk and the Company's website at www.6898hk.com.

Effective and timely dissemination of information to Shareholders shall be ensured at all times. Any questions, requests and comments can be addressed to the Company by mail to Unit G, 20/F., Golden Sun Centre, Nos. 59/67 Bonham Strand West, Sheung Wan, Hong Kong or through the Company's share registrar.

CORPORATE GOVERNANCE REPORT

The Company believes that communication with Shareholders by electronic means, particularly through its website, is an efficient way to distribute information in a timely and convenient manner. Shareholders are encouraged to access to the corporate communications posted on the Company's website to help reduce the quantity of printed copies and hence reduce the impact on the environment.

The Company's website will be updated with material posted to the website of the Stock Exchange immediately thereafter. Such material includes but not limited to financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents.

Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Shareholders shall be provided with designated contacts, email addresses and enquiry lines of the Company in order to enable them to make any query in respect of the Company.

The Company has reviewed the Shareholders' Communication Policy conducted for the year ended 31 December 2024 and considered that the Shareholders' Communication Policy has been well implemented and effective.

Means of Receipt and Language of Corporate Communications

This annual report, in both English and Chinese versions, is now available in printed form, and in accessible format on the website of the Company at www.euroasia-p.com.

For Shareholders and non-registered shareholders of the Company who:

- (i) have elected to receive or are deemed to have consented to receive this annual report by electronic means on the Company's website, or
- (ii) have difficulty in receiving or gaining access to this annual report on the Company's website,

they may obtain printed copies free of charge by sending a written request to the Company or the branch share registrar of the Company in Hong Kong (the "Branch Share Registrar"), Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong.

If Shareholders and non-registered shareholders of the Company wish to change their elected means of receipt and/or language of all future corporate communications of the Company, they may at any time notify the Company by prior notice of at least seven days in writing to the Branch Share Registrar at the address stated above or by e-mail to is-ecom@vistra.com or by completing and returning the change request form.

Constitutional Documents

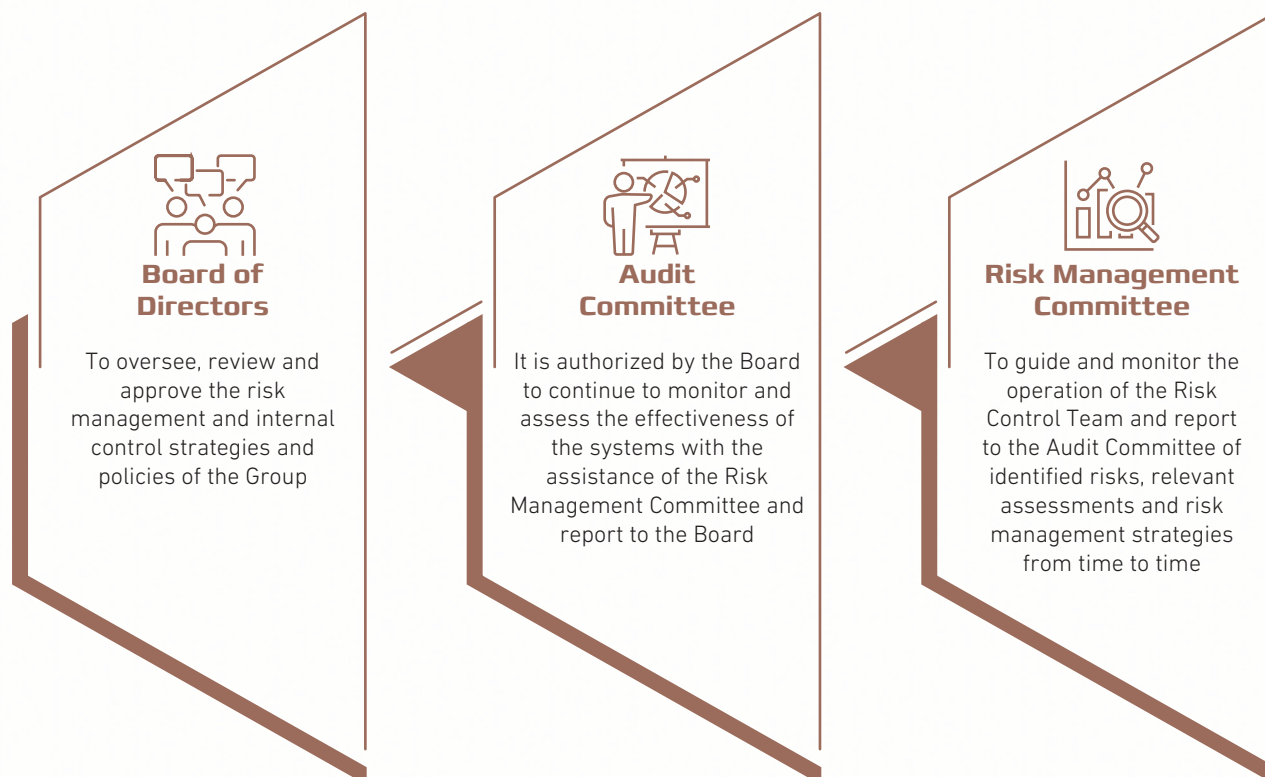
There was no significant change in the constitutional documents of the Company during the Reporting Period.

RISK MANAGEMENT AND INTERNAL CONTROL

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

CORPORATE GOVERNANCE REPORT

RISK GOVERNING STRUCTURE



RISK MANAGEMENT PROCEDURE

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

(I) Practices and procedures

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

(II) Regular review

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

CORPORATE GOVERNANCE REPORT

RISK CATEGORIES

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

Strategic risks

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

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

Financial Risks

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

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

Operating risks

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

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

Legal risks

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

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

CORPORATE GOVERNANCE REPORT

ANNUAL CONFIRMATION

The Board has an internal audit function and has been continuing to monitor the risk management and internal control systems of the Group, and has made an annual review, through the Audit Committee, on the effectiveness of the risk management and internal control systems of the Group for the year ended 31 December 2024.

Meanwhile, the Company commissioned a third-party professional body to make an internal audit on the effectiveness of the design and the compliance regarding the implementation of the internal control systems relating to its risk management, control and governance practices. The Audit Committee under the Board has made an annual review on the effectiveness of the risk management and internal control systems for the year ended 31 December 2024, and reviewed the results of assessment on the internal control systems made by the third party. The Board considers the system of the Group is effective and adequate accordingly.

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THIS REPORT

Introduction

China Aluminum Cans Holdings Limited (the "Company" together with its subsidiaries, collectively, "we", "us", "our" or the "Group") is pleased to present our annual Environmental, Social and Governance Report (the "Report") for the year ended 31 December 2024 to provide an overview of the Group's management of significant issues affecting the operation, including environmental, social and governance ("ESG") issues.

The Board has overall responsibility for the Group's ESG strategy and reporting. The Board is responsible for evaluating and determining the Group's ESG-related risks and ensuring that appropriate and effective ESG risk management and internal control systems are in place. The management will regularly report the relevant state to the Board. The Group also conducted annual review on the effectiveness of the environmental, social and governance report for the year ended 31 December 2024.

REPORTING YEAR

The Report illustrated the Group's initiative and performance on the environmental and social aspects for the period from 1 January 2024 to 31 December 2024 (the "Reporting Period").

REPORTING SCOPE AND BOUNDARY

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

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

REPORTING BASIS AND PRINCIPLES

This Report was prepared in accordance to the Environmental, Social, and Governance Reporting Guide in Appendix C2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules") issued by the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and has complied with the "comply or explain" provisions set out in the Listing Rules. This Report was prepared and published in both Chinese and English. In the event of contradiction or inconsistency, the Chinese version shall prevail. For more information on our corporate governance, please refer to the "Corporate Governance Report" of the annual report of the Company for the year ended 31 December 2024.

The Report is based on the following reporting principles:

Materiality

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

Quantification

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

Balance

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Consistency

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

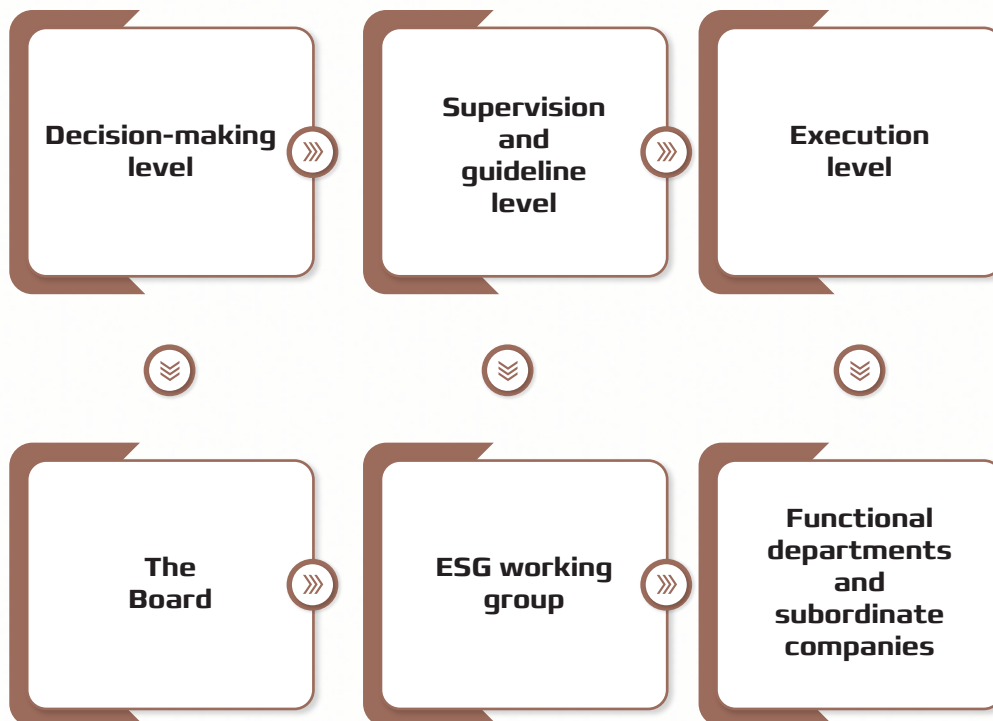
The information contained in the Report comes from the Group's official documents and statistics, and collated and synthesised from the monitoring, management and operations information provided by its subsidiaries according to the Group's relevant systems. The final chapter of the Report contains a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

CONTACT INFORMATION

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

SUSTAINABILITY GOVERNANCE

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

STAKEHOLDERS ENGAGEMENT

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

Stakeholders	Stakeholders' Concerns	Communication Channels	Engagement Details
Government	<ul style="list-style-type: none"> — To comply with the laws — Proper tax payment — Ensure production safety, environmental protection and social responsibility — Promote regional economic development and employment 	<ul style="list-style-type: none"> — On-site inspections and checks — Research and discussion through work conferences, work reports preparation and submission for approval 	Operated, managed and paid taxes according to laws and regulations, strengthened safety management; accepted the government's supervision, inspection and evaluation, and actively undertook social responsibilities
Shareholders and Investors	<ul style="list-style-type: none"> — Return on the investment — Stable operation — Low operating risk — Information disclosure and transparency — Protection of interests and fair treatment of shareholders — True, accurate and timely reporting 	<ul style="list-style-type: none"> — Annual general meeting and other shareholder meetings — Interim reports, annual report, announcements — Company website — Meeting with investors — Roadshow — Site visit 	Issued notices of general meeting and proposed resolutions according to regulations, disclosed company's information by publishing announcements/circulars, interim report and annual report in the year; carried out different forms of investor activities with an aim to improve investors' recognition of the Company; held results briefing once; disclosed company contact details on website and in reports and ensured all communication channels available and effective
Employees	<ul style="list-style-type: none"> — Safeguard the rights and interests of employees — Salary and welfare — Working environment — Career development opportunities — Self-actualization — Health and safety 	<ul style="list-style-type: none"> — Labour union — Feedback box — WeChat of director — Policies and procedures — Training, seminars, briefing sessions — Team activities 	Provided a healthy and safe working environment; established a labour union; established policies and procedures according to local labour law; developed communication channel with management; developed a fair mechanism for promotion; cared for employees by helping those in need and organizing employee activities
Customers	<ul style="list-style-type: none"> — Assurance on quality and quantity of product — Stable relationship — Group reputation and brand image — Market demand 	<ul style="list-style-type: none"> — Site visit — Exhibition — Email and customer service hotline — Feedback forms — Regular meeting 	Organised marketing activities, site visit and exhibition and carried out customer's satisfaction survey

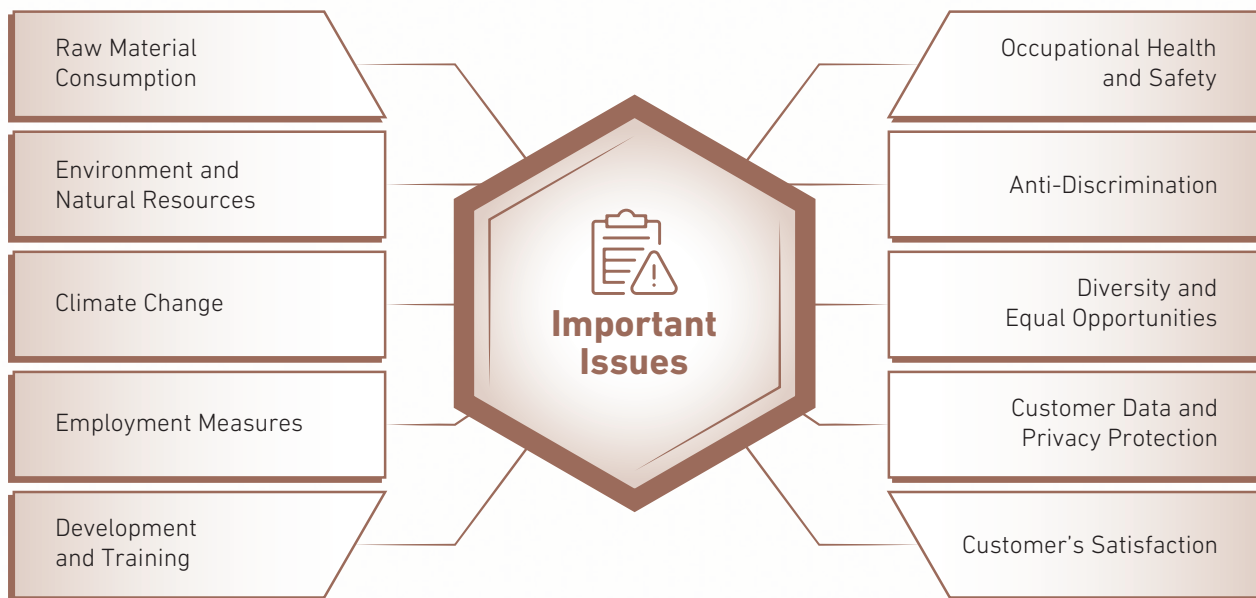
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholders	Stakeholders' Concerns	Communication Channels	Engagement Details
Suppliers/Partners	<ul style="list-style-type: none"> — Long-term partnership — Honest cooperation — Fair, open — Information resources sharing — Timely payment 	<ul style="list-style-type: none"> — Strategic co-operation — Regular meeting — Tendering process 	Invited tenders publicly to select best suppliers and contractors, performed contracts according to agreements, enhanced daily communication, and established long-term cooperation with quality suppliers and contractors
Peer and Industry associations	<ul style="list-style-type: none"> — Experience sharing — Cooperations — Fair competition 	<ul style="list-style-type: none"> — Industry conference — Site visit 	Stuck to fair play, cooperated with peers to realize win-win, shared experiences and attended seminars of the industry so as to promote sustainable development of the industry
Financial Institution	<ul style="list-style-type: none"> — Compliance with the law and regulations — Disclosure of information 	<ul style="list-style-type: none"> — Consulting — Information disclosure — Reports 	Complied with regulatory requirements in a strict manner, disclosed and reported true information in a timely and accurate manner according to law
Bank	<ul style="list-style-type: none"> — Timely repayment of loan — Honest cooperation — Stable operation 	<ul style="list-style-type: none"> — Regular meeting — Site visit 	Paid interest according to instalment schedule, cooperated with bank for inspection and monitoring and regular submission of financial statements
Public and communities	<ul style="list-style-type: none"> — Community involvement including local employment opportunity — Development of local economy — Environmental protection — Subsidy and assistance 	<ul style="list-style-type: none"> — Volunteering — Charity and social investment — Annual report 	Gave priority to local people seeking jobs from the Company so as to promote community building and development; built roads, protected the communities' ecological environment, and provided timely compensation and assistance; provided volunteer service, kept communication channels open between the Company and the communities and villagers, co-sponsored community activities to promote the building up of harmonious communities

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

MATERIALITY ASSESSMENT

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



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL ASPECTS

ENVIRONMENTAL MANAGEMENT

ASPECT A1: EMISSIONS

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

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

Air Pollutions

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

GHG Emissions

We have been committed to taking proactive initiatives to tackle with the climate change so as to reduce GHG emissions generated from operations. We have implemented the energy conservation measures described in the section headed "A2: Use of Resources". In 2024, the Group's GHG emissions were mainly from Scope 2, representing 82% of the total emissions.

Waste Management

Our Group's business operation does not generate hazards that have any significant adverse effect on the environment and our Group's environmental protection measures are adequate to comply with all applicable current local and national PRC regulations. Because of the nature of the products which we manufacture, there is minimal waste discharge, noise, water or air pollution. Nevertheless, we are committed to reducing the environmental impact from our production processes and have taken various measures to achieve this objective. Waste water from the production process is discharged after processing by our Group own sewage treatment station to reach national safety standards for disposal. Hazardous waste such as organic solvent used by us during the production process and non-hazardous waste such as aluminum waste cans, household waste, packaging paper scraps and rags are all classified for storing and handling with the ledger for record. In addition, solid wastes such as scrap aluminum and various residues from production will be sold to scrap metal recycling companies for recycling.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Other highlight of measures for reduction of emissions

Environmental category	Measures
Air pollutant and GHG	<ul style="list-style-type: none"> — Adopting low VOCs coating to reduce the emission of volatile organic gases; — Providing crew buses for collective transportation to reduce the use of limousine buses and private cars; — Continuously improving dust hazard control and introducing Handte Wet Scrubbers (Camfil APC, Germany) to improve intrinsic safety level; — Using clean energy such as electricity or pipeline natural gas for all furnaces in the production line; — Renovating exhaust gas and dust collecting channels in production workshops to reduce emission from the hazardous substances effectively; — The Group conducted coordination on the use of electricity and entered into electricity purchase contracts with clean energy sales companies in relation to the use of clean and green energy, with an aim to optimize relevant indicators; and — Installing VOCs exhaust gas purification system in the production workshop.
Wastewater	<ul style="list-style-type: none"> — Continuously optimizing and upgrading sewage treatment; — The Group conducted the technical renovation on the washing process of aluminum cans to reduce the use of detergents and running water consumption; and — The Group conducted sewage treatment and effectively neutralized alkaline water to about pH8.
Raw materials and wastes	<ul style="list-style-type: none"> — Encouraging staff to reduce waste, for example: reusing paper and approving documents via electronic approval system to reduce paper consumption; — Introducing smart equipment (smart examination, smart packaging and conveying system) in workshops to conserve raw materials for production and labor costs; — Our professional R&D team applied the technology of variable wall shaped aluminum cans to reduce the consumption of raw materials, which saved approximately 10% of raw materials and won the Zhongshan City Patent Gold Award* (中山市專利金獎) and Guangdong Independent and Innovative Products* (廣東省自主創新產品); — To minimize the impact of VOCs coatings on the environment and human body, the Group has partially adopted environmentally-friendly water-based coatings as the substitute for VOCs coatings such that the amount of coatings per can used is reduced; and — The Group endeavored to mitigate the impact caused by wastes. All non-hazardous wastes were essentially recycled for use and were regularly delivered to recycling companies by categories for recycling. Hazardous wastes were labeled and placed at fixed location according to the required protection measures, and were regularly delivered to qualified recyclers for recycling.
Green production model	<ul style="list-style-type: none"> — Actively researching and developing environmentally-friendly formulations, such as tank oil of the water-based aluminum aerosol cans; — Promoting clean production and upgrading machinery; — Establishing quality management system to be recognised by world-renowned corporate customers; and — The Group provided staff training on operation methods to enhance product qualification rate and control product damage, thereby reducing the volume of emissions.
Noise	<ul style="list-style-type: none"> — Eliminating old equipment in the production line and investing in equipment with insulating effect to reduce noises.

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ASPECT A2: USE OF RESOURCES

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

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

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

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

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

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

ASPECT A3: THE ENVIRONMENT AND NATURAL RESOURCES

The Group raises staff's awareness on environmental issues through education and training and enlist employees' support in improving the Group's performance, promote environmental awareness amongst the customers, business partners and shareholders and support community activities in relation to environmental protection and sustainability and evaluate regularly and monitor past and present business activities impacting upon health, safety and environmental matters. With the integration of policies mentioned in sections "A1: Emissions" and "A2: Use of Resource", the Group strives to minimise the impacts to the environment and natural resources.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ASPECT A4: CLIMATE CHANGE

The Group is committed to mitigating the climate change and enhancing its resilience to adapt to the increasing threat of climate-related consequences. The processes used to identify, evaluate and manage significant risks (including significant climate-related issues) by the Group are summarised as follows:

Risk Identification

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

Risk Assessment

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

Risk Response

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

Risk Monitoring and Reporting

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

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

The Group's ESG working group is responsible for identifying and assessing any climate-related risks to which the Group's operations are exposed, and updating the Board with the latest news and developments on climate regulations and industry benchmark. In order to cope with climate-related risk, the Group implemented various emergency response mechanism and purchase adequate insurance against natural disasters, including fire or flood so as to cope with extreme weather. For details, please refer to section "B2: Health and Safety".

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

SOCIAL ASPECTS

EMPLOYMENT AND LABOUR PRACTICES

ASPECT B1: EMPLOYMENT

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

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

Summaries regarding to the employment and labour practices

Remuneration	<ul style="list-style-type: none"> — Offering employees with competitive salary and benefits in accordance with job requirements and individual performance; and — Establishing performance appraisal and remuneration adjustment systems and improving the remuneration management system of the Company to further motivate our employees.
Holidays and benefits	<ul style="list-style-type: none"> — Our staff handbook stipulates a reasonable break time for employees. The normal working hours per week are no more than 40 hours except for special circumstances. Arrangement of working overtime is also being prescribed in the staff handbook to prevent overwork; — Employees are entitled to public holidays and statutory holidays, and paid annual leave will also be given to the long-term staff; — Based on the reward and punishment system, the year-end double pay will be granted according to the actual situation; and — Implementing annual staff body check and occupational diseases examination to ensure the health of our employees.
Communication with employees	<ul style="list-style-type: none"> — Organizing an employee labor union to promote the prevention of possible forced labor; meanwhile, holding evening parties and birthday parties for employees, organizing employee travel and giving employees holiday gifts; — Actively retaining talents and recommending outstanding employees through democratic election, and promoting positive communication among employees; and — Setting a mechanism to urge employees to report any non-compliance.

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

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ASPECT B2: HEALTH AND SAFETY

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

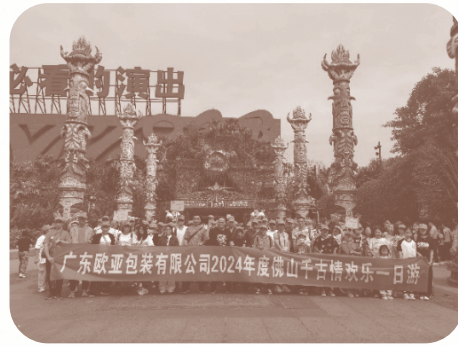
- Providing adequate and regularly tested safety devices and protective clothing, gear and equipment to employees to ensure their safety;
- Offering special training to certain employees with unique skill sets who are required to attain relevant certifications; and
- Conducting regular health examinations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

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

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

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Apart from occupational health and work safety in our production plants, the Group also places emphasis on physical and mental health of employees and therefore we regularly organize activities to enrich their spare time and enhance team cohesion while relaxing their mind and body, such as outward bound activities, romantic travel and holiday regards.



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

ASPECT B3: DEVELOPMENT AND TRAINING

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

- We emphasize the basic training of employees, and provide employees with vocational English and management courses to enhance their overall competence and ability to move to a higher social class;
- We emphasize the systematic training of employees, and formulate specific training plans in respect of the functional needs of different employees. Unless there are reasonable objections, employees must accept the education and training arrangements above-mentioned;
- We emphasize the breadth of the training, which includes but not limited to on-board training, safety education training, pre-job training, on-the job training and fire safety escape training; and
- We emphasize the depth of the training. The employees entering into training agreements with the Company will be regarded as technicians to be dispatched for more specialized technical training at home or aboard.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

We conducted fire drill for the Year 2024 for all employees to enhance employees' fire response ability through evacuation drills, acquisition on the usage of fire extinguishers and water fire guns to improve the safety awareness and self-rescue ability of all employees.



We conducted training on standard operating procedure (SOP) documents to help employees to familiarize themselves with the Company's internal procedures and to assist employees in improving work efficiency.



During the Reporting Period, a total of 267 employees of the Group participated in different types of trainings for a total of 64,696 hours.

ASPECT B4: LABOUR STANDARDS

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OPERATING PRACTICES

ASPECT B5: SUPPLY CHAIN MANAGEMENT

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

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

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

We have implemented policies and measures for effective supply chain management. Thus, we believe there are no significant environmental and social risks for our management decision on supply chain management during the Reporting Period.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ASPECT B6: PRODUCT RESPONSIBILITY

Quality Assurance

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

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

Quality control on suppliers and raw materials

- Raw materials are only sourced from the list of suppliers approved by our procurement department. Our quality control personnel perform random and sample checking of the raw materials upon receipt of the same.
- For aluminum slugs, we examine their sizes in terms of diameters and thickness and their hardness by various testing methods and equipment. Samples of aluminum slugs are also visually inspected to determine if there is any surface defect. Quality reports are required for each delivery of aluminum slugs certifying that the composition of aluminum in the aluminum slugs meets the standard requirements. For coating materials and printing ink, we examine their degree of adhesion.

Quality control during production

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

Testing before delivery

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Some of our customers visit our factory from time to time to review our production processes and the quality of products at different stages of the production. In addition, we actively participate in industry exchange activities to further enhance our quality management level and industry influence. For example, we participated in the 2024 Conference for Economic and Trade Cooperation between the Pearl River Delta and the Eastern-Western and Northern Regions of Guangdong Province to explore the opportunities of regional economic cooperation and industrial upgrading with industry peers; at the same time, we also participated in the ACCPF-FEA Aerosol Industry Dialogue to share the best practices of quality control with international peers and to learn the advanced technology and management experience.



Furthermore, we submit samples to the National Testing Centre of Packaging Product Quality Supervision (Guangzhou) (國家包裝產品質量監督檢驗中心(廣州)) for their sample testings on an annual basis to ensure our product quality is up to the stipulated standards. Below are the practical measures for product responsibility:

- Running stringent tests on product safety and stress resistance, including pressure burst test, and the stress resistance of the Company's products is far higher than national standards; and
- Conducting detailed analysis in case of product defects to identify the cause, pro-actively explain to customers and reach a mutually satisfactory solution.

During the Reporting Period, Euro Asia Packaging (Guangdong) Co., Ltd., a subsidiary of the Group, was awarded with the 2024 Packstar Innovation Award for the Aerosol Industry, which not only showed our effort spent in quality assurance of packaging industry, but also showed our innovative corporate culture recognized by our peer.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Product Returns, Consumer Feedback and Product Recall

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

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

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

Business Ethics

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

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

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ASPECT B7: ANTI-CORRUPTION

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

The Group has been in strict compliance with law and regulation related to anti-corruption such as "Contract Law of the People's Republic of China" and "Law of the People's Republic of China Against Unfair Competition" and others. Below are the practical measures for anti-corruption:

- Promoting and facilitating anti-corruption through multiple aspects by coordinating education and training programs, setting up systems and rules, as well as carrying out petition supervision;
- Constantly promoting examples of anti-corruption and good deeds on the Company's publicity columns to further develop our employees' self-regard, personal integrity, and self-discipline; and
- Banning all employees from involving in, assisting in and concealing any fraud, and terminating the labor relationship and reporting to the police if any employee is found to commit fraud.

COMMUNITY

ASPECT B8: COMMUNITY INVESTMENT

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

- Actively participating in charity works and encouraging our employees to participate in community welfare activities by granting paid holidays and bonuses;
- Continuously showing special caring effort for our employees on special circumstances such as marriage, funeral, injury and illness;
- Providing impoverished families with certain annual grants on annual and regular basis to support the elderly and the young and improve the quality of life of impoverished families; and
- Providing breakfast for our employees in the Company's kitchen to resolve their breakfast issues.

In terms of industry contribution, we have participated in the formulation and revision of two national standards and one international standard during the Reporting Period in which all of them have been released as stated below:

- Packaging recycling logo (包裝回收標誌) (GB/T 18455-2022);
- Packaging - Packaging and the environment - Terminology (包裝 - 包裝與環境 - 術語) (GB/T 23156-2022); and
- Light gauge metal containers - Non-refillable LPG cartridges - General requirements (薄壁金屬容器 - 不可重複灌裝液化石油氣卡式氣罐 - 通用要求) (ISO/TS 21985-2022).

We promise that we will continue to do our best to repay the country, the industry and the people in the future.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX I OVERVIEW OF KEY PERFORMANCE INDICATORS

Environmental Aspects¹

No. of KPIs	KPIs	Unit	2024	2023
A1.1 Emissions	Sulphur Dioxide	kg	304.58	323.19
	Nitrogen Oxides	kg	1,489.06	1,348.23
	Particulate Matter	kg	18.39	19.18
A1.2 Greenhouse gas emissions	Scope 1 Direct emissions	Tonnes of CO ₂ e	1,723.53	1,831.75
	Scope 2 Indirect emissions	Tonnes of CO ₂ e	7,899.74	8,193.84
	Total	Tonnes of CO ₂ e	9,623.27	10,025.58
	Intensity	Tonnes of CO ₂ e/ square meters	0.11	0.11
A1.3 Hazardous waste	Total hazardous waste	Tonnes	1.62	2.00
	Intensity	Tonnes/square meters	0.000018	0.000022
A1.4 Non-hazardous waste	Total non-hazardous waste	Tonnes	517.98	407.16
	Intensity	Tonnes/square meters	0.0058	0.0046
A2.1 Energy consumption	Unleaded petrol (direct energy)	kWh	120,576.11	134,362.58
	Diesel (direct energy)	kWh	30,869.96	30,281.30
	Natural gas (direct energy)	kWh	8,403,483.45	8,925,353.50
	Purchased electricity (indirect energy)	kWh	13,851,910.00	14,367,590.00
	Total	kWh	22,406,839.52	23,457,587.38
	Intensity	kWh/square meters	250.57	262.32
A2.2 Water consumption	Total water consumption	Tonnes	56,012.00	65,728.00
	Intensity	Tonnes/square meters	0.63	0.74
A2.5 Packaging materials	Pallets	Items	4,934.38	5,157.81
	Plastic	Tonnes	23.10	30.28 ²
	Paper	Items	364.82	368.75
	Total	Tonnes	5,322.29	5,526.56
	Intensity	Tonnes/square meters	0.06	0.06

Notes:

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

2 Figures related to plastic packaging materials in Year 2023 has been restated to improve comparability.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Social Aspects

No. of KPIs	KPIs	Unit	2024	2023
B1.1 Total number of employees	By gender			
	Male	person	168	165
	Female	person	101	103
	By employment type			
	Full-time	person	269	268
	Part-time	person	0	0
	By age group			
	Below 30	person	47	46
	30-50	person	186	189
	Above 50	person	36	33
	By geographical region			
B1.2 Employee turnover rate	Hong Kong	person	1	1
	Mainland	person	268	267
	Turnover rate by gender			
	Male	%	20	53
	Female	%	33	52
	Turnover rate by age group			
	Below 30	%	66	41
	30-50	%	16	60
	Above 50	%	14	4
	By geographical region			
	Hong Kong	%	0	0
	Mainland	%	25	105
B2.1 Number and rate of work-related fatalities	Number of work-related fatalities	person	0	0
	Rate of work-related fatalities	%	0	0
B2.2 Number of working days lost due to work injury	Number of working days lost due to work injury	day	45	218

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

No. of KPIs	KPIs	Unit	2024	2023
B3.1 Percentage of trained employees	Percentage of trained employees	%	99	99
	By gender			
	Male	%	99	99
	Female	%	100	99
	By employee category			
	Management	%	83	96
	Manager	%	100	95
	General staff	%	100	100
B3.2 Average training hours completed per employee	Average training hours completed per employee	hour	240.50	10.50
	By gender			
	Male	hour	239.33	10.51
	Female	hour	242.46	10.49
	By employee category			
	Management	hour	203.33	10.46
	Manager	hour	244	10.72
	General staff	hour	242.13	10.49
B5.1 Number of suppliers	Number of suppliers by geographical region			
	PRC	supplier	23	23
	Europe	supplier	0	0
	Total	supplier	23	23
B6.2 Number of complaints about products and services	Number of complaints about products and service received	case	6	4
B7.1 Legal cases in relation to corruption	Number of legal cases in relation to corruption filed and concluded	case	0	0
B8.2 Community investment	Total amount of donation	HK\$	0	500,000

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX II ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE TO APPENDIX C2 TO THE LISTING RULES ON THE STOCK EXCHANGE INDEX

Subject areas	Content	Corresponding Section
Mandatory Disclosure Requirements		
Governance Structure	A statement from the board containing the following elements: (i) a disclosure of the board's oversight of ESG issues; (ii) the board's ESG management approach and strategy, including the process used to evaluate, prioritize and manage material ESG-related issues (including risks to the issuer's businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.	Sustainability Governance
Reporting Principles	A description of, or an explanation on, the application of the Reporting Principles (Materiality, Quantitative, and Consistency) in the preparation of the ESG Report.	Reporting Basis and Principles
Reporting Boundary	A narrative explaining the Reporting boundaries of the ESG Report and describing the process used to identify which entities or operations are included in the ESG report.	Reporting Scope and Boundary
A. Environmental		
A1 Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1: Emissions
KPI A1.1	The types of emissions and respective emissions data.	Appendix I Overview of Key Performance Indicators
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) total GHG emissions (in tonnes) and, where appropriate, intensity.	Appendix I Overview of Key Performance Indicators
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendix I Overview of Key Performance Indicators
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity.	Appendix I Overview of Key Performance Indicators
KPI A1.5	Description of emission targets set and steps taken to achieve them.	A1: Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction targets set and steps taken to achieve them.	A1: Emissions

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas	Content	Corresponding Section
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2: Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total (kWh in '000s) and intensity.	Appendix I Overview of Key Performance Indicators
KPI A2.2	Water consumption in total and intensity.	Appendix I Overview of Key Performance Indicators
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Appendix I Overview of Key Performance Indicators
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) and steps taken to achieve them.	A2: Use of Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Appendix I Overview of Key Performance Indicators
A3 The Environmental and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	A3: The Environmental and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A1: Emissions & A2: Use of Resources
A4 Climate Change		
General Disclosure	Policies on significant climate-related issues which have impacted the issuer.	A4: Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact the issuer, and the actions taken to manage them.	A4: Climate Change

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas	Content	Corresponding Section
B. Social		
B1 Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1: Employment
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Appendix I Overview of Key Performance Indicators
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Appendix I Overview of Key Performance Indicators
B2 Health and safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2: Health and safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Appendix I Overview of Key Performance Indicators
KPI B2.2	Lost days due to work injury.	Appendix I Overview of Key Performance Indicators
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	B2: Health and safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas	Content	Corresponding Section
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	B3: Development and Training
KPI B3.1	The percentage of employee trained by gender and employee category.	Appendix I Overview of Key Performance Indicators
KPI B3.2	The average training hours completed per employee by gender and employee category.	Appendix I Overview of Key Performance Indicators
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child or forced labour.	B4: Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4: Labour Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4: Labour Standards
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5: Supply Chain Management
KPI B5.1	Number of suppliers by region.	Appendix I Overview of Key Performance Indicators
KPI B5.2	Description of practices relating to engaging supplies, number of supplies where the practices are being implemented, how they are implemented and monitored.	B5: Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5: Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, how they are implemented and monitored.	B5: Supply Chain Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject areas	Content	Corresponding Section
B6 Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6: Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6: Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6: Product Responsibility
KPI B6.3	Description and practices relating to observing and protecting intellectual property rights.	B6: Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B6: Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	B6: Product Responsibility
B7 Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7: Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the case.	Appendix I Overview of Key Performance Indicators
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B7: Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7: Anti-corruption
B8 Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8: Community Investment
KPI B8.1	Focus areas of contribution.	B8: Community Investment
KPI B8.2	Resources contributed to the focus area.	Appendix I Overview of Key Performance Indicators

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographies of Directors and senior management are set out below:

EXECUTIVE DIRECTORS

Mr. Lin Wan Tsang (連運增, “Mr. Lin”), aged 59, was appointed as an executive Director on 12 September 2012 and is the chairman of the Board. Mr. Lin is also a member of each of the nomination committee and the remuneration committee of the Company. Mr. Lin is the founder and general manager of the Group. He is responsible for formulating our corporate strategies and overseeing the overall business of the Group. Mr. Lin has over 29 years of experience in the aluminum packaging industry and has extensive experience in the aerosol manufacturing industry. Mr. Lin started his business in the production of aluminum aerosol cans when he established Chaoyang City Euro Asia Aluminum Cans Industrial Company Limited* (潮陽市歐亞鋁罐工業有限公司) in 1995. Leveraging upon his experience and business connection in the aluminum packaging industry for aerosols, he further expanded his business into the aerosol manufacturing and aerosol filling industries through the establishment of Guangzhou Botny Chemical Co., Ltd. (廣州保賜利化工有限公司) (“Botny Chemical”) in 2000 and Euro Asia Aerosol & Household Products Manufacture Co., Ltd. (廣州歐亞氣霧劑與日化用品製造有限公司) (“Euro Asia Aerosol”) in 2006.

Mr. Lin is currently:

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

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

Mr. Dong Jiangxiong (董江雄, “Mr. Dong”), aged 73, was appointed as the executive Director on 31 March 2016. Mr. Dong obtained his Bachelor’s degree in Precision Instrument from Tsinghua University* (清華大學). He obtained the Qualification of Patent Attorney* (專利代理人) in 1985 and the Lawyer’s License* in the PRC in 1988. He has over 30 years of experience in advising on intellectual properties matters such as patents, trademarks and copyrights. Mr. Dong has extensive experience in advising corporations in the PRC and overseas on intellectual properties matters.

* For identification purpose only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Lin Tat Pang (連達鵬, “Dr. Lin”), aged 68, was appointed as an independent non-executive Director on 20 June 2013. Dr. Lin is also the chairman of the nomination committee and a member of each of the audit committee, the remuneration committee and the risk management committee of the Company. Dr. Lin obtained his Doctor of Law, Master of Law and Bachelor of Law from Peking University* (北京大學) in 2009, 1998 and 1992 respectively. He also completed his Postgraduate Certificate in Hong Kong Law in City University of Hong Kong (previously known as City Polytechnic of Hong Kong) in 1993. Dr. Lin is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, United Kingdom. He is also a member of the Chartered Institute of Arbitrators, United Kingdom.

Dr. Lin has over 40 years of experience in accounting, finance and public offerings. He worked for Hong Kong Exchanges and Clearing Limited and the Stock Exchange between 1992 and March 2013, and his last position was senior consultant to the Listing, Listing & Regulatory Affairs Division of Hong Kong Exchanges and Clearing Limited. Dr. Lin has also been appointed as an independent non-executive director of Leadway Technology Investment Group Limited (formerly known as HNA Technology Investments Holdings Limited) (a company listed on the Stock Exchange, stock code: 2086) since December 2017 and he currently serves as a member of the nomination committee, and the chairman of each of the audit committee and remuneration committee. Dr. Lin has also been appointed as an independent non-executive director of CT Vision S.L. (International) Holdings Limited (a company listed on the Stock Exchange, stock code: 994) since June 2022 and he currently serves as a member of the nomination committee, and the chairman of each of the audit committee and remuneration committee. Dr. Lin has also been appointed as an independent non-executive director of 3D Medicines Inc. (a company listed on the Stock Exchange, stock code: 1244) since December 2022 and he currently serves as the chairman of the audit committee.

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

Ms. Luo Mei Kai (羅美開, “Ms. Luo”), aged 50, was appointed as an independent non-executive Director on 1 January 2025. Ms. Luo is also the chairman of the remuneration committee of the Company, a member of each of the audit committee and the nomination committee of the Company. Ms. Luo has a Bachelor’s degree and is an International Certified Public Accountant (ICPA). Ms. Luo has over 20 years of experience in financial management consulting, specializing in providing professional financial planning and management consulting services to enterprises. She founded Zhongshan Meinuo Financial Consulting Co., Ltd. (中山市美諾財務諮詢有限公司) in 2016 as the head of the company, and leads the team to provide clients with services including but not limited to financial consulting, tax planning and compliance services.

* For identification purpose only

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yip Wai Man Raymond (葉偉文, “Mr. Yip”), aged 54, was appointed as an independent non-executive Director on 27 May 2016. Mr. Yip is also the chairman of the audit committee, the chairman of the risk management committee and a member of each of the nomination committee and the remuneration committee of the Company. Mr. Yip obtained a Bachelor of Commerce from the Memorial University of Newfoundland in May 1994. He has been admitted by the Council of The University of New South Wales and the Senate of The University of Sydney with a degree of Master of Business Administration in October 2004. Mr. Yip became a member of the Institute of Chartered Accountants in Australia in January 2001, a certified general accountant of the Certified General Accountants’ Association of Canada in September 1996 and an associate of the Hong Kong Society of Accountants in February 2002.

Mr. Yip has obtained over 20 years of experience in financial management. He worked for Ernst & Young from July 1996 to September 2001. Mr. Yip was employed by Fittec Electronics Co., Ltd. as a financial controller between February 2002 and December 2004. He worked for Funmobile Limited from February 2005 to September 2011 with last position of chief financial officer.

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

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

SENIOR MANAGEMENT

Ms. Yan Yin Ping (“Ms. Yan”), aged 42, has been the chief financial officer of the Group since 1 June 2023. Ms. Yan is responsible for the overall management of the Group’s finance and accounting, taxation, treasury and investor relations. She has a bachelor’s degree and has acquired an intermediate accounting professional qualification issued by Ministry of Human Resources and Social Security of the People’s Republic of China in 2014. Ms. Yan has been engaging in financial management for more than 10 years. She joined the Group in April 2021, and served as financial manager, and has accumulated experience regarding handling the financial matters of the Group during the period.

Mr. Zhang Yao Ping (章耀平, “Mr. Zhang”), aged 54, has joined the Group since November 2009. He has been the assistant to the general manager and is responsible for overseeing the administration and human resources management of the Group. Mr. Zhang is qualified as a professor of engineering (教授級高級工程師). He obtained a Bachelor’s degree in Chemical Safety Engineering from Wuhan Institute of Iron and Steel* (武漢鋼鐵學院) in July 1993. Mr. Zhang has registered to the HKQAA Hong Kong Registration under Hong Kong Quality Assurance Agency as a Registered Senior Standardization Engineer (Professor Grade) in October 2021.

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

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

* For identification purpose only

DIRECTORS' REPORT

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

GROUP REORGANIZATION

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

During the Reporting Period, there was no group reorganization.

PRINCIPAL ACTIVITIES

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

BUSINESS REVIEW

The business review of the Group for the Reporting Period is set out in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Corporate Governance Report", "Environmental, Social and Governance Report" and "Financial Summary" on pages 4 to 51 and pages 142 of this annual report.

RESULTS AND DIVIDENDS

The results of the Group for the Reporting Period and the state of affairs of the Company and of the Group at that date are set out in the financial statements on pages 74 to 141.

The Board has resolved to recommend a final dividend of HK0.28 cent per Share for the Reporting Period (2023: HK0.4 cent per Share) which will be subject to the approval of the Shareholders at the forthcoming AGM. The final dividend will be payable on or around 8 July 2025. To the knowledge of the Company, there was no arrangement under which the shareholders waived or agreed to waive any dividend. During the Reporting Period, an interim dividend of HK0.28 cent per Share was declared.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 15 May 2025 to 21 May 2025, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for attending the forthcoming AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on 14 May 2025.

The register of members of the Company will be closed from 7 June 2025 to 12 June 2025, both days inclusive, during which period no transfers of Shares shall be effected. In order to qualify for the final dividend, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at the above address for registration not later than 4:30 p.m. on 6 June 2025.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on pages 142 of this annual report.

DIRECTORS' REPORT

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the Reporting Period are set out in note 27 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Reporting Period, (1) 140,000,000 new ordinary shares of the Company were issued pursuant to the exercise of the conversion rights attached to the convertible notes issued by the Company; and (2) 94,932,000 shares were repurchased and cancelled.

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

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid HK\$
May 2024	2,384,000	0.64	0.59	1,489,420
June 2024	74,384,000	0.73	0.65	50,992,880
July 2024	18,164,000	0.74	0.72	13,439,220
	94,932,000			65,921,520

The Board considers that the current trading price of the Shares does not adequately reflect the Company's intrinsic value and the actual business prospects of the Group. The Board is confident in the long-term strategy and growth of the Company, and the share repurchase would benefit the Company and create value to its shareholders as a whole.

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

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 2024, the Company's reserve available for distribution to owners was approximately HK\$134.0 million (2023: approximately HK\$655.1 million), provided that immediately following the date on which the dividend is proposed, the Company will be able to pay off its debts as they fall due in the ordinary course of business.

PENSION SCHEME

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

The Group's contributions to the Defined Contribution Schemes vest fully and immediately with the employees. Accordingly, (i) for each of the two years ended 31 December 2023 and 31 December 2024, there was no forfeiture of contributions under the Defined Contribution Schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the Defined Contribution Schemes as at 31 December 2023 and 31 December 2024.

For each of the two years ended 31 December 2023 and 31 December 2024, the Group did not have any defined benefit plan.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

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

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

Our major suppliers are generally manufacturers for the production of aluminum slugs, paints, coating materials, solvents, packaging materials and other chemicals, and had business relationship with the Group for over five years on average. Our largest supplier is headquartered in Guangdong of PRC and operated as wholesaler of aluminum ingot. The credit period from the major suppliers is 0 to 90 days. The payables were usually settled within the credit period. Details of the trade and bills payables of the Group as at 31 December 2024 are set out in note 21 to the financial statements. Up to the date of this report, approximately 90.2% of the trade and bills payable to the major suppliers has been settled.

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

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

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

Our major customers include consumer brand manufacturers of personal care products, automotive care products and aerosol filling companies. The years of business relationship with the Group ranged from 3 to 12 years and the credit terms granted to the major customers ranged from 30 to 90 days. Details of the trade and bills receivables of the Group as at 31 December 2024 are set out in note 21 to the financial statements. Up to the date of this report, approximately 69.3% of the trade and bills receivables from the major customers has been settled.

DIRECTORS' REPORT

Most of the Group's revenue was generated from customers in the PRC. Should there be any material adverse change in the political, economic, legal or social conditions in the PRC and the Group is unable to divert sales to other markets outside of the PRC, the turnover, profitability and prospects may be adversely affected. In order to mitigate such risk, the Group will put efforts to expand overseas market and increase the proportion of overseas sales. During the year ended 31 December 2024, we have export sales to America and Asia countries other than the PRC, etc. The Group will also continue to review competitive edges of the Group in the industry and market trend.

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

MAJOR SUPPLIERS AND CUSTOMERS

For the Reporting Period, purchases from the single largest supplier of the Group and the five largest suppliers of the Group in aggregate accounted for approximately 70.19% (2023: approximately 66.85%) and 91.22% (2023: approximately 90.9%) of the Group's total purchases respectively.

For the Reporting Period, sales to the single largest customer of the Group and the five largest customers of the Group in aggregate accounted for approximately 20.02% (2023: approximately 17.49%) and 41.35% (2023: approximately 45.03%) of the Group's total turnover respectively.

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

DIRECTORS

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

Executive Directors

Mr. Lin Wan Tsang (*Chairman*)

Mr. Dong Jiangxiong

Independent non-executive Directors

Dr. Lin Tat Pang

Ms. Luo Mei Kai (appointed on 1 January 2025)

Mr. Yip Wai Man Raymond

Ms. Guo Yang (resigned on 1 January 2025)

Mr. Dong Jiangxiong and Mr. Yip Wai Man Raymond 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.

Ms. Luo Mei Kai shall hold office only until the forthcoming AGM, and being eligible, will offer herself for reelection in accordance with article 112 of the Articles.

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

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

DIRECTORS' REPORT

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 52 to 54 of this annual report.

MANAGEMENT CONTRACTS

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

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed herein, there were no contracts of significance (including for the provision of services) with any member of the Group as the contracting party and in which any of the Controlling Shareholders possessed direct or indirect substantial interests, and which was still valid on 31 December 2024 or any time during such year and related to the business of the Group.

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

As at 31 December 2024, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to Section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

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

Names of Directors	Number of Ordinary Shares		Interests in underlying Shares	Total	Approximate percentage of the total issued Shares (Note 2)
	Beneficial owner	Interests in a controlled corporation	Share options (Note 1)		
Mr. Lin Wan Tsang ("Mr. Lin")	392,546,000	268,000,000 (Note 3)	—	660,546,000	69.05%

Notes:

- (1) These share options represent the awarded shares granted to the Directors under the Pre-IPO Share Option Scheme. Details of the Pre-IPO Share Option Scheme have been disclosed in the above section headed "Pre-IPO Share Option Scheme".
- (2) These percentages have been complied based on the total number of issued Shares (i.e. 956,675,000 Shares) as at 31 December 2024.
- (3) These Shares are held by Wellmass International Limited ("Wellmass"), which is wholly and beneficially owned by Mr. Lin.

DIRECTORS' REPORT

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

Name of the holder of the convertible notes	Principal amount of the convertible notes	Number of the total underlying Shares	Approximate percentage of the total issued Shares (Note 1)
Mr. Lin (Note 2)	139,825,440	254,228,072	26.57%

Notes:

- These percentages have been complied based on the total number of issued Shares (i.e. 956,675,000 Shares) as at 31 December 2024.
- These convertible notes were issued by the Company on 8 July 2015 as part of the consideration to the acquisition of Topspan Holdings Limited and its subsidiaries on 20 May 2015. They are unlisted, interest-free and convertible into the Shares at the conversion price of HK\$0.55 per Share.

Save as disclosed above, none of the Directors or chief executive of the Company and/or any of their respective close associates had registered any interests or short positions in any Shares, underlying Shares in, and debentures of, the Company or any associated corporations as at 31 December 2024, 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 2024, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

(i) Long Position in the Shares

Name of Shareholder	Capacity/Nature of interests	Number of Shares held	Approximate percentage of issued Shares (Note 1)
Wellmass (Note 2)	Beneficial owner	268,000,000	28.01%

Notes:

- These percentages have been complied based on the total number of issued Shares (i.e. 956,675,000 Shares) as at 31 December 2024.
- Wellmass is a company incorporated in the British Virgin Islands, and is solely and beneficially owned by Mr. Lin.

Save as disclosed above, as at 31 December 2024, no person, other than the Directors and chief executive of the Company, whose interests are set out in the section "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above, had registered an interest or short position in the Shares or underlying Shares that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' REPORT**DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

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

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

INDEMNITY OF DIRECTORS

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

DIRECTORS' INTEREST IN A COMPETING BUSINESS

As at 31 December 2024, the Directors were not aware of any business or interest of the Directors and their respective close associates that had competed or might compete with the business of the Group and any other conflicts of interests which any such person had or might have with the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

UPDATE ON DIRECTOR'S INFORMATION

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

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

DIRECTORS' REPORT

EQUITY-LINKED AGREEMENTS

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

CONVERTIBLE NOTES

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

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

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

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

Assuming that there is no change in share capital of the Company since 31 December 2024 and the conversion rights attached to the Convertible Notes are exercised in full, the number of issued Shares will be increased by 254,228,072, representing approximately 26.57% of the issued share capital of the Company as at 31 December 2024 (i.e. 956,675,000 Shares) and approximately 20.99% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares (i.e. 1,210,903,072 Shares).

DIRECTORS' REPORT

Dilution effect of the conversion of Convertible Notes

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

Substantial Shareholders	As at 31 December 2024		Upon full conversion of Convertible Notes as at 31 December 2024	
	Number of Shares	Approximately % of issued Shares	Number of Shares	Approximately % of issued Shares
Mr. Lin Wan Tsang	392,546,000	41.03	646,774,072	53.41
Wellmass International Limited	268,000,000	28.01	268,000,000	22.13

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

Dilution impact on earnings per Share

As calculated based on profit attributable to owners of the Company of approximately HK\$18.4 million for the year ended 31 December 2024, basic and diluted earnings per Share amounted to HK1.9 cents and HK1.5 cents, respectively.

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

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

Date	31 December 2024 (HK\$ per Share)	31 December 2025 (HK\$ per Share)
Share prices	0.55	0.55

Details of the Convertible Notes are set out in note 24 to the financial statements.

PRE-IPO SHARE OPTION SCHEME AND SHARE OPTION SCHEME

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

DIRECTORS' REPORT

Pre-IPO Share Option Scheme

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

No option shall be granted to any eligible participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such Eligible Participant under the Pre-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as maximum entitlement as at the date of such grant.

Initially, options to subscribe for an aggregate of 17,490,000 Shares had been granted to the Grantees. No further securities will be available for issue under the Pre-IPO Share Option Scheme as at the date of this annual report. The number of shares that may be issued in respect of options granted under the Pre-IPO Share Option Scheme of the Company during the Year is nil, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the year ended 31 December 2022. No further options will be issued by the Company pursuant to the Pre-IPO Share Option Scheme. The exercise price per Share is HK\$0.70, which is equivalent to 70% of the offering price per Share. All options granted under the Pre-IPO Share Option scheme on or before 20 June 2013 may be exercised in the following manner:

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

An option may be exercised in accordance with the terms of the Pre-IPO Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the Listing Date subject to the provisions of early termination thereof. An offer for the grant of options must be accepted not later than 21 days from the offer date and a remittance of HK\$1 is payable on acceptance of the grant of an option.

No share options were outstanding, granted, exercised, lapsed and cancelled under the Pre-IPO Share Option Scheme during the Reporting Period.

Share Option Scheme

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

The Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that eligible participants have made or may make to the Group. The eligible participants include employees (whether full-time or part-time), directors of the Company or any subsidiary or any entity in which the Group holds at least 20% of its issued share capital (the "Invested Entity"), suppliers, customers, technological service providers, Shareholders, consultants, joint venture or other business partners to any member of the Group or any Invested Entity. No option is available for grant under the service provider sublimit at the beginning and at the end of the financial year. The eligible participants shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

Subject to the terms and conditions of the Share Option Scheme, the maximum numbers of Shares in respect of which options may be granted under the Share Option Scheme is nil at the beginning and at the end of the financial year. No option shall be granted to any eligible participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant under the Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as maximum entitlement as at the date of such grant. Any grant of further options above this limit shall be subject to the approval of the Shareholders at general meeting.

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

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof. An offer for the grant of options must be accepted not later than 21 days from the offer date and a remittance of HK\$1 is payable on acceptance of the grant of an option.

Subject to earlier termination by the Company in general meeting or by the Directors, the Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. The Share Option Scheme has been expired on 20 June 2023. The remaining life of Share Option Scheme is nil. No share option were granted, exercised, lapsed and cancelled under the Share Option Scheme and no shares available for issue under the Share Option Scheme, representing 0% of the issued Shares as at the date of this report. The number of shares that may be issued in respect of options granted under the Share Option Scheme of the Company during the year ended 31 December 2024 is nil, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the year ended 31 December 2024. The vesting period for options shall not be less than 12 months.

The Share Option Scheme was terminated on 19 May 2023.

DIRECTORS' REPORT

2023 Share Option Scheme

The Company adopted the 2023 Share Option Scheme on 19 May 2023, which became effective on the Listing Date.

The 2023 Share Option Scheme is a share incentive scheme and is established to recognize and motivate the contributions that eligible participants have made or may make to the Group. The eligible participants include employee participants, related entity participants and service providers. 9,017,850 options are available for grant under the service provider sublimit at the beginning and the end of the financial year. The eligible participants shall be determined by the Board from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

Subject to the terms and conditions of the 2023 Share Option Scheme, the maximum numbers of Shares in respect of which options may be granted under the 2023 Share Option Scheme and any other schemes shall not, in aggregate, exceed 10% of the shares in issue as at the date of annual general meeting on 19 May 2023 (i.e. 90,178,500 Shares), where the 2023 Share Option Scheme adopted in 2023, which is 90,178,500 Shares at the beginning and at the end of the financial year unless approved by the Shareholders. No option shall be granted to any eligible participant which, if exercised in full would result in the total number of the Shares issued and to be issued upon exercise of the options already granted or to be granted to such eligible participant under the 2023 Share Option Scheme, Share Option Scheme and the Pre-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in any 12-month period up to and including the date of such grant exceeding 1% in aggregate of the Shares in issue as maximum entitlement as at the date of such grant. Any grant of further options above this limit shall be subject to the approval of the Shareholders at general meeting.

The exercise price for any share option under the 2023 Share Option Scheme shall be a price determined by the Board and shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the offer date of the relevant option; (ii) an amount equivalent to the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five trading days immediately preceding the offer date of the relevant option; and (iii) the nominal value of a Share on the offer date.

An option may be exercised in accordance with the terms of the 2023 Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the offer date subject to the provisions of early termination thereof. An offer for the grant of options must be accepted not later than 21 days from the offer date and a remittance of HK\$1 is payable on acceptance of the grant of an option.

Subject to earlier termination by the Company in general meeting or by the Directors, the 2023 Share Option Scheme shall be valid and effective for a period of ten years from the date of adoption. The Share Option Scheme will expire on 19 May 2033. The remaining life of 2023 Share Option Scheme is 8 years. No share option granted, exercised, lapsed and cancelled under the 2023 Share Option Scheme and the total number of shares available for issue under the 2023 Share Option Scheme is 90,178,500 Shares, representing approximately 9.43% of the issued Shares as at the date of this report. The number of shares that may be issued in respect of options granted under the 2023 Share Option Scheme of the Company during the year ended 31 December 2024 is nil, representing 0% of the weighted average number of shares of the relevant class in issue of the Company for the year ended 31 December 2024. The vesting period for options shall not be less than 12 months.

CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as disclosed in note 32 to the financial statements constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

DIRECTORS' REPORT

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

Connected Person	Nature of Transactions	Time Periods	Actual monetary value for the year ended 31 December 2024
			HK\$'000
Precious Dragon and its subsidiaries (collectively, "Precious Dragon Group")			
Guangzhou Euro Asia Aerosol & Household Products Manufacture Co., Ltd.* (廣州歐亞氣霧劑與日化用品製造有限公司, "Guangzhou Euro Asia")	Sales of products	1 January 2024 - 31 December 2024	12,929
Guangzhou Botny Chemical Co., Ltd* (廣州保賜利化工有限公司, "Guangzhou Botny")	Sales of products	1 January 2024 - 31 December 2024	821
			13,750

* For identification purpose only

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

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

On 17 April 2019, Hong Kong Aluminum Cans Limited ("Hong Kong Aluminum Cans", a wholly-owned subsidiary of the Company) and Precious Dragon entered into the master supply agreement (the "Master Supply Agreement"), pursuant to which the Group shall supply to Precious Dragon Group certain monobloc aluminum aerosol cans from 21 June 2019 to 31 December 2021.

The Master Supply Agreement expired on 31 December 2021. To continue the sale of certain monobloc aluminum aerosol cans to the Precious Dragon Group after 31 December 2021 during its ordinary course of business, on 8 December 2021, Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies) and Precious Dragon (for itself and on behalf of its subsidiaries) entered into another master supply agreement (the "2021 Master Supply Agreement") in relation to the sale of certain monobloc aluminum aerosol cans by the Group to the Precious Dragon Group for a term of three years from 1 January 2022 to 31 December 2024 (both days inclusive). To further continue the sale of certain monobloc aluminum aerosol cans to the Precious Dragon Group after 31 December 2024 during its ordinary course of business, on 6 January 2025, Hong Kong Aluminum Cans (for itself and on behalf of its subsidiaries and holding companies) and Precious Dragon (for itself and on behalf of its subsidiaries) entered into another master supply agreement (the "2025 Master Supply Agreement") in relation to the sale of certain monobloc aluminum aerosol cans by the Group to the Precious Dragon Group for a term of three years from 1 January 2025 to 31 December 2027 (both days inclusive). The selling price was determined with reference to the costs of products (including with the logistic costs, taxes, insurance and other relevant costs) plus a profit margin, selling price offered to independent customers and of the same or comparable products in the market.

As set out in the announcement of the Company dated 6 January 2025 and the circular of the Company dated 27 January 2025, the annual caps under the 2025 Master Supply Agreement (the "Annual Caps") for the three financial years ending 31 December 2025, 31 December 2026 and 31 December 2027 were HK\$28 million, HK\$29 million and HK\$31 million, respectively.

DIRECTORS' REPORT

Mr. Lin, an executive Director and the controlling Shareholder, was therefore a connected person of the Company. On the other hand, Mr. Lin was a controlling shareholder of Precious Dragon. Precious Dragon is an associate of Mr. Lin and therefore a connected person of the Company. Accordingly, the entering into of the New Master Supply Agreement and the transactions contemplated thereunder constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio (other than the profits ratio) as defined under the Listing Rules for the Annual Caps exceeds 5%, the New Master Supply Agreement and the transactions contemplated thereunder (including the Annual Caps) are subject to the reporting, announcement, annual review, circular 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 had reviewed the Transactions and confirmed that the Transactions for the Reporting Period were:

- (i) in the ordinary and usual course of the Company's business;
- (ii) on normal commercial terms or better to the Company; and
- (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

PUBLIC FLOAT

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

FUTURE PROSPECTS AND DEVELOPMENT

Our management believes 2025 will be a difficult year for the Group due to (i) the uncertainty in the global economic environment; (ii) the soft landing of growth in consumable products and domestic demands in high-end personal care products in the PRC; (iii) the fluctuating raw material prices; (iv) the intensified range in volatile fluctuation of RMB against USD; and (v) the increasing competition from small-sized overseas aerosol can manufacturers.

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

AUDITOR

Ernst & Young, the auditor of the Company, will retire at the conclusion of the forthcoming AGM of the Company and be eligible to offer itself for re-appointment. A resolution will be submitted to the AGM to be held on 21 May 2025 to seek Shareholders' approval on the appointment of Ernst & Young as the Company's auditor until the conclusion of the next AGM and to authorize the Board to fix its remuneration.

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

Hong Kong, 21 March 2025

INDEPENDENT AUDITOR'S REPORT

To the shareholders of China Aluminum Cans Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Aluminum Cans Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 74 to 141, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
<i>Inventory provisions</i>	
As at 31 December 2024, the carrying amount of inventories amounted to HK\$30.2 million, net of allowance for inventory obsolescence of HK\$4.1 million. The inventories were valued at the lower of cost or net realisable value. Management periodically performed stock-take to identify damaged, slow-moving and obsolete inventories.	We evaluated management's process of identifying damaged, slow-moving and obsolete inventories and calculating the provisions.
The determination of the net realisable value reflects management's best estimate of the likely sales prices and the physical condition of inventories, based on the categories and ageing of the inventories.	We tested the ageing analysis of inventories, on a sample basis, by checking to the invoices and other relevant supporting documents.
Significant judgements and estimates were required in determining of the net realisable value, including the likely sales prices for different categories of inventories. These judgements and estimates have a material impact on the calculation of net realisable value. As a result, this matter was considered as a key audit matter.	We tested, on a sample basis, the estimated selling prices of significant inventory items against the actual selling price subsequent to the year end or latest sales data and compared the estimated selling prices of selected inventory items against their costs.
Details of the inventory provisions are disclosed in note 2.4 "Material accounting policies", note 3 "Significant accounting judgements and estimates", note 6 "Profit before tax" and note 15 "Inventories" to the consolidated financial statements.	We assessed the methodology and assumptions used in the calculation of the net realisable value of the inventories; and recalculated the amount of write-down in inventories.
	We observed the condition of inventories in stock-take to inspect obsolete and damaged inventories.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

(continued)

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

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

(continued)

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

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

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

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

Certified Public Accountants
Hong Kong
21 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
REVENUE	5	227,796	235,507
Cost of sales		(166,326)	(165,909)
Gross profit		61,470	69,598
Other income and gains	5	11,116	10,093
Selling and distribution expenses		(4,407)	(4,935)
Administrative expenses		(25,588)	(25,645)
Research and development expenses	6	(10,928)	(10,323)
Reversal/(provision) of impairment on financial assets, net	6	663	(317)
Other expenses		(8,124)	(8,668)
Finance costs	7	(20)	(16)
PROFIT BEFORE TAX	6	24,182	29,787
Income tax expenses	10	(5,465)	(7,897)
PROFIT FOR THE YEAR		18,717	21,890
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Fair value gain on treasury investments	19	(3)	728
Exchange differences on translation of foreign operations		(4,895)	(10,780)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		13,819	11,838
Profit attributable to:			
Owners of the parent		18,367	21,461
Non-controlling interests		350	429
		18,717	21,890
Total comprehensive income attributable to:			
Owners of the parent		13,539	11,541
Non-controlling interests		280	297
		13,819	11,838
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic		HK1.9 cents	HK2.4 cents
Diluted		HK1.5 cents	HK1.6 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	31 December 2024 HK\$'000	31 December 2023 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	160,222	182,141
Right-of-use assets	14	10,287	10,802
Deferred tax assets	26	3,071	2,597
Long-term treasury investments	19	—	23,346
Total non-current assets		173,580	218,886
CURRENT ASSETS			
Inventories	15	30,186	26,012
Trade and bills receivables	16	27,260	30,501
Prepayments, other receivables and other assets	17	3,063	2,728
Financial assets at fair value through profit or loss	18	6,479	—
Short-term treasury investments	19	11,832	25,411
Cash and cash equivalents	20	30,621	39,500
Total current assets		109,441	124,152
CURRENT LIABILITIES			
Trade and bills payables	21	5,913	4,140
Other payables and accruals	22	13,235	14,659
Interest-bearing bank and other borrowings	23	53	—
Lease liabilities		171	63
Tax payable		733	—
Deferred income	25	243	252
Total current liabilities		20,348	19,114
NET CURRENT ASSETS		89,093	105,038
TOTAL ASSETS LESS CURRENT LIABILITIES		262,673	323,924
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	23	—	126
Deferred tax liabilities	26	1,916	2,682
Deferred income	25	3,805	4,122
Total non-current liabilities		5,721	6,930
Net assets		256,952	316,994
EQUITY			
Equity attributable to owners of the parent			
Share capital	27	9,567	9,116
Equity component of convertible notes	24	139,826	216,826
Reserves	29	103,798	86,740
Non-controlling interests		253,191	312,682
Total equity		3,761	4,312
		256,952	316,994

Lin Wan Tsang

Director

Dong Jiangxiong

Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2024

	Attributable to owners of the parent											
											Non-controlling interests	Total equity
	Equity component of					Exchange fluctuation		Retained profits	Total			
	Share capital	Share premium account	Contributed surplus	Merger reserve	convertible notes	Reserve funds	Fair value reserve			reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000			HK\$'000		
At 1 January 2024	9,116	655,075 ^a	111,196 ^a	(900,000) ^a	216,826	53,935 ^a	719 ^a	(24,404) ^a	190,219 ^a	312,682	4,312	316,994
Profit for the year	—	—	—	—	—	—	—	—	18,367	18,367	350	18,717
Other comprehensive loss for the year:												
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	(482)	—	—	(482)	(8)	(490)
Exchange differences related to foreign operations	—	—	—	—	—	—	—	(4,826)	—	(4,826)	(69)	(4,895)
Total comprehensive income for the year	—	—	—	—	—	—	(482)	(4,826)	18,367	13,059	273	13,332
Shares repurchased and cancelled	(949)	—	—	—	—	—	—	—	(65,281)	(66,230)	—	(66,230)
Exercise of the conversion rights attached to the Convertible Notes	1,400	75,600	—	—	(77,000)	—	—	—	—	—	—	—
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	—	—	—	—	—	—	480	—	—	480	7	487
Transfer from retained profits	—	—	—	—	—	2,524	—	—	(2,524)	—	—	—
Dividends paid	—	—	—	—	—	—	—	—	(6,800)	(6,800)	(831)	(7,631)
At 31 December 2024	9,567	730,675 ^a	111,196 ^a	(900,000) ^a	139,826	56,459 ^a	717 ^a	(29,230) ^a	133,981 ^a	253,191	3,761	256,952

	Attributable to owners of the parent											
	Equity											
	Share	Share	Contributed	Merger	Share	component of	Reserve	Exchange	Retained		Non-	Total
	capital	premium	surplus	reserve	option	convertible	funds	fluctuation	profits	Total	controlling	equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
(note 29)						(note 26)	(note 31)					
At 1 January 2023	9,018	607,174	111,196	(900,000)	271,826	50,848	—	(13,765)	220,954	357,251	5,074	362,325
Profit for the year	—	—	—	—	—	—	—	—	21,461	21,461	429	21,890
Other comprehensive income for the year:												
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	—	—	—	—	—	—	719	—	—	719	9	728
Exchange differences related to foreign operations	—	—	—	—	—	—	—	(10,639)	—	(10,639)	(141)	(10,780)
Total comprehensive income for the year	—	—	—	—	—	—	719	(10,639)	21,461	11,541	297	11,838
Shares repurchased and cancelled	(902)	—	—	—	—	—	—	—	(49,109)	(50,011)	—	(50,011)
Exercise of the conversion rights attached to the Convertible Notes	1,000	54,000	—	—	(55,000)	—	—	—	—	—	—	—
Transfer from retained profits	—	—	—	—	—	3,087	—	—	(3,087)	—	—	—
Dividends paid	—	(6,099)	—	—	—	—	—	—	—	(6,099)	(1,059)	(7,158)
At 31 December 2023	9,116	655,075*	111,196*	(900,000)*	216,826	53,935*	719*	(24,404)*	190,219*	312,682	4,312	316,994

[#] These reserve accounts comprise the consolidated reserves of HK\$103,798,000 (2023: HK\$86,740,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		24,182	29,787
Adjustments for:			
Finance costs	7	20	16
Bank interest income	5	(816)	(785)
Dividend income from financial assets at fair value through profit or loss	18	(635)	—
Gain on derecognition of treasury investments	5	(487)	(650)
Loss on disposal of property, plant and equipment	5	767	82
Depreciation of items of property, plant and equipment	13	17,015	16,855
Depreciation of right-of-use assets	14	659	498
Write-down of inventories to net realisable value	6	653	72
Impairment losses on financial assets	6	(663)	317
Impairment losses on property, plant and equipment	6	4,051	6,480
		44,746	52,672
Increase in inventories		(6,215)	(420)
Increase in trade and bills receivables		(5,207)	(2,905)
Increase in prepayments, other receivables and other assets		(335)	(2,220)
Decrease in amounts due from related parties		8,082	4,087
(Decrease)/increase in trade and bills payables		1,773	(1,883)
Decrease in other payables and accruals		(1,424)	(1,304)
Decrease in deferred income		(251)	(256)
Cash generated from operations		41,169	47,771
Withholding tax paid		(3,029)	(3,924)
PRC corporate income tax paid		(2,967)	(5,802)
Net cash flows from operating activities		35,173	38,045

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Gains from financial assets at fair value through profit or loss	5	635	—
Purchase of financial assets at fair value through profit or loss	18	(9,719)	—
Proceeds from disposal of financial assets at fair value through profit or loss	18	3,240	—
Purchases of items of property, plant and equipment		(4,538)	(3,013)
Proceeds from disposal of items of property, plant and equipment		3,694	416
Purchases of treasury investments		(48,127)	(103,001)
Proceeds from sales or upon maturities of treasury investments		85,132	56,033
Interest received from the bank		816	374
Net cash flows from/(used in) investing activities		31,133	(49,191)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		358	719
Repayment of bank loans		(429)	(970)
Interest paid		(20)	(16)
Dividends paid to owners of the parent		(6,800)	(6,099)
Dividends paid to non-controlling interests		(831)	(1,059)
Shares repurchased and cancelled		(66,230)	—
Shares repurchased		—	(50,011)
Principal portion of lease payments		(228)	(61)
Net cash flows used in financing activities		(74,180)	(57,497)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Exchange realignment		(1,005)	(4,647)
Cash and cash equivalents at beginning of year		39,500	112,790
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	30,621	39,500
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	19	30,621	39,500
Cash and cash equivalents as stated in the consolidated statement of cash flows		30,621	39,500

NOTES TO FINANCIAL STATEMENTS

31 December 2024

1. CORPORATE AND GROUP INFORMATION

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

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

In the opinion of the directors (the "Directors"), as at 31 December 2024, the immediate holding company and ultimate holding company of the Company is Wellmass International Limited ("Wellmass"), a company incorporated in the British Virgin Islands (the "BVI").

Information about subsidiaries

Particulars of the Company's subsidiaries are as follows:

Company name	Place of incorporation/ registration and business	Issued capital	Percentage of equity attributable to the Company		Principal activities
			Direct %	Indirect %	
Euro Asia Investments Global Limited	BVI	US\$1	100	—	Investment holding
Hong Kong Aluminum Cans Limited	Hong Kong	HK\$1,001	—	100	Trading of aluminum aerosol cans
Euro Asia Packaging (Hong Kong) Co. Limited	Hong Kong	HK\$1,000,000	—	100	Trading of aluminum aerosol cans
Euro Asia Packaging (Guangdong) Co., Ltd. ("Euro Asia Packaging") (廣東歐亞包裝有限公司)*	Mainland China	RMB125,000,000	—	98.6	Manufacture and sale of aluminum aerosol cans
European Asia Group Company Limited	Hong Kong	HK\$1,500,000	—	98.6	Trading of aluminum aerosol cans

* Euro Asia Packaging is registered as a non-wholly-foreign-owned enterprise under the laws of the People's Republic of China (the "PRC").

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

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

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i> <i>(the "2020 Amendments")</i>
Amendments to IAS 1	<i>Non-current Liabilities with</i> <i>Covenants (the "2022 Amendments")</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

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

- (a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.
- (b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

- (c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised IFRSs, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to IAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to IFRS Accounting Standards– Volume 11</i>	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

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

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS**
(continued)

Amendments to IFRS 9 and IFRS 7 clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

(continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- *IFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- *IAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.4 MATERIAL ACCOUNTING POLICIES****Fair value measurement**

The Group measures its 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.

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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.4 MATERIAL ACCOUNTING POLICIES** *(continued)***Related parties**

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the Group (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Property, plant and equipment and depreciation

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

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

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 capitalized 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 recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

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

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

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

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

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

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

Group as a lessee

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.4 MATERIAL ACCOUNTING POLICIES** *(continued)***Leases** *(continued)**Group as a lessee (continued)*

(a) Right-of-use assets

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

Leasehold land	50 years
Buildings	1.5 to 2.5 years

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

(b) Lease liabilities

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

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

(c) Short-term leases

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.4 MATERIAL 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 derecognized (i.e., removed from the Group's consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes 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 recognizes an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

- Stage 1: Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2: Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3: Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.4 MATERIAL ACCOUNTING POLICIES** *(continued)***Financial liabilities****Initial recognition and measurement**

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

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

The Group's financial liabilities include trade and other payables, an amount due to a related party and interest-bearing bank and other borrowings.

Subsequent measurement

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

- (i) Financial liabilities at amortized cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortized 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 recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process.

Amortized 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 amortization is included in finance costs in profit or loss.

Convertible notes

If the convertible notes have all the features and meet the conditions of an equity, it is recognized as equity instruments in the statement of financial position. On 8 July 2015, the Company issued the HK\$780,000,000 convertible notes. As the convertible notes are not redeemable and carry no interests, it contains no contractual obligation and it will be settled by the exchange of a fixed amount of another financial asset for a fixed number of the company's own equity instruments. Thus, the convertible notes of the Company are classified as equity.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Derecognition of financial liabilities

A financial liability is derecognized 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 recognized in profit or loss.

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognized 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 Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognized 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.4 MATERIAL ACCOUNTING POLICIES** *(continued)***Income tax**

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized 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 recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, 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 does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized 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 utilized.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized 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 realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of each reporting period.

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

Government grants

Government grants are recognized 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 recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

2. ACCOUNTING POLICIES *(continued)***2.4 MATERIAL ACCOUNTING POLICIES** *(continued)***Revenue recognition****Revenue from contracts with customers**

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

Sale of industrial products

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

Other income

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

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

Contract liabilities

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

Employee benefits

The Group's subsidiaries which operate in Hong Kong operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss 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.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Tax

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

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

Deferred tax liabilities are recognized for a withholding tax levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognized, based upon the likely dividends to be 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, the expected usage of the asset, the expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end based on changes in circumstances. The carrying amounts of property, plant and equipment at 31 December 2024 and 2023 were HK\$160,222,000 and HK\$182,141,000, respectively. Further details are given in note 13.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)***Estimation uncertainty** *(continued)**Write-down of inventories to net realisable value*

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

Provision for expected credit losses on trade receivables

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

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

The assessment of the correlation among historical observed default rates, forecasted economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecasted economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 16 to the financial statements.

Leases – Estimating the incremental borrowing rate

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

4. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(a) Revenue from external customers:

	2024 HK\$'000	2023 HK\$'000
Africa	1,362	2,156
America	12,680	15,014
Asia	11,849	7,538
Mainland China	201,905	210,799
Total revenue	227,796	235,507

The revenue information above is based on the shipment destinations.

(b) Non-current assets

	2024 HK\$'000	2023 HK\$'000
Hong Kong	157	219
Mainland China	170,352	216,070
Total non-current assets	170,509	216,289

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers	227,796	235,507

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	2024 HK\$'000	2023 HK\$'000
Type of goods		
Sale of industrial products	227,796	235,507
Geographical markets		
Africa	1,362	2,156
America	12,680	15,014
Asia	11,849	7,538
Mainland China	201,905	210,799
Total revenue from contracts with customers	227,796	235,507
Timing of revenue recognition		
Goods transferred at a point in time	227,796	235,507

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

	2024 HK\$'000	2023 HK\$'000
Revenue recognised that was included in the contract liabilities at the beginning of the reporting period:		
Sale of industrial products	6,071	5,801

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Revenue *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations

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

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 180 days from delivery, except for some customers, where payment in advance is normally required.

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

	2024 HK\$'000	2023 HK\$'000
Amounts expected to be recognized as revenue:		
Within one year	5,026	6,071

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

5. REVENUE, OTHER INCOME AND GAINS *(continued)*

Other income and gains

	2024 HK\$'000	2023 HK\$'000
Sale of scrap materials	7,266	5,374
Bank interest income	816	785
Government grants:		
— Related to assets*	59	256
— Related to income**	459	731
Tax preference***	778	961
Foreign exchange differences	—	—
Income from research and development design	227	352
Forfeiture of customers' deposit	195	236
Gain on derecognition of treasury investments	487	650
Others	194	748
Gains from financial assets at fair value through profit or loss	635	—
Total other income and gains	11,116	10,093

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

** Various government grants of HK\$459,000 (2023: HK\$731,000) represent cash receipts from and subsidies provided by the local government authorities to the Group as an encouragement for its technological innovation and an reward for a high technology enterprise. There are no unfulfilled conditions or contingencies relating to these grants.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

6. PROFIT BEFORE TAX

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

	Notes	2024 HK\$'000	2023 HK\$'000
Cost of inventories sold		166,326	165,909
Depreciation of property, plant and equipment	13	17,015	16,855
Depreciation of right-of-use assets	14(a)	659	498
Auditor's remuneration		1,227	1,172
Research and development costs		10,928	10,323
Lease payments not included in the measurement of lease liabilities	14(c)	94	222
Employee benefit expense (excluding directors' remuneration (note 8)):			
Wages and salaries		31,562	30,409
Pension scheme contributions		2,445	2,245
		34,007	32,654
Foreign exchange differences, net*		298	780
Loss on disposal of items of property, plant and equipment*		767	82
Impairment losses on financial assets	16	(663)	317
Write-down of inventories to net realisable value*		653	72
Impairment losses on property, plant and equipment*		4,051	6,480

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 HK\$'000	2023 HK\$'000
Interest on bank loans wholly repayable within five years	8	11
Interest on lease liabilities (note 14)	12	5
	20	16

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8. DIRECTORS' REMUNERATION

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

	2024 HK\$'000	2023 HK\$'000
Fees	2,017	2,017
Other emoluments:		
Salaries, allowances and benefits in kind	344	346
Pension scheme contributions	18	18
Performance related bonuses	362	166
Subtotal	724	530
Total fees and other emoluments	2,741	2,547

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

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

	2024 HK\$'000	2023 HK\$'000
Independent non-executive directors:		
Mr. Lin Tat Pang	210	210
Ms. Guo Yang	210	210
Mr. Yip Wai Man	210	210
	630	630
Non-executive director:		
Mr. Kwok Tak Wang*	—	—
Total	630	630

* Mr. Kwok Tak Wang resigned as a non-executive Director with effect from 12 May 2023.

There were no other emoluments payable to the independent non-executive directors during the year (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Performance related bonuses HK\$'000	Total remuneration HK\$'000
2024					
Executive directors:					
Mr. Lin Wan Tsang	1,177	344	18	362	1,901
Mr. Dong Jiangxiong	210	—	—	—	210
Subtotal	1,387	344	18	362	2,111

	Fees HK\$'000	Salaries, allowances and benefits in kind HK\$'000	Pension scheme contributions HK\$'000	Performance related bonuses HK\$'000	Total remuneration HK\$'000
2023					
Executive directors:					
Mr. Lin Wan Tsang	1,177	346	18	166	1,707
Mr. Dong Jiangxiong	210	—	—	—	210
Subtotal	1,387	346	18	166	1,917

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2023: Nil).

NOTES TO FINANCIAL STATEMENTS

31 December 2024

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2023: one), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the four (2023: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2024 HK\$'000	2023 HK\$'000
Salaries, allowances and benefits in kind	2,226	2,248
Pension scheme contributions	132	104
Performance related bonuses	1,059	962
Total	3,417	3,314

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

	2024	2023
Nil to HK\$1,000,000	3	3
HK\$1,000,001 to HK\$1,500,000	—	—
HK\$1,500,001 to HK\$2,000,000	1	1
Total	4	4

During the year and in prior years, there were no non-director highest paid employees who were granted share options in respect of their services to the Group.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands, and accordingly, is exempt from the payment of the Cayman Islands income tax.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any tax in the BVI.

Hong Kong profits tax was provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the year 2024 (2023: 16.5%).

Pursuant to the PRC Income Tax Law and the respective regulations, subsidiaries of the Group operating in Mainland China are subject to Corporate Income Tax ("CIT") at a rate of 25% on the taxable income. Preferential tax treatment is available to the Group's operating subsidiary, Euro Asia Packaging, since it was recognised as a high technology enterprise and was entitled to a preferential tax rate of 15% for the years of 2024 and 2023.

	2024 HK\$'000	2023 HK\$'000
Current – Mainland China	6,758	8,594
Deferred	(1,293)	(697)
Total tax charge for the year	5,465	7,897

A reconciliation of the tax expenses applicable to profit before tax using the statutory rate for the jurisdictions in which the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable tax rates to the effective tax rates, are as follows:

	2024 HK\$'000	%	2023 HK\$'000	%
Profit before tax	24,182		29,787	
Tax charged at the statutory tax rate	6,046	25.0	7,447	25.0
Entities subject to a preferential tax rate	(2,488)	(10.3)	(3,025)	(10.2)
Effect of withholding tax on movement of undistributed profits of the PRC subsidiary	(752)	(3.1)	(84)	(0.3)
Super deduction of R&D	(1,476)	(6.1)	(1,503)	(5.0)
Withholding income tax expense for the current period	3,005	12.4	3,779	12.7
Income not subject to tax	(116)	(0.5)	—	—
Expenses not deductible for tax	568	2.3	380	1.3
Tax losses and temporary differences not recognized	719	3.0	903	3.0
Adjustments in respect of current tax of previous periods	(41)	(0.2)	—	—
Tax charge at the Group's effective tax rate	5,465	22.6	7,897	26.5

NOTES TO FINANCIAL STATEMENTS

31 December 2024

11. DIVIDENDS-PENDING

	Note	2024 HK\$'000	2023 HK\$'000
Interim – HK0.28 cent (2023: HK0.29 cent) per ordinary share		2,679	2,760
Proposed final – HK0.28 cent (2023: HK0.4 cent) per ordinary share	(i)	2,679	3,646
Total		5,358	6,406

Note:

- (i) The proposed dividend on ordinary shares is subject to approval at the annual general meeting and was not recognized as a liability as at 31 December 2024.

12. 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 951,782,173 (2023: 908,760,288) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

	2024 HK\$'000	2023 HK\$'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	18,367	21,461

	Number of shares	
Shares		
Weighted average number of ordinary shares outstanding used in the basic earnings per share calculation	951,782,173	908,760,288
Effect of dilution – weighted average number of ordinary shares: Convertible Notes	254,228,072	394,228,072
Adjusted weighted average number of ordinary shares outstanding used in the diluted earnings per share calculation	1,206,010,244	1,302,988,360

NOTES TO FINANCIAL STATEMENTS

31 December 2024

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$'000	Plant and machinery HK\$'000	Office and other equipment HK\$'000	Motor vehicles HK\$'000	Construction in progress HK\$'000	Total HK\$'000
31 December 2024						
At 1 January 2024:						
Cost	79,939	309,608	7,834	8,070	17,739	423,190
Accumulated depreciation	(36,919)	(193,550)	(4,898)	(5,682)	—	(241,049)
Net carrying amount	43,020	116,058	2,936	2,388	17,739	182,141
At 1 January 2024, net of accumulated depreciation	43,020	116,058	2,936	2,388	17,739	182,141
Additions	656	(2,381)	1,055	1,091	4,117	4,538
Disposals	—	(2,747)	(700)	(1,014)	—	(4,461)
Depreciation provided during the year	(4,319)	(11,940)	(297)	(459)	—	(17,015)
Impairment*	—	—	—	—	(4,051)	(4,051)
Transfers	—	4,201	—	—	(4,201)	—
Exchange realignment	(724)	330	415	777	(1,728)	(930)
At 31 December 2024, net of accumulated depreciation and impairment	38,633	103,521	3,409	2,783	11,876	160,222
At 31 December 2024:						
Cost	79,166	303,149	8,058	8,031	11,876	410,280
Accumulated depreciation and impairment	(40,533)	(199,628)	(4,649)	(5,248)	—	(250,058)
Net carrying amount	38,633	103,521	3,409	2,783	11,876	160,222
31 December 2023						
At 1 January 2023:						
Cost	77,593	319,174	7,914	9,654	25,307	439,642
Accumulated depreciation	(33,690)	(187,244)	(4,774)	(5,373)	—	(231,081)
Net carrying amount	43,903	131,930	3,140	4,281	25,307	208,561
At 1 January 2023, net of accumulated depreciation	43,903	131,930	3,140	4,281	25,307	208,561
Additions	4,561	(3,327)	228	—	1,857	3,319
Disposals	—	(365)	(10)	(123)	—	(498)
Depreciation provided during the year	(4,216)	(11,717)	(196)	(726)	—	(16,855)
Impairment*	—	(600)	—	(932)	(4,948)	(6,480)
Transfers	—	3,825	—	—	(3,825)	—
Exchange realignment	(1,228)	(3,688)	(226)	(112)	(652)	(5,906)
At 31 December 2023, net of accumulated depreciation and impairment	43,020	116,058	2,936	2,388	17,739	182,141
At 31 December 2023:						
Cost	79,939	309,608	7,834	8,070	17,739	423,190
Accumulated depreciation and impairment	(36,919)	(193,550)	(4,898)	(5,682)	—	(241,049)
Net carrying amount	43,020	116,058	2,936	2,388	17,739	182,141

NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

- (a) The Group's buildings are located in Mainland China.
- (b) Certain of the Group's undrawn banking facilities were secured by the Group's buildings with a carrying value of HK\$7,125,000 as at 31 December 2024 (2023: HK\$1,785,000) (note 23).
- (c) Certain of the Group's undrawn banking facilities were secured by the Group's plant and machinery with a carrying value of HK\$29,354,000 as at 31 December 2024 (2023: HK\$35,062,000) (note 23).
- (d) During the year ended 31 December 2024, impairment losses amounting to HK\$4,051,000 were recognized on certain property, plant and equipment related to Euro Asia Packaging's manufacture and sale of aluminum aerosol cans business due to their utilization and condition not meeting the Group's expectations. The recoverable amount of these assets was determined based on fair value less costs of disposal by referencing to market price of similar assets. Impairment losses amounting to HK\$4,051,000 were all recognized on machinery and equipment under construction in progress. The recoverable amount for these items was determined using a value-in-use calculation based on cash flow projections derived from financial budgets. The discount rate applied to the cash flow projections was 16.9%, which was before tax and reflected specific risks relating to the relevant unit.

14. LEASES**The Group as a lessee**

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

(a) Right-of-use assets

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

	Leasehold land HK\$'000	Buildings HK\$'000	Total HK\$'000
As at 1 January 2024	10,739	63	10,802
Additions	—	336	336
Depreciation charge	(429)	(230)	(659)
Exchange realignment	(192)	—	(192)
As at 31 December 2024	10,118	169	10,287

	Leasehold land HK\$'000	Buildings HK\$'000	Total HK\$'000
As at 1 January 2023	11,505	124	11,629
Depreciation charge	(437)	(61)	(498)
Exchange realignment	(329)	—	(329)
As at 31 December 2023	10,739	63	10,802

NOTES TO FINANCIAL STATEMENTS

31 December 2024

14. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

Certain of the Group's interest-bearing bank borrowings were secured by the Group's leasehold land with a carrying value of HK\$2,310,000 as at 31 December 2024 (2023: HK\$2,449,000) (note 23).

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

(b) Lease liabilities

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

	2024 HK\$'000	2023 HK\$'000
Carrying amount at 1 January	63	124
Accretion of interest recognized during the year	12	5
Payments	(240)	(66)
New leases	336	—
Carrying amount at 31 December	171	63
Analyzed into:		
Current portion	171	63
Non-current portion	—	—

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

	2024 HK\$'000	2023 HK\$'000
Interest on lease liabilities	12	5
Depreciation charge of right-of-use assets	659	498
Expense relating to short-term leases (included in cost of sales and administrative expenses)	94	222
Total amount recognized in profit or loss	765	725

The Group has no significant future cash outflows relating to leases that have not yet commenced.

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31 December 2024

15. INVENTORIES

	2024 HK\$'000	2023 HK\$'000
Raw materials	11,301	11,131
Work in progress	8,245	3,942
Finished goods	10,640	10,939
Total	30,186	26,012

As at 31 December 2024, the amount of inventories is net of a write-down of approximately HK\$4,112,000 (2023: HK\$3,689,000).

16. TRADE AND BILLS RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	26,439	29,517
Impairment	(113)	(781)
Net carrying amount	26,326	28,736
Bills receivable	934	1,765
Total	27,260	30,501

The Group requires most of its customers to make payments in advance, however, the Group generally grants credit terms from 30 to 180 days to those customers with good payment history. The credit period for specific customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate.

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

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

16. TRADE AND BILLS RECEIVABLES *(continued)*

An ageing analysis of the trade receivables as at the end of each reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	9,657	9,720
31 to 60 days	6,768	6,144
61 to 90 days	7,483	5,283
Over 90 days	2,418	7,589
Total	26,326	28,736

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

	2024 HK\$'000	2023 HK\$'000
At beginning of year	781	1,871
Reversal/(provision) of impairment on financial asset, net (note 6)	(663)	317
Amount written off as uncollectible	—	(1,359)
Exchange realignment	(5)	(48)
At end of year	113	781

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECLs). The provision rates are based on the invoice date for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and rating, ageing of the balances and recent historical payment patterns). For certain trade receivables for which the counterparty failed to make demanded repayments, the Group has made a 100% provision ("Default receivables"). Except for Default receivables, the Group used the calculation which reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

16. TRADE AND BILLS RECEIVABLES (continued)

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

	Ageing					Total
	1 to 30 days	31 to 60 days	61 to 90 days	91 to 120 days	Over 120 days	
As at 31 December 2024						
Related party:						
Expected credit loss rate	—	—	—	—	—	—
Gross carrying amount (HK\$'000)	961	753	1,163	244	—	3,121
Expected credit losses (HK\$'000)	—	—	—	—	—	—
Third party:						
Other receivables						
Expected credit loss rate	0.17%	0.26%	0.46%	1.85%	100.00%	0.48%
Gross carrying amount (HK\$'000)	8,711	6,031	6,349	2,215	12	23,318
Expected credit losses (HK\$'000)	15	16	29	41	12	113
Total expected credit losses (HK\$'000)	15	16	29	41	12	113

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

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

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17. PREPAYMENTS, OTHER RECEIVABLES AND ASSETS

	2024 HK\$'000	2023 HK\$'000
Current assets		
Prepayments	1,575	2,319
Deposits and other receivables	1,483	404
Due from a director	5	5
Total	3,063	2,728

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK\$'000	2023 HK\$'000
Financial assets at fair value through profit or loss		
Other unlisted investment, at fair value	6,479	—

The above equity investment were classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

19. TREASURY INVESTMENTS

	2024 HK\$'000	2023 HK\$'000
Long-term treasury investments at		
– Fair value through other comprehensive income	—	23,346
Short-term treasury investments at		
– Fair value through other comprehensive income	11,832	—
– Amortised cost	—	25,411

Treasury investments at amortised cost were primarily term deposits. Treasury investments at fair value through other comprehensive income were large-denomination negotiable certificates of term deposits.

NOTES TO FINANCIAL STATEMENTS

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19. TREASURY INVESTMENTS *(continued)*

Treasury investments were denominated in the following currencies:

	2024 HK\$'000	2023 HK\$'000
— Renminbi ("RMB")	11,832	23,346
— Hong Kong dollar ("HK\$")	—	25,411
Total	11,832	48,757

20. CASH AND CASH EQUIVALENTS

	2024 HK\$'000	2023 HK\$'000
Cash and bank balances	30,621	39,500
Cash and bank balances denominated in		
— Renminbi ("RMB")	24,932	33,011
— United States dollar ("US\$")	4,476	4,426
— Hong Kong dollar ("HK\$")	1,213	2,063
— EUR	—	—
Total	30,621	39,500

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 authorized to conduct foreign exchange business.

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

NOTES TO FINANCIAL STATEMENTS

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21. TRADE AND BILLS PAYABLES

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

	2024 HK\$'000	2023 HK\$'000
Within 30 days	4,716	3,043
31 to 60 days	912	893
61 to 90 days	—	197
Over 90 days	285	7
Total	5,913	4,140

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

22. OTHER PAYABLES AND ACCRUALS

	Notes	2024 HK\$'000	2023 HK\$'000
Salary and welfare payables	(a)	5,009	4,985
Contract liabilities	(b)	5,026	6,071
Other payables and accruals	(c)	3,187	3,590
Due to a related party	32 (2)	13	13
Total		13,235	14,659

Notes:

- (a) The salary and welfare payables are non-interest-bearing and are payable on demand.
- (b) Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying goods are yet to be provided. The Group recognized the following revenue-related contract liabilities at the end of the year:

	31 December 2024 HK\$'000	31 December 2023 HK\$'000	1 January 2023 HK\$'000
Short-term advances received from customers	5,026	6,071	5,801

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

NOTES TO FINANCIAL STATEMENTS

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23. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2024			2023		
	Contractual interest rate	Maturity	HK\$'000	Contractual interest rate	Maturity	HK\$'000
Current						
Bank loans – secured	4.25%	2025	53	—	—	—
Total – current			53			—
Non-current						
Long-term bank loans – secured	—	—	—	LPR+1.15%	2025	126
Total			53			126

Note:

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

	2024 HK\$'000	2023 HK\$'000
Bank loans repayable:		
Within one year or on demand	53	—
In the second year	—	126
Subtotal	53	126

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

	Notes	2024 HK\$'000	2023 HK\$'000
Property, plant and equipment	13	36,479	36,847
Leasehold land	14	2,310	2,449
Total		38,789	39,296

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank borrowings denominated in:		
— RMB	53	126

NOTES TO FINANCIAL STATEMENTS

31 December 2024

23. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

The Group has the following undrawn banking facilities:

	2024 HK\$'000	2023 HK\$'000
Floating rate: – to expire within one year	125,609	88,870

24. CONVERTIBLE NOTES

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

The key terms of the Convertible Notes are as follows:

Principal amount: HK\$780,000,000

Interest: the Convertible Notes shall not bear any interest.

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

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

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

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

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

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31 December 2024

24. CONVERTIBLE NOTES *(continued)***Adjustment to the conversion price and the maturity date of the Convertible Notes**

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

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

- (i) extend the maturity date of the Convertible Notes by five years from 20 May 2020 to 20 May 2025; and
- (ii) revise upwards the conversion price of the Convertible Notes from HK\$0.46 per conversion Share to HK\$0.55 per conversion share.

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

In June and July 2023, the Company received a formal notice from a vendor for the exercise of the conversion rights attached to the Convertible Notes in the amount of HK\$55,000,000 at the conversion price of HK\$0.55 per conversion share. The portion of the Convertible Notes, of which the conversion rights are being exercised, represents approximately 20.23% of the Convertible Notes with a principal amount of HK\$271,825,440 held by the vendor. In accordance with the conversion requirement, 100,000,000 conversion shares were resolved to be allotted and issued by the Company to the vendor in 2023.

In January, June and July 2024, the Company received a formal notice from a vendor for the exercise of the conversion rights attached to the Convertible Notes in the amount of HK\$77,000,000 at the conversion price of HK\$0.55 per conversion share. The portion of the Convertible Notes, of which the conversion rights are being exercised, represents approximately 35.51% of the Convertible Notes with a principal amount of HK\$216,825,440 held by the vendor. In accordance with the conversion requirement, 140,000,000 conversion shares were resolved to be allotted and issued by the Company to the vendor in 2024.

As at 31 December 2024, the outstanding principal amount of the Convertible Notes was HK\$139,825,440 (2023: HK\$216,825,440) and the outstanding Convertible Notes were convertible into 254,228,072 conversion shares based on the new conversion price of HK\$0.55 per conversion share instead of 129,468,000 conversion shares based on the initial conversion price of HK\$1.08 per conversion share.

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25. DEFERRED INCOME

	2024 HK\$'000	2023 HK\$'000
At 1 January	4,374	4,764
Amortized as income	(251)	(256)
Exchange realignment	(75)	(134)
At 31 December	4,048	4,374
Current portion	(243)	(252)
Non-current portion	3,805	4,122

26. DEFERRED TAX

Deferred tax assets

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

The movements in deferred tax assets are as follows:

	Government grants HK\$'000	Provisions HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2023	715	1,344	—	2,059
Credited to profit or loss (note 10)	(38)	638	—	600
Exchange realignment	(21)	(41)	—	(62)
At 31 December 2023 and 1 January 2024	656	1,941	—	2,597
Credited to profit or loss (note 10)	(38)	565	26	553
Exchange realignment	(11)	(42)	—	(53)
At 31 December 2024	607	2,464	26	3,097

The Group has tax losses arising in Hong Kong of HK\$57,005,000 (2023: HK\$52,647,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognized 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 utilized.

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31 December 2024

26. DEFERRED TAX *(continued)***Deferred tax liabilities**

The movements in deferred tax liabilities are as follows:

	Withholding taxes HK\$'000	Depreciation of PPE HK\$'000	Right-of- use assets HK\$'000	Total HK\$'000
At 1 January 2023	2,704	76	—	2,780
Charged to profit or loss (note 10)	(82)	(15)	—	(97)
Exchange realignment	—	(1)	—	(1)
At 31 December 2023 and 1 January 2024	2,622	60	—	2,682
Charged to profit or loss (note 10)	(753)	(13)	26	(740)
At 31 December 2024	1,869	47	26	1,942

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% for the Group.

At 31 December 2024, the Group has not recognized deferred tax liabilities of HK\$2,804,000 (2023: HK\$3,932,000) in respect of the temporary differences relating to the unremitted profits of the Group's subsidiaries established in Mainland China amounting to HK\$56,084,000 (2023: HK\$78,645,000), 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.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	2024 HK\$'000	2023 HK\$'000
Net deferred tax assets recognised in the statement of financial position	3,071	2,597
Net deferred tax liabilities recognised in the statement of financial position	(1,916)	2,682
Net deferred tax liabilities	1,155	5,279

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27. SHARE CAPITAL

	2024	2023
Authorised 1,500,000,000 (31 December 2023: 1,500,000,000) ordinary shares of HK\$0.1	15,000,000	15,000,000
Issued and fully paid 956,675,000 (31 December 2023: 911,607,000) ordinary shares of HK\$0.1	9,566,750	9,116,070
Equivalent to HK\$'000	9,567	9,116

A summary of movements in the Company's share capital is as follows:

	Notes	Number of shares in issue	Share capital HK\$'000
At 1 January 2023		911,607,000	9,116
Convertible Notes converted	(i)	140,000,000	1,400
Shares repurchased and cancelled	(ii)	(94,932,000)	(949)
At 31 December 2024		956,675,000	9,567

Notes:

- (i) In January, June and July 2024, the Company received a formal notice from a vendor for the exercise of the conversion rights attached to the Convertible Notes in the amount of HK\$77,000,000 at the conversion price of HK\$0.55 per conversion share. The portion of the Convertible Notes, of which the conversion rights are being exercised, represents approximately 35.51% of the Convertible Notes with a principal amount of HK\$216,825,440 held by the vendor. In accordance with the conversion requirement, 140,000,000 conversion shares were resolved to be allotted and issued by the Company to the vendor in 2024.
- (ii) The Company purchased 94,932,000 of its shares on the Hong Kong Stock Exchange at a total consideration of HK\$66,097,000 which was paid wholly out of retained profits. The purchased shares were cancelled during the year and the total amount paid for the purchase of the shares of HK\$65,281,000 has been charged to retained profits of the Company.

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28. SHARE OPTION SCHEME

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

Pre-IPO Share Option Scheme

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

- (a) the subscription price per share under the Pre-IPO Share Option Scheme is HK\$0.7;
- (b) the total number of shares which may be issued upon the exercise of all share options granted under the Pre-IPO Share Option Scheme is 17,490,000, representing approximately 4.19% of the total issued share capital of the Company immediately after the completion of Initial Public Offering and the capitalization issue (assuming that the over-allotment option is not exercised);
- (c) save for the share options which have been granted, no further share options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

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

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

- (1) 30% of the share options shall become vested and exercisable on the 1st anniversary date of the Listing Date (the "1st Vesting Date"), and the exercise period in respect thereof shall commence on the 1st Vesting Date and end on the day immediately before the 10th anniversary date of the offer date (the "Expiration Date") (both dates inclusive).
- (2) 30% of the share options shall become vested and exercisable on the 2nd anniversary date of the Listing Date (the "2nd Vesting Date"), and the exercise period in respect thereof shall commence on the 2nd Vesting Date and end on the Expiration Date (both dates inclusive).
- (3) 40% of the share options shall become vested and exercisable on the 3rd anniversary date of the Listing Date (the "3rd Vesting Date"), and the exercise period in respect thereof shall commence on the 3rd Vesting Date and end on the Expiration Date (both dates inclusive).

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

As at 31 December 2022, 800,000 share options were lapsed following the resignation of Mr. Kwok Tak Wang with effect from 12 May 2022.

As at 31 December 2024 and the date of approval of these financial statements, no share option was granted and outstanding under the Share Option Scheme.

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28. SHARE OPTION SCHEME *(continued)*

Pre-IPO Share Option Scheme *(continued)*

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

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

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

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

No share options were exercised during the year.

Share Option Scheme

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

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

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

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28. SHARE OPTION SCHEME *(continued)***Share Option Scheme** *(continued)*

- (iv) any customer of any member of the Group or any Invested Entity;
- (v) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;
- (vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- (vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- (viii) any other group or class of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

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

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

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

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29. RESERVES

- (i) The amounts of the Group's reserves and the movements therein for the current year and the prior year are presented in the consolidated statement of changes in equity on pages 76 of the financial statements.
- (ii) In accordance with PRC Company Law, the PRC subsidiary of the Group is required to allocate 10% of its profit after tax to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of the registered capital of the PRC subsidiary. Subject to certain restrictions set out in PRC Company Law, part of the SSR may be converted to increase paid-up capital/issued capital of the PRC subsidiary, provided that the remaining balance after the capitalization is not less than 25% of the registered capital. The SSR of the PRC subsidiary attributable to the parent amounted to HK\$56,459,000 and HK\$53,935,000 as at 31 December 2024 and 2023, respectively.

30. COMMITMENTS

The Group had the following capital commitments as at 31 December 2024 and 2023:

	2024 HK\$'000	2023 HK\$'000
Contracted, but not provided for:		
Plant and machinery	552	525

Total future minimum lease payments under non-cancellable operating leases:

	2024 HK\$'000	2023 HK\$'000
Within one year	185	253

31. CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 31 December 2024 and 2023.

NOTES TO FINANCIAL STATEMENTS

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32. RELATED PARTY TRANSACTIONS

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

(1) Recurring transactions

	Notes	2024 HK\$'000	2023 HK\$'000
Sales of products to:			
Guangzhou Botny Chemical Co., Ltd. ("Botny Chemical") (廣州保賜利化工有限公司)	(i)	821	1,724
Guangzhou Euro Asia Aerosol and Household Products Manufacture Co., Ltd. ("Euro Asia Aerosol") (廣州歐亞氣霧劑與日化用品製造有限公司)	(i)	12,929	20,323
Total		13,750	22,047
Purchases of products from:			
Botny Chemical		1	—
Total		1	—
Lease rental expenses charged by:			
Mr. Lin Wan Tsang*	(ii), (iii)	65	65

* Director of the Company

Notes:

- (i) Botny Chemical and Euro Asia Aerosol are related companies controlled by the ultimate shareholder of the Company. The sales and purchases between the companies were made on prices and conditions as mutually agreed.
- (ii) The lease rental expenses charged by Mr. Lin Wan Tsang were determined based on the underlying contracts as agreed between the Group and Mr. Lin Wan Tsang.
- (iii) These continuing connected transactions fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules and therefore are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements contemplated under the Listing Rules.

NOTES TO FINANCIAL STATEMENTS

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32. RELATED PARTY TRANSACTIONS *(continued)*

(2) Balances with related parties and a director

	2024 HK\$'000	2023 HK\$'000
Due from:		
Euro Asia Aerosol**	3,121	10,727
Botny Chemical**	—	477
Mr. Lin Wan Tsang*	5	5
Total	3,126	11,209

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

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

The amounts due from Euro Asia Aerosol and Botny Chemical are trade nature, interest-free, unsecured and repayable within 6 months.

The amount due from Mr. Lin Wan Tsang is non-trade nature, interest-free, unsecured and has no fixed terms of repayment.

	2024 HK\$'000	2023 HK\$'000
Due to:		
Euro Asia Japan*	13	13

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

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

NOTES TO FINANCIAL STATEMENTS

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32. RELATED PARTY TRANSACTIONS *(continued)*

- (3) Compensation of key management personnel of the Group, including directors' remuneration as detailed in note 8 above, is as follows:

	2024 HK\$'000	2023 HK\$'000
Fees	2,017	2,017
Salaries, allowances and benefits in kind	1,905	2,511
Pension scheme contributions	104	95
Performance related bonuses	999	557
Total compensation paid to key management personnel	5,025	5,180

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

33. 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:

Financial assets	2024			Total HK\$'000
	Financial assets at fair value through Profit and Loss HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at amortised cost HK\$'000	
Trade and bills receivables	—	—	27,260	27,260
Due from a director	—	—	5	5
Financial assets included in prepayments, other receivables and other assets	—	—	29	29
Financial assets at fair value through profit or loss (Note 18)	6,479	—	—	6,479
Treasury investments at fair value through other comprehensive income (Note 19)	—	11,832	—	11,832
Cash and cash equivalents	—	—	30,621	30,621
Total	6,479	11,832	57,915	76,226

NOTES TO FINANCIAL STATEMENTS

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33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

	2023			
	Financial assets at fair value through Profit and Loss HK\$'000	Financial assets at fair value through other comprehensive income HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
Financial assets				
Trade and bills receivables	—	—	30,501	30,501
Due from a director	—	—	5	5
Financial assets included in prepayments, other receivables and other assets	—	—	33	33
Treasury investments at fair value through other comprehensive income (Note 19)	—	23,346	—	23,346
Treasury investments at amortised cost (Note 19)	—	—	25,411	25,411
Cash and cash equivalents	—	—	39,500	39,500
Total	—	23,346	95,450	118,796

	2024		2023	
	Financial liabilities at amortised cost HK\$'000	Total HK\$'000	Financial liabilities at amortised cost HK\$'000	Total HK\$'000
Financial liabilities				
Trade and bills payables	5,913	5,913	4,140	4,140
Due to a related party	13	13	13	13
Financial liabilities included in other payables and accruals	3,187	3,187	3,590	3,590
Interest-bearing bank and other borrowings	53	53	126	126
Lease liabilities	171	171	63	63
Total	9,337	9,337	7,932	7,932

NOTES TO FINANCIAL STATEMENTS

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34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

At 31 December 2024 and 2023, 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, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, short-term treasury investments, trade and bills payables, financial liabilities included in other payables and accruals, and interest-bearing bank and other borrowings approximate to their respective carrying amounts largely due to the short term maturities of these instruments.

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

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

The fair values of the Long-term treasury investments, interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2024 were assessed to be insignificant.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	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	
Financial assets at fair value through Profit and Loss (Note 18)	—	6,479	—	6,479
Treasury investments at fair value through other comprehensive income (Note 19)	—	11,832	—	11,832

NOTES TO FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarized 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 borrowings of the Group are set out in note 23 above.

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK\$'000
<u>As at 31 December 2024</u>		
LPR base rate	25	(13)
LPR base rate	(25)	13
<u>As at 31 December 2023</u>		
LPR base rate	25	(32)
LPR base rate	(25)	32

NOTES TO FINANCIAL STATEMENTS

31 December 2024

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***Foreign currency risk**

The Group has transactional currency exposures. These exposures arise from sales in currencies other than the units' functional currencies. Approximately 11% and 10% of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sale, while approximately 99% and 99% of inventory costs were denominated in the units' functional currencies for the years ended 31 December 2024 and 2023, respectively.

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

	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax HK\$'000	Increase/ (decrease) in equity HK\$'000
As at 31 December 2024			
If RMB weakens against US\$	5	244	204
If RMB strengthens against US\$	(5)	(244)	(204)
As at 31 December 2023			
If RMB weakens against US\$	5	250	211
If RMB strengthens against US\$	(5)	(250)	(211)

Credit risk

The Group trades only with recognized 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.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024. The amounts presented are net carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

NOTES TO FINANCIAL STATEMENTS

31 December 2024

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***Credit risk** *(continued)*Maximum exposure and year-end staging *(continued)***As at 31 December 2024**

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	—	—	—	26,439	26,439
Bills receivables	934	—	—	—	934
Financial assets included in prepayments, other receivables and other assets					
– Normal**	29	—	—	—	29
– Doubtful**	—	—	—	—	—
Due from a director	5	—	—	—	5
Financial assets at fair value through profit or loss (Note 18)	6,479	—	—	—	6,479
Treasury investments at fair value through other comprehensive income (Note 19)	11,832	—	—	—	11,832
Treasury investments at amortised cost (Note 19)	—	—	—	—	—
Cash and cash equivalents					
– Not yet past due	30,621	—	—	—	30,621
Total	49,900	—	—	26,439	76,339

NOTES TO FINANCIAL STATEMENTS

31 December 2024

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
Trade receivables*	—	—	—	29,517	29,517
Bills receivables	1,765	—	—	—	1,765
Financial assets included in prepayments, other receivables and other assets					
– Normal**	33	—	—	—	33
– Doubtful**	—	—	—	—	—
Due from a director	5	—	—	—	5
Treasury investments at fair value through other comprehensive income (Note 19)	23,346				23,346
Treasury investments at amortised cost (Note 19)	25,411				25,411
Cash and cash equivalents					—
– Not yet past due	39,500				39,500
Total	90,060	—	—	29,517	119,577

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 16 to the financial statements.

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade and bills receivables are disclosed in note 16 to the financial statements.

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

NOTES TO FINANCIAL STATEMENTS

31 December 2024

35. 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 2024 and 2023, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2024			
	On demand HK\$'000	Less than 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000
Trade and bills payables	285	5,628	—	5,913
Financial liabilities included in other payables and accruals	—	3,187	—	3,187
Due to a related party	—	—	13	13
Interest-bearing bank and other borrowings	—	53	—	53
Lease liabilities	—	171	—	171
Total	285	9,039	13	9,337

	As at 31 December 2023			
	On demand HK\$'000	Less than 1 year HK\$'000	Over 1 year HK\$'000	Total HK\$'000
Trade and bills payables	7	4,133	—	4,140
Financial liabilities included in other payables and accruals	—	3,590	—	3,590
Due to a related party	—	13	—	13
Interest-bearing bank and other borrowings	—	—	126	126
Lease liabilities	—	63	—	63
Total	7	7,799	126	7,932

NOTES TO FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)***Capital management**

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize 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 2024 and 2023.

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

	2024 HK\$'000	2023 HK\$'000
Interest-bearing bank and other borrowings	53	126
Lease liabilities	171	63
Trade and bills payables	5,913	4,140
Financial liabilities included in other payables and accruals	3,187	3,590
Due to a related party	13	13
Less: Cash and cash equivalents	(30,621)	(39,500)
Net debt	(21,284)	(31,568)
Equity attributable to owners of the parent	253,191	312,682
Capital and net debt	231,907	281,114
Gearing ratio	(9%)	(11%)

NOTES TO FINANCIAL STATEMENTS

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36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	31 December 2024 HK\$'000	31 December 2023 HK\$'000
CURRENT ASSETS		
Prepayments, deposits and other receivables	39	—
Amounts due from subsidiaries	912,824	912,829
Cash and cash equivalents	367	740
Total current assets	913,230	913,569
CURRENT LIABILITIES		
Amounts due to subsidiaries	153,040	83,972
Total current liabilities	153,040	83,972
NET CURRENT ASSETS	760,190	829,597
Net assets	760,190	829,597
EQUITY		
Issued capital	9,567	9,116
Reserves (note 29)	610,797	603,655
Equity component of Convertible Notes (note 24)	139,826	216,826
Total equity	760,190	829,597

NOTES TO FINANCIAL STATEMENTS

31 December 2024

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

Note:

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

	Share premium account HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Equity component of Convertible Notes HK\$'000	Total HK\$'000
As at 1 January 2024	647,841	(44,186)	216,826	820,481
Total comprehensive income for the year	—	3,620	—	3,620
Exercise of the conversion rights attached to the Convertible Notes	75,600	—	(77,000)	(1,400)
Shares repurchased and cancelled	—	(65,281)	—	(65,281)
Dividend paid	—	(6,797)	—	(6,797)
As at 31 December 2024	723,441	(112,644)	139,826	750,623

	Share premium account HK\$'000	(Accumulated losses)/ retained profits HK\$'000	Equity component of Convertible Notes HK\$'000	Total HK\$'000
As at 1 January 2023	599,940	1,614	271,826	873,380
Total comprehensive income for the year	—	3,309	—	3,309
Exercise of the conversion rights attached to the Convertible Notes	54,000	—	(55,000)	(1,000)
Shares repurchased and cancelled	—	(49,109)	—	(49,109)
Dividend paid	(6,099)	—	—	(6,099)
As at 31 December 2023	647,841	(44,186)	216,826	820,481

37. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorized for issue by the board of directors on 21 March 2025.

FINANCIAL SUMMARY

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

RESULTS

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Revenue	227,796	235,507	210,514	208,900	183,924
Profit before tax	24,182	29,787	23,103	20,898	28,736
Income tax expenses	5,465	7,897	(2,236)	(2,479)	(6,663)
Profit for the year	18,717	21,890	20,867	18,419	22,073
Profit for the year from a discontinued operation	—	—	—	—	—
	18,717	21,890	20,867	18,419	22,073
Profit attributable to:					
Owners of the Company	18,367	21,461	20,513	18,096	21,669
Non-controlling interests	350	429	354	323	404
	18,717	21,890	20,867	18,419	22,073

ASSETS AND LIABILITIES

	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000	2020 HK\$'000
Total assets	283,021	343,038	393,383	404,904	395,842
Total liabilities	26,069	26,044	31,058	29,135	42,194
	256,952	316,994	362,325	375,769	353,648
Equity					
Equity attributable to owners of the Company	253,191	312,682	357,251	370,647	349,001
Non-controlling interests	3,761	4,312	5,074	5,122	4,647
	256,952	316,994	362,325	375,769	353,648